

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

BAXTER INTERNATIONAL INC

Form 11-K

June 28, 2002

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, 2001

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  
Deerfield, IL 60015  
(847) 948-2000

Baxter International Inc.  
and Subsidiaries  
Incentive Investment Plan

Financial Statements and Supplemental Schedule

December 31, 2001 and 2000

Baxter International Inc. and Subsidiaries  
Incentive Investment Plan

Index To Financial Statements and Supplemental Schedule  
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## Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

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### Supplemental Schedule:\*

Schedule I: Schedule of Assets Held for Investment Purposes as of December 31, 2001

\* Other schedules required by the Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

### Report of Independent Accountants

To the 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, 2001 and 2000, 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 auditing standards generally accepted in the United States of America, which 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 for Investment Purposes 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

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stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP  
Chicago, Illinois

June 14, 2002

Baxter International Inc. and Subsidiaries  
Incentive Investment Plan

Statements of Net Assets Available for Benefits  
As of December 31, 2001 and 2000

|                                         | 2001            | 2000             |
|-----------------------------------------|-----------------|------------------|
| Assets                                  |                 |                  |
| Investments:                            |                 |                  |
| At fair value                           |                 |                  |
| Cash and cash equivalents               | \$ 46,162,512   | \$ 22,746,053    |
| Common stock                            | 544,830,422     | 493,147,686      |
| Fixed income securities                 | 60,867,679      | 76,830,248       |
| Commingled investments                  | 178,841,650     | 230,525,351      |
| Participant loans                       | 29,458,270      | 27,235,800       |
|                                         | 860,160,533     | 850,485,138      |
| At contract value                       |                 |                  |
| Guaranteed investment contracts         | 477,487,900     | 438,480,211      |
| Total investments                       | 1,337,648,433   | 1,288,965,349    |
| Receivables:                            |                 |                  |
| Employer's contribution                 | -               | 139,995          |
| Participants' contributions             | -               | 307,278          |
| Accrued interest and dividends          | 3,727,571       | 3,683,600        |
| Due from brokers for securities sold    | 2,296,837       | 3,239,971        |
| Other                                   | 356,353         | 458,854          |
|                                         | 6,380,761       | 7,829,698        |
| Total assets                            | 1,344,029,194   | 1,296,795,047    |
| Liabilities                             |                 |                  |
| Accounts payable                        | 1,422,909       | 1,470,071        |
| Due to brokers for securities purchased | 537,625         | 7,511,974        |
| Total liabilities                       | 1,960,534       | 8,982,045        |
| Net assets available for benefits       | \$1,342,068,660 | \$ 1,287,813,002 |

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

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Baxter International Inc. and Subsidiaries  
Incentive Investment Plan

Statements of Changes in Net Assets Available for Benefits  
For the Years Ended December 31, 2001 and 2000

|                                           | 2001             | 2000             |
|-------------------------------------------|------------------|------------------|
| Additions to net assets attributed to:    |                  |                  |
| Investment income:                        |                  |                  |
| Interest                                  | \$ 34,286,941    | \$ 35,555,733    |
| Participant loan interest                 | 2,639,075        | 2,360,087        |
| Dividends                                 | 6,747,872        | 7,022,019        |
| Net appreciation in fair value of assets  | 5,815,811        | 43,048,946       |
|                                           | -----            | -----            |
|                                           | 49,489,699       | 87,986,785       |
|                                           | -----            | -----            |
| Contributions:                            |                  |                  |
| Employer's                                | 17,941,866       | 16,376,304       |
| Participants'                             | 48,313,693       | 41,796,106       |
|                                           | -----            | -----            |
|                                           | 66,255,559       | 58,172,410       |
|                                           | -----            | -----            |
| Transfers from other plans                | 11,803,992       | -                |
|                                           | -----            | -----            |
| Total additions                           | 127,549,250      | 146,159,195      |
|                                           | -----            | -----            |
| Deductions from net assets attributed to: |                  |                  |
| Benefits paid                             | 68,713,637       | 118,965,546      |
| Plan expenses                             | 4,579,955        | 4,193,026        |
| Transfers to other plans                  | -                | 129,920,265      |
|                                           | -----            | -----            |
| Total deductions                          | 73,293,592       | 253,078,837      |
|                                           | -----            | -----            |
| Net increase (decrease)                   | 54,255,658       | (106,919,642)    |
| Net assets available for plan benefits:   |                  |                  |
| Beginning of year                         | 1,287,813,002    | 1,394,732,644    |
|                                           | -----            | -----            |
| End of year                               | \$ 1,342,068,660 | \$ 1,287,813,002 |
|                                           | -----            | -----            |

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

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### 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 12% of their eligible annual compensation within certain limitations. The Plan sponsor, Baxter International Inc. ("Baxter"), matches participant contributions up to a maximum of 3% of the employees' compensation. Participant contributions are fully vested at all times. Vesting in the Plan sponsor matching contributions is based on years of continuous service. A participant vests in annual increments of 20% and, therefore, is 100% vested after five years of credited service. Participants may borrow up to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at variable rates as outlined in the Plan.

When certain terminations of participation in the Plan occur, the nonvested portion of the participant's account, as defined by the Plan, represents a forfeiture. Forfeitures are utilized to reduce Baxter matching contributions for the plan year. However, if the participant is re-employed and fulfills certain requirements, as defined in the Plan, the participant's account will be reinstated. Forfeitures utilized for the periods ended December 31, 2001 and 2000 were \$490,233 and \$565,348, respectively.

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 (the "Allegiance Shares") in connection with Baxter's 1996 spin-off of Allegiance Corporation ("Allegiance"). The Allegiance Shares were subsequently converted to common shares of Cardinal Health Inc. ("Cardinal") upon Cardinal's acquisition of Allegiance in 1999. The Cardinal shares are maintained in the Cardinal Health Common Stock Fund.

On March 31, 2000, Baxter spun-off its Cardiovascular Business Group in the form of a tax-free distribution to shareholders. As a result, approximately \$130 million of assets were transferred from the Plan to Edwards Lifesciences Corporation 401(k) Savings and Investment Plan. In addition, certain participants received shares in Edwards Lifesciences Corporation, which were placed into the Edwards Lifesciences Common Stock Fund. Participants are not able to make contributions to the Cardinal Health Common Stock Fund or the Edwards Lifesciences Common Stock Fund.

### 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:

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Baxter International Inc. and Subsidiaries  
Incentive Investment Plan

Notes to Financial Statements, Continued

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|                                              |                                                                                               |
|----------------------------------------------|-----------------------------------------------------------------------------------------------|
| U.S. government and government agency issues | Value based on the last reported sale on the national security exchange on the valuation date |
| Corporate and other bonds                    | Value based on the last reported sale on the national security exchange on the valuation date |
| Common stock:                                |                                                                                               |
| Traded on national exchanges                 | Value based on composite pricing of a closing sales prices on the valuation date              |
| Traded on over-the-counter market            | Value based on last reported sale price to bid quotations                                     |
| Commingled investments                       | Value based on closing prices of the 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                                             |

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 in the fair value of the Plan's investments. This net appreciation 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 Guaranteed Investment Accounts under two contracts are maintained in deposit accounts which 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 or otherwise. The average yield was 5.2% and 6.9% and the average crediting interest rate was 6.4% and 6.9% for the investment contracts for 2001 and 2000, respectively. The crediting interest rates are based on an agreed-upon formula with the issuer, which are reset monthly and cannot be less than zero percent. The Plan's two contracts, Baxter Global Wrap Account and Pacific Investment Management Company, utilize a wrapper contract issued by Aegon Institutional Markets and State Street Bank and Trust Company, respectively.

Employee contributions and matching contributions are recorded in the period in which they are earned by participants.

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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.

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Baxter International Inc. and Subsidiaries  
Incentive Investment Plan

Notes to Financial Statements, Continued

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### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

### 3. Eligibility Requirements

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

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.

### 4. Administration of the Plan

State Street Bank and Trust Company 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 assets at December 31, 2001 and 2000 are summarized as follows:

|                                                                                                         | 2001           | 2000           |
|---------------------------------------------------------------------------------------------------------|----------------|----------------|
| Baxter Common Stock, 4,217,818 shares and 3,662,262* shares at December 31, 2001 and 2000, respectively | \$ 226,202,673 | \$ 161,711,715 |
| S&P 500 Equity Index Fund                                                                               | 139,339,773    | 187,971,229    |

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\* Share information has been restated for the May 30, 2001 two-for-one stock split.

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Baxter International Inc. and Subsidiaries  
Incentive Investment Plan

## Notes to Financial Statements, Continued

Investments as of December 31, 2001 and 2000 are segregated into various investment funds as follows:

|                                        | 2001             | 2000             |
|----------------------------------------|------------------|------------------|
| Cash                                   | \$ 581,218       | \$ -             |
| Stable Income Fund                     | 506,852,358      | 448,854,534      |
| Baxter Common Stock Fund               | 231,083,106      | 164,299,832      |
| Composite Fund                         | 167,268,052      | 178,058,540      |
| General Equity Fund                    | 178,529,291      | 205,527,048      |
| Cardinal Health Common Stock Fund      | 22,448,072       | 25,288,692       |
| S&P 500 Equity Index Fund              | 139,339,773      | 187,971,229      |
| International EAFE Equity Index Fund   | 19,461,724       | 31,516,656       |
| Loan Fund                              | 29,458,270       | 27,235,800       |
| Edwards Lifesciences Common Stock Fund | 12,402,950       | 9,175,553        |
| Small Cap Fund                         | 12,964,513       | 11,037,465       |
| Self-Managed Fund                      | 17,259,106       | -                |
|                                        | -----            | -----            |
| Total Investments                      | \$ 1,337,648,433 | \$ 1,288,965,349 |
|                                        | =====            | =====            |

The fund amounts above include \$45,581,294 and \$22,746,053 of cash and cash equivalents at December 31, 2001 and 2000, respectively, which are awaiting investment in their respective portfolios.

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

|                                                  | 2001          | 2000          |
|--------------------------------------------------|---------------|---------------|
| Baxter common stock unrealized appreciation, net | \$ 10,247,204 | \$ 27,019,307 |
| Other unrealized depreciation, net               | (42,323,977)  | (72,193,926)  |
| Baxter common stock realized gain, net           | 33,011,937    | 32,693,562    |
| Other realized gain, net                         | 4,880,647     | 55,530,003    |
|                                                  | -----         | -----         |
|                                                  | \$ 5,815,811  | \$ 43,048,946 |
|                                                  | =====         | =====         |

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Baxter International Inc. and Subsidiaries  
Incentive Investment Plan

Notes to Financial Statements, Continued

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

|                                              | 2001         | 2000          |
|----------------------------------------------|--------------|---------------|
| U.S. government and government agency issues | \$ 427,347   | \$ 2,946,782  |
| Corporate and other bonds                    | 388,249      | 438,343       |
| Commingled investments                       | (28,492,957) | (22,932,925)  |
| Common stock                                 | 33,493,172   | 62,596,746    |
|                                              | -----        | -----         |
|                                              | \$ 5,815,811 | \$ 43,048,946 |
|                                              | =====        | =====         |

6. Distribution Priorities Upon Termination of the Plan

Upon termination of the Plan, the account balance of each participant will become 100% vested and all assets, net of expenses, will be distributed to the participants or beneficiaries.

7. Tax Status of the Plan

The Internal Revenue Service has determined and informed the Company by a letter dated May 4, 1999 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. The Plan has not been amended since receiving the determination letter.

8. Related Parties

At December 31, 2001 and 2000, 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 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 the Employee Retirement Income Security of 1974 and the regulations promulgated thereunder.

9. Plan Merger

In March 2000, Baxter acquired Althin Medical, Inc. As a result the Althin Medical, Inc. 401(k) Plan was merged into the Plan effective March 1, 2001. As a result of the merger, total assets of approximately \$11.8 million

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(including loans) were transferred into the Plan.

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Baxter International Inc. and Subsidiaries  
Incentive Investment Plan  
Form 5500, Schedule H, Part IV 4i-Schedule of Assets Held for  
Investment Purposes  
December 31, 2001

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| Identity of Issue                     | Description of Investment  |
|---------------------------------------|----------------------------|
| Cash & cash equivalents:              |                            |
| * State Street Bank & Trust Co.       | Short Term Investment Fund |
| Common stocks:                        |                            |
| 3Com Corp                             | Common Stock               |
| 3DO Company                           | Common Stock               |
| 800 Travel Systems Inc                | Common Stock               |
| Abbott Laboratories                   | Common Stock               |
| Aberdeen Asia Pacific Income FD Inc   | Common Stock               |
| Acln Limited                          | Common Stock               |
| Actrade Finl Tech Ltd                 | Common Stock               |
| Adaptive Broadband Corp               | Common Stock               |
| Adc Telecommunications Inc            | Common Stock               |
| Adobe Sys Inc                         | Common Stock               |
| Advanced Micro Devices Inc            | Common Stock               |
| Aeroflex Inc                          | Common Stock               |
| Aetna Inc                             | Common Stock               |
| Affymetrix Inc                        | Common Stock               |
| Aflac Inc Nfsc                        | Common Stock               |
| Aksys Ltd                             | Common Stock               |
| Alaris Medical Inc                    | Common Stock               |
| Alcoa Inc                             | Common Stock               |
| Alliance Pharmaceutical Corp          | Common Stock               |
| Allianz Aktiengesell Schaft Sponsores | Common Stock               |
| Allied Capital Corp                   | Common Stock               |
| Allstate Corp                         | Common Stock               |
| Alpharma Inc                          | Common Stock               |
| Amazon.com Inc                        | Common Stock               |
| Ambac Finl Group Inc                  | Common Stock               |
| Amdocs Limited                        | Common Stock               |
| Amerada Hess Corp                     | Common Stock               |
| American Elec Pwr Inc                 | Common Stock               |
| American Express Co                   | Common Stock               |
| American Home Products Corp           | Common Stock               |
| American Intl Group Inc               | Common Stock               |
| American Mtg Accep Co                 | Common Stock               |
| Americredit Corp                      | Common Stock               |
| Ameritrade Hldg Corp                  | Common Stock               |
| Amgen Inc                             | Common Stock               |
| Amr Corp                              | Common Stock               |
| Amylin Pharm Inc                      | Common Stock               |

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|                               |              |
|-------------------------------|--------------|
| Anheuser Busch Cos            | Common Stock |
| AOL Time Warner Inc           | Common Stock |
| AOL Time Warnter Inc          | Common Stock |
| Aon Corp                      | Common Stock |
| Apache Corp                   | Common Stock |
| Apple Computer Inc            | Common Stock |
| Applera Corp                  | Common Stock |
| Applied Digital Solutions Inc | Common Stock |
| Applied Innovation Inc        | Common Stock |
| Applied Materials Inc         | Common Stock |
| Applied Micro Circuits Corp   | Common Stock |
| Arch Coal Inc                 | Common Stock |
| Archer Daniels Midland        | Common Stock |
| Aremissoft Corp               | Common Stock |
| Ariba Inc                     | Common Stock |
| Arm Holdings Plc Spons        | Common Stock |
| Arrow Electrs Inc             | Common Stock |
| Arrow Finl Corp               | Common Stock |
| Artemis Intl Solutions Corp   | Common Stock |
| Ascential Software Corp       | Common Stock |
| Asia Pulp & Paper Co          | Common Stock |
| Astrazeneca Plc- Spons        | Common Stock |
| Astronics Corp                | Common Stock |
| Astropower Inc                | Common Stock |
| AT & T Corp                   | Common Stock |
| At Home Corp                  | Common Stock |
| AT&T Wireless Svcs Inc        | Common Stock |
| Atlas Pipeline Partners       | Common Stock |
| Atmel Corp                    | Common Stock |

Baxter International Inc. and Subsidiaries  
 Incentive Investment Plan  
 Form 5500, Schedule H, Part IV 4i-Schedule of Assets Held for  
 Investment Purposes  
 December 31, 2001

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|                             |              |
|-----------------------------|--------------|
| Atsi Communications Inc     | Common Stock |
| Audiocodes Ltd              | Common Stock |
| Avici Sys Inc               | Common Stock |
| Avnet Inc                   | Common Stock |
| Backweb Technologies Ltd    | Common Stock |
| Baker Hughes Inc            | Common Stock |
| Ballard Pwr Sys Inc         | Common Stock |
| Bank Amer Corp              | Common Stock |
| Bank One Corp               | Common Stock |
| * Baxter International Inc. | Common Stock |
| Bea Systems Inc             | Common Stock |
| Berkshire Hathaway Inc      | Common Stock |
| Beyond Corp Com             | Common Stock |
| Biolase Tech Inc            | Common Stock |
| Biomerica Inc               | Common Stock |
| Black & Decker Corp         | Common Stock |
| Black Box Corp              | Common Stock |
| Blue Martini Software Inc   | Common Stock |
| Boeing Co Nfsc              | Common Stock |
| Bonso Electrs Intl          | Common Stock |

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|                                        |              |
|----------------------------------------|--------------|
| Boston Biomedica Inc                   | Common Stock |
| Boston Scientific Corp                 | Common Stock |
| BP Amoco Plc                           | Common Stock |
| Bradley Pharmacetls Inc                | Common Stock |
| Breakaway Solutions Inc                | Common Stock |
| Bristol Myers Squibb                   | Common Stock |
| Britesmile Inc                         | Common Stock |
| Broadband Holdrs                       | Common Stock |
| Broadcom Corp                          | Common Stock |
| Broadvision Inc                        | Common Stock |
| Brocade Communications Sys Inc         | Common Stock |
| Brown Tom Inc Com                      | Common Stock |
| Burlington Northn Santa Fe             | Common Stock |
| Cable & Wireless Plc                   | Common Stock |
| Cabot Microelectronics Crp             | Common Stock |
| California Amplifier                   | Common Stock |
| Calpine Corp                           | Common Stock |
| Canadian 88 Energy Corp                | Common Stock |
| Canadian Natural Resources Ltd         | Common Stock |
| Candies Inc                            | Common Stock |
| Capstone Turbine Corp                  | Common Stock |
| Cardinal Health Inc                    | Common Stock |
| Cardinal Health Inc                    | Common Stock |
| Caremark Rx Inc                        | Common Stock |
| Carreker Antinori Inc                  | Common Stock |
| Cdw Computer Ctrs                      | Common Stock |
| Celestica Inc                          | Common Stock |
| Cell Genesys Inc                       | Common Stock |
| Cendant Corp                           | Common Stock |
| Cendant Corp                           | Common Stock |
| Central European Distr Corp            | Common Stock |
| Centurytel Inc                         | Common Stock |
| Charter Comm Inc                       | Common Stock |
| Check Point Software Tech Ltd          | Common Stock |
| Chesapeake Energy Corporation Oklahoma | Common Stock |
| Chevrontexaco Corp                     | Common Stock |
| Chiquita Brands Intl Inc               | Common Stock |
| Chubb Corp                             | Common Stock |
| Ciena Corp                             | Common Stock |
| Cisco Sys Inc                          | Common Stock |
| * CitiGroup Inc                        | Common Stock |
| Citizens Communications Co             | Common Stock |
| Clear Channel Communications           | Common Stock |
| Cmg Information Svcs Inc               | Common Stock |
| Coca Cola Co                           | Common Stock |
| Colgate Palmolive Co                   | Common Stock |
| Colorado Medtech Inc                   | Common Stock |
| Comcast Corp                           | Common Stock |
| Comcast Corp                           | Common Stock |
| Comdisco Inc                           | Common Stock |
| Commerce One Inc                       | Common Stock |
| Commtouch Software Ltd                 | Common Stock |
| Compaq Computer Co                     | Common Stock |
| Conagra Inc                            | Common Stock |

Baxter International Inc. and Subsidiaries  
 Incentive Investment Plan  
 Form 5500, Schedule H, Part IV 4i-Schedule of Assets Held for

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Investment Purposes  
December 31, 2001

|                                |              |
|--------------------------------|--------------|
| Conagra Inc                    | Common Stock |
| Concord EFS Inc                | Common Stock |
| Concur Technologies Inc        | Common Stock |
| Conexant Sys Inc               | Common Stock |
| Conoco Inc Common              | Common Stock |
| Conseco Inc                    | Common Stock |
| Constellation Energy Group Inc | Common Stock |
| Continental Airls Inc          | Common Stock |
| Convergys Corp                 | Common Stock |
| Cooper Tire & Rubber Co        | Common Stock |
| Corecomm Ltd                   | Common Stock |
| Corning Inc                    | Common Stock |
| Corvis Corp                    | Common Stock |
| Covad Communications Group Inc | Common Stock |
| Creative Host Services Inc     | Common Stock |
| Crown Cork & Seal Inc          | Common Stock |
| CSX Corp                       | Common Stock |
| Cyber-Care Inc                 | Common Stock |
| Cymer Inc                      | Common Stock |
| Cytogen Corp                   | Common Stock |
| Daimlerchrysler                | Common Stock |
| Dana Corp                      | Common Stock |
| Data Race Inc                  | Common Stock |
| Datastream Systems Inc         | Common Stock |
| Deere & Company                | Common Stock |
| Dell Computer Corp             | Common Stock |
| Delta Air Lines                | Common Stock |
| Denbury Res Inc                | Common Stock |
| Digital Lightwave Inc          | Common Stock |
| Discovery Partners Intl Inc    | Common Stock |
| Disney Walt Co                 | Common Stock |
| Divine Inc                     | Common Stock |
| Dollar Gen Corp                | Common Stock |
| Dot Hill Sys Corp              | Common Stock |
| Dover Corp                     | Common Stock |
| Dow Chem Co                    | Common Stock |
| Dow Chem Co                    | Common Stock |
| Dsl.net Inc                    | Common Stock |
| Du Pont E I De Nemours & Co    | Common Stock |
| Ducati Motor Holding           | Common Stock |
| Duke Energy Co                 | Common Stock |
| Duke Energy Co                 | Common Stock |
| Dycom Inds Inc                 | Common Stock |
| Dynegy Inc                     | Common Stock |
| E Loan Inc                     | Common Stock |
| E M C Corp                     | Common Stock |
| E*Trade Group Inc.             | Common Stock |
| E.Piphany Inc                  | Common Stock |
| Eastman Chem Co                | Common Stock |
| Eastman Kodak Co               | Common Stock |
| Eaton Corp                     | Common Stock |
| EB2B Commerce Inc              | Common Stock |
| Echostar Communications        | Common Stock |
| Edge Pete Corp                 | Common Stock |
| Edwards A G                    | Common Stock |
| Edwards Lifesciences Corp      | Common Stock |

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|                             |              |
|-----------------------------|--------------|
| El Paso Corp                | Common Stock |
| Elan Corp Plc               | Common Stock |
| Electronic Data System Corp | Common Stock |
| Electronics Arts            | Common Stock |
| Engelhard Corp              | Common Stock |
| Enron Corp Oregon           | Common Stock |
| Epicor Software Corp        | Common Stock |
| Epimmune Inc                | Common Stock |
| Equifax Inc                 | Common Stock |
| Ericsson L M Tel Co         | Common Stock |
| Exodus Communications Inc   | Common Stock |
| Exxon Mobil Corp            | Common Stock |
| Fannie Mae                  | Common Stock |
| Federal Home Ln Mtg Corp    | Common Stock |
| Federal Natl Mtg Assn       | Common Stock |
| Federated Dept Stores Inc   | Common Stock |
| Fedex Corp                  | Common Stock |
| First Data Corp             | Common Stock |

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|                              |              |
|------------------------------|--------------|
| Fmc Corp                     | Common Stock |
| Food Technology Svcs Inc     | Common Stock |
| Ford Mtr Co                  | Common Stock |
| Freddie Mac                  | Common Stock |
| Frontier Airlines Inc        | Common Stock |
| Gateway Inc                  | Common Stock |
| Gemstar Tv Guide Intl Inc    | Common Stock |
| Genentech Inc                | Common Stock |
| General Elec Co              | Common Stock |
| General Motors Corp          | Common Stock |
| Genuine Parts Co             | Common Stock |
| Georgia Pac Corp             | Common Stock |
| Getty Images Inc             | Common Stock |
| Gilead Sciences Inc          | Common Stock |
| Global Crossing Ltd          | Common Stock |
| Global Telesystems Group Inc | Common Stock |
| Goldman Sachs Group Inc      | Common Stock |
| Goldman Sachs Group Inc      | Common Stock |
| Goodyear Tire & Rubber       | Common Stock |
| Guidant Corp                 | Common Stock |
| Guilford Pharmaceutical Inc  | Common Stock |
| Gulf Island Fabrication Inc  | Common Stock |
| H Pwr Corp                   | Common Stock |
| Haemonetics Corp             | Common Stock |
| Halliburton Co Holding Co    | Common Stock |
| Harley Davidson Inc          | Common Stock |
| Harley Davidson Inc          | Common Stock |
| Harmony Gold Mining Co       | Common Stock |
| HCA Inc                      | Common Stock |
| Headwaters Inc               | Common Stock |
| Healthcare Rlty Tr           | Common Stock |
| Henry Jack & Assoc Inc       | Common Stock |

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|                                                  |              |
|--------------------------------------------------|--------------|
| Hewlett Packard Co                               | Common Stock |
| Home Depot                                       | Common Stock |
| Honeywell Intl Inc                               | Common Stock |
| Household Intl Inc                               | Common Stock |
| Human Genome Sciences Inc                        | Common Stock |
| I2 Tech Inc                                      | Common Stock |
| Identix Inc                                      | Common Stock |
| Immunex Corp                                     | Common Stock |
| Immunogen Inc                                    | Common Stock |
| Impco Technologies Inc                           | Common Stock |
| Infospace Com Inc                                | Common Stock |
| Ingram Micro Inc                                 | Common Stock |
| Inktomi Corporation                              | Common Stock |
| Innodata Corp                                    | Common Stock |
| Integrated Circuit System Inc                    | Common Stock |
| Integrated Device Tech Inc                       | Common Stock |
| Intel Corp                                       | Common Stock |
| Interlink Electrs                                | Common Stock |
| International Business Machs                     | Common Stock |
| International Paper Co                           | Common Stock |
| Internet Cap Group Inc                           | Common Stock |
| Interpublic Group Cos Inc                        | Common Stock |
| Intershop Comm                                   | Common Stock |
| Interwave Comm Intl Inc                          | Common Stock |
| Intl Fibercom Inc                                | Common Stock |
| Intl Paper Co                                    | Common Stock |
| Investors Financial Services Corp                | Common Stock |
| Ion Networks Inc                                 | Common Stock |
| Iridex Corp                                      | Common Stock |
| Ishares Inc Msci Australia Index Fund            | Common Stock |
| Ishares Tr Dow Jones U S Healthcare Sector Index | Common Stock |
| Ishares TR Dow Jones US Finl Sector Index Fd     | Common Stock |
| Ishares TR S&P Euro Plus 350 Index Fund          | Common Stock |
| Ishares TR S&P/Topix 150 Index Fd                | Common Stock |
| J D Edwards & Co                                 | Common Stock |
| J P Morgan Chase & Co                            | Common Stock |
| Jabil Circuit Inc                                | Common Stock |
| Jds Uniphase Corp                                | Common Stock |
| Jni Corp                                         | Common Stock |
| Johnson & Johnson                                | Common Stock |
| Jones Apparel Group Inc                          | Common Stock |
| Juniper Networks Inc                             | Common Stock |

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|                                 |              |
|---------------------------------|--------------|
| K Mmart Corp                    | Common Stock |
| Kana Software Inc               | Common Stock |
| Kcs Energy Inc Frmlly Kcs Group | Common Stock |
| Key3Media Group Inc             | Common Stock |
| Kimberly Clark Corp             | Common Stock |
| Kimberly Clark Corp             | Common Stock |
| Kinder Morgan Inc               | Common Stock |

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|                                     |              |
|-------------------------------------|--------------|
| Kla-Tencor Corp                     | Common Stock |
| Knight Trading Group Inc            | Common Stock |
| Koala Corp                          | Common Stock |
| Kohls Corp                          | Common Stock |
| Kraft Foods Inc                     | Common Stock |
| Krispy Kreme Doughnuts Inc          | Common Stock |
| Kroger Co                           | Common Stock |
| Lajolla Pharmaceutical Co           | Common Stock |
| Lear Corp                           | Common Stock |
| Lehmanh Brothers Hldgs Inc          | Common Stock |
| Level 3 Communications Inc          | Common Stock |
| Liberate Techs Inc                  | Common Stock |
| Liberty Media Corp                  | Common Stock |
| Lifecell Corp                       | Common Stock |
| Lightpath Tech Inc                  | Common Stock |
| Lilly Eli & Co                      | Common Stock |
| Lincare Hldgs Inc                   | Common Stock |
| Linuxwizardry Sys Inc               | Common Stock |
| Lockheed Martin Corp                | Common Stock |
| London Pac Group Ltd                | Common Stock |
| Loudcloud Inc                       | Common Stock |
| Lowes Companies                     | Common Stock |
| Lsi Logic Corp                      | Common Stock |
| Lubrizol Corp                       | Common Stock |
| Lucent Tech Inc                     | Common Stock |
| Lyondell Chemical Co                | Common Stock |
| Marathon Oil Corp                   | Common Stock |
| Marchfirst Inc                      | Common Stock |
| Marconi Plc                         | Common Stock |
| Mattel Inc                          | Common Stock |
| Maxcor Financial Grp Inc            | Common Stock |
| Maxim Integrated Prods Inc          | Common Stock |
| Maximus Inc                         | Common Stock |
| May Dept Stores Co                  | Common Stock |
| MBIA Inc                            | Common Stock |
| MBNA Corp                           | Common Stock |
| MCDATA Corp                         | Common Stock |
| McDonalds Corp                      | Common Stock |
| Mead Corp                           | Common Stock |
| Medical Advisory Sys Inc            | Common Stock |
| Medimmune Inc                       | Common Stock |
| Medtronic Inc                       | Common Stock |
| Mercator Software Inc               | Common Stock |
| Merck & Co Inc                      | Common Stock |
| Mercury Interactive Corp            | Common Stock |
| Merge Technologies Inc              | Common Stock |
| Merrill Lynch & Co Inc              | Common Stock |
| Merrill Lynch & Co Inc              | Common Stock |
| Metlife Inc                         | Common Stock |
| Metro Goldwyn Mayer Inc             | Common Stock |
| Metromedia Fiber Network Inc        | Common Stock |
| Micromuse Inc                       | Common Stock |
| Microsoft Corp                      | Common Stock |
| Microstrategy Inc                   | Common Stock |
| Millennium Chemicals Inc            | Common Stock |
| Millennium Pharm Inc                | Common Stock |
| MIM Corp                            | Common Stock |
| Mirant Corp Nfs Llc                 | Common Stock |
| Morgan ST Dean Witter Discover & Co | Common Stock |
| Morgan Stanley Dean Witter & Co     | Common Stock |
| Motient Corp                        | Common Stock |
| Motorola Inc                        | Common Stock |

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|                          |              |
|--------------------------|--------------|
| MRV Communications       | Common Stock |
| Murphy Oil Corp          | Common Stock |
| Mylan Labs Inc           | Common Stock |
| Myriad Genetics Inc      | Common Stock |
| Nasdaq 100 TR Unit Ser 1 | Common Stock |

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|                                     |              |
|-------------------------------------|--------------|
| National City Corp                  | Common Stock |
| Neoforma                            | Common Stock |
| Netsilicon Inc                      | Common Stock |
| Network Appliance Corp              | Common Stock |
| New Millennium Media                | Common Stock |
| Newell Rubbermaid Inc               | Common Stock |
| Newmark Homes Corp                  | Common Stock |
| Nexell Therapeutics Inc             | Common Stock |
| Nextel Comm Inc                     | Common Stock |
| Nokia Corp                          | Common Stock |
| Nokia Corp                          | Common Stock |
| Nordic American Tanker Shipping Ltd | Common Stock |
| Norfolk Southn Corp                 | Common Stock |
| Nortel Networks Corp                | Common Stock |
| Nortel Networks Corp                | Common Stock |
| Northfield Laboratories Inc         | Common Stock |
| Novell Inc                          | Common Stock |
| Nuance Communication                | Common Stock |
| O Charleys Inc                      | Common Stock |
| O Reilly Automotive Inc             | Common Stock |
| Occidental Pete Corp                | Common Stock |
| Occidental Petroleum Corp           | Common Stock |
| OM Group Inc                        | Common Stock |
| OmniCare Inc                        | Common Stock |
| Opentv Corp                         | Common Stock |
| Oplink Communications Inc           | Common Stock |
| Oracle Corporation                  | Common Stock |
| Orchid Biosciences Inc              | Common Stock |
| Osi Systems Inc                     | Common Stock |
| Owens ILL Inc                       | Common Stock |
| Oxford Health Plans Inc             | Common Stock |
| P & O Princess Cruises PLC          | Common Stock |
| P F Changs China Bistro Inc         | Common Stock |
| Pacificare Health Systems           | Common Stock |
| Palm Inc                            | Common Stock |
| Paradyne Networks Inc               | Common Stock |
| Parametric Tech Corp                | Common Stock |
| Parker Drilling Co                  | Common Stock |
| Paychex Inc                         | Common Stock |
| PDI Inc                             | Common Stock |
| Pfizer Inc                          | Common Stock |
| Pharmacia Corp                      | Common Stock |
| Philip Morris Cos Inc               | Common Stock |

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|                               |              |
|-------------------------------|--------------|
| Phillips Pete Co              | Common Stock |
| PLC Sys Inc                   | Common Stock |
| Plum Creek Timber Co Inc      | Common Stock |
| Pmc-Sierra Inc                | Common Stock |
| Portal Software Inc           | Common Stock |
| Priceline.com Inc             | Common Stock |
| Proctor & Gamble Co           | Common Stock |
| Prudential Finl Inc           | Common Stock |
| Psinet Inc                    | Common Stock |
| Purchasepro.com Inc           | Common Stock |
| Qlogic Corp                   | Common Stock |
| Qualcomm Inc                  | Common Stock |
| Quanta Services Inc           | Common Stock |
| Quantum Corp                  | Common Stock |
| Qwest Communications Intl Inc | Common Stock |
| Radioshack Corp               | Common Stock |
| Rainbow Technologies Inc      | Common Stock |
| Rambus Inc                    | Common Stock |
| Rare Medium Group Inc         | Common Stock |
| Rational Software Cp          | Common Stock |
| Red Hat Inc                   | Common Stock |
| Redback Networks Inc          | Common Stock |
| Repeater Technologie Inc      | Common Stock |
| Repligen Corp                 | Common Stock |
| Republic Svcs Inc             | Common Stock |
| Return Assured Inc            | Common Stock |
| RF Micro Devices Inc          | Common Stock |
| Rite Aid Corp                 | Common Stock |
| S & P 500 Depository Receipt  | Common Stock |
| Saba Software Inc             | Common Stock |
| Safeway Inc                   | Common Stock |

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| Sandisk Corp               | Common Stock |
| Sanmina Corp               | Common Stock |
| Savvis Commun Corp         | Common Stock |
| SBC Communications         | Common Stock |
| Scana Corp                 | Common Stock |
| Scansoft Inc               | Common Stock |
| Schering Plough Corp       | Common Stock |
| Schwab Charles Corp        | Common Stock |
| Scientific Atlanta         | Common Stock |
| Sears Roebuck & Co         | Common Stock |
| Seitel Inc                 | Common Stock |
| Seracare Life Sciences Inc | Common Stock |
| Serena Software Inc        | Common Stock |
| Sherwood Brands Inc        | Common Stock |
| Shurgard Storage CTR Inc   | Common Stock |
| Sicor Inc                  | Common Stock |
| Siebel Systems Inc         | Common Stock |
| Slilcon Storage Tech Inc   | Common Stock |

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|                                       |              |
|---------------------------------------|--------------|
| Silicon VY Bancshrs                   | Common Stock |
| Singing Machine Co Inc                | Common Stock |
| Sirius Satellilte Radio Inc           | Common Stock |
| Sketchers USA Inc                     | Common Stock |
| Smurfit Stone Container Corp          | Common Stock |
| Socket Comm Inc                       | Common Stock |
| Solectron Corp                        | Common Stock |
| Solectron Corp Delaware               | Common Stock |
| Sonus Networks Inc                    | Common Stock |
| Southern Co                           | Common Stock |
| Southwest Airlns Co                   | Common Stock |
| Spectranetics Corp                    | Common Stock |
| Sprint Corp                           | Common Stock |
| SPX Corp                              | Common Stock |
| ST Joe Corp                           | Common Stock |
| Stein Mart Inc                        | Common Stock |
| Stemcells Inc                         | Common Stock |
| Stilwell Financial Inc                | Common Stock |
| Storagenetworks Inc                   | Common Stock |
| Stratos Lightwave Inc                 | Common Stock |
| Sun Microsystems Inc                  | Common Stock |
| Surebeam Corp                         | Common Stock |
| Sycamore Networks Inc                 | Common Stock |
| Taiwan Semiconductor Manufacturing Co | Common Stock |
| Target Corp                           | Common Stock |
| Targeted Genetics Corp                | Common Stock |
| Taylor Devices Inc                    | Common Stock |
| Tech Data Corp                        | Common Stock |
| Technitrol Inc                        | Common Stock |
| Telephone & Data Sys Inc              | Common Stock |
| Tellabs Inc                           | Common Stock |
| Tellium Inc NFS Llc                   | Common Stock |
| Temple Inland Inc                     | Common Stock |
| Tenet Healthcare Corp                 | Common Stock |
| Tenet Healthcare Corp                 | Common Stock |
| Terayon Comm Sys                      | Common Stock |
| Texas Biotech Corp                    | Common Stock |
| Texas Instruments Inc                 | Common Stock |
| Textron Inc                           | Common Stock |
| The Keith Companies Inc               | Common Stock |
| Thermo Electron Corp                  | Common Stock |
| Tioga Technologies Ltd                | Common Stock |
| Tivo Inc                              | Common Stock |
| TJX Cos Inc                           | Common Stock |
| TMP Worldwide Inc                     | Common Stock |
| Torchmark Inc                         | Common Stock |
| Transwitch Corp                       | Common Stock |
| TRC COS Inc                           | Common Stock |
| Triad Hosp Inc                        | Common Stock |
| Trimeddyne Inc                        | Common Stock |
| Tripath Technology Inc                | Common Stock |
| Triquint Semiconductor Inc            | Common Stock |
| TVX Gold Inc                          | Common Stock |
| Tyco Intl                             | Common Stock |
| Tyco Intl Ltd                         | Common Stock |
| U S Phusical Therapy Inc              | Common Stock |

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|                                  |              |
|----------------------------------|--------------|
| UnitedHealth Group Inc           | Common Stock |
| US Airways Grp Inc               | Common Stock |
| US Bancorp                       | Common Stock |
| Usinternetworking Inc            | Common Stock |
| Utstarcom Inc                    | Common Stock |
| V F Corp                         | Common Stock |
| V I Technologies Inc             | Common Stock |
| Valero Energy Corp               | Common Stock |
| Varian Inc                       | Common Stock |
| Verisign Inc                     | Common Stock |
| Veritas Software Corp            | Common Stock |
| Verizon Communications           | Common Stock |
| Verticalnet Inc                  | Common Stock |
| Viacom Inc                       | Common Stock |
| Viasystems Group Inc             | Common Stock |
| Video Network Communications Inc | Common Stock |
| Vintage Pete Inc                 | Common Stock |
| Viryanet Ltd                     | Common Stock |
| Vitesse Semiconductr Corp        | Common Stock |
| Vodafone Group Plc               | Common Stock |
| Vodafone Group PLC               | Common Stock |
| Vsource Inc                      | Common Stock |
| Wachovia Corp 2nd New            | Common Stock |
| Walmart Stores Inc               | Common Stock |
| Walgreen Co                      | Common Stock |
| Washington Mut Inc               | Common Stock |
| Washington Mut Inc               | Common Stock |
| Weatherford Intl Inc             | Common Stock |
| Wellpoint Health Networks Inc    | Common Stock |
| Wendys Intl Inc                  | Common Stock |
| Westell Tecnologies Inc          | Common Stock |
| Western Digital Corp             | Common Stock |
| Westvaco Corp                    | Common Stock |
| Whirlpool Corp                   | Common Stock |
| Wild Oats Markets Inc            | Common Stock |
| Williams Cos Inc                 | Common Stock |
| Wire One Technologies Inc        | Common Stock |
| Wisconsin Energy Corp            | Common Stock |
| Worldcom Inc/Worldcom Grp        | Common Stock |
| Wrigley WM JR Co                 | Common Stock |
| WRP Corp                         | Common Stock |
| Xerox Corp                       | Common Stock |
| XM Satellitel Radio Hldgs Inc    | Common Stock |
| XO Communications Inc            | Common Stock |
| XOMA Ltd                         | Common Stock |
| XTO Energy Inc                   | Common Stock |
| Yahoo Inc                        | Common Stock |
| Zebra Technologies Corp          | Common Stock |
| Zimmer Hldgs Inc                 | Common Stock |
| Zoll Medical Corp                | Common Stock |

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## Fixed income securities:

|                           |                                           |
|---------------------------|-------------------------------------------|
| Alberta Energy            | 9.50% 09/30/2048                          |
| Anheuser Busch Cos Inc    | Deb 6.800 8/20/2032                       |
| Boeing Cap Corp           | Sr NT 5.650 5/15/2006                     |
| Calpine Corp              | 8.500 2/15/2011                           |
| CitiGroup Inc             | Global Sr NT 5.750 5/10/2006              |
| CMS Energy Corp           | 8.75% 07/01/2002                          |
| Coca Cola Enterprises Inc | Deb 6.950 11/15/2026                      |
| Commercial Mtg Accep Corp | Ser 1998 C2 Cla 2 6.030 3/15/2008         |
| Continental Airls         | Pass Thru CTF Ser 1997 4 6.900 1/02/2018  |
| Continental Airls         | Pass Thru Ser 1998 1 C1 A 6.648 9/15/2017 |
| Countrywide Fdg Corp Mtn  | Tranche Tr 00244 5.250 6/15/2004          |
| Devon Fing Corp U L C     | Deb 144A 7.875 9/30/2031                  |
| Enron Corp                | SER A 9%                                  |
| Erac USA Fin Co           | GTD NT 144A 7.350 6/15/2008               |
| Fed Hm Ln Pc              | 6.000 3/01/2031                           |
| Fed Hm Ln Pc              | 6.500 10/01/2016                          |
| Fed Hm Ln Pc              | 6.500 3/01/2031                           |
| Federal Natl Mtg Assn     | 6.000 5/15/2011                           |
| Federal Natl Mtg Assn     | 7.250 1/15/2010                           |

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|---------------------------|---------------------------------------------|
| FNBC 1993 A Pass Thru Tr  | Pass Thru CTF Ser 1993 A 8.080 1/05/2018    |
| FNMA Pool                 | 6.000 12/01/2013                            |
| FNMA Pool                 | 6.000 4/01/2028                             |
| FNMA Pool                 | 6.000 5/01/2016                             |
| FNMA Pool                 | 6.000 5/01/2031                             |
| FNMA Pool                 | 6.000 8/01/2031                             |
| FNMA Pool                 | 6.500 10/01/2028                            |
| FNMA Pool                 | 6.500 12/01/2031                            |
| FNMA Pool                 | 6.500 5/01/2031                             |
| FNMA Pool                 | 6.500 5/01/2031                             |
| FNMA Pool                 | 6.500 9/01/2031                             |
| FNMA Pool                 | 7.000 3/01/2015                             |
| Ford Cr Auto Owner Tr     | Ser 2001 B C1 A4 5.120 10/15/2004           |
| Ford Mtr Cr Co            | Global Landmark Secs Globls 6.875 2/01/2006 |
| Gap Inc                   | NT 144A 8.800 12/15/2008                    |
| General Elec Cap Corp Mtn | Tranche Tr 00482 6.125 2/22/2011            |
| General Mtrs Accep Corp   | NT 6.875 9/15/2011                          |
| Georgia Pac Corp          | NT 7.500 5/15/2006                          |
| GMAC Coml Mtg Sec Inc     | Mtg Pass CTF 1998 C2 C1 A2 6.420 5/15/2035  |
| GNMA Pool                 | 6.500 12/15/2030                            |
| GNMA Pool                 | 6.500 6/20/2031                             |
| LB Coml Conduit Mtg Tr    | 1999 C1 C1 A2 Mtg Pass Thru 6.780 6/15/2031 |
| Lehmanh Brothers Hldg     | 7.000 2/01/2008                             |

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|                                       |                                           |
|---------------------------------------|-------------------------------------------|
| Merrill Lynch Mtg Invs Inc            | Mtg Ctf Ser 1998 C2C1 A 1 6.220 2/15/2030 |
| Mirant Americas Generation LLC        | Sr NT 8.300 5/01/2011                     |
| Mirant Americas Generation LLC - 144A | Sr NT 144 A 7.200 10/01/2008              |
| Nova Chem Corp                        | 9.50% 12/31/2047                          |
| Petroleum Goe Svcs A/A                | NT 7.500 3/31/2007                        |
| Qwest Cap Fdg Inc                     | GTD NT 144A 7.000 8/03/2009               |
| Southwestern Pub Svc Co               | NT DTD 5.125 11/01/2006                   |
| Texaco Cap Inc                        | GTDNT 7.090 2/01/2007                     |
| Toys R Us Inc                         | NT 144A 7.625 8/01/2011                   |
| Transocean Sedco Forex Inc            | NT 7.500 4/15/2031                        |
| Tyson Foods Inc                       | NT 144A 8.250 10/01/2011                  |
| United States Treas Bds               | 6.625 2/15/2027                           |
| United States Treas Bds               | 7.250 8/15/2022                           |
| United States Treas Bds               | 7.500 11/15/2016                          |
| United States Treas Nts               | 5.500 2/28/2003                           |
| United States Treas Nts               | 5.875 11/15/2004                          |
| United States Treas Nts               | 6.375 8/15/2002                           |
| United States Treas Nts               | 6.500 2/15/2010                           |
| United States Treas Nts               | 6.875 5/15/2006                           |
| US West Cap Fdg Inc                   | Deb 6.875 7/15/2028                       |
| Viacom Inc                            | Sr Deb 7.875 7/30/2030                    |
| Worldcom Inc GA New                   | NT 8.250 5/15/2031                        |

### Baxter Global Wrap Account

#### Cash & Cash Equivalents:

|                                 |                            |
|---------------------------------|----------------------------|
| Canadian Dollar                 | Cash                       |
| Euro Currency                   | Cash                       |
| Pound Sterling                  | Cash                       |
| * State Street Bank & Trust Co. | Short Term Investment Fund |
| US Treas Bills                  | 0.010 06/20/2002           |

#### Fixed Income Securities:

|                                |                                          |
|--------------------------------|------------------------------------------|
| Abbey Natl PLC                 | Deb 7.950 10/26/2029                     |
| Abbey Natl PLC                 | Sub Reset Cap Secs Prep 1.000 06/29/2049 |
| Abbott Labs                    | NT 5.625 7/01/2006                       |
| Abitibi Consolidated Inc       | Deb 8.850 8/01/2030                      |
| Advanta Mtg Ln Tr              | Ctf Cl A 4 7.750 10/25/2026              |
| AES Corp                       | SR NT 9.375 9/15/2010                    |
| AFC Home Equity Ln Tr          | Ser 1993 2 Cl A 1.000 1/20/2013          |
| Ahold Fin USA Inc              | GTD NT 8.250 7/15/2010                   |
| Ahold Fin USA Inc              | NT 6.250 5/01/2009                       |
| Albertsons Inc                 | NT 7.500 2/15/2011                       |
| Albertsons Inc                 | SR Deb 7.450 8/01/2029                   |
| All Tel Oh Ltd Partnership     | GTD NT 144A 8.000 8/15/2010              |
| Allied Waste North America Inc | SR NT 7.375 1/01/2004                    |
| AMB Ppty LP                    | 2008 NT 7.100 6/30/2008                  |

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|                                |                                                |
|--------------------------------|------------------------------------------------|
| Amerada Hess Corp              | NT 7.300 8/15/2031                             |
| American Elec Pwr Inc          | Sr NT Ser A 6.125 5/15/2006                    |
| American Gen Fin Corp Mtn      | Tranche Tr 00324 6.550 6/24/2002               |
| Americredit Automobile Recs    | Ser 2001 D NT CL A 4 4.410 11/12/2008          |
| Americredit Automobile Recs    | TR 20001 C NT CL A 4 5.010 7/14/2008           |
| Amerisourcebergen Corp         | SR NT 144A 8.125 9/01/2008                     |
| Amvescap Plc                   | SR NT 144 A 5.900 1/15/2007                    |
| Amvescap Plc                   | SR NT 6.600 5/15/2005                          |
| AOL Time Warner Inc            | Deb 7.625 4/15/2031                            |
| Aramark Svcs Inc               | GTD NT 6.750 8/01/2004                         |
| Aramark Svcs Inc               | GTD NT 7.000 7/15/2006                         |
| Associates Corp North Amer     | Sr NT 6.250 11/01/2008                         |
| AT&T Corp                      | USD Sr NT 144A 6.500 11/15/2006                |
| AT&T Corp                      | USD Sr NT 144A 7.300 11/15/2011                |
| Avalon Pptys Inc               | NT 7.375 9/15/2002                             |
| Avalonbay Cmnty Inc            | Tranche Tr 00005 6.625 9/15/2011               |
| Bank One Corp                  | 7.875 8/01/2010                                |
| BankBoston NA MTN              | 6.375 3/25/2008                                |
| Bear Stearns Cos Inc           | Sr NT 6.250 7/15/2005                          |
| Boeing Cap Corp                | SR NT 5.750 2/15/2007                          |
| Bombardier Cap Inc Mtn         | Tranche Tr 00007 144 A 6.125 6/29/2006         |
| Brascan Ltd                    | NT 7.375 10/01/2002                            |
| Bristol Myers Squibb Co        | 4.750 10/01/2006                               |
| Burlington Northn Santa Fe     | 7.125 12/15/2010                               |
| Canadian Treas Bill            | 5.550 4/12/2001                                |
| Canadian Treas Bill            | 5.760 3/01/2001                                |
| Canadian Treas Bill            | 5.870 2/01/2001                                |
| Capital Auto Receivables Asset | 2001 Asset Bkd NT Cl A 4 5.000 12/15/2006      |
| Capital One                    | 2001 7 BKD CTF CL A 3.850 8/15/2007            |
| Centex Home Equity Ln          | 2000 C Cl A4 7.720 5/25/2029                   |
| Chase Manhattan Auto Owner     | 2001 B Asset BKD NT CL A 4 3.800 5/15/2008     |
| Chase Manhattan Auto Owner Tr  | Ser 2000 A Cl A3 6.210 12/15/2004              |
| Chase Manhattan Corp New       | 6.000 11/01/2005                               |
| Chilgener SA                   | NT 6.500 1/15/2006                             |
| Chubb Corp                     | NT Dtd 20Nov 01 6.000 11/15/2011               |
| * CitiGroup Inc Mt Sr Nts      | Tranche Sr 00051 5.625 5/17/2004               |
| * Citibank Cr Card Issuance    | 2001 A8 NT 4.100 12/07/2006                    |
| * Citibank Cr Card Issuance    | NT CL 2001 A6 5.650 6/16/2008                  |
| * CitiBank Cr Card Issuance    | Tr NT Cl 2001 A6 5.650 6/16/2008               |
| * CitiBank Cr Card Master      | Tr 1 1997 6 Partn CTG Cl A ZCP 6.323 8/15/2008 |
| * Citibank Cr card Master Tr I | 199902 Partn CTF Cl A 5.875 3/10/2011          |
| * CitiGroup Inc                | 7.250 10/01/2010                               |
| * CitiGroup Inc                | 7.250 10/10/2010                               |
| * CitiGroup Inc                | NT 6.750 12/01/2005                            |
| Citizens Communications Co     | Sr NT 144A 6.375 8/15/2004                     |
| CK Witco Corp                  | SR NT 8.500 3/15/2005                          |
| Clear Channel Communications   | SR NT 7.875 6/15/2005                          |
| Clear Channel Communications   | Sr NT 7.875 6/15/2005                          |
| Cleveland Elec Illum           | Secd NT Ser B 7.670 7/01/2004                  |
| CNH Equity Tr                  | 2001 A Asset Bkd NT Cl A 4 5.380 8/15/2007     |
| Coastal Corp                   | NT 6.200 5/15/2004                             |
| Coca Cola Enterprises Inc      | 8.500 01Feb22 8.500 2/01/2022                  |
| Columbia/Healthcare Coep       | NT 8.360 4/15/2024                             |
| Community Program Ln           | Tr 1987 A Cl A Ser 87 A 4 4.500 10/01/2018     |
| Conagra Inc                    | 6.000 9/15/2006                                |
| Conoco Fdg Co                  | NT 5.450 10/15/2006                            |

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|                               |                                             |
|-------------------------------|---------------------------------------------|
| Conoco Fdg Co                 | NT 5.450 10/15/2006                         |
| Conoco Fdg Co                 | NT 6.350 10/15/2011                         |
| Conoco Inc                    | NT 6.350 4/15/2009                          |
| Consolidated Nat Gas Co       | 5.375 11/01/2006                            |
| Cox Communications Inc New    | NT 7.700 8/15/2004                          |
| Cox Communications Inc New    | NT 7.750 11/01/2010                         |
| CS First Boston Mgt Secs Corp | Ser 2001 CKN5 Cl A4 5.435 7/15/2011         |
| CSX Corp                      | NT 6.250 10/15/2008                         |
| DaimlerChrysler Auto          | 2001 D Asset Bkd NT Cl A 4 3.780 2/06/2007  |
| Daimlerchrysler Auto Tr       | 2000 C Asset Bkd NT Cl A 3 6.820 9/06/2004  |
| Daimlerchrysler Na Hldg       | NT 6.400 5/15/2006                          |
| Delhaize Amer Inc             | NT 8.125 4/15/2011                          |
| Dial Corp                     | SR NT 7.000 8/15/2006                       |
| Disney Walt Co New Mtn Book   | Tranche Tr 00042 4.875 7/02/2004            |
| DJL Coml Corp                 | COML MTG Passthru CTF 1999 CG 6.080 7/10/20 |
| Domtar Inc                    | 2016 Deb 9.500 8/01/2016                    |
| Domtar Inc                    | NT 8.750 8/01/2006                          |
| Donahue Fst Prods Inc         | SR NT 7.625 5/15/2007                       |

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|------------------------------------------------|--------------------------------------|
| Donaldson, Lufkin & Jenrette Inc               | 2005 Sr NT 6.875 11/01/2005          |
| DTE Energy Co                                  | NT 7.050 6/01/2011                   |
| Duke Cap Corp                                  | Sr NT 7.500 10/01/2009               |
| Duke Energy Co                                 | SR NT SER A 6.000 12/01/2028         |
| Duke Realty Ltd Partnership                    | NT 7.375 9/22/2005                   |
| Duke Weks Realty Corp                          | NT 6.950 3/15/2011                   |
| Edperbrascan Corp                              | NT 7.125 12/16/2003                  |
| EOP Oper Ltd Partnership                       | NT 7.750 11/15/2007                  |
| EOP Oper Ltd Partnership                       | NT 7.875 7/15/2031                   |
| Erac USA Fin Co                                | GTD NT 144 A 7.350 6/15/2008         |
| Erac USA Fin Co                                | NT 144A 8.250 5/01/2005              |
| Erac USA Fin Co                                | GTD NT 144A 7.350 6/15/2008          |
| Erac USA Fin Co                                | NT 144A 6.950 3/01/2004              |
| Fed Hm Ln Pc                                   | G00924 8.000 3/01/2028               |
| Federal Home Ln Mtg Corp                       | 5.250 1/15/2006                      |
| Federal Home Ln Mtg Corp                       | Deb 3.250 12/15/2003                 |
| Federal Home Ln Mtg Corp                       | Deb 5.000 5/15/2004                  |
| Federal Home Ln Mtg Corp                       | Deb 5.250 2/15/2004                  |
| Federal Home Ln Mtg Corp                       | Preassign 00249 6.000 7/15/2027      |
| Federal Home Ln Mtg Corp                       | Reference NT 5.500 9/15/2011         |
| Federal Home Ln Mtg Corp                       | Deb 6.875 1/15/2005                  |
| Federal Home Ln Mtg Corp - Ser 1819 Cl 1819 E  | Ser 1819 Cl 1819 E 6.000 2/15/2011   |
| Federal Home Ln Mtg Corp - Ser 2059 Cl Ha      | Ser 2059 Cl HA 5.750 12/15/2025      |
| Federal Home Ln Mtg Corp - Ser 2078 Cl Pa      | Ser 2078 Cl Pa 6.000 12/15/2018      |
| Federal Home Ln Mtg Corp GTD - Preassign 00392 | Preassign 00392 6.000 4/15/2025      |
| Federal Home Ln Mtg PC GTD                     | Ser 1404 FA 4.500 11/15/2007         |
| Federal Home Ln Mtg PC GTD                     | Ser 1629 Cl 1629 HA 3.500 12/15/2021 |
| Federal Home Ln Mtg PC GTD                     | Ser 1673 Cl 1673 H 6.000 11/15/2022  |
| Federal Home Ln Mtg PC GTD                     | Ser 1861 Cl 1861 G 6.500 11/15/2021  |

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|                                                   |                                           |
|---------------------------------------------------|-------------------------------------------|
| Federal Home Ln Mtg PC GTD                        | Ser 1921 Cl 1921 C 6.500 7/15/2024        |
| Federal Natl Mtg Assn                             | 4.375 10/15/2006                          |
| Federal Natl Mtg Assn                             | 4.750 3/15/2004                           |
| Federal Natl Mtg Assn                             | 5.000 1/15/2007                           |
| Federal Natl Mtg Assn                             | 5.375 11/15/2011                          |
| Federal Natl Mtg Assn                             | 5.625 5/14/2004                           |
| Federal Natl Mtg Assn                             | 6.000 5/15/2011                           |
| Federal Natl Mtg Assn                             | 7.000 7/15/005                            |
| Federal Natl Mtg Assn                             | Benchmark NT 5.125 2/13/2004              |
| Federal Natl Mtg Assn                             | NT 6.000 5/15/2008                        |
| Federal Natl Mtg Assn - Preassign 00418           | Preassign 00418 6.000 7/25/2026           |
| Federal Natl Mtg Assn - Remic Tr 1999 28 Cl Ph    | Remic TR 1999 28 Cl Ph 6.000 3/25/2023    |
| Federal Natl Mtg Assn - Ser 1996 7 Cl H           | Ser 1996 7 Cl H 6.500 12/25/2023          |
| Federal Natl Mtg Assn GTD                         | Remic Tr 1998 30 Cl B 6.500 8/20/2024     |
| Federal Natl Mtg Assn GTD - Remic Tr 1998 40 Cl C | Remic TR 1998 40 CL C 6.500 4/18/2026     |
| Federal Natl Mtg Assn Mtn                         | 6.060 2/03/2006                           |
| Federal Natl Mtg Assn Remic                       | Remic Tr 1994 63 Cl Pg 6.750 5/25/2021    |
| FHLMC                                             | TBA Feb 15 Gold Single 6.000              |
| FHLMC                                             | TBA Feb 15 Gold Single 6.500              |
| FHLMC                                             | TBA Feb 15 Gold Single 7.000              |
| FHLMC                                             | TBA Jan 30 Gold Single 6.000              |
| First Data Corp                                   | Sr NT 5.625 11/01/2011                    |
| FirstBank PR                                      | Sub Cap NT 7.625 12/20/2005               |
| Firstenergy Corp                                  | NT Ser B 6.450 11/15/2011                 |
| Fleet Cr Card Master                              | 2001 C CTF Cl A 144A 3.860 3/15/2007      |
| Fleetboston Finl Corp                             | Sr NT 4.875 12/01/2006                    |
| Fleetboston Finl Corp                             | Sr NT 7.250 9/15/2005                     |
| FNMA                                              | TBA Jan 15 Single Fam 6.500               |
| FNMA                                              | TBA Jan 15 Single Fam 6.000               |
| FNMA                                              | TBA Jan 15 Single Fam 7.000               |
| FNMA                                              | TBA Jan 30 Single Fam 6.000               |
| FNMA                                              | TBA Jan 30 Single Fam 6.500               |
| FNMA Pool                                         | 254088 5.500 12/01/2016                   |
| FNMA Pool                                         | 323348 8.500 6/01/2012                    |
| FNMA Pool                                         | 5.500 4/01/2011                           |
| FNMA Pool                                         | 5.500 5/01/2011                           |
| FNMA Pool                                         | 6.000 12/1/2028                           |
| FNMA Pool                                         | 6.000 5/01/2028                           |
| FNMA Pool                                         | 6.000 8/01/2031                           |
| Ford Cr Auto Owner                                | 2000 C NT Cl A 5 7.260 7/15/2004          |
| Ford Cr Auto Owner                                | Ser 2001 E Cl A4 4.010 3/15/2006          |
| Ford Cr Auto Owner Tr                             | 1999 D Asset Bkd NT Cl B 6.870 01/15/2004 |
| Ford Mtr Co Del                                   | BD 6.375 2/01/2029                        |
| Ford Mtr Cr Co                                    | CDT 5.800 1/12/2009                       |
| Ford Mtr Cr Co                                    | Global NT 7.600 8/01/2005                 |

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Ford Mtr Cr Co  
 Ford Mtr Cr Co

Globalo Landmark Secs Globls 6.500 1/25/200  
 Global Landmark Secs Globls 6.700 7/16/2004

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|                                                   |                                              |
|---------------------------------------------------|----------------------------------------------|
| General Elec Cap Corp Mtn                         | Tranche Tr 00462 6.750 9/11/2003             |
| General Elec Cap Corp Mtn                         | Tranche Tr 00473 6.875 11/15/2010            |
| General Mtrs Accep Corp                           | NT 6.875 9/15/2011                           |
| General Mtrs Accep Corp                           | NT 6.875 9/15/2011                           |
| General Mtrs Accep Corp Mtn                       | Tranche Tr 00596 6.380 1/30/2004             |
| GNMA I                                            | TBA Jan 30 Single Fam 6.500 12/15/2099       |
| GNMA Pool                                         | 358726 8.000 8/15/2023                       |
| GNMA Pool                                         | 538285 6.500 12/15/2031                      |
| GNMA Pool                                         | 552247 6.500 12/15/2031                      |
| GNMA Pool                                         | 567214 6.500 10/15/2031                      |
| Goldman Sachs Group Inc                           | NT Ser B 7.800 1/28/2010                     |
| Green Tree Finl Corp - 1999 2 Mfd Hsg Sr Sub Pa   | 1999 2 MFD HSG Sr Sub PA 6.080 12/01/2030    |
| GS Escrow Corp                                    | SR NT 7.000 8/01/2003                        |
| GS Escrow Corp                                    | SR NT 7.125 8/01/2005                        |
| HCA Healthcare Co                                 | NT 8.750 9/01/2010                           |
| Household Fin Corp                                | NT 5.875 09/25/2004                          |
| Household Fin Corp                                | NT 6.500 11/15/2008                          |
| International Flavors & Frag                      | NT 6.450 5/15/2006                           |
| International Paper Co                            | NT 6.750 09/01/2011                          |
| International Paper Co                            | NT 6.750 9/01/2011                           |
| Intl Bk For Recon & Dev                           | US Global NT 5.000 3/28/2006                 |
| JP Morgan Chase                                   | 6.750 2/01/2011                              |
| JP Morgan Chase Coml Mts Secs 2001 CIBC1 Passthru | 2001 Cibcl Mtg Passthru Cl A3 6.260 03/15/20 |
| Kellogg Co                                        | Deb Ser B 7.450 4/01/2031                    |
| Keyspan Corp                                      | 7.250 11/15/2005                             |
| Kraft Foods Inc                                   | Global NT 4.625 11/01/2006                   |
| Kraft Foods Inc                                   | Global NT 5.625 11/01/2011                   |
| Kroger Co                                         | SR NT 7.625 9/15/2006                        |
| LB UBS Coml Mtg                                   | 2001 C3 Mtg CTF Cl A 1 6.058 6/15/2020       |
| Lear Corp                                         | SR NT Ser B 7.960 5/15/2005                  |
| Lehman Brothers Inc - NT                          | NT 6.500 4/15/2008                           |
| Lehman Brothers Inc - SR Sub NT                   | Sr Sub NT 7.360 12/15/2003                   |
| Liberty Media Corp                                | SR Deb 8.250 2/01/2030                       |
| Lockheed Martin Corp                              | Deb 8.500 12/01/2029                         |
| MBNA Cr Cardf Master Nt Tr                        | 2001 1 NT Cl A 5.750 10/15/2008              |
| Merey Sweeny LP                                   | SV BD 144A 8.850 12/18/2019                  |
| Merrill Lynch & Co Inc                            | Tranch Tr 00218 5.350 6/15/2004              |
| Merrill Lynch & Co Mtn                            | Tranche Tr 00012 7.250 7/26/2002             |
| Meyer Fred Inc Del                                | NT 7.450 3/01/2008                           |
| Morgan Stanley Cap I Inc                          | Coml Mtg Ctf 1999 RM1 Cl E 1.000 12/15/2031  |
| Morgan Stanley Dean Witter Cap                    | 2001 IQ Mtg Ctf Cl A 1 4.570 12/18/2032      |
| Morgan Stanley Group Inc                          | 6.100 4/15/2006                              |
| Morgan Stanley Group Inc                          | 6.100 4/15/2006                              |
| Mortan Stanley Group Inc                          | 6.750 4/15/2011                              |
| Motorola                                          | NT 6.750 02/01/2006                          |
| National City Corp                                | Sub Deb 6.875 5/15/019                       |
| National Westminster Bk Plc                       | Reset Sub NT 7.750 4/29/2049                 |
| News Amer Hldgs Inc                               | GTD Sr Deb 9.500 7/15/2024                   |
| Niagara Mohawk Pwr Corp                           | 1st Mtg DTD 5/15/95 7.750 5/15/2006          |
| Nisource Fin Corp                                 | GTD NT 7.625 11/15/2005                      |
| Nisource Fin Corp                                 | GTD NT 7.875 11/15/2010                      |
| Nomura Asset Secs Corp - 94 2 Cl 2A               | 94 2 CL 2A 7.500 5/25/2024                   |
| Norfolk Southn Corp                               | NT 7.800 5/15/2027                           |
| Norfolk Southn Corp                               | SR NT 7.250 2/15/2031                        |
| Nortel Networks Ltd                               | NT 6.125 2/15/2006                           |
| Northrop Grumman Corp                             | Deb 7.750 2/15/2031                          |
| NWA Tr                                            | No 1 Sr Aircraft NT Cl A 8.260 3/10/2006     |
| NWA Tr                                            | No 1 Sr Aircraft NT Cl B 9.360 3/10/2006     |
| Occidental Pete Corp                              | SR NT 8.450 2/15/2029                        |
| Ontario Prov CDA                                  | BD 5.500 10/1/2008                           |
| PDVSA Fin Ltd                                     | NT 144A 6.800 11/15/2008                     |
| Petrleos Mexicanos Medium Term                    | Tranche Tr 00003 8.625 12/01/2023            |

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|                               |                                             |
|-------------------------------|---------------------------------------------|
| Philip Morris Cos Inc         | NT 6.375 2/01/2006                          |
| Phillips Pete Co              | Deb 6.650 7/15/2018                         |
| Pinnacle One Partners LP      | SR NT 144A 8.830 8/15/2004                  |
| Pioneer Nat Res Co            | Sr NT 6.500 1/15/2008                       |
| Principal Residential Mtg Cap | 2001 3 Term NT Cl A 1 144 A 4.550 12/20/200 |
| Progress Energy Inc           | Sr NT 5.850 10/30/2008                      |
| Progress Energy Inc           | SR NT 7.100 3/01/2011                       |
| Protective Life US Fdg Tr     | Fdg Agreement Backed NT 144A 5.875 8/15/200 |
| Provident Cos Inc             | Sr NT 6.375 7/15/2005                       |

|                                                               |               |
|---------------------------------------------------------------|---------------|
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|                                                     |                                    |
|-----------------------------------------------------|------------------------------------|
| Prudential Ins Co Amer                              | Sr NT 144A 6.375 7/23/2006         |
| PSEG Energy Hldgs Inc                               | Sr NT 8.500 6/15/2011              |
| Pseg Energy Hldgs Inc                               | Sr NT 9.125 2/10/2004              |
| Pulte Homes Inc                                     | SR NT 144A 7.875 8/01/2011         |
| Quest Diagnostics Inc                               | SR NT 6.750 7/12/2006              |
| Qwest Cap Fdg Inc                                   | NT 7.250 2/15/2011                 |
| Qwest Communications Intl Inc                       | SR NT 7.500 11/01/2008             |
| Raytheon Co                                         | Deb 6.000 12/15/2010               |
| Republic Svcs Inc                                   | 6.750 8/15/2011                    |
| Royal Caribbean Cruises Ltd                         | SR NT 7.000 10/15/2007             |
| Royal Caribbean Cruises Ltd                         | SR NT 8.750 2/02/2011              |
| Sears Roebuck Accep Corp                            | NT 6.250 5/01/2009                 |
| Sears Roebuck Accep Corp                            | NT 6.750 8/15/2011                 |
| Simon Ppty Group LP                                 | NT 6.375 11/15/2007                |
| Skandinaviska Enskilda Banken                       | Sub NT Step Up 144A 6.5 12/29/2049 |
| South Africa Rep                                    | NT 8.500 6/23/2017                 |
| Southern Natl Corp N C                              | 7.050 5/23/2003                    |
| Sprint Cap Corp                                     | 7.625 1/30/2011                    |
| Sprint Cap Corp                                     | NT 6.125 11/15/2008                |
| Sprint Cap Corp                                     | NT 6.875 11/15/2028                |
| Sprint Cap Corp                                     | NT DTD 6.000 1/15/2007             |
| Sprint Cap Corp                                     | 5.700 11/15/2003                   |
| Sprint Cap Corp - NT                                | NT 6.875 11/15/2028                |
| Stagecoach Hldgs Plc                                | NT 8.625 11/15/2009                |
| Standish, Ayer & Wood Invst                         | Intl Fixed Income FD               |
| * State Street Bank & Trust Co - ST Investment Fund | 1.000 12/30/2030                   |
| Telekom Malaysia Berhad                             | Deb 144A 7.875 8/01/2025           |
| Telus Corp                                          | NT 7.500 6/01/2007                 |
| Telus Corp                                          | NT 8.000 6/01/2011                 |
| Tenet Healthcare Corp                               | SR NT 144A 5.375 11/15/2006        |
| Tricon Global Restaurants Inc                       | SR NT 7.650 5/15/2008              |
| Tricon Global Restaurants Inc                       | SR NT 8.875 4/15/2011              |
| TRW Inc                                             | Deb 7.750 6/01/2029                |
| TRW Inc                                             | NT 6.050 1/15/2005                 |
| TRW Inc                                             | NT 6.625 6/01/2004                 |
| TRW Inc                                             | NT 7.125 6/01/2009                 |
| TXU Corp                                            | Sr NT 6.375 6/15/2006              |

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|                              |                                             |
|------------------------------|---------------------------------------------|
| Tyco Intl Group SA           | GTD NT 6.375 2/15/2006                      |
| Tyco Intl Group SA           | GTD NT 6.375 2/15/2006                      |
| Tyco Intl Group SA           | GTD NT 6.875 1/15/2029                      |
| Union Planters Corp          | Sub NT 7.750 3/01/2011                      |
| United States Treas Bds      | 5.375 2/15/2031                             |
| United States Treas Bds      | 6.250 5/15/2030                             |
| United States Treas Bds      | 8.000 11/15/2021                            |
| United States Treas Nts      | 2.750 10/31/2003                            |
| United States Treas Nts      | 3.000 11/30/2003                            |
| United States Treas Nts      | 4.625 5/15/2006                             |
| United States Treas Nts      | 5.125 12/31/2002                            |
| United States Treasury Nts   | 3.000 11/30/2003                            |
| United States Treasury Nts   | 3.500 11/15/2006                            |
| United States Treasury Nts   | 5.000 8/15/2011                             |
| Univision Communications Inc | SR NT 7.850 7/15/2011                       |
| Unum Corp                    | NT 6.750 12/15/2028                         |
| US Bancorp Mtn Bk Ent        | Medium Term NTS Book Entry 6.875 12/01/2004 |
| US Bancorp Mtn Bk Ent        | Tranche TR 00119 6.000 5/15/2004            |
| US Treas Bds                 | 10.375 11/15/2012                           |
| US Treas Nts                 | 5.000 8/15/2011                             |
| US Treas Nts                 | 5.750 8/15/2003                             |
| US Treas Nts                 | 5.875 11/15/2004                            |
| US Treas Nts                 | 6.500 10/15/2006                            |
| US Treas Nts                 | 6.500 5/31/2002                             |
| US West Cap Fdg Inc          | NT 6.125 7/15/2002                          |
| US West Cap Fdg Inc          | NT 6.375 7/15/2008                          |
| USAA Auto Owner              | 2001 2 Asset Bkd NT Cl A 4 3.910 4/16/2007  |
| Verizon Global Fdg Corp      | NT 7.250 12/01/2010                         |
| Verizon Global Fdg Corp      | NT 7.750 12/01/2030                         |
| Verizon New Eng Inc          | Deb 6.500 9/15/2011                         |
| Verizon Wireless Cap LLC     | NT 144A 1.000 12/17/2003                    |
| Viacom Inc                   | SR NT 6.400 1/30/2006                       |
| Wal Mart Stores Inc          | NT 6.875 8/10/2009                          |
| Washington Mut Fin Corp      | Sr NT 6.250 5/15/2006                       |
| Washington Mut Fin Corp      | Sr NT 6.875 5/15/2011                       |
| Waste Mgmt Inc Del           | SR NT 6.500 11/15/2008                      |
| Waste Mgmt Inc Del           | SR NT 6.875 5/15/2009                       |

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|----------------------------|----------------------------------|
| Waste Mgmt Inc Del         | SR NT 7.375 8/01/2010            |
| Wells Fargo & Co           | NT 6.625 7/15/2004               |
| Wells Fargo Bk NA          | NT Dtd 6.450 2/01/2011           |
| Wellsford Residential Ppty | NT 9.375 2/01/2002               |
| Westinghouse Cr Corp       | 8.875 6/14/2014                  |
| Westinghouse Elec Corp     | NT 8.375 6/15/2002               |
| Westvaco Corp              | Deb 7.950 2/15/2031              |
| Westvaco Corp              | Deb 8.200 1/15/2030              |
| WFS Finl Owner             | Ser 2001 C Cl A4 5.180 3/20/2009 |
| Worldcom Inc               | NT 6.500 5/15/2004               |

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|                     |                    |
|---------------------|--------------------|
| Worldcom Inc        | NT 8.000 5/15/2006 |
| Worldcom Inc        | NT 8.250 5/15/2031 |
| Worldcom Inc GA     | NT 6.400 8/15/2005 |
| Worldcom Inc Ga New | NT 7.500 5/15/2011 |

Pacific Investment Management Co.

### Fixed income securities:

|                                                     |                                             |
|-----------------------------------------------------|---------------------------------------------|
| American Resid Mtg Ln                               | Tr 98 1 AssBkd CTF Cl A 1.000 5/25/2029     |
| Bear Stearns Arm Tr                                 | 2001 9 Mtg Pass Thru Cl IA VA 1.000 1/25/20 |
| British Telecommunications Plc                      | 7.875 12/15/2005                            |
| * CitiCorp Mtg Secs Inc                             | 2001 18 RMC Pthru Ctf Cl IA 1 4.150 12/25/2 |
| Columbia/HCA Healthcare Corp                        | Tranche Tr 00003 8.130 8/4/2003             |
| CRD Dft Swp Worldcom                                | SWPC01518 B 1.450 11/2/2002                 |
| CRD Dft Swp Worldcom 1.45PCT                        | SWPC01518 A 1.450 11/25/2002                |
| El Paso Corp                                        | Sr NT 7.000 5/15/2011                       |
| Federal Home Ln Mtg Corp                            | Preassign 00070 5.750 6/15/2021             |
| Federal Home Ln Mtg PC GTD                          | Remic Ser 32 Cla PH 6.500 9/25/2022         |
| Federal Natl Mtg Assn                               | Remic Tr 1999 27 Cl Cb 6.000 7/25/2019      |
| Govt Natl Mtg Assn GTD                              | Ser 2001 12 Clz 6.681 7/16/2040             |
| Govt Natl Mtg Assn GTD Remic                        | Remic Tr 1999 38 Sec Cl Cb 6.750 5/16/2026  |
| Mid St Tr IV                                        | Asset Backed NT 8.330 4/01/2030             |
| Occidental Pete Corp                                | Sr NT 1.000 4/01/2003                       |
| Pimco Fds Pac Invt Mgmt                             | Private Acct Portfolio                      |
| Pimco Fds Pac Invt Mgmt Ser                         | High Yield Portfolio Instl Cl               |
| Pimco Fds Pac Invt Mgmt Ser                         | Intl Portfolio Instl Cl                     |
| Pimco Fds Pac Invt Mgmt Ser                         | Invt Grade Corp Port Instl Cl               |
| Pimco Fds Pac Invt Mgmt Ser                         | Mtg Portfolio Instl Cl                      |
| Pimco Fds Pac Invt Mgmt Ser                         | Real Return BD Portfolio Cl                 |
| Small Business Admin                                | Deb Ser 1999 20 K 7.060 11/01/2019          |
| Small Business Admin                                | Deb Ser 1999 20 L 7.190 12/01/2019          |
| * State Street Bank & Trust Co - ST Investment Fund | 1.000 12/31/2030                            |
| United Airls Pass Thru TRS                          | Pass Thru CTF Ser 1995 A2 9.560 10/19/2018  |
| US Treas Bds                                        | 5.500 8/15/2028                             |
| US Treas Nts                                        | 3.875 1/15/2009                             |
| US Treas Nts                                        | Inflation Indexed 3.375 1/15/2007           |
| US Treas Nts                                        | Inflation Indexed 3.625 1/15/2008           |

### Benefit responsive interest rate wrapper contracts:

|                                 |                     |
|---------------------------------|---------------------|
| Aegon Institutional Markets     | open ended maturity |
| * State Street Bank & Trust Co. | open ended maturity |

### Commingled investments:

|                                     |                        |
|-------------------------------------|------------------------|
| American Century 20th Century Ultra | Commingled investments |
| American Century Small Cap Value    | Commingled investments |
| Ameristock Mutual Fund              | Commingled investments |
| Ariel Growth Class A                | Commingled investments |

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|                             |                        |
|-----------------------------|------------------------|
| Artisan Internat'l          | Commingled investments |
| ARTISAN MID CAP VALUE       | Commingled investments |
| Artisan MID CAP Value       | Commingled investments |
| Berger MID CAP Value        | Commingled investments |
| Berger Small CAP Val Retail | Commingled investments |
| Berkshire Focus Fund        | Commingled investments |
| Bjurman All CAP Growth      | Commingled investments |
| Bjurman Micro CAP Growth    | Commingled investments |

Baxter International Inc. and Subsidiaries

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Incentive Investment Plan

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Form 5500, Schedule H, Part IV 4i-Schedule of Assets Held for  
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December 31, 2001

|                                                 |                        |
|-------------------------------------------------|------------------------|
| Black Oak Emerging Technology Fund              | Commingled investments |
| Brazos Micro CAP Growth                         | Commingled investments |
| Bridgeway Aggressive Growth                     | Commingled investments |
| Buffalo Small CAP Growth                        | Commingled investments |
| Calamos Growth Class A                          | Commingled investments |
| Calvert Income Fund Class A                     | Commingled investments |
| Clipper                                         | Commingled investments |
| Columbia Strategic Value FD                     | Commingled investments |
| Dodge & Cox Stock                               | Commingled investments |
| Dredner RCM Biotechnology N                     | Commingled investments |
| Dredner RCM Global Health Care N                | Commingled investments |
| Dredner RCM Global Technology Class N           | Commingled investments |
| Dredner RCM Technology Fund                     | Commingled investments |
| Dreyfus Midcap Value Fund                       | Commingled investments |
| Dreyfus S&P 500 Index Fund                      | Commingled investments |
| Eaton Vance Worldwide Health Sciences Class A   | Commingled investments |
| Evergreen Healthcare Class C                    | Commingled investments |
| Excelsior Income Business & Indl Restructing FD | Commingled investments |
| Excelsior Real Estate                           | Commingled investments |
| Fidelity Convertible Securities                 | Commingled investments |
| Fidelity Diversified International              | Commingled investments |
| Fidelity Dividend Growth                        | Commingled investments |
| Fidelity Equity Income II                       | Commingled investments |
| Fidelity Export & Multinational                 | Commingled investments |
| Fidelity Growth & Income                        | Commingled investments |
| Fidelity Large Capital Stock                    | Commingled investments |
| Fidelity MID CAP Stock                          | Commingled investments |
| Fidelity Real Estate Investment                 | Commingled investments |
| Fidelity Small Cap Stock                        | Commingled investments |
| Fidelity Worldwide                              | Commingled investments |
| Firsthand Global Technology                     | Commingled investments |
| Firsthand Technology Value                      | Commingled investments |
| Franklin Biotech Discovery Fund A               | Commingled investments |
| Fundamental Investors                           | Commingled investments |
| Growth Fund of America                          | Commingled investments |
| Heartland Group Value Plus                      | Commingled investments |
| Icon Technology                                 | Commingled investments |
| Invesco Dynamics N/C                            | Commingled investments |
| Invesco Technology N/C                          | Commingled investments |
| Invesco Telecomm #39 N/C                        | Commingled investments |

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|                                          |                        |
|------------------------------------------|------------------------|
| Janus Fund 2                             | Commingled investments |
| Janus Inv't Balanced                     | Commingled investments |
| Janus Inv't Mercury                      | Commingled investments |
| Janus Strategic Value Fund               | Commingled investments |
| Liberty Acorn Class Z N/C                | Commingled investments |
| Loomis Sayles Bond                       | Commingled investments |
| Lord Abbett Affiliated Class C           | Commingled investments |
| Lord Abbett Research Small CAP Class C   | Commingled investments |
| Masters Select Equity                    | Commingled investments |
| Matthews Intl FDS PAC Tiger FD           | Commingled investments |
| Muhlenkamp Fund                          | Commingled investments |
| Navellier Perf Fund AGG Small Cap Equity | Commingled investments |
| Needham Growth Fund                      | Commingled investments |
| Neuberger & Berman Genesis Trust         | Commingled investments |
| Oakmark Balanced                         | Commingled investments |
| Oakmark Fund                             | Commingled investments |
| Oakmark Global Fund 1                    | Commingled investments |
| Oakmark Internat'l                       | Commingled investments |
| Oakmark sSelect                          | Commingled investments |
| Oakmark Small CAP                        | Commingled investments |
| PBHG Large CAP 20                        | Commingled investments |
| PBHG Large CAP Value                     | Commingled investments |
| PBHG Mid CAP Value                       | Commingled investments |
| PBHG Small Cap Value                     | Commingled investments |
| Pimco Real Return Bond Class D           | Commingled investments |
| Pin Oak Aggressive Stock                 | Commingled investments |
| Potomac Internet Short Fund              | Commingled investments |
| Putnam Health Sciences Trust CL B        | Commingled investments |
| Putnam New Opportunities CL B            | Commingled investments |
| Rainier INVT Fund Small MID CAP Equity   | Commingled investments |
| Red Oak Technology Select                | Commingled investments |
| Royce Low Priced Stock Fund              | Commingled investments |
| Royce Opportunity Fund                   | Commingled investments |
| Royce Total Return                       | Commingled investments |

Baxter International Inc. and Subsidiaries  
 Incentive Investment Plan  
 Form 5500, Schedule H, Part IV 4i-Schedule of Assets Held for  
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|                                 |                                      |
|---------------------------------|--------------------------------------|
| RS Global Natural Resources N/C | Commingled investments               |
| RS Partners N/C                 | Commingled investments               |
| Rydex Biotechnology INV Class   | Commingled investments               |
| Safeco Growth                   | Commingled investments               |
| Select Electronics              | Commingled investments               |
| Selected American Shares        | Commingled investments               |
| Spartan Market Index            | Commingled investments               |
| SSGA Money Market Fund          | Commingled investments               |
| * State Street Bank & Trust Co. | International EAFE Equity Index Fund |
| * State Street Bank & Trust Co. | S & P 500 Equity Index Fund          |
| * State Street Bank & Trust Co. | Small Cap Fund                       |
| Strong Index 500                | Commingled investments               |
| Strong Limited Resources        | Commingled investments               |

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|                                             |                        |
|---------------------------------------------|------------------------|
| Strong Opportunity Income                   | Commingled investments |
| T Rowe Price Balanced                       | Commingled investments |
| T Rowe Price Science & Technology           | Commingled investments |
| T Rowe Price Small CAP Stock                | Commingled investments |
| TCW Galileo Value Opport Class 1            | Commingled investments |
| Third Avenue Real Estate Value              | Commingled investments |
| Third Avenue Value FD                       | Commingled investments |
| Tweedy Browne Global Value Fund             | Commingled investments |
| Value Line Convertible                      | Commingled investments |
| Value Line Leveraged Growth Income          | Commingled investments |
| Vanguard Bond index Total Market            | Commingled investments |
| Vanguard GNMA Fixed Income Securities       | Commingled investments |
| Vanguard High Yield Bond Fixed Income       | Commingled investments |
| Vanguard Index Trust S&P 500 Port           | Commingled investments |
| Vanguard Inflation Protected Secs           | Commingled investments |
| Vanguard intermdiaate Term Treasury Admiral | Commingled investments |
| Vanguard Reit Index Fund                    | Commingled investments |
| Vanguard Specialized Enenergy Port          | Commingled investments |
| Vanguard Total Stock Market                 | Commingled investments |
| Vanguard US Growth Portfolio                | Commingled investments |
| Vanguard/Wellesley Income Income            | Commingled investments |
| Vanguard/Windsor II Portfolio               | Commingled investments |
| Wasatch Aggressive Equity                   | Commingled investments |
| Wasatch Growth                              | Commingled investments |
| Wasatch Microcap Value                      | Commingled investments |
| Weitz Partners Value                        | Commingled investments |
| Weitz Value                                 | Commingled investments |
| White Oak Growth Stock                      | Commingled investments |
| Whitehall Growth                            | Commingled investments |
| Yacktman Focused FD                         | Commingled investments |

\* Participant Loans

Interest rate range from 5.75%  
to to 10.67%

\* Party-in-interest

Note - Cost information is omitted for participant directed investments.

### SIGNATURE

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

BAXTER INTERNATIONAL INC. AND SUBSIDIARIES  
INCENTIVE INVESTMENT PLAN

Date: June 27, 2002

By: /S/ Brian P. Anderson

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-----  
Brian P. Anderson  
Senior Vice President and  
Chief Financial Officer

CONSENT OF INDEPENDENT ACCOUNTANTS  
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We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 2-82667, 2-86993, 2-97607, 33-8812, 33-8813, 33-15523, 33-15787, 33-28428, 33-33750, 33-54069, 333-43563, 333-47019, 333-71553, 333-80403, 333-88257, 333-48906 and 333-62820) of Baxter International Inc. of our report dated June 14, 2002 relating to the financial statements of Baxter International Inc. and Subsidiaries Incentive Investment Plan, which appears in this Form 11-K.

PricewaterhouseCoopers LLP

Chicago, Illinois  
June 27, 2002