

McGillivray Bruce
Form 4
August 29, 2008

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
McGillivray Bruce

2. Issuer Name and Ticker or Trading Symbol
BAXTER INTERNATIONAL INC
[BAX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

ONE BAXTER PARKWAY

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
08/28/2008

____ Director
 Officer (give title below)
____ 10% Owner
____ Other (specify below)
Corporate Vice President

DEERFIELD, IL 60015

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock, \$1 par value | 08/28/2008 | | M ⁽¹⁾ | | 19,305 | A | \$ 30.06 |
| Common Stock, \$1 par value | 08/28/2008 | | M ⁽¹⁾ | | 19,305 | A | \$ 27.13 |
| Common Stock, \$1 par value | 08/28/2008 | | M ⁽¹⁾ | | 20,000 | A | \$ 34.85 |
| Common Stock, \$1 | 08/28/2008 | | M ⁽¹⁾ | | 43,500 | A | \$ 129,040 |
| | | | | | | | 41.34 |

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par value

Common Stock, \$1 par value 08/28/2008 M⁽¹⁾ 30,000 A \$ 41.34 159,040 D

Common Stock, \$1 par value 08/28/2008 S⁽¹⁾ 132,110 D \$ 68.4⁽²⁾ 26,930 D

Common Stock, \$1 par value 08/28/2008 M⁽¹⁾ 1,400 A \$ 41.34 28,330 D

Common Stock, \$1 par value 08/28/2008 M⁽¹⁾ 8,400 A \$ 41.34 36,730 D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount or Number of Shares |
| Stock Option (Right to Buy) | \$ 30.06 | 08/28/2008 | | M ⁽¹⁾ | 19,305 | 11/17/2005 11/16/2012 | Common Stock, \$1 par value 19,305 |
| Stock Option (Right to Buy) | \$ 27.13 | 08/28/2008 | | M ⁽¹⁾ | 19,305 | 11/18/2006 11/18/2014 | Common Stock, \$1 par value 19,305 |
| Stock Option (Right to Buy) | \$ 34.85 | 08/28/2008 | | M ⁽¹⁾ | 20,000 | 03/14/2008 03/13/2015 | Common Stock, \$1 par value 20,000 |
| | \$ 41.34 | 08/28/2008 | | M ⁽¹⁾ | 44,900 | 11/13/2003 11/12/2010 | 44,900 |

| | | | | | | | | | |
|--------------------------------|----------|------------|-------------------------|--------|------------|------------|-----------------------------|-----------------------------|--|
| Stock Option (Right to Buy) | | | | | | | | Common Stock, \$1 par value | |
| Stock Option (Right to Buy) | \$ 41.34 | 08/28/2008 | <u>M</u> ⁽¹⁾ | 30,000 | 12/31/2001 | 11/12/2010 | Common Stock, \$1 par value | 30,000 | |
| Stock Option (Right to Buy) | \$ 41.34 | 08/28/2008 | <u>M</u> ⁽¹⁾ | 8,400 | 11/13/2003 | 11/12/2010 | Common Stock, \$1 par value | 8,400 | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| McGillivray Bruce ONE BAXTER PARKWAY DEERFIELD, IL 60015 | | | Corporate Vice President | |

Signatures

| | |
|--|------------|
| /s/ John M. O'Connor, Attorney-in-Fact for Bruce McGillivray | 08/29/2008 |
| **Signature of Reporting Person | Date |

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Transaction effected pursuant to a Rule 10b5-1 trading plan
- (2) Price reflects weighted average sales price. Range of prices for transaction is \$68.18 through \$68.69. Full information regarding the number of shares sold at each separate price will be provided by the issuer upon request.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.