

BAXTER INTERNATIONAL INC

Form 11-K

June 27, 2013

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### Form 11-K

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

**For the year ended December 31, 2012**

**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**

**(224) 948-2000**

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**Baxter International Inc.**

**and Subsidiaries**

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**Financial Statements and Supplemental Schedule**

**December 31, 2012 and 2011**

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**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrative Committee of

the Baxter International Inc. and Subsidiaries Incentive Investment Plan

Deerfield, Illinois

We have audited the accompanying statements of net assets available for benefits of the Baxter International Inc. and Subsidiaries Incentive Investment Plan ( the Plan ) as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended. 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 in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2012 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2012 financial statements taken as a whole.

/s/ Crowe Horwath LLP  
Oak Brook, Illinois  
June 26, 2013

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

December 31, 2012 and 2011 (in thousands)

	2012	2011
<b>Assets</b>		
Investments		
Cash and cash equivalents	\$ 47,603	\$ 55,858
Common stock (including securities on loan of \$2,821 in 2012 and \$1,108 in 2011)	444,196	394,301
U.S. government and government agency issues (including securities on loan of \$8,091 in 2012 and \$5,336 in 2011)	28,292	21,865
Corporate and other obligations (including securities on loan of \$7,559 in 2012 and \$7,072 in 2011)	40,509	40,242
Commingled funds	381,516	335,027
Registered investment companies	307,109	214,074
Synthetic guaranteed investment contracts	777,297	743,892
Collateral held on loaned securities	18,842	13,782
<b>Total investments at fair value</b>	<b>2,045,364</b>	<b>1,819,041</b>
Receivables		
Notes receivables from participants	43,079	40,514
Sponsor contributions	18,963	15,102
Accrued interest and dividends	1,975	1,869
Due from brokers for securities sold	1,415	16
<b>Total receivables</b>	<b>65,432</b>	<b>57,501</b>
<b>Total assets</b>	<b>2,110,796</b>	<b>1,876,542</b>
<b>Liabilities</b>		
Accounts payable	6,126	4,295
Due to brokers for securities purchased		81
Collateral to be paid on loaned securities	18,842	13,782
<b>Total liabilities</b>	<b>24,968</b>	<b>18,158</b>
Net assets available for benefits, reflecting investments at fair value	2,085,828	1,858,384
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(68,692)	(60,432)
<b>Net assets available for benefits</b>	<b>\$ 2,017,136</b>	<b>\$ 1,797,952</b>

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

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

For the Years Ended December 31, 2012 and 2011 (in thousands)

	2012	2011
<b>Additions (reductions) to net assets attributed to</b>		
Investment income		
Net appreciation (depreciation) in fair value of investments	\$ 168,628	\$ (39,315)
Interest	28,982	30,742
Dividends	14,771	12,405
Net investment income	212,381	3,832
Participant loan interest	3,525	1,811
Contributions		
Sponsor	59,471	53,357
Participant	92,936	84,207
	152,407	137,564
Net additions	368,313	143,207
<b>Deductions from net assets attributed to</b>		
Benefits paid	161,649	148,773
Plan expenses	7,138	6,569
Total deductions	168,787	155,342
Increase (decrease) before transfer	199,526	(12,135)
<b>Transfer from other plan (Refer to Note 11)</b>	19,658	
<b>Net increase (decrease)</b>	219,184	(12,135)
<b>Net assets available for benefits</b>		
Beginning of year	1,797,952	1,810,087
End of year	\$ 2,017,136	\$ 1,797,952

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

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### **Baxter International Inc. and Subsidiaries**

### **Incentive Investment Plan**

### **Notes to Financial Statements**

### **December 31, 2012 and 2011**

#### **1. General Description of the Plan**

The following description of the Baxter International Inc. and Subsidiaries Incentive Investment Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document and summary plan description for more complete information. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan allows tax deferred contributions in compliance with Section 401(k) of the Internal Revenue Code. Eligible participants may make pre-tax contributions of up to 50% of their eligible annual compensation within certain limitations. Newly hired employees are deemed to have elected to contribute 3% of compensation (increased by 1% per year to a total of 6%) unless they make a contrary election. The Plan sponsor, Baxter International Inc. (Baxter or the Company), matches participant contributions up to a maximum of 3.5% of the employee's compensation. Participant contributions and Plan sponsor matching contributions are fully vested and nonforfeitable at all times. The Company also contributes an additional non-matching 3% of compensation for employees that are not eligible to participate in the Company's U.S. qualified defined benefit pension plan, which includes all new employees hired on or after January 1, 2007, and employees who had less than five years of service on January 1, 2007 and who elected to cease earning additional service in the pension plan and participate in the higher level of Company contributions in the Plan. The additional non-matching contribution becomes fully vested after three years of service. Forfeitures of nonvested accounts are used to reduce future employer contributions.

Participants may borrow up to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at variable rates as outlined in the Plan agreement. The loans are reported at their unpaid principal balance plus any accrued but unpaid interest, with no allowance for credit losses, as repayments of principal and interest are received through payroll deductions and the notes are collateralized by the participant's account balances.

Participants or their beneficiaries may elect lump-sum benefit payments, or benefits may be paid in installments. Shares of Baxter common stock may also be distributed in kind at the participant's election. Subject to certain provisions specified in the Plan agreement, employed participants may withdraw their pre-tax contributions, matching contributions made prior to 2008, vested non-matching contributions and related earnings in cases of financial hardship and in certain other circumstances. In the case of a participant termination of death or disability, the entire vested amount is paid to the person or persons legally entitled thereto.

Each participant's account is credited with the participant's contributions and an allocation of the Company's contributions and Plan earnings, and is charged with his or her withdrawals and an allocation of Plan-related expenses. Allocations are based on participant earnings or account balances, as defined in the Plan document. The net income of the Plan is posted to the participant's accounts on a daily basis. Each participant directs the investment of his or her account to any of the investment options available under the Plan.

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





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**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

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

**Valuation of Investments and Collateral**

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

Cash and cash equivalents	These largely consist of a short-term investment fund and a money market fund, the fair value of which is based on the net asset value. The investment objectives for these funds are to provide safety for principal, daily liquidity and a competitive yield by investing in high quality instruments.
Common stock	Value based on closing prices on the valuation date in an active market on national securities exchanges.
U.S. government and government agency issues	Value based on reputable pricing vendors that typically use pricing matrices or models.
Corporate and other obligations	Value based on reputable pricing vendors that typically use pricing matrices or models.
Commingled funds	Value based on net asset values reported by the fund managers as of the Plan's financial statement dates and recent transaction prices. The investment objectives of these funds are to track the performances of the S&P 500 (S&P 500 Flagship Fund); Europe, Australasia and the Far East (EAFE) (International EAFE Equity Index Fund); or Russell 2000 (Small Cap Fund) indexes. The underlying investments vary, with some holding diversified portfolios of domestic stocks and government agency bonds, and others holding collective investment funds. Each fund provides for daily redemptions by the Plan at reported net asset values per share, with no advance notice requirement. Refer to Note 6 for amounts invested in each of these funds.

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Registered investment companies	Value based upon the closing price from a national security exchange on the valuation date.
Synthetic guaranteed investment contracts	Value based on the fair value of the underlying securities in the contract on the valuation date plus the fair value of wrapper contracts, which is calculated using a replacement cost approach. The underlying securities are valued based upon the methodologies described above. See below for more information.
Collateral held on loaned securities	Value based upon the net asset value per unit of the short-term investment funds where the collateral is invested. Refer to Note 7 for more information on the securities lending program.
Collateral to be paid on loaned securities	Value based on the fair value of the underlying securities loaned on the valuation date, plus an incremental margin.

**Income Recognition**

Plan investment return includes dividend and interest income, gains and losses on sales of investments and unrealized depreciation or appreciation of investments. Purchases and sales of investments are recorded on a trade date basis. Dividends are recorded on the ex-dividend date. Interest is earned on an accrual basis.

The financial statements reflect the net depreciation or appreciation in the fair value of the Plan's investments. This net depreciation or 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.

**Synthetic Guaranteed Investment Contracts**

The Plan holds synthetic guaranteed investment contracts (GICs) as part of the Stable Income Fund. The synthetic GICs provide for a fixed return on principal over a specified time through fully benefit-responsive contracts issued by Transamerica (formerly Aegon Institutional Markets) and Bank of America N.A. The portfolio of assets, overall of investment grade, underlying the synthetic GICs primarily includes cash and cash equivalents, U.S. government and government agency issues, and corporate and other obligations.

The fair value of the synthetic GICs equals the total of the fair value of the underlying assets plus the fair value of the wrapper contracts. The fair value of the wrapper contracts is computed using a replacement cost approach that incorporates a comparison of the current fee rate on similar wrapper contracts to the fee being paid by the Plan. Using this approach, the fair values of the wrapper contracts were a loss of \$991 thousand and a loss of \$343 thousand at December 31, 2012 and 2011, respectively.

While Plan investments are presented at fair value in the Statements of Net Assets Available for Benefits, any material difference between the fair value of the Plan's direct and indirect interests in fully benefit-responsive investment contracts and their contract value is presented as an adjustment line in the Statements of Net Assets Available for Benefits, because contract value is the relevant measurement attribute for that portion of the Plan's net assets available for benefits. Contract value represents contributions, plus earnings, less participant withdrawals and administrative expenses. The wrapper contracts used by the Plan are fully benefit-responsive because the wrapper contract issuers are contractually obligated to make up any shortfall in the event that the underlying asset portfolio has been liquidated and is inadequate to cover participant withdrawals and transfers



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at contract value. There are currently no reserves against contract values for credit risk of the contract issuers or any other risk. The contract value for the synthetic GICs was \$708.6 million and \$683.5 million at December 31, 2012 and 2011, respectively.

The crediting interest rate, which is reset quarterly, can never fall below zero. The crediting rate formula smoothes the impact of interest rate changes on participant returns by amortizing any difference between market value and book value over a period of years equal to the duration of the portfolio benchmark. The average yield on the synthetic GICs was approximately 2.2% and 2.9% at December 31, 2012 and 2011, respectively. The average interest rate credited to participants on the synthetic GICs was approximately 3.4% and 3.7% for the years ended December 31, 2012 and 2011. The credit ratings for Transamerica were AA- at both December 31, 2012 and 2011, and the credit ratings for Bank of America N.A. were A at both December 31, 2012 and 2011, respectively.

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

The wrapper providers can only terminate at a value different than contract value under an event of default (that was not remedied) such as failure to follow the terms of the contract. If a wrapper provider would like to exit the contract for another reason, the Plan can maintain the contract through an extended termination process designed to ensure continued benefit-responsive treatment for withdrawals.

### Payment of Benefits and Fees

Benefits are recorded when paid. Loan origination fees associated with notes receivable from participants and the Plan's record keeping and trustee fees are paid by the Plan and are reflected in the financial statements as Plan expenses. Investment management fees are charged to the Plan as a reduction of investment return and included in the investment income (loss) reported by the Plan. All other expenses of the Plan are paid by the Company.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Changes in such estimates may affect amounts reported in future periods.

### Other

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

### Risks and Uncertainties

The Plan provides for various investment options which invest in any combination of registered investment companies, U.S. government and government agency issues, corporate and other obligations, common stock, commingled funds, synthetic guaranteed investment contracts and short-term investments. Investment securities are exposed to various risks, such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported

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in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits. Individual participants' accounts bear the risk of loss resulting from fluctuations in investment values.

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

**3. Eligibility Requirements**

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

- A. U.S. employees of Baxter or its subsidiaries which have adopted the Plan;
- B. U.S. employees not covered by a collective bargaining agreement unless the agreement provides for coverage under the Plan; and
- C. U.S. employees who are not leased employees.

**4. Administration of the Plan**

State Street Bank and Trust Company (the Trustee) serves as trustee and ING Institutional Plan Services, LLC serves as recordkeeper for the Plan.

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

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

**5. Fair Value Measurements**

The fair value hierarchy under the accounting standard for fair value measurements consists of the following three levels:

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

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

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



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

(in thousands)	Balance at December 31, 2012	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash and cash equivalents	\$ 47,603	\$	\$ 47,603	\$
Common stock:				
Healthcare	233,821	233,821		
Consumer products	51,020	51,020		
Information technology	57,333	57,333		
Financial services	30,371	30,371		
Industrial services and materials	29,686	29,686		
Energy	14,125	14,125		
Other	27,840	27,840		
<b>Total common stock</b>	<b>444,196</b>	<b>444,196</b>		
U.S. government and government agency issues	28,292		28,292	
Corporate and other obligations	40,509		40,509	
Commingled funds	381,516		381,516	
Registered investment companies:				
Target retirement funds	291,573	291,573		
Self-managed funds	12,772	12,772		
Other	2,764	2,764		
<b>Total registered investment companies</b>	<b>307,109</b>	<b>307,109</b>		
Synthetic guaranteed investment contracts:				
Corporate and other obligations	293,972		293,972	
U.S. government and government agency issues	442,114		442,114	
Cash and cash equivalents	42,202		42,202	
Wrapper contracts	(991)			(991)

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Total synthetic guaranteed investment contracts	777,297		778,288	(991)
Collateral held on loaned securities	18,842		18,842	
Total assets	\$ 2,045,364	\$ 751,305	\$ 1,295,050	\$ (991)
<b>Liability</b>				
Collateral to be paid on loaned securities	\$ 18,842	\$ 2,859	\$ 15,983	\$

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	Basis of Fair Value Measurement			
	Balance at December 31, 2011	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>(in thousands)</b>	<b>2011</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 55,858	\$	\$ 55,858	\$
Common stock:				
Healthcare	201,587	201,587		
Consumer products	55,827	55,827		
Information technology	47,938	47,938		
Financial services	21,838	21,838		
Industrial services and materials	20,624	20,624		
Energy	16,602	16,602		
Other	29,885	29,885		
<b>Total common stock</b>	<b>394,301</b>	<b>394,301</b>		
U.S. government and government agency issues	21,865		21,865	
Corporate and other obligations	40,242		40,242	
Commingled funds	335,027		335,027	
Registered investment companies:				
Target retirement funds	199,777	199,777		
Self-managed funds	11,830	11,830		
Other	2,467	2,467		
<b>Total registered investment companies</b>	<b>214,074</b>	<b>214,074</b>		
Synthetic guaranteed investment contracts:				
Corporate and other obligations	257,547		257,547	
U.S. government and government agency issues	463,348		463,348	
Cash and cash equivalents	23,347	17	23,330	
Wrapper contracts	(343)			(343)
Other	(7)		(7)	
<b>Total synthetic guaranteed investment contracts</b>	<b>743,892</b>	<b>17</b>	<b>744,218</b>	<b>(343)</b>
Collateral held on loaned securities	13,782		13,782	

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Total assets	\$ 1,819,041	\$ 608,392	\$ 1,210,992	\$ (343)
<b>Liability</b>				
Collateral to be paid on loaned securities	\$ 13,782	\$ 1,135	\$ 12,647	\$

There were no transfers from Level 1 to Level 2 investments in 2012 or 2011.

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**Baxter International Inc. and Subsidiaries**

**Incentive Investment Plan**

**Notes to Financial Statements**

**December 31, 2012 and 2011**

The following table sets forth a summary of changes in the fair values of the Plan's level 3 financial instruments.

(in thousands)	Wrapper Contracts
<b>Balance at December 31, 2010</b>	\$ 1,634
Unrealized losses (relating to assets held at end of year)	(1,977)
<b>Balance at December 31, 2011</b>	(343)
Unrealized losses (relating to assets held at end of year)	(648)
<b>Balance at December 31, 2012</b>	\$ (991)

The unrealized losses from the wrapper contracts are excluded from the net appreciation (depreciation) reported for the Plan, but instead are reflected in the change in the adjustment from fair value to contract value for fully benefit responsive contracts reported on the statements of net assets available for benefits.

See Valuation of Investments and Collateral in Note 2 above for a discussion of the methodologies used to determine the fair values of the Plan's investments and collateral. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**6. Investments**

Investments representing five percent or more of the Plan's net assets available for benefits at December 31, 2012 and 2011 are summarized as follows:

(in thousands, except per share data)	2012	2011
Baxter common stock, 2,516,782 shares and 2,921,806 shares at December 31, 2012 and 2011, respectively	\$ 167,769	\$ 144,571
State Street Global Advisors (SSgA) S&P 500 Flagship Fund	197,250	173,817

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Investments as of December 31, 2012 and 2011 are segregated into various investment fund options as follows:

<b>(in thousands)</b>	<b>2012</b>	<b>2011</b>
Cash (available for investment)	\$ 6,597	\$ 6,861
Stable Income Fund	803,238	775,335
Baxter Common Stock Fund	168,607	144,639
Composite Fund	154,624	140,853
General Equity Fund	151,465	137,841
Cardinal Health Common Stock Fund	4,847	5,243
SSgA S&P 500 Flagship Fund	197,250	173,954
SSgA International EAFE Equity Index Fund	90,079	80,053
Edwards Lifesciences Common Stock Fund	19,658	17,747
SSgA Small Cap Fund	94,187	81,274
Self-Managed Fund	44,397	41,682
Target Retirement Funds	291,573	199,777
Collateral held on loaned securities	18,842	13,782
Total investments at fair value	2,045,364	1,819,041
Adjustment from fair value to contract value for Stable Income Fund	(68,692)	(60,432)
Total investments	\$ 1,976,672	\$ 1,758,609

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

<b>(in thousands)</b>	<b>2012</b>	<b>2011</b>
Baxter common stock	\$ 48,002	\$ (1,295)
Other common stock	38,620	(22,315)
U.S. government and government agency issues	38	1,154
Corporate and other obligations	3,365	1,031
Commingled funds	54,283	(11,490)
Registered investment companies	24,320	(7,314)
Collateral held on loaned securities		914
	\$ 168,628	\$ (39,315)

**7. Securities Lending Transactions**

The Plan participates in a securities lending program with the Trustee. The program allows the Trustee to loan securities, which are assets of the Plan, to approved brokers (the Borrowers).

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

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### **Baxter International Inc. and Subsidiaries**

### **Incentive Investment Plan**

### **Notes to Financial Statements**

### **December 31, 2012 and 2011**

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

As of December 31, 2010, the Plan had securities on loan with a fair value of \$228.8 million, with cash collateral received of \$232.9 million, which was reflected at its fair value of \$230.4 million. During 2010, \$218.4 million was redeemed from the State Street Quality D Short-Term Investment Fund and held in a separate fund (Baxter International Savings Trust Separate Account) for liquidation due to an agreement between the Plan and the Trustee to terminate the securities lending program for the securities within the Stable Income Fund. As a result of the liquidation of this fund in 2011, a realized gain of \$914 thousand is reflected in the 2011 Statement of Changes in Net Assets Available for Benefits. As of December 31, 2012 and 2011, the Plan had securities on loan with a fair value of \$18.5 million and \$13.5 million, respectively, with cash collateral received of \$18.8 million and \$13.8 million, respectively, which was invested in the State Street Quality D Short-Term Investment Fund. Investments underlying this fund primarily consisted of cash and cash equivalents and asset-backed securities as of both December 31, 2012 and 2011, and the net asset value of this fund was approximately \$1.00 per unit. As of December 31, 2012 and 2011 the cash collateral received is reflected at its fair value of \$18.8 million and \$13.8 million in the 2012 and 2011 Statements of Net Assets Available for Benefits, respectively.

The Plan did not receive any non-cash collateral for securities on loan at December 31, 2012. Non-cash collateral of \$2.0 million received for securities on loan at December 31, 2011, consisted of U.S. government and government agency issues held by the Trustee on behalf of the Plan. Non-cash collateral is not included with the collateral balance on the 2011 Statement of Net Assets Available for Benefits because it may not be sold or repledged. A portion of the income generated upon investment of cash collateral is remitted to the Borrowers, and the remainder is allocated between the Plan and the Trustee in its capacity as a security agent. Securities lending income allocated to the Plan amounted to \$45 thousand and \$57 thousand for 2012 and 2011, respectively. Securities lending income is classified as interest income in the Statements of Changes in Net Assets Available for Benefits.

### **8. Plan Termination**

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

### **9. Tax Status of the Plan**

The Internal Revenue Service (IRS) has determined and informed the Plan sponsor by a letter dated July 19, 2006 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (the IRC). The Plan has been amended since the date of the determination letter. The Plan sponsor believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan has requested from the IRS an updated determination letter, but has not yet received it as of the date of this report.



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**10. Related Parties**

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others.

At December 31, 2012 and 2011, the Plan held units of participation in certain shares of common stock of State Street Corporation, commingled funds and short-term investment funds of State Street Bank and Trust Company, and units of registered investment companies of SSgA, the Plan trustee; shares of common stock and bonds of Baxter, the Plan sponsor; loans with participants; units of registered investment companies managed by Pacific Investment Management Company, an investment manager for the Plan; shares of common stock and units of registered investment companies managed by AllianceBernstein, an investment manager for the Plan; units of registered investment companies managed by Loomis Sayles, an investment manager for the Plan; shares of common stock, bonds, and interest rate wrapper contracts of Bank of America, issuer of the Plan's fully benefit-responsive contracts; interest rate wrapper contracts of Transamerica, issuer of the Plan's fully benefit-responsive contracts; and units of registered investment companies in various affiliates of ING Institutional Plan Services, LLC, the recordkeeper. These transactions are allowable party-in-interest transactions under ERISA and the regulations promulgated thereunder.

Fees paid by the Plan for investment management, recordkeeping and consulting services, also qualify as party-in-interest transactions and are included in Plan expenses in the accompanying financial statements. The Company pays certain expenses for the administration of the Plan. These transactions are exempt from the party-in interest transaction prohibitions of ERISA.

**11. Plan Merger**

During 2011, Baxter acquired Baxa Corporation (Baxa). The Baxa 401(k) Plan was merged into the Plan effective October 2012. As a result of this merger, total assets of approximately \$19.7 million were transferred into the Plan.

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**SUPPLEMENTAL SCHEDULE**

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
<b>Cash &amp; Cash Equivalents:</b>			
* SSgA Money Market Fund	Short-Term Investment Fund		\$ 9,153,455
* State Street Bank & Trust Co	Short-Term Investment Fund		38,436,778
United States Dollar	Cash		12,545
			\$ 47,602,778
<b>** Common Stock:</b>			
3D Systems Corp	Common Stock		213
3Dicon Corp	Common Stock		1,437
3M Company	Common Stock		11,960
8X8 Inc	Common Stock		8,856
A123 Systems	Common Stock		11
ABB Ltd	Common Stock		49,571
Abbott Laboratories	Common Stock		162,542
Abbott Laboratories	Common Stock		1,296,052
Access Pharmaceuticals Inc	Common Stock		2,867
Acclaim Entertainment Inc	Common Stock		
ACE Ltd	Common Stock		1,178,069
Achillion Pharmaceuticals Inc	Common Stock		801
Acme Packet Inc	Common Stock		17,696
Acorda Therapeutics Inc	Common Stock		12,430
Activision Blizzard Inc	Common Stock		23,491
Adaptive Broadband Corp	Common Stock		
Adarna Energy Corp	Common Stock		
Adept Technology Inc	Common Stock		2,600
Adobe Systems	Common Stock		941,365
Adolor Corporation	Common Stock		
ADT Corp	Common Stock		511
Advanced Micro Devices Inc	Common Stock		5,472
Advanced Optics Electronics Inc	Common Stock		
Advansource Biomaterials Corp	Common Stock		85
Advanta Corp	Common Stock		
Advantage Oil & Gas Ltd	Common Stock		810
Adventrx Pharmaceuticals Inc	Common Stock		570
AES Corp	Common Stock		1,035,468
Affymax Inc	Common Stock		3,798
Aflac Inc	Common Stock		37,848
Agenus Inc	Common Stock		4,252
Agilent Technologies	Common Stock		743,175
Agnico Eagle Mines Ltd	Common Stock		26,831

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Agrium Inc	Common Stock	7,490
AK Steel Hldg Corp	Common Stock	2,308
Akorn Inc	Common Stock	30,060
Aksys Ltd	Common Stock	1
Alcatel Lucent	Common Stock	7,075
Alcoa Inc	Common Stock	17,325
Alexco Resource Corp	Common Stock	24,990
Alexion Pharmaceuticals	Common Stock	2,061,503

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
ALJ Regal Holdings Inc	Common Stock		700
All American Gold Corp	Common Stock		8
Allergan Inc	Common Stock		2,086,810
Alliance Pharmaceutical Corp	Common Stock		2
Alliancebernstein Hldg LP	Common Stock		8,470
Allied Irish Banks	Common Stock		1,070
Allos Therapeutics Inc	Common Stock		
Allscripts Healthcare Solutions Inc	Common Stock		4,540
Allstate Corp	Common Stock		21,678
Almaden Minerals Ltd	Common Stock		15,850
Alnylam Pharmaceuticals Inc	Common Stock		1,825
Alon USA Energy Inc	Common Stock		9,950
Altair Nanotechnologies Inc	Common Stock		88
Alternative Living Services	Common Stock		
Altria Group Inc	Common Stock		149,330
Aluminum Corp China Ltd	Common Stock		202
Alvarion Ltd	Common Stock		186
Amarin Corp	Common Stock		30,216
Amazon.com Inc	Common Stock		72,752
Amazon.com Inc	Common Stock		3,936,918
Amcore Finl Inc	Common Stock		
Amdocs Ltd	Common Stock		6,798
Ameren Corp	Common Stock		3,266
American Cap Agy Corp	Common Stock		25,866
American Cap Ltd	Common Stock		32,229
American Cap Mtg Invt Corp	Common Stock		5,512
American Elec Pwr Co	Common Stock		40,508
American Express Co	Common Stock		6,897
American International Group	Common Stock		1,209,570
American Intl Group Inc	Common Stock		3,491
American Intl Group Inc	Common Stock		23,404
American Lithium Minerals Inc	Common Stock		120
American Realty Capital Trust Inc	Common Stock		8,266
American Tower Corporation	Common Stock		3,014,857
American Tower Corporation	Common Stock		17,887
Amerigas Partners LP	Common Stock		8,135
Amgen Inc	Common Stock		93,017
Amplphi Biosciences Corp	Common Stock		1,754
Amstem Corp	Common Stock		
Anadarko Pete Corp	Common Stock		3,716
Analog Devices	Common Stock		203,513
Andrea Electronics Corp	Common Stock		25

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Annaly Mortgage Management Inc	Common Stock	149,171
Antares Pharma Inc	Common Stock	24,765
Anthera Pharmaceuticals Inc	Common Stock	3,100
AOL Inc	Common Stock	415
AON PLC	Common Stock	1,103,564
Apache Corp	Common Stock	17,663
Apollo Group Inc	Common Stock	1,255

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Apple Computer Inc	Common Stock		3,856,120
Apple Inc	Common Stock		7,737,939
Applied Materials Inc	Common Stock		2,974
Applied Materials Inc	Common Stock		720,731
Apptech Corp	Common Stock		
Apricus Biosciences Inc	Common Stock		1,791
Aqua America Inc	Common Stock		3,034
Aradigm Corp	Common Stock		448
Arch Coal Inc	Common Stock		8,658
Archer Daniels Midland	Common Stock		6,598
Arcos Dorados Holdings Inc	Common Stock		35,593
Arena Pharmaceuticals Inc	Common Stock		675,580
Ariad Pharmaceutical Inc	Common Stock		95,612
ARM Holdings Plc	Common Stock		1,353,267
ARM Holdings Plc	Common Stock		9,458
Array Biopharma Inc	Common Stock		5,022
Artificial Life Inc	Common Stock		60
Asia Pulp & Paper Co	Common Stock		
Astrazeneca Plc	Common Stock		2,127
Astropower Inc	Common Stock		
AT&T Inc	Common Stock		145,514
Atlantic Power Corp	Common Stock		8,261
ATP Oil & Gas Corp	Common Stock		570
Atwood Oceanics Inc	Common Stock		4,579
ATX Communications Inc	Common Stock		
Augme Technologies Inc	Common Stock		41,844
Aurizon Mines Ltd	Common Stock		6,960
Automatic Data Processing Inc	Common Stock		40,259
Avago Technologies	Common Stock		1,151,122
Avanir Pharmaceuticals	Common Stock		3,114
Babson Cap Partn Invs	Common Stock		27,820
Backweb Technologies Ltd	Common Stock		327
Baidu Inc	Common Stock		96,278
Baidu Inc	Common Stock		1,288,928
Banco Bilbao Vizcaya Argentaria Sa	Common Stock		7,716
Banco Latino- Americano De Comercio	Common Stock		18,973
Banco Santander Sa	Common Stock		15,354
Bank New York Mellon Corp	Common Stock		28,627
* Bank of America Corp	Common Stock		532,525
* Bank of America Corp	Common Stock		1,175,255
Bank of Ireland	Common Stock		3,413
Barrick Gold	Common Stock		1,078,632

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* Baxter International Inc	Common Stock	322,555
* Baxter International Inc	Common Stock	167,446,120
Bayer AG	Common Stock	24,379
BB&T Corp	Common Stock	5,094
BB&T Corp	Common Stock	980,219
BCE Inc	Common Stock	1,115,179
Beacon Pwr Corp	Common Stock	20



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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Beacon Roofing Supply Inc	Common Stock		33,280
Berkshire Hathaway Inc	Common Stock		149,351
Best Buy Inc	Common Stock		10,818
Beyond Corp Com New	Common Stock		
Big Bear Mining Corp	Common Stock		10
Bioclinica Inc	Common Stock		5,720
Biodel Inc	Common Stock		705
Bioelectronics Corp	Common Stock		154
Biogen	Common Stock		2,024,478
Biogen Idec Inc	Common Stock		5,269
Biomedical Technology Solutions	Common Stock		28
Biomerica Inc	Common Stock		11,270
Biomoda Inc	Common Stock		135
Bionovo Inc Com New	Common Stock		450
Biopharm Asia Inc	Common Stock		975
Biosante Pharmaceuticals Inc	Common Stock		2,478
Bizauctions Inc	Common Stock		
Black Hills Corp	Common Stock		3,997
Blackbaud Inc	Common Stock		22,830
Blackrock Inc	Common Stock		959,370
Blackstone Group LP	Common Stock		35,857
Blavod Extreme Spirits	Common Stock		37
Blyth Inc	Common Stock		4,665
Boeing Co	Common Stock		19,025
Boeing Co	Common Stock		2,002,689
Boingo Wireless Inc	Common Stock		7,248
Borgwarner Inc	Common Stock		723,214
Boston Scientific	Common Stock		1,146
BP Amoco Plc	Common Stock		5,190
BP Liquidating Inc	Common Stock		2
BP PLC	Common Stock		842,930
Braskem S.A.	Common Stock		1,335
Bridgepoint Ed Inc	Common Stock		14,863
Bristol Myers Squibb	Common Stock		43,718
Bristol Myers Squibb	Common Stock		1,706,797
Broadcom Corp	Common Stock		42,509
Broadridge Financial Solutions	Common Stock		1,716
Broadwind Energy Inc	Common Stock		22
Brookfield Asset Mgmt Inc	Common Stock		9,163
Brookfield Infrastructure Partners	Common Stock		12,454
Brookfield Residential Pptys Inc	Common Stock		18
Buckeye Partners LP	Common Stock		18,164

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Bunge Ltd	Common Stock	1,055,161
Burberry Group	Common Stock	508,843
Cadence Pharmaceuticals Inc	Common Stock	10,634
Calamp Corp	Common Stock	156,324
Calgon Carbon Corp	Common Stock	1,702
Cambridge Heart Inc	Common Stock	15
Camden Ppty Tr Sh Ben Int	Common Stock	13,262

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Cameron Intl Corp	Common Stock		4,404
Canadian Natural Resources Ltd	Common Stock		5,774
Canadian Pacific Railway	Common Stock		251,872
Canadian Solar Inc	Common Stock		51
Capital One	Common Stock		1,235,617
Capital One Financial Corp	Common Stock		1,647,490
Capitalsource Inc	Common Stock		14,766
Capitol Bancorp Ltd	Common Stock		37
Capstead Mtg Corp	Common Stock		11,470
Capstone Turbine Corp	Common Stock		89
Carbonite Inc	Common Stock		925
Cardinal Communications Inc	Common Stock		
Cardinal Health Inc	Common Stock		1,016,607
Cardinal Health Inc	Common Stock		4,808,959
Cardinal Health Inc	Common Stock		95,711
Cardium Therapeutics Inc	Common Stock		1,026
Carefusion Corp Com	Common Stock		28,580
Carmax Inc	Common Stock		9,423
Catamaran Corp	Common Stock		23,691
Caterpillar Inc	Common Stock		210,272
Cbl & Assoc Pptys Inc	Common Stock		2,446
Celgene Corp	Common Stock		14,046
Cell Therapeutics Inc	Common Stock		2,558
Cel-Sci Corp	Common Stock		702
Cemex SA	Common Stock		945
Genovus Energy Inc	Common Stock		1,811
Central Fund CDA	Common Stock		21,030
Centurytel Inc	Common Stock		3,364
Ceragon Networks Ltd	Common Stock		662
Cereplast Inc	Common Stock		129
Cerus Corp	Common Stock		4,108
Charles Schwab Corp	Common Stock		1,131,577
Charter Comm Inc	Common Stock		
Chesapeake Energy Corporation	Common Stock		134,728
Chevron Corp	Common Stock		157,174
Chimera Invt Corp	Common Stock		13,676
China Automotive Sys Inc	Common Stock		3,439
China Biologic Prods Inc	Common Stock		4,648
China Energy Svgs Technology Inc	Common Stock		
China New Borun Corp	Common Stock		1,078
China Shen Zhou Mng & Res Inc	Common Stock		3,220
Chipotle Mexican Grill Inc	Common Stock		49,081

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Chipotle Mexican Grill Inc	Common Stock	1,676,344
Church & Dwight Inc	Common Stock	6,918
Churchill Downs Inc	Common Stock	7,063
Ciena Corp	Common Stock	31
Cisco Systems	Common Stock	203,401
Cisco Systems	Common Stock	1,851,133
Citadel Broadcasting Corp	Common Stock	

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Citigroup Inc	Common Stock		2,109,487
Citigroup Inc	Common Stock		1,168,031
Citigroup Inc	Common Stock		166,082
City Bank Lynnwood Wash	Common Stock		20
Clarent Corp	Common Stock		
Clean Energy Fuels Corp	Common Stock		52,913
Clean Harbors Inc	Common Stock		5,501
Cleco Corp	Common Stock		120,030
Cliffs Nat Res Inc	Common Stock		13,590
Clp Hldgs	Common Stock		1,673
Coach Inc	Common Stock		1,789,813
Coca Cola Co	Common Stock		132,839
Coca Cola Co	Common Stock		417,024
Coeur D Alene Mines Corp	Common Stock		20,295
Coinstar Inc	Common Stock		8,842
Coldwater Creek Inc	Common Stock		3,608
Colgate-Palmolive Co	Common Stock		5,784
Colonial Bancgroup	Common Stock		
Columbia Laboratories Inc	Common Stock		382
Comcast Corp	Common Stock		1,044,606
Comcast Corp	Common Stock		3,736
Commtouch Software Limited	Common Stock		1,290
Companhia Siderurgica Nacional CSN	Common Stock		7,520
Compass Minerals Intl Inc	Common Stock		8,467
Conagra Foods Inc	Common Stock		5,950
Concho Resources	Common Stock		1,699,530
Conocophillips	Common Stock		148,307
Consolidated Communications Hldgs Inc	Common Stock		1,320
Consolidated Edison Hldg Co Inc	Common Stock		69,515
Constellation Energy Partners Llc	Common Stock		7,080
Corning Inc	Common Stock		8,051
Cortex Pharmaceuticals Inc	Common Stock		199
Costco Wholesale Corp	Common Stock		10,083
Costco Wholesale Corp	Common Stock		2,969,296
Covidien Plc	Common Stock		1,168,846
Covidien Plc	Common Stock		1,270
Cpfl Energia Sa	Common Stock		4,192
Credit Suisse	Common Stock		7,254
Cree Inc	Common Stock		88,348
Crocs Inc	Common Stock		20,448
Cross Timbers Royalty Trust	Common Stock		404
Crown Castle Intl	Common Stock		1,563,221

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Cubist Pharmaceuticals Inc	Common Stock	2,103
Cui Global Inc	Common Stock	88
Cummins Inc	Common Stock	1,021,784
Cummins Inc	Common Stock	22,910
CVR Partners LP	Common Stock	12,620
CVS Caremark Corp	Common Stock	1,079,025
CVS Corp Del	Common Stock	31,036

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Cyber-Care Inc	Common Stock		
Cyberonics Inc	Common Stock		2,311
Cyclacel Pharmaceuticals Inc	Common Stock		861
Cytori Therapeutics Inc	Common Stock		2,100
Cytosorbents Corp	Common Stock		975
Cytrx Corp	Common Stock		10,292
Dan River Inc	Common Stock		
Darling Intl Inc	Common Stock		3,208
Daulton Cap Corp	Common Stock		35
Daystar Technologies Inc	Common Stock		3
Decisionpoint Sys	Common Stock		8
Deckers Outdoor	Common Stock		18,122
Deere & Co	Common Stock		75,723
Delcath Systems Inc	Common Stock		1,689
Dell Inc	Common Stock		18,030
Denbury Res Inc	Common Stock		29,792
Dendreon Corp	Common Stock		78,742
Derma Sciences Inc	Common Stock		2,222
Devon Energy Corp	Common Stock		1,043,182
Devon Energy Corp	Common Stock		17,433
Devry Inc	Common Stock		11,865
Diamond Offshore Drilling Inc	Common Stock		1,019
Diana Containerships Inc	Common Stock		42
Diana Shipping Inc	Common Stock		1,676
Digerati Technologies Inc	Common Stock		28
Digital Angel Corp	Common Stock		639
Discover Finl Svcs	Common Stock		22,745
Discovery Laboratories Inc	Common Stock		80
Disney Walt Co	Common Stock		103,912
Divine Inc	Common Stock		
Dolby Laboratories Inc	Common Stock		4,400
Dollar General Corp	Common Stock		6,790
Dominion Resources Inc	Common Stock		37,051
Doral Finl Corp	Common Stock		36
Dow Chemical Co	Common Stock		43,700
Downey Finl Corp	Common Stock		
Dryships Inc	Common Stock		8,962
Du Pont	Common Stock		1,065,764
Du Pont	Common Stock		12,009
Duke Energy Corp	Common Stock		136,474
Duke Realty Corp	Common Stock		61,722
Duma Energy Corp	Common Stock		816

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Dunkin Brands Group	Common Stock	1,477,940
Dunkin Brands Group	Common Stock	5,043
Dynamic Materials Corp	Common Stock	22,893
Dynegy Inc	Common Stock	4
EMC Corp	Common Stock	25,047
E Trade Finl Corp	Common Stock	6,641
Eagle Bulk Shipping Inc	Common Stock	38



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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Eastman Kodak Co	Common Stock		10,127
Eaton Corp Plc	Common Stock		16,254
Eb2B Commerce Inc	Common Stock		
Ebay Inc	Common Stock		13,463
Ebay Inc	Common Stock		1,529,720
Ecolocap Solutions Inc	Common Stock		3
E-Commerce China Dangdang Inc	Common Stock		4,565
Edap Tms S.A.	Common Stock		67,320
Edwards Lifesciences Corp	Common Stock		19,529,718
Edwards Lifesciences Corp	Common Stock		659,954
Elan Corp Plc Adr	Common Stock		7,351
Eldorado Gold Corp	Common Stock		38,640
Eline Entertainment Group Inc	Common Stock		
EMC Corp	Common Stock		2,844,707
Emcore Corp Com	Common Stock		4
Emergent Biosolutions Inc	Common Stock		4,812
Emerson Electric Co	Common Stock		7,229
Emulex Corp Com	Common Stock		840
Enbridge Energy Partners	Common Stock		2,790
Enbridge Inc	Common Stock		4,332
Encana Corp	Common Stock		736,598
Encana Corp	Common Stock		15,913
Endologix Inc	Common Stock		5,696
Energy Conversion Devices Inc	Common Stock		
Energy Transfer Partners	Common Stock		55,144
Energysolutions Inc	Common Stock		312
Engility Hldgs Inc	Common Stock		116
Enron Corp	Common Stock		
Enscop Plc	Common Stock		8,892
Enterprise Products	Common Stock		77,956
Entravision Communications Corp	Common Stock		249
Entremed Inc Com	Common Stock		51
EOG Resources Inc	Common Stock		1,232,015
Epix Pharmaceuticals Inc	Common Stock		
Escrow CDC Liquidating Trust	Common Stock		
Estee Lauder Companies	Common Stock		2,230,765
Evergreen Solar Inc	Common Stock		
Evolving Sys Inc	Common Stock		11,920
Exelixis Inc	Common Stock		15,387
Exelon Corp	Common Stock		36,601
Exeter Resource Corp	Common Stock		4,840
Expedia Inc	Common Stock		1,905

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Expeditors Intl	Common Stock	12,038
Express Scripts Hldg Co	Common Stock	5,400
Express Scripts Inc	Common Stock	2,196,938
Exxon Mobil Corp	Common Stock	75,330
Exxon Mobil Corp	Common Stock	1,995,633
Facebook Inc	Common Stock	1,543,788
Facebook Inc	Common Stock	161,956

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Fairpoint Communications Inc	Common Stock		
Family Dollar Stores Inc	Common Stock		743,251
Family Dollar Stores Inc	Common Stock		3,350
Fastenal Co	Common Stock		6,998
Federal Natl Mtg Assn	Common Stock		5,701
Finisar Corp Com New	Common Stock		4,073
First American Financial Corp	Common Stock		1,205
First China Pharmaceutical Group Inc	Common Stock		2,640
First Majestic Silver Corp	Common Stock		34,929
First Physicians Cap Group Inc	Common Stock		
First Solar Inc	Common Stock		26,690
Flagstar Bancorp Inc	Common Stock		7,760
Flexsteel Inds Inc	Common Stock		4,290
Flextronics International	Common Stock		6,210
Flextronics Ltd	Common Stock		1,082,952
Fluor Corp	Common Stock		14,913
Focus Gold Corp	Common Stock		10
Food Technology Svc Inc	Common Stock		2,505
Ford Motor Co	Common Stock		212,049
Ford Motor Co	Common Stock		630,440
Fortress Invt Group Llc	Common Stock		2,195
Forward Inds	Common Stock		148
Fossil Inc	Common Stock		1,862
Foster Wheeler Ag	Common Stock		17,024
France Telecom	Common Stock		11,050
Franklin Res Inc	Common Stock		33,914
Freddie Mac	Common Stock		5,237
Freeport Mcmoran Copper & Gold Inc.	Common Stock		116,349
Presenius Kabi Pharmaceuticals Hldg	Common Stock		
Frontier Communications Corp	Common Stock		6,101
Fuel Sys Solutions Inc	Common Stock		1,839
Fuel Tech Inc	Common Stock		328
Fusion-Io	Common Stock		229
Futuremedia Plc	Common Stock		
Fx Energy Inc	Common Stock		575
Gas Nat Inc	Common Stock		2,799
Geeknet Inc	Common Stock		3,590
Generac Hldgs Inc	Common Stock		3,431
General Dynamics Corp	Common Stock		10,436
General Electric Co	Common Stock		1,084,029
General Electric Co	Common Stock		336,418
General Electric Co	Common Stock		1,760,770

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General Mills Inc	Common Stock	65,504
General Steel Hldgs Inc	Common Stock	891
Generex Biotechnology Corp	Common Stock	163
Genetic Technologies Ltd	Common Stock	22
Geopharma Inc	Common Stock	3
Geron Corp	Common Stock	1,410
Gevo Inc	Common Stock	10,683

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Giant Interactive Group Inc	Common Stock		1,976
Gilead Sciences	Common Stock		507,711
Gilead Sciences	Common Stock		1,597,186
Gilead Sciences	Common Stock		37,827
GMX Res Inc	Common Stock		100
Gold Amern Mng Corp	Common Stock		50
Gold Fields Ltd	Common Stock		4,996
Goldcorp Inc	Common Stock		3,686
Goldman Sachs Group Inc	Common Stock		2,178,647
Goldman Sachs Group Inc	Common Stock		74,552
Goodyear Tire & Rubber Co	Common Stock		4,764
Google Inc	Common Stock		1,155,802
Google Inc	Common Stock		5,032,993
Google Inc	Common Stock		118,840
GPO Aeroportuario Del Sureste Sab	Common Stock		2,394
Grace W R & Co	Common Stock		20,169
Grand Pacaraima Gold Corp	Common Stock		2
Graphic Packaging Hldg Co	Common Stock		1,292
Great Basin Gold	Common Stock		420
Great Panther Silver Limited	Common Stock		7,650
Green Earth Technologies Inc	Common Stock		3,900
Green Mtn Coffee Roasters Inc	Common Stock		24,391
Greenhunter Energy	Common Stock		
Groupon Inc	Common Stock		292
Gsi Technology Inc	Common Stock		3,135
Guess? Inc	Common Stock		883
Guggenheim	Common Stock		14,116
Halliburton Co	Common Stock		1,162,976
Halliburton Co	Common Stock		18,573
Halozyme Therapeutics Inc	Common Stock		134,529
Hansen Med Inc	Common Stock		11,960
Hanwha Solarone Company Ltd	Common Stock		10
Harley Davidson Inc	Common Stock		4,883
Hartford Finl Svcs Group	Common Stock		2,963
Hasbro Inc	Common Stock		4,859
Hatteras Finl Corp	Common Stock		5,113
HCA Hldgs Inc	Common Stock		15,085
HCP Inc	Common Stock		20,056
Headwaters Inc	Common Stock		10,700
Health Care Reit Inc	Common Stock		6,129
Healthwarehouse.Com	Common Stock		106
Heckmann Corp	Common Stock		27,001

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Hecla Mining Co	Common Stock	5,830
Helix Energy Solutions Group Inc	Common Stock	4,128
Hellenic Telecomm Org	Common Stock	296
Hemispherix Bioparma Inc	Common Stock	226
Henry Jack & Associates Inc	Common Stock	7,302
Herbalife Ltd	Common Stock	7,313
Hercules Offshore Inc	Common Stock	25,297

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Hermes International	Common Stock		3,580
Hewlett-Packard Co	Common Stock		20,020
Hillenbrand Inc	Common Stock		12,820
Hollyfrontier Corporation	Common Stock		13,965
Hologic Inc	Common Stock		2,001
Home Depot Inc	Common Stock		149,059
Home Solutions Amer Inc	Common Stock		
Honeywell International Inc	Common Stock		2,083,948
Honeywell International Inc	Common Stock		19,041
Horizon Lines Inc	Common Stock		60
Hospira Inc	Common Stock		312
Houston Amern Energy Corp	Common Stock		10,340
Hovnanian Enterprise Inc	Common Stock		27,132
Howard Hughes Corp	Common Stock		1,899
HSBC Holdings Plc	Common Stock		33,024
HSN Inc	Common Stock		661
Hugoton Rty Tr Tex	Common Stock		8,906
Huntington Bancshares Inc	Common Stock		4,359
Hydrogenics Corporation	Common Stock		487
Hyperdynamics Corp	Common Stock		5,681
Iac / Interactivecrp	Common Stock		1,465
IBM	Common Stock		2,486,013
ICG Group Inc	Common Stock		857
Idearc Inc	Common Stock		
Igo Inc Com	Common Stock		14
Illinois Tool Works	Common Stock		3,864
Illumina Inc	Common Stock		5,559
Illumina Inc	Common Stock		275,512
Imaging3 Inc	Common Stock		1,352
Imation Corp	Common Stock		467
Imax Corp	Common Stock		4,496
Immunogen Inc	Common Stock		6,375
Immunomedics Inc	Common Stock		2,920
Incyte Genomics Inc	Common Stock		48,086
Indevus Pharmaceuticals Inc	Common Stock		
Inditex Unspan	Common Stock		3,037,975
Indymac Bancorp Inc	Common Stock		
Infinera Corp	Common Stock		25,512
Infosys Technologies Limited	Common Stock		2,115
Ingles Mkts Inc	Common Stock		21,782
Ingles Mkts Inc	Common Stock		8,195
Inplay Technologies Inc	Common Stock		

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Insmed Incorporated	Common Stock	1,659
Insys Therapeutics Inc	Common Stock	248
Intel Corp	Common Stock	124,730
Intermune Inc	Common Stock	22,578
Interoil Corp	Common Stock	21,101
Interval Leisure Group Inc	Common Stock	233
Intl Business Machine	Common Stock	61,577



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Intl Fuel Tech Inc	Common Stock		473
Intl Speedway	Common Stock		15,013
Intuit	Common Stock		1,369,282
Intuitive Surgical Inc	Common Stock		2,452
Invensense Inc	Common Stock		6,699
Invesco Ltd	Common Stock		1,120,702
Invesco Van Kampen	Common Stock		20,953
Invivo Therapeutics Hldgs Corp	Common Stock		1,740
Invo Bioscience Inc	Common Stock		12
IPG Photonics Corp	Common Stock		23,794
Ironwood Gold Corp	Common Stock		642
Isc8 Inc	Common Stock		60
Isoray Inc	Common Stock		780
Ivanhoe Energy	Common Stock		4,089
Ja Solar Holdings Co	Common Stock		1,601
Jabil Circuit Inc	Common Stock		9,697
James Riv Coal Co	Common Stock		6,420
JDS Uniphase Corp	Common Stock		2,525
Jensen Portfolio, Inc.	Common Stock		71,410
Jetblue Awys Corp	Common Stock		12,298
John Bean Technologies Corp	Common Stock		404
Johnson & Johnson	Common Stock		140,096
Johnson & Johnson	Common Stock		2,017,824
Johnson Controls Inc	Common Stock		1,385,420
Johnson Controls Inc	Common Stock		11,533
Joy Global Inc	Common Stock		4,784
JP Morgan Chase & Co	Common Stock		7,692
JP Morgan Chase & Co	Common Stock		45,354
JP Morgan Chase & Co	Common Stock		1,843,151
Juniper Networks Inc	Common Stock		33,439
K V Pharmaceutical Co	Common Stock		37
Kansas City Southern	Common Stock		701,765
KB Home	Common Stock		28,523
Keegan Res Inc	Common Stock		19,800
Keryx Biopharmaceuticals Inc	Common Stock		13,703
Keycorp New	Common Stock		8,420
Kilroy Realty Corp	Common Stock		3,112
Kimberly Clark Corp	Common Stock		33,772
Kinder Morgan Energy Partners	Common Stock		231,453
Kinder Morgan Mgmt Llc	Common Stock		14,232
Kinross Gold Corp	Common Stock		19,440
KMA Global Solutions Intl Inc	Common Stock		42

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Knightsbridge Tank	Common Stock	5,093
Kobex Minerals Inc	Common Stock	485
Kodiak Oil & Gas Corp	Common Stock	8,850
Kohl's Corp	Common Stock	49,740
Kraft Foods Group Inc	Common Stock	38,149
Krispy Kreme Doughnuts Inc	Common Stock	9,380
Kronos Worldwide Inc	Common Stock	81

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
L-3 Communications Hldgs Inc	Common Stock		2,828
Laboratory Corp of America Hldgs	Common Stock		17,324
Las Vegas Sands Corp	Common Stock		9,952
LDK Solar Co Ltd	Common Stock		1,106
Leap Wireless Intl Inc	Common Stock		
Legacy Resvs LP	Common Stock		2,380
Lehman Brothers Holdings Inc	Common Stock		
Lender Processing Svcs Inc	Common Stock		4,924
Lennox Intl Inc	Common Stock		13,130
Level 3 Communications Inc	Common Stock		7,696
Life Technologies Corp	Common Stock		1,080,777
Life Technologies Corp	Common Stock		4,903
Lifeline Biotechnologies Inc	Common Stock		
Lilly Eli & Co	Common Stock		2,959
Limelight Networks Inc	Common Stock		1,110
Linkedin Corp	Common Stock		2,107,772
Linn Co	Common Stock		4,715
Linn Energy Llc	Common Stock		107,515
Linux Gold Corp	Common Stock		95
Lithium Expl Group Inc	Common Stock		2,144
Live Nation Entertainment Inc	Common Stock		158
Lloyds Banking Group	Common Stock		6,400
Lone Pine Resources Inc	Common Stock		1,230
Loral Space & Communications Ltd	Common Stock		
Lowe's	Common Stock		375,304
Lowe's	Common Stock		38,840
Lowe's	Common Stock		817,251
LPBP Inc	Common Stock		
LSI Logic Corp	Common Stock		643
Lululemon Athletica	Common Stock		1,768,368
Lumber Liquidators Hldgs Inc	Common Stock		17,751
Lynas Corporation NPV	Common Stock		298
Lyondellbasell Industries NV Com	Common Stock		28,545
M 2003 Plc	Common Stock		
M D U Res Group Inc	Common Stock		2,174
Macquarie Infrastructure Co	Common Stock		22,780
Macy's Inc	Common Stock		19,510
Mahanagar Tel Nigam Ltd	Common Stock		179
Main Str Cap Corp	Common Stock		40,375
Mako Surgical Corp	Common Stock		2,570
Mandalay Digital Group Inc	Common Stock		20
Manhattan Scientific Inc	Common Stock		4,272

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Manitowoc Inc	Common Stock	2,979
Mannkind Corp	Common Stock	24,255
Marathon Oil Corp	Common Stock	53,287
Marathon Oil Corp	Common Stock	1,033,926
Marathon Petroleum Corp	Common Stock	45,328
Markel Corp Hldg Co	Common Stock	36,407
Marsh & McLennan Cos	Common Stock	1,014,342

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Marvell Tech Group	Common Stock		3,680
Mastercard Inc	Common Stock		39,302
Mastercard Inc	Common Stock		4,699,915
McDonalds Corp	Common Stock		905,895
McDonalds Corp	Common Stock		48,299
McKesson Corp	Common Stock		1,359,589
Medclean Technologies Inc	Common Stock		
Medicines Co	Common Stock		11,985
Medivation Inc	Common Stock		1,739
Medtronic Inc	Common Stock		9,310
Meetme Inc	Common Stock		17,450
Mellanox Technologies Ltd	Common Stock		11,876
Mercadolibre Inc	Common Stock		2,362
Merck & Co Inc	Common Stock		90,962
Meru Networks	Common Stock		1,590
Metabolix Inc	Common Stock		740
Metlife Inc	Common Stock		460,264
Metlife Inc	Common Stock		3,697
Mgic Invst Corp	Common Stock		670
MGM Mirage	Common Stock		12,455
Michael Kors Holdings Ltd	Common Stock		5,103
Micro Imaging Technology Inc	Common Stock		60
Microsoft Corp	Common Stock		80,924
Microsoft Corp	Common Stock		682,317
Microsoft Corp	Common Stock		1,137,635
Microvision Inc	Common Stock		4,775
Miller Herman Inc	Common Stock		2,146
Mindspeed Technologies Inc	Common Stock		28
Mirant Corp	Common Stock		
Miravant Medical Technology	Common Stock		
Mitek Sys Inc	Common Stock		3,210
Modern Energy Corp	Common Stock		
Molecular Insight Pharmaceuticals Inc	Common Stock		
Molycorp Inc	Common Stock		15,293
Momenta Pharmaceuticals Inc	Common Stock		2,334
Mondelez International	Common Stock		1,316,153
Mondelez International	Common Stock		47,749
Monsanto Co	Common Stock		1,560,860
Monsanto Co	Common Stock		3,069,566
Monsanto Co	Common Stock		14,155
Monster Beverage Corp	Common Stock		2,536
Morgan Stanley	Common Stock		1,506,857

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Morgan Stanley Dean Witter & Co	Common Stock	7,648
Mosaic Co	Common Stock	55,921
Mosaic Co	Common Stock	3,425
Motorola Solutions Inc	Common Stock	3,953
Motricity Inc	Common Stock	21
Multiband Corp	Common Stock	330
Nanogen Inc	Common Stock	8

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Nanosphere Inc	Common Stock		216
National Bank of Greece	Common Stock		716
National Grid	Common Stock		11,488
National Oilwell	Common Stock		617,570
Navidea Biopharmaceuticals Inc	Common Stock		4,953
Navios Maritime Holdings Inc	Common Stock		20,412
Navios Maritime Partners	Common Stock		6,140
Neon Communications Inc	Common Stock		
Neostem Inc	Common Stock		25,419
Nestle S A	Common Stock		6,511
Netapp Inc	Common Stock		2,684
Netgear Inc	Common Stock		3,943
Netlist Inc	Common Stock		740
Neutral Tandem Inc	Common Stock		1,568
New Centy Finl Corp	Common Stock		
New Gold Inc	Common Stock		1,302
New Ireland	Common Stock		6,445
Newcastle Invt Corp	Common Stock		36,456
Newfield Exploration Co	Common Stock		18,746
Newmont Mining	Common Stock		518,200
Newmont Mining	Common Stock		46,808
Nextera Energy Inc	Common Stock		36,971
Nike Inc	Common Stock		2,981,612
Nike Inc	Common Stock		16,759
Nokia Corp	Common Stock		16,020
Noranda Alum Hldg Corp	Common Stock		12,226
Nordic American Tanker Shipping Ltd	Common Stock		26,250
Nortel Networks Corp	Common Stock		
North American Palladium	Common Stock		2,600
Northern Oil & Gas Inc	Common Stock		7,653
Northfield Laboratories Inc	Common Stock		
Northstar Rlty Fin Corp	Common Stock		8,683
Novartis AG	Common Stock		1,112,629
Novartis AG	Common Stock		1,959,603
Novartis AG	Common Stock		41,430
Novatel Wireless Inc	Common Stock		1,596
Novavax Inc	Common Stock		1,512
Novelos Therapeutics Inc	Common Stock		39
Novo Nordisk	Common Stock		14,476
Novo Nordisk	Common Stock		2,250,522
NPS Pharmaceuticals Inc	Common Stock		18,200
NRG Energy Inc	Common Stock		8,828

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Nucor Corp	Common Stock	23,149
Nuveen Diversified Commodity	Common Stock	4,273
Nvidia Corp	Common Stock	23,301
Nxstage Med Inc	Common Stock	4,331
O Reilly Automotive Inc	Common Stock	7,869
Occidental Petroleum Corp	Common Stock	2,735
Occidental Petroleum Corp	Common Stock	764,071



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Ocean Rig Udwr Inc	Common Stock		717
Oclaro Inc	Common Stock		425
Oilsands Quest Inc	Common Stock		7
Olin Corp	Common Stock		2,438
Omega Navigation Enterprises Inc	Common Stock		80
Oncogenex Pharmaceuticals Inc	Common Stock		223
Oncolytics Biotech Inc	Common Stock		608,776
Oneok Partners LP	Common Stock		8,099
Optigenex Inc	Common Stock		5
Oracle Corp.	Common Stock		44,674
Orchard Supply Hardware Stores Corp	Common Stock		67
Orexigen Therapeutics Inc	Common Stock		18,375
Origin Agritech Limited	Common Stock		4,170
Osiris Therapeutics Inc	Common Stock		13,470
Otelco Inc	Common Stock		2,740
Owens Corning	Common Stock		36,990
Owens Illinois Inc	Common Stock		613,306
Owens Illinois Inc	Common Stock		842,245
Oxford Resource Partners LP	Common Stock		2,287
Oxigene Inc	Common Stock		43
Pace Oil & Gas Ltd	Common Stock		261
Pacific Ethanol Inc	Common Stock		1,589
Palatin Technologies Inc	Common Stock		30
Pan American Silver Corp	Common Stock		10,329
Panacos Pharmaceuticals Inc	Common Stock		1
Pandora Media Inc	Common Stock		5,508
Panera Bread Co	Common Stock		696,530
Patriot Coal Corp	Common Stock		412
Patterson-Uti Energy Inc	Common Stock		11,178
Pay Chest Inc	Common Stock		
Paychex Inc	Common Stock		20,499
PDI Inc	Common Stock		760
PDL Biopharma Inc	Common Stock		10,560
Peabody Energy Corp	Common Stock		2,661
Pembina Pipeline Corporation	Common Stock		112
Penn West Petroleum Ltd	Common Stock		5,688
Pennymac Mortgage Investment	Common Stock		33,979
Penson Worldwide Inc	Common Stock		1,013
Pentair Ltd	Common Stock		246
Pepco Hldgs Inc	Common Stock		58,359
Pepsico Inc	Common Stock		51,545
Permian Basin Rty Tr	Common Stock		4,291

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Perrigo Co	Common Stock	1,006,418
Pershing Gold Corp	Common Stock	4,591
Petmedexpress Inc	Common Stock	1,320
Petrochina Co Ltd	Common Stock	1,725
Petroleo Brasileiro SA Petrobras	Common Stock	15,797
Petsmart Inc	Common Stock	4,784
Pfizer Inc	Common Stock	142,862

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Pfizer Inc	Common Stock		1,020,355
Pfizer Inc	Common Stock		2,406,008
Pharmacyclics Inc	Common Stock		8,667
Pharmos Corp	Common Stock		1
Philip Morris Intl Inc	Common Stock		129,828
Phillips 66	Common Stock		65,825
Pilgrims Pride Corp	Common Stock		38,191
Pilot Gold Inc Com	Common Stock		4,813
Pioneer Energy Svcs Corp	Common Stock		726
Pitney Bowes Inc	Common Stock		7,448
Platinum Studios Inc	Common Stock		
Plum Creek Timber Co Inc	Common Stock		13,311
Pluristem Therapeutics Inc	Common Stock		1,423
PMC-Sierra Inc	Common Stock		3,647
PMI Group Inc	Common Stock		136
Polymedix Inc	Common Stock		1,700
Polymet Mining Corp	Common Stock		15,144
Pop3 Media Corp	Common Stock		
Portfolio Recovery Assocs Inc	Common Stock		3,313
Positiveid Corp	Common Stock		190
Potash Corp Sask Inc	Common Stock		227,024
Power 3 Med Prods Inc	Common Stock		
Powerwave Technologies Inc	Common Stock		31
PPG Industries	Common Stock		54,140
Prana Biotechnology Ltd	Common Stock		12,100
Praxair Inc	Common Stock		3,047
Precision Castparts Corp	Common Stock		2,273
Precision Castparts Corp	Common Stock		3,621,993
Priceline.com Inc	Common Stock		1,929,820
Pricesmart Inc	Common Stock		1,164
Primerica Inc	Common Stock		3,301
Primero Mining Corp	Common Stock		3,235
Pristine Solutions Inc	Common Stock		75
Procter & Gamble Co	Common Stock		115,229
Procter & Gamble Co	Common Stock		891,629
Prologis Inc	Common Stock		369
Prospect Energy Corp	Common Stock		51,745
Prothena Corp Plc	Common Stock		125
Proxim Wireless Corp	Common Stock		44
Prudential Finl Inc	Common Stock		13,333
Qihoo 360 Technology Co	Common Stock		4,454
QR Energy LP	Common Stock		16,999

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Qualcomm Inc	Common Stock	43,979
Qualcomm Inc	Common Stock	1,215,863
Quality Systems	Common Stock	23,930
Quantum Fuel Sys Technologies Worldwide Inc	Common Stock	715
Quest Diagnostics Inc	Common Stock	14,568
Rackspace Hosting	Common Stock	1,250,812
Radian Group Inc	Common Stock	3,115

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Radiant Pharmaceuticals Corp	Common Stock		
Ralph Lauren Corp	Common Stock		2,154,906
Rambus Inc	Common Stock		4,870
Ramp Corp	Common Stock		
Randgold Res Ltd	Common Stock		4,961
Ranger Equity Bear	Common Stock		7,543
Rayonier Inc	Common Stock		20,214
Raystream Inc	Common Stock		
Raytheon Co	Common Stock		2,920
Realty Income Corp (Maryland)	Common Stock		8,093
Red Hat Inc	Common Stock		1,888,540
Regions Finl Corp	Common Stock		3,804
Reliance Steel and Aluminum Co	Common Stock		6,210
Rentech Nitrogen Partners	Common Stock		10,570
Repligen Corp	Common Stock		2,198
Republic Service Enterprise	Common Stock		935,495
Research In Motion Ltd	Common Stock		14,007
Resource Cap Corp	Common Stock		118,202
Retail Opportunity Invtls Corp	Common Stock		7,955
Reynolds Amern Inc	Common Stock		56,052
Ricebran Technologies	Common Stock		1,134
Rio Tinto Plc	Common Stock		3,023
Rock-Tenn Co	Common Stock		10,487
Rockwell Automation Inc	Common Stock		33,596
Roper Industries	Common Stock		947,052
Rosetta Stone Inc	Common Stock		1,234
Royal Bk Scotland Group Plc	Common Stock		540
Royal Dutch Shell	Common Stock		6,895
Royal Gold Inc	Common Stock		16,272
Rubicon Minerals Corp	Common Stock		47,175
Salesforce.com Inc	Common Stock		2,571,259
Samson Oil & Gas Ltd	Common Stock		770
San Gold Corporation	Common Stock		555
San Juan Basin	Common Stock		6,454
Sandisk Corp	Common Stock		17,400
Sandridge Energy Inc	Common Stock		40,621
Sanmina Corp	Common Stock		2,214
Sanofi	Common Stock		10,177
Sanofi	Common Stock		1,127,558
Santarus Inc	Common Stock		5,490
SAP AG	Common Stock		8,038
Sarepta Therapeutics Inc	Common Stock		133,515

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Satcon Technology Corp	Common Stock	5
Savient Pharmaceuticals Inc	Common Stock	1,050
Schlumberger Ltd	Common Stock	1,304,470
Schlumberger Ltd	Common Stock	70,759
Sciclone Pharmaceutical Inc	Common Stock	1,509
Seadrill Ltd	Common Stock	41,904
Seagate Technology Plc	Common Stock	31,162

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Sears Canada Inc	Common Stock		858
Sears Hldgs Corp	Common Stock		8,272
Seattle Genetics Inc	Common Stock		2,317
Sector Spdr Tr	Common Stock		7,030
Sequenom Inc	Common Stock		7,065
Ship Finance International Limited	Common Stock		473
Shire Plc	Common Stock		2,417,184
Silicon Image Inc	Common Stock		1,488
Silver Wheaton Corp	Common Stock		41,652
Silvercorp Metals Inc	Common Stock		35,840
Sirius Xm Radio Inc	Common Stock		262,669
Skyworks Solutions Inc	Common Stock		1,726
SMF Energy Corp	Common Stock		580
Smith & Wesson Hldg Corp	Common Stock		4,220
Smurfit Stone Container	Common Stock		
Socket Mobile Inc	Common Stock		22,482
Solar Cap Ltd	Common Stock		10,637
Sonic Corp	Common Stock		10,410
Sony Corp	Common Stock		34
Sothebys Hldgs Inc	Common Stock		1,345
Southern Co	Common Stock		228,625
Southern Copper Corp	Common Stock		44,405
Southwest Airlines Co	Common Stock		973,762
Southwest Airlines Co	Common Stock		8,204
Southwestern Energy Co	Common Stock		842,935
Spectra Energy Corp	Common Stock		41,333
Spectranetics Corp	Common Stock		34,266
Spirit Aerosystems Hldgs Inc	Common Stock		1,273
Splunk Inc	Common Stock		638,497
Spongetech Delivery Sys Inc	Common Stock		
Sports Concepts Inc Com	Common Stock		
Sprint Corp	Common Stock		58,259
Sprott Physical Silver	Common Stock		49,135
St Jude Medical Inc	Common Stock		7,501
ST Microelectronics	Common Stock		4,401
Standard Pkg Corp	Common Stock		6,597
Standex Intl Corp	Common Stock		5,129
Stanley Black & Decker	Common Stock		982,437
Star Bulk Carriers Corp	Common Stock		99
Star Scientific Inc	Common Stock		3,216
Starbucks Corp	Common Stock		5,363
* State Street Corp	Common Stock		12,031

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* State Street Corp	Common Stock	1,234,806
Statoil Asa	Common Stock	7,854
Steelcase Inc	Common Stock	6,370
Stem Cell Innovations Inc	Common Stock	
Stemcells Inc	Common Stock	16,512
Sterlite Inds	Common Stock	620
Stevia Corp	Common Stock	78



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Stryker Corp	Common Stock		1,754
Sturm Ruger & Co Inc	Common Stock		12,896
Sulphco Inc	Common Stock		6
Suncor Energy	Common Stock		2,233
Sunesis Pharmaceuticals Inc	Common Stock		6,997
Suntech Pwr Hldgs Co	Common Stock		1,951
Suntrust Banks Inc	Common Stock		6,419
Surebeam Corp	Common Stock		
Syntax Brilliant Corp	Common Stock		
Sysco Corp	Common Stock		606,512
Sysco Corp	Common Stock		5,643
Taiwan Semiconductor Manufacturing	Common Stock		6,898
Talon Therapeutics Inc	Common Stock		7,999
Tangoe Inc Com	Common Stock		11,870
Target Corp	Common Stock		5,917
Taseko Mines Ltd	Common Stock		48,267
Taser International Inc	Common Stock		21,456
Tata Mtrs Ltd	Common Stock		21,408
Te Connectivity Ltd	Common Stock		817
Teck Cominco Ltd	Common Stock		7,292
Templeton Global	Common Stock		1,888
Tencent Holdings Ltd	Common Stock		696,698
Tenet Healthcare Corp	Common Stock		8,118
Teradata Corp	Common Stock		671,714
Terex Corp	Common Stock		2,108
Terra Inventions Corp	Common Stock		3
Tesco	Common Stock		28,674
Tesla Motors Inc	Common Stock		3,387
Tesoro Pete Corp	Common Stock		1,410
Teva Pharmaceutical Inds Ltd	Common Stock		47,004
Texas Instruments Inc	Common Stock		1,222,101
Texas Instruments Inc	Common Stock		2,193,671
TG Therapeutics Inc	Common Stock		4
The Wendys Company	Common Stock		7,445
Theragenics Corp	Common Stock		1,590
Thermo Fisher Scientific	Common Stock		913,228
Thomas Pptys Group Inc	Common Stock		4,439
Thompson Creek Metals Co Inc	Common Stock		2,386
Thornburg Mtg Inc	Common Stock		
Threshold Pharmaceuticals Inc	Common Stock		211
Tibco Software Inc	Common Stock		1,099
Tiffany & Co	Common Stock		8,644

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Time Warner Cable Inc	Common Stock	3,790
Time Warner Inc	Common Stock	840,712
Time Warner Inc	Common Stock	2,637,851
Time Warner Inc	Common Stock	7,557
Titan Iron Ore Corp	Common Stock	4,576
Titan Medical Inc	Common Stock	23,778
TJX Companies	Common Stock	2,474,651

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Torch Energy Royalty Trust	Common Stock		95
Torchlight Energy Res Inc	Common Stock		68,680
<b>Total</b>	Common Stock		<b>9,006</b>
Tousa Inc	Common Stock		4
Toyota Motor Corp	Common Stock		28,277
Transcanada Corp	Common Stock		9,464
Transmeridian Expl Inc	Common Stock		
Transmontaigne Partners LP	Common Stock		7,594
Transocean Ltd	Common Stock		30,520
Transwitch Corp	Common Stock		732
Travelers Cos Inc	Common Stock		1,652
Tree Com Inc	Common Stock		36
Trimedyne Inc	Common Stock		800
Tripadvisor Inc	Common Stock		1,300
TRW Automotive Hldgs Corp	Common Stock		5,361
Turkcell Iletisim Hizmet	Common Stock		918
Turkish Invt	Common Stock		8,503
Tyco International Ltd	Common Stock		644
U S Shipping Partner	Common Stock		
UAL Corp	Common Stock		
Ultra Petroleum Corp	Common Stock		10,334
Unilever Plc	Common Stock		3,305
Union Pacific Corp	Common Stock		30,469
Union Pacific Corp	Common Stock		2,280,554
Uniroyal Tech Corp	Common Stock		
United Parcel Service	Common Stock		20,575
United States Natural Gas Fund	Common Stock		94,387
United States Steel Corp	Common Stock		60,820
United Sts Gasoline	Common Stock		5,844
United Technologies Corp	Common Stock		11,230
United Technologies Corp	Common Stock		2,132,848
UnitedHealth Group	Common Stock		1,130,131
UnitedHealth Group	Common Stock		1,347,213
UnitedHealth Group	Common Stock		1,523,803
Universal Display Corp	Common Stock		5,893
Universal Ins Hldgs Inc	Common Stock		9,487
US Airways Group Inc	Common Stock		6,750
US Bancorp	Common Stock		6,536
Usec Inc	Common Stock		398
Valero Energy Corp	Common Stock		18,812
Vanguard Nat Res LLC	Common Stock		18,562
Vasco Data Security Intl	Common Stock		4,357

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Vaso Active Pharmaceuticals Inc	Common Stock	
Velatel Global Communications Inc	Common Stock	11
Venaxis Inc Com	Common Stock	69
Ventas Inc	Common Stock	4,559
Veolia Environnement	Common Stock	6,120
Verenium Corp	Common Stock	89
Verisign Inc	Common Stock	388

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Verizon Communications	Common Stock		262,874
Vertex Pharmaceuticals Inc	Common Stock		1,790,981
Vertex Pharmaceuticals Inc	Common Stock		11,313
VF Corp	Common Stock		9,881
VG Life Sciences Inc	Common Stock		5
Via Networks Inc	Common Stock		
Via Pharmaceuticals Inc	Common Stock		
Viacom Inc	Common Stock		1,760,287
Viragen Inc	Common Stock		
Virexx Med Corp	Common Stock		
Viropharma Inc	Common Stock		2,276
Viropro Inc	Common Stock		8,108
Virtual Piggy Inc	Common Stock		100,300
Visa Inc	Common Stock		2,285,490
Visteon Corp	Common Stock		5,382
Vivus Inc	Common Stock		6,710
VMWare Inc	Common Stock		2,160,879
VMWare Inc	Common Stock		16,004
Vodafone Group Plc	Common Stock		9,068
Vodafone Inc	Common Stock		1,896,683
Volkswagen Ag	Common Stock		1,717
Vonage Hldgs Corp	Common Stock		1,600
W & T Offshore Inc	Common Stock		4,809
Walgreen Company	Common Stock		81,854
Walmart Stores Inc	Common Stock		7,318
Walt Disney	Common Stock		1,796,198
Waste Management Inc	Common Stock		9,677
Weatherford Int Ltd	Common Stock		22,380
Weatherford Int Ltd	Common Stock		849,734
Weingarten Rlty	Common Stock		4,124
WellPoint Inc	Common Stock		890,325
Wells Fargo & Co	Common Stock		1,061,499
Wells Fargo & Co	Common Stock		45,031
Wellstar Intl Inc	Common Stock		
Westell Technologies Inc	Common Stock		1,850
Western Asset High Inc	Common Stock		11,494
Western Cap Res Inc Com	Common Stock		
Western Capital Res Inc	Common Stock		
Western Digital Corp	Common Stock		21,245
Western Pac Minerals Ltd	Common Stock		
Western Refng Inc	Common Stock		86
Western Union Co	Common Stock		1,361

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Westport Innovations Inc	Common Stock	58,762
Weyerhaeuser Co	Common Stock	27,820
Whole Foods Mkt Inc	Common Stock	2,382,991
Whole Foods Mkt Inc	Common Stock	186
Williams Cos Inc	Common Stock	7,277
Windstream Corp	Common Stock	56,931
Wintrust Financial Corp	Common Stock	18,468

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Women First Healthcare Inc	Common Stock		
Workday Inc	Common Stock		440,496
WPX Energy Inc	Common Stock		1,056
Wuxi Pharmatech Cayman Inc	Common Stock		6,300
Wynn Resorts Ltd	Common Stock		12,570
Xerox Corp	Common Stock		2,106
Xinyuan Real Estate Co Ltd	Common Stock		537
Xoma Corp	Common Stock		2,318
XPO Logistics Inc	Common Stock		5,127
Xybernaut Corp	Common Stock		
Yahoo Inc	Common Stock		7,164
Yamana Gold Inc	Common Stock		18,110
Yanzhou Coal Mining Co	Common Stock		17,080
Yingli Green Energy Hldg Co	Common Stock		470
Youku.com Inc	Common Stock		259,367
YRC Worldwide Inc	Common Stock		20
Yum! Brands Inc	Common Stock		2,032,753
Yum! Brands Inc	Common Stock		8,581
Zap Com	Common Stock		56
Zimmer Holdings Inc	Common Stock		67
Zion Oil & Gas Inc	Common Stock		2
Zion Oil & Gas Inc	Common Stock		3,098
Zipcar Inc	Common Stock		22,446
Zoltek Cos Inc	Common Stock		15,500
Zynex Inc	Common Stock		630
Zynga Inc	Common Stock		1,652
Common Stock			\$ 444,196,379

**\*\* U.S. Government and Government Agency Issues:**

Bonos Y Oblig Del Estado	5.85% 31 Jan 2022	393,045
Bonos Y Oblig Del Estado	5.5% 30 Apr 2021	652,627
Fannie Mae	6.625% 15 Nov 2030	1,330,784
Fed HM LN Pool A58677	5.5% 01 Mar 2037	374,510
Fed HM LN Pool C09004	3.5% 01 Jul 2042	978,532
Fed HM LN Pool C48827	6.0% 01 Mar 2031	9,682
Fed HM LN Pool C91370	4.5% 01 May 2031	424,828
Fed HM LN Pool G12334	5.0% 01 Sep 2021	130,608
FNMA Pool 256398	6.0% 01 Sep 2021	27,790
FNMA Pool 581043	6.0% 01 May 2016	11,769

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FNMA Pool 615005	6.0% 01 Dec 2016	16,537
FNMA Pool 694448	5.5% 01 Apr 2033	237,054
FNMA Pool 725690	6.0% 01 Aug 2034	178,684
FNMA Pool 748115	6.0% 01 oct 2033	73,764
FNMA Pool 815316	5.5% 01 May 2035	304,267
FNMA Pool 822979	5.5% 01 Apr 2035	276,663
FNMA Pool 885504	6.0% 01 Jun 2021	128,289
FNMA Pool 902793	6.5% 01 Nov 2036	131,430



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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
FNMA Pool AB5236	3.0% 01 May 2027		451,314
FNMA Pool AH3765	4.0% 01 Jan 2041		1,129,849
FNMA Pool AH3979	4.0% 01 Feb 2041		402,203
FNMA Pool AH4008	4.0% 01 Mar 2041		522,976
FNMA Pool AH9374	4.5% 01 Apr 2041		528,118
FNMA Pool AK9780	3.5% 01 May 2042		50,071
FNMA Pool AL0920	5.0% 01 Jul 2037		523,241
FNMA Pool AO3466	3.0% 01 Jun 2027		510,953
FNMA Pool AO3540	3.0% 01 Jun 2042		206,831
FNMA Pool AO4136	3.5% 01 Jun 2042		19,883
FNMA Pool AO5515	3.5% 01 Jul 2042		55,826
FNMA Pool AO8494	2.5% 01 Jun 2027		823,017
FNMA Pool AP6604	3.0% 01 Sep 2042		818,477
FNMA Pool MA0734	4.5% 01 May 2031		415,983
FNMA Pool MA0918	4.0% 01 Dec 2041		1,095,447
Mexico Bonds	8.0% 17 Dec 2015		115,378
Mexico Bonds	6.25% 16 Jun 2016		1,937,428
Republic of Philippines	3.9% 26 Nov 2022		248,850
Tennessee Valley Authority	3.5% 15 Dec 2042		500,389
United Mexican States	6.05% 11 Jan 2040		529,604
US Treasury N/B	1.625% 15 Aug 2022		83,373
US Treasury N/B	2.75% 15 Aug 2042		85,805
US Treasury N/B	1.75% 15 May 2022		597,537
US Treasury N/B	0.5% 15 Nov 2013		668,297
US Treasury N/B	1.0% 30 Jun 2019		1,353,551
US Treasury N/B	0.625% 30 Apr 2013		1,355,023
US Treasury N/B	3.0% 15 May 2042		2,816,365
US Treasury N/B	1.875% 31 Aug 2017		4,765,562
U.S. Government and Government Agency Issues			\$ 28,292,214

**\*\* Corporate and Other Obligations:**

Albertson's Inc	6.625% 01 Jun 2028	13,144
Alcoa Inc	5.87% 23 Feb 2022	346,120
Ally Financial Inc	5.5% 15 Feb 2017	142,589
Ally Financial Inc	6.25% 01 Dec 2017	377,151
American Tower Corp	4.625% 01 Apr 2015	151,127
American Tower Corp	4.5% 15 Jan 2018	227,289
Amphenol Corp	4.75% 15 Nov 2014	336,643
Anadarko Petroleum	6.375% 15 Sep 2017	436,364

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ArcelorMittal	7.25% 01 Mar 2041	343,406
Associates Corp	6.95% 01 Nov 2018	178,401
Banco Santander	3.875% 20 Sep 2022	202,431
Banco Santander Brazil	4.625% 13 Mar 2017	417,642
* Bank of America	5.0% 13 May 2021	152,171
* Bank of America	5.625% 01 Jul 2020	462,390
* Bank of America Coml Mtg	1.0% 10 Apr 2049	173,214
Bear Stearns Coml Mtg	1.0% 11 Jun 2040	204,668

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Biomed Rlty Tr Inc Pfd Ser A 7.375%	Preferred Stock		7,644
Braskem America Finance	7.125% 22 Jul 2041		342,925
Brocade Communications	6.875% 51 Jan 2020		47,873
Brocade Communications	6.625% 15 Jan 2018		142,719
Bunge Limited Finance	4.1% 15 Mar 2016		79,546
Cablevision Systems	8.0% 15 Apr 2020		289,116
CCO Hldgs LLC	6.5% 30 Apr 2021		111,834
Celulosa Arauco	5.0% 21 Jan 2021		236,268
China Resources	4.5% 05 Apr 2022		217,191
Cielo SA	3.75% 16 Nov 2022		389,799
CitiGroup Inc	4.45% 10 Jan 2017		355,474
Citigroup/Deutsche Bank	5.322% 11 Dec 2049		520,986
CNPC General Capital	3.95% 19 Apr 2022		213,477
Comcast Corp	5.65% 15 Jun 2035		105,421
Commerical Mortgage Passthu	1.0% 10 Dec 2049		58,659
Continental Airlines	5.983% 19 Oct 2023		295,106
Contl Airlines	4.0% 29 Apr 2026		176,658
Cox Communications	5.45% 15 Dec 2014		32,303
Credit Suisse Coml Mtg	1.0% 15 Jan 2049		359,173
Crown Castle Towers LLC	3.214% 15 Aug 2035		102,941
DelHaize Group	4.125% 10 Apr 2019		356,710
Deluxe Group	6.0% 15 Nov 2020		534,060
Dolphin Energy Ltd	5.5% 15 Dec 2021		230,295
Dun & Bradstreet	3.25% 01 Dec 2017		139,691
Embarq Corp	7.995% 01 Jun 2036		687,033
Energy Transfer Partners	5.2% 01 Feb 2022		95,732
Energy Transfer Partners	6.05% 01 Jun 2041		483,029
Enersis SA	7.375% 15 Jan 2014		161,242
Enron Cap Res LP Pfd Ser A 9%	Preferred Stock		
Equifax Inc	7.0% 01 Jul 2037		242,605
ERAC USA Fin Co	6.375% 15 Oct 2017		173,151
FIServ Inc	3.5% 01 Oct 2022		291,519
FMC Technologies	3.45% 01 Oct 2022		125,964
Ford Motor Company	7.45% 16 Jul 2031		300,939
Ford Motor Credit	7.0% 01 Oct 2013		139,301
Ford Motor Credit	5.75% 01 Feb 2021		341,022
Ford Motor Credit	5.0% 15 May 2018		424,889
Frontier Communications	8.5% 15 Apr 2020		266,827
Frontier Communications	7.875% 15 Jan 2027		290,621
GE Equipment Midticket	0.6% 23 May 2016		637,481
General Elec Cap Corp	2.95% 09 May 2016		197,605
General Elec Cap Corp	5.3% 11 Feb 2021		343,823

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General Elec Cap Corp	3.75% 14 Nov 2014	442,467
General Motors	6.75% 01 Jun 2018	266,173
Georgia Pacific LLC	8.875% 15 May 2031	7,402
Georgia Pacific LLC	7.375% 01 Dec 2025	174,892
Georgia Pacific LLC	7.75% 15 Nov 2029	249,795
Georgia Pacific LLC	7.25% 01 Jun 2028	329,644
Goldman Sachs	5.25% 27 Jul 2021	264,501

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Goldman Sachs	6.15% 01 Apr 2018		289,972
Greenwich Capital Commercial	5.736% 10 Dec 2049		139,665
GS Mortgage Securities	1.0% 10 Aug 2045		523,619
Hana Bank	4.25% 14 Jun 2017		273,899
HCA Inc	7.5% 15 Feb 2022		423,936
Health Care Reit Inc Pfd Ser J	Preferred Stock		43,040
Hospitality Pptys Tr Redeemable Cum Pfd 7.125%	Preferred Stock		69,160
Hutch Whampoa Ltd	4.625% 13 Jan 2022		517,617
Hyundai Capital Services	3.5% 13 Sep 2017		208,527
Intl Lease Finance Corp	6.25% 15 May 2019		693,996
Ipalco Enterprises Inc	5.0% 01 May 2018		36,198
IPIC GMTN Ltd	6.875% 01 Nov 2041		358,457
JPMorgan Chase & Co	4.25% 15 Oct 2020		49,412
JPMorgan Chase & Co	4.625% 10 May 2021		78,801
JPMorgan Chase & Co	3.7% 20 Jan 2015		135,141
JPMorgan Chase & Co	4.5% 24 Jan 2022		273,642
Kia Motors Corporation	3.625% 14 Jun 2016		206,992
Kinder Morgan	6.0% 15 Jan 2018		303,861
Korea Development Bank	4.0% 09 Sep 2016		341,591
Korea National Oil	3.125% 03 Apr 2017		445,399
Lotte Shopping Co	3.375% 09 May 2017		686,192
Merrill Lynch & Co Inc	6.4% 28 Aug 2017		208,706
Methanex Corp	3.25% 15 Dec 2019		124,134
Methanex Corp	5.25% 01 Mar 2022		279,243
Mexichem SAB De CV	6.75% 19 Sep 2042		243,822
Midwest Banc Hldgs Inc Perp Pfd Conv Ser A 7.75%	Preferred Stock		
ML CFC Coml Mtg	1.0% 12 Mar 2051		102,530
Modern Energy Corp New Pfd Ser B	Preferred Stock		
Morgan Stanley	5.375% 15 Oct 2015		69,772
Morgan Stanley	5.5% 26 Jan 2020		182,751
Morgan Stanley	5.55% 27 Apr 2017		273,648
Morgan Stanley	5.5% 24 Jul 2020		322,120
Morgan Stanley Cap Tr Vi Cap Secs 6.60%	Preferred Stock		20,160
Mortgage Stanley Capital I	5.569% 15 Dec 2044		686,025
Mortgage Stanley Capital I	1.0% 12 Apr 2049		708,064
Murray St Inv Trust	4.67% 09 Mar 2017		27,041
Myriad Int Holding	6.375% 28 Jul 2017		144,718
Nabors Industries	6.15% 15 Feb 2018		17,417
Nabors Industries	9.25% 15 Feb 2019		399,422
NewField Exploration Co	5.75% 30 Jan 2022		238,934
Nextera Energy Capital	4.5% 01 Jun 2021		334,583
Oi Sa Spon ADR Ea Repr 1 Pfd Shs	Preferred Stock		10,025

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Oil States Intl	5.125% 15 Jan 2023	130,118
Olin Corp	5.5% 15 Aug 2022	77,197
Orchard Supply Hardware Stores Corp Pfd Ser A	Preferred Stock	23
OshKosh Corp	8.5% 01 Mar 2020	169,488
Parker Drilling Co	9.125% 01 Apr 2018	94,858
Perkinelmer Inc	5.0% 15 Nov 2021	240,826
Petrobras Intl Fin	6.75% 27 Jan 2041	356,545

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Phillips 66	4.3% 01 Apr 2022		176,522
PKO FIN AB	4.63% 26 Sep 2022		249,400
Plains Exploration	6.875% 15 Feb 2023		355,329
Post Holdings Inc	7.375% 15 Feb 2022		248,802
Qtel International	7.875% 10 Jun 2019		355,686
Reynolds American Inc	7.25% 15 Jun 2037		543,782
Rock Tenn Co	4.0% 01 Mar 2023		135,408
Roman Companies	5.0% 01 Sep 2017		263,239
Royal Bank of Scotland	5.625% 24 Aug 2020		29,024
Royal Bk Scotland Group Plc Spon Adr 7.25%	Preferred Stock		9,947
RPM International Inc	6.125% 15 Oct 2019		262,782
RR Donnelley & Sons	8.25% 15 Mar 2019		74,976
RR Donnelley & Sons	7.25% 15 May 2018		95,278
Santader Drive Auto	2.7% 15 Aug 2018		117,328
Santader Drive Auto	1.94% 15 Mar 2018		143,102
Santader Drive Auto	1.94% 15 Dec 2016		484,791
Sealed Air Corp	6.5% 01 Dec 2020		95,969
Sidewinder Drilling Inc	9.75% 15 Nov 2019		109,150
SK Telecom Co	2.125% 01 May 2018		198,546
SK Telecom Co	6.625% 20 Jul 2027		254,732
SLM Corp	6.25% 25 Jan 2016		955,614
SM Energy Co	6.5% 01 Jan 2023		174,314
Sprint Capital Corp	6.875% 15 Nov 2028		503,144
Telefonica Emisiones	5.462% 16 Feb 2021		10,527
Telefonica Emisiones	5.134% 27 Apr 2020		155,690
Telefonica Emisiones	3.992% 16 Feb 2016		195,191
Telemar Norte Leste SA	5.5% 23 Oct 2020		272,109
Tencent Holdings Ltd	4.625% 12 Dec 2016		350,813
Time Warner Cable Inc	5.85% 01 May 2017		104,972
Time Warner Cable Inc	6.55% 01 May 2037		183,231
Time Warner Cable Inc	4.125% 15 Feb 2021		237,875
Toyota Motor Credit Corp	1.75% 22 May 2017		854,345
Transalta Corp	4.75% 15 Jan 2015		266,786
TransOcean Inc	6.5% 15 Nov 2020		538,101
US Steel Corp	7.375% 01 Apr 2020		142,287
USG Corp	9.75% 15 Jan 2018		178,905
Valeant Pharmaceuticals	6.375% 15 Oct 2020		84,713
Vesey Str Invt Sr Nt	4.404% 01 Sep 2016		26,977
Votorantim Cimentos SA	7.25% 05 Apr 2041		221,162
VPI Escrow Corp	6.375% 15 Oct 2020		338,852
Western Union Co	2.375% 10 Dec 2015		84,312
Whirlpool Corp	4.7% 01 Jun 2022		241,349

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Willis North America Inc	7.0% 29 Sep 2019	466,579
Windstream Corp	8.125% 01 Sep 2018	70,113
Windstream Corp	7.5% 01 Apr 2023	187,050
Wolvering World Wide	6.125% 15 Oct 2020	57,018
World Financial Network	3.14% 17 Jan 2023	694,780
World Financial Network	1.76% 17 May 2021	698,767
Corporate and Other Obligations		\$ 40,508,932



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
<b>** Synthetic Guaranteed Investment Contracts:</b>			
<b>Cash &amp; Cash Equivalents</b>			
Australian Dollar	Cash		17,348
* State Street Bank & Trust Co	Short Term Investment Fund		309,674
* State Street Bank & Trust Co	Short-Term Investment Fund		1,226,546
* State Street Bank & Trust Co	Short-Term Investment Fund		1,360,889
* State Street Bank & Trust Co	Short-Term Investment Fund		39,287,377
			42,201,834
<b>U.S. Government and Government Agency Issues</b>			
Australian Government	4.75% 15 Jun 2016		755,988
Australian Government	5.25% 15 Mar 2019		1,601,170
Australian Government	6.0% 15 Feb 2017		2,624,232
California St	5.75% 01 Mar 2017		458,482
California St	5.0% 01 Nov 2037		536,780
Fannie Mae	1.0% 25 May 2030		613,042
Fannie Mae	0.875% 20 Dec 2017		4,648,492
Fannie Mae	2.625% 20 Nov 2014		6,338,054
Fed HM LN Note	0.16% 15 Apr 2013		12,762,281
Fed HM LN PC Pool 1J1214	4.0% 01 Mar 2025		23,730
Fed HM LN PC Pool 1L1358	1.0% 01 May 2036		992,228
Fed HM LN PC Pool E02697	4.0% 01 Jun 2025		31,910
Fed HM LN PC Pool E02783	4.0% 01 Sep 2025		33,133
Fed HM LN PC Pool E02883	4.0% 01 Apr 2026		399,626
Fed HM LN PC Pool E09016	3.0% 01 Nov 2027		1,468,548
Fed HM LN PC Pool E99842	4.0% 01 Oct 2013		
Fed HM LN PC Pool G01843	6.0% 01 Jun 2035		787,975
Fed HM LN PC Pool G01890	4.0% 01 Nov 2013		291,205
Fed HM LN PC Pool G03737	6.5% 01 Nov 2037		1,030,600
Fed HM LN PC Pool G08084	4.0% 01 Apr 2026		638,454
Fed HM LN PC Pool G08443	4.5% 01 Apr 2041		702,295
Fed HM LN PC Pool G12743	5.5% 01 Aug 2022		195,050
Fed HM LN PC Pool G14093	4.5% 01 Oct 2035		
Fed HM LN PC Pool G18385	1.0% 01 Sep 2035		43,119
Fed HM LN PC Pool J11872	4.0% 01 Mar 2026		32,359
Fed HM LN PC Pool J14641	4.0% 01 Mar 2025		708,207
Fed HM LN PC Pool J15157	4.0% 01 Apr 2026		24,434
Fed HM LN PC Pool J17969	3.0% 01 Feb 2027		2,563,279
Fed HM LN PC Pool Q03572	4.0% 01 Sep 2041		3,565,188

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Fed HM LN PC Pool Q03681	4.0% 01 Oct 2041	3,861,420
Fed HM LN PC Pool Q03780	4.0% 01 Oct 2017	54,014
Fed HM LN Pool 1Q0669	1.0% 01 Nov 2037	81,676
Fed HM LN Pool 1Q1159	1.0% 01 May 2038	687,439
Fed HM LN Pool A89385	4.5% 01 Oct 2039	3,441,455
Fed HM LN Pool G03205	5.5% 01 Jul 2035	152,887

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Fed HM LN Pool G04731	5.5% 01 Apr 2038		1,402,519
Federal Farm Credit Bank	1.0% 29 Sep 2014		838,595
Federal Farm Credit Bank	1.0% 26 Jun 2013		2,437,812
Federal Farm Credit Bank	1.0% 26 Apr 2013		5,177,027
FHLMC TBA	4.5% 01 Dec 2099		(1,045,791)
FHLMC TBA	4.0% 31 Dec 2099		(824,084)
FHLMC TBA	4.5% 01 Dec 2099		
FICO Strip	0.01% 27 Dec 2018		
FICO Strip	0.01% 06 Oct 2015		190,757
FICO Strip	0.01% 07 Mar 2019		317,124
FICO Strip	0.01% 26 Sep 2019		372,323
FICO Strip	0.01% 08 Aug 2015		420,335
FICO Strip	0.01% 26 Sep 2014		699,959
FICO Strip	0.01% 11 May 2013		783,030
FICO Strip	0.01% 03 Feb 2017		2,684,988
FICO Strip	0.01% 30 Nov 2017		2,787,204
Financing Corp	10.7% 06 Oct 2017		337,262
Financing Corp	9.8% 06 Apr 2018		494,852
FNMA Pool 254693	5.5% 01 Apr 2033		281,531
FNMA Pool 255364	6.0% 01 Sep 2034		252,681
FNMA Pool 256925	6.0% 01 Oct 2037		688,886
FNMA Pool 555541	1.0% 01 Apr 2033		52,954
FNMA Pool 725027	5.0% 01 Nov 2033		145,186
FNMA Pool 725222	5.5% 01 Feb 2034		357,802
FNMA Pool 725423	5.5% 01 May 2034		265,091
FNMA Pool 725424	5.5% 01 Apr 2034		125,901
FNMA Pool 725690	6.0% 01 Aug 2034		106,013
FNMA Pool 725946	5.5% 01 Nov 2034		332,710
FNMA Pool 735141	5.5% 01 Jan 2035		489,433
FNMA Pool 735224	5.5% 01 Feb 2035		652,193
FNMA Pool 735667	5.0% 01 Jul 2035		2,252,602
FNMA Pool 735676	5.0% 01 Jul 2035		647,162
FNMA Pool 743132	5.0% 01 Oct 2018		653,467
FNMA Pool 745275	5.0% 01 Feb 2036		1,095,011
FNMA Pool 745275	5.0% 01 Feb 2036		2,089,991
FNMA Pool 745327	6.0% 01 Mar 2036		178,308
FNMA Pool 756363	1.0% 01 Dec 2033		146,609
FNMA Pool 770946	5.0% 01 Apr 2034		451,353
FNMA Pool 776971	5.0% 01 Apr 2034		537,601
FNMA Pool 831540	6.0% 01 Jun 2036		634,689
FNMA Pool 837220	4.5% 01 Aug 2020		1,141,861
FNMA Pool 841068	4.5% 01 Feb 2039		345,537

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FNMA Pool 844444	5.0% 01 Dec 2035	878,968
FNMA Pool 848647	5.5% 01 Jan 2036	501,589
FNMA Pool 880611	5.5% 01 Apr 2036	469,085
FNMA Pool 888340	5.0% 01 Aug 2036	579,998
FNMA Pool 888521	1.0% 01 Mar 2034	253,073
FNMA Pool 888789	5.0% 01 Jul 2036	180,944
FNMA Pool 889004	1.0% 01 Aug 2037	408,536

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
FNMA Pool 889361	6.0% 01 Mar 2038		387,870
FNMA Pool 889369	6.0% 01 Feb 2038		496,114
FNMA Pool 889544	5.5% 01 May 2038		383,543
FNMA Pool 889579	6.0% 01 May 2038		546,280
FNMA Pool 889750	6.0% 01 May 2038		149,821
FNMA Pool 914789	5.0% 01 Apr 2037		1,149,359
FNMA Pool 931745	5.0% 01 Aug 2024		2,474,433
FNMA Pool 932586	4.5% 01 Mar 2040		1,667,490
FNMA Pool 986148	5.5% 01 Jan 2038		1,791,355
FNMA Pool 995018	5.5% 01 Jun 2038		1,134,555
FNMA Pool 995051	6.0% 01 Mar 2037		1,136,401
FNMA Pool AA6450	4.5% 01 Sep 2040		1,492,806
FNMA Pool AB1600	4.0% 01 Oct 2025		612,066
FNMA Pool AB1609	3.5% 01 Dec 2040		132,207
FNMA Pool AB5236	3.0% 01 May 2027		285,137
FNMA Pool AD8529	4.5% 01 Aug 2040		684,726
FNMA Pool AE0061	6.0% 01 Feb 2040		263,346
FNMA Pool AE0349	6.0% 01 Apr 2040		888,454
FNMA Pool AE0368	3.5% 01 Dec 2025		79,629
FNMA Pool AE0392	5.5% 01 Dec 2039		277,341
FNMA Pool AE0480	6.0% 01 Jul 2039		110,955
FNMA Pool AE1016	3.5% 01 Oct 2025		655,537
FNMA Pool AE1332	4.0% 01 Aug 2025		164,588
FNMA Pool AE3771	3.5% 01 Jan 2026		25,575
FNMA Pool AE9449	3.5% 01 Dec 2025		530,701
FNMA Pool AH1105	3.5% 01 Dec 2025		419,514
FNMA Pool AH1882	3.5% 01 Jan 2027		11,883
FNMA Pool AH2815	3.5% 01 Mar 2026		1,905,818
FNMA Pool AH2857	3.5% 01 Jan 2026		215,382
FNMA Pool AH8702	3.5% 01 May 2026		179,593
FNMA Pool AH9523	4.5% 01 Aug 2041		596,080
FNMA Pool AH9706	3.5% 01 Jan 2026		788,486
FNMA Pool AI3654	4.5% 01 May 2042		713,024
FNMA Pool AJ7689	4.0% 01 Dec 2041		5,731,383
FNMA Pool AK2989	3.0% 01 May 2027		1,707,828
FNMA Pool AK9780	3.5% 01 May 2042		405,316
FNMA Pool AL0139	1.0% 01 Feb 2039		793,908
FNMA Pool AL030	4.5% 01 Jun 2026		2,413,878
FNMA Pool AL0920	5.0% 01 Jul 2037		1,427,679
FNMA Pool AO5515	3.5% 01 Jul 2042		465,930
FNMA Pool MA0614	4.0% 01 Jan 2041		990,007
FNMA Pool MA0649	4.0% 01 Apr 2026		181,313

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FNMA Pool MA0694	4.5% 01 Jun 2041	211,448
FNMA TBA	3.5% 01 Dec 2099	(3,101,736)
FNMA TBA	3.5% 01 Dec 2099	
FNMA TBA	4.0% 01 Dec 2099	
FNMA TBA	4.0% 01 Dec 2099	
FNMA TBA	4.5% 01 Dec 2099	2,105,669
FNMA TBA	3.0% 01 Dec 2099	2,458,675

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
FNMA TBA Single Fam	6.0% 01 Dec 2102		53,226
FNMA TBA Single Fam	4.5% 01 Dec 2100		1,195,153
FNMA TBA Single Fam	3.0% 01 Dec 2099		3,487,643
FNMA TBA Single Fam	4.5% 01 Dec 2101		3,911,280
FNMA TBA Single Fam	3.5% 01 Dec 2099		4,156,513
Freddie Mac	1.0% 15 Dec 2029		29,369
Freddie Mac	0.15% 03 Apr 2013		194,859
Freddie Mac	2.375% 13 Jan 2022		2,316,437
Freddie Mac	4.875% 13 Jun 2018		4,306,316
Freddie Mac	0.16% 21 May 2013		6,428,822
GNMA TBA	3.0% 01 Dec 2099		2,072,089
Honolulu City & Cnty	5.0% 01 Nov 2025		604,866
Illinois St	4.95% 01 Jun 2023		1,759,819
Illinois St	3.321% 01 Jan 2013		2,144,275
Irvine Ranch CA	2.605% 15 Mar 2014		1,399,607
Japan Treasury Disc Bill	0.01% 12 Feb 2013		3,493,909
Kentucky ST Property	5.373% 01 Nov 2025		341,098
NC State Education	1.0% 25 Jul 2025		1,411,807
New York City Transitional	4.725% 01 Nov 2023		114,285
New York City Transitional	4.905% 01 Nov 2024		116,057
New York City Transitional	5.075% 01 Nov 2025		117,609
Overseas Private Inv Corp	0.01% 12 Jul 2016		3,464,836
Province of Ontario	4.0% 07 Oct 2019		2,142,560
Province of Quebec	4.6% 26 May 2015		1,273,060
Republic of Poland	6.375% 15 Jul 2019		48,606
Republic of Poland	3.875% 16 Jul 2015		450,539
Resolution Funding Strip	0.01% 15 Jan 2014		368,819
Resolution Funding Strip	0.01% 15 Apr 2015		838,366
Resolution Funding Strip	0.01% 15 Jan 2017		947,158
RFSCP Strip Principal	0.01% 15 Jul 2020		3,700,111
Russian Foreign Bond	1.0% 31 Mar 2030		212,295
Small Business Administration	7.06% 01 Nov 2019		62,562
Small Business Administration	7.19% 01 Dec 2019		112,186
Small Business Administration	5.68% 01 Jun 2028		768,552
South Carolina St Public Svc	1.0% 02 Jun 2014		1,464,886
State of Qatar	4.5% 20 Jan 2022		313,162
Tobacco Settlement	5.875% 15 May 2039		299,404
Treasury Bill	0.19% 22 Aug 2013		1,849,795
Treasury Bill	0.01% 31 Jan 2013		3,887,859
Treasury Bill	0.01% 12 Dec 2013		4,282,820
Treasury Bill	0.19% 14 Nov 2013		5,742,240
Treasury INFL IX N/B	0.625% 15 Jul 2021		1,023,398

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Treasury INFL IX N/B	0.125% 15 Apr 2017	1,594,472
Treasury INFL IX N/B	0.125% 15 Jul 2022	3,299,309
Treasury INFL IX N/B	1.125% 15 Jan 2021	4,115,864
Treasury INFL IX N/B	0.125% 15 Jan 2022	4,867,870
US Treasury N/B	6.125% 15 Nov 2027	144,799
US Treasury N/B	7.875% 15 Feb 2021	146,688
US Treasury N/B	1.875% 30 Sep 2017	308,757



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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
US Treasury N/B	1.0% 31 Mar 2017		396,843
US Treasury N/B	3.825% 15 Feb 2013		538,498
US Treasury N/B	2.375% 31 Jul 2017		646,392
US Treasury N/B	0.875% 30 Apr 2017		774,501
US Treasury N/B	2.75% 15 Feb 2019		863,376
US Treasury N/B	1.375% 15 Jan 2013		897,082
US Treasury N/B	1.25% 31 Jan 2019		992,336
US Treasury N/B	3.125% 15 May 2021		1,105,261
US Treasury N/B	0.50% 31 Jul 2017		1,191,632
US Treasury N/B	0.875% 31 Jan 2017		1,209,828
US Treasury N/B	6.25% 15 Aug 2023		1,257,690
US Treasury N/B	2.75% 15 Nov 2042		1,314,648
US Treasury N/B	1.75% 15 May 2022		1,572,996
US Treasury N/B	0.625% 30 Nov 2017		1,612,518
US Treasury N/B	1.875% 31 Aug 2017		1,647,071
US Treasury N/B	1.75% 15 May 2022		1,912,174
US Treasury N/B	0.25% 15 Oct 2015		1,944,924
US Treasury N/B	0.75% 15 Dec 2013		1,959,696
US Treasury N/B	2.5% 31 Mar 2015		1,969,467
US Treasury N/B	1.0% 30 Sep 2016		1,986,499
US Treasury N/B	2.0% 15 Feb 2022		2,318,277
US Treasury N/B	0.375% 31 Jul 2013		2,440,102
US Treasury N/B	1.875% 30 Jun 2015		2,617,155
US Treasury N/B	0.625% 31 May 2017		2,665,007
US Treasury N/B	1.625% 15 Aug 2022		2,716,010
US Treasury N/B	1.75% 15 Apr 2013		3,285,349
US Treasury N/B	1.375% 31 Dec 2018		3,300,091
US Treasury N/B	2.625% 15 Nov 2020		3,423,043
US Treasury N/B	1.625% 15 Nov 2022		3,610,216
US Treasury N/B	0.625% 31 Aug 2017		4,425,722
US Treasury N/B	0.25% 31 Aug 2014		4,557,828
US Treasury N/B	0.875% 30 Nov 2016		5,016,400
US Treasury N/B	3.625% 15 Feb 2020		5,079,235
US Treasury N/B	1.5% 30 Jun 2016		5,253,593
US Treasury N/B	2.375% 31 Jul 2017		6,080,293
US Treasury N/B	1.625% 15 Aug 2022		6,221,165
US Treasury N/B	1.375% 28 Feb 2019		6,392,379
US Treasury N/B	2.625% 15 Aug 2020		6,561,000
US Treasury N/B	1.875% 30 Apr 2014		7,171,412
US Treasury N/B	1.75% 31 May 2016		8,425,187
US Treasury N/B	2.0% 15 Nov 2021		8,497,454
US Treasury N/B	2.5% 30 Apr 2015		9,444,214

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US Treasury N/B	0.625% 31 Jan 2013	9,467,751
US Treasury N/B	1.125% 15 Aug 2021	10,758,534
US Treasury N/B	1.0% 31 Aug 2016	17,560,653
US Treasury N/B	0.125% 31 Jul 2014	20,044,480
US Treasury N/B	2.125% 31 May 2015	37,041,719

442,114,509

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
<b>Corporate and Other Obligations</b>			
ACE Ina Hldg Inc	5.6% 15 May 2015		200,153
Actavis Inc	3.25% 01 Oct 2022		181,088
Actavis Inc	3.25% 01 Oct 2022		402,971
ADT Corp	3.5% 15 Jul 2022		77,732
Agilent Technologies Inc	6.5% 01 Nov 2017		595,002
Alcoa Inc	6.15% 15 Aug 2020		383,213
Allied World Assurance	7.5% 01 Aug 2016		190,013
Allstate Corp	5.0% 15 Aug 2014		469,078
Ally Auto Receivables Trust	0.45% 15 Jul 2015		297,244
Ally Auto Receivables Trust	0.8% 16 Jun 2014		300,781
Ally Master Trust	1.54% 15 Sep 2019		1,227,568
Altria Group	2.85% 09 Aug 2022		945,175
Amazon.com	0.65% 27 Nov 2015		1,456,254
America Movil SAB	3.625% 30 Mar 2015		738,916
American Express	0.59% 15 May 2018		579,972
American Express	0.68% 15 Mar 2018		1,051,119
American International Group	3.8% 22 Mar 2017		221,533
American International Group	4.875% 01 Jun 2022		333,811
American Intl Group	3.65% 15 Jan 2014		447,769
American Intl Group	4.875% 15 Sep 2016		572,329
American Tower Corp	5.05% 01 Sep 2020		420,822
Americredit Auto Receivables	1.39% 08 Sep 2015		341,021
Americredit Auto Receivables	1.55% 08 Jul 2016		902,942
Americredit Automobile	0.76% 08 Oct 2015		421,410
Americredit Automobile Receivables	1.19% 08 Aug 2015		122,778
Americredit Automobile Receivables	0.92% 09 Mar 2015		141,356
Americredit Automobile Receivables	0.96% 09 Jan 2017		583,443
Americredit Automobile Receivables	0.49% 08 Apr 2016		594,828
Anadarko Petroleum Corp	5.95% 15 Sep 2016		557,621
Anglogold Holdings Plc	5.375% 15 Apr 2020		311,835
Aon Corp	3.5% 30 Sep 2015		497,866
Apache Corp	2.625% 15 Jan 2023		963,114
ArcelorMittal	10.35% 01 Jun 2019		561,116
Asciano Finance	3.125% 23 Sep 2015		484,185
AT&T Inc	5.8% 15 Feb 2019		490,341
AT&T Inc	1.4% 01 Dec 2017		638,529
AT&T Inc	5.8% 15 Feb 2019		1,758,052
Autozone Inc	3.7% 15 Apr 2022		379,129
Baidu Inc	2.25% 28 Nov 2017		199,085
Banc of America Funding Corp	1.0% 25 May 2035		178,508

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* Bank of America Corp	6.1% 15 Jun 2017	359,381
* Bank of America Corp	5.75% 01 Dec 2017	1,249,678
* Bank of America Corp	1.0% 30 Jan 2014	1,867,339
* Bank of America Corp	5.7% 24 Jan 2022	41,023
* Bank of America Corp	3.875% 22 Mar 2017	126,846
* Bank of America Corp	5.65% 01 May 2018	153,086
* Bank of America Corp	5.625% 01 Jul 2020	202,229

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	Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
*	Bank of America Corp	7.625% 01 Jun 2019		212,017
*	Bank of America Corp	5.42% 15 Mar 2017		320,285
*	Bank of America Corp	1.03% 15 Dec 2016		388,960
*	Bank of America Corp	3.75% 12 Jul 2016		463,624
*	Bank of America Corp	5.65% 01 May 2018		782,442
*	Bank of America Corp	5.49% 15 Mar 2019		974,413
*	Bank of America Corp	5.625% 01 Jul 2020		976,478
*	Bank of America Corp	5.7% 24 Jan 2022		1,002,136
	Bank of Montreal	1.4% 11 Sep 2017		660,404
	Barclays Bank	5.125% 08 Jan 2020		416,282
	Barclays Bank Plc	2.375% 13 Jan 2014		1,684,909
*	Baxter International Inc	1.85% 15 Jan 2017		220,961
	Bear Stearns Coml Mth Secs	1.0% 11 Sep 2038		154,220
	Bear Stearns Coml Mth Secs	5.533% 12 Oct 2041		170,685
	Bear Stearns Coml Mth Secs	1.0% 12 Jan 2045		834,450
	Bear Stearns Commercial Mortgage	1.0% 11 Sep 2038		284,508
	Bear Stearns Commercial Mtg	1.0% 11 Jun 2040		1,171,853
	Bear Stearns Cos	5.3% 30 Oct 2015		864,098
	Bear Stearns Cos	7.25% 01 Feb 2018		922,085
	Bear Stearns Cos	6.4% 02 Oct 2017		1,170,577
	Bear Stearns Cos	5.55% 22 Jan 2017		368,213
	Bears Sterns Adjustable Rate	1.0% 25 Aug 2033		112,313
	Berkshire Hathaway	1.6% 15 May 2017		670,586
	Berkshire Hathaway Fin Corp	5.4% 15 May 2018		679,996
	Boeing Co	5.125% 15 Feb 2013		445,924
	Boston PPTYs Ltd	3.7% 15 Nov 2018		280,575
	BP Capital Markets	1.375% 06 Nov 2017		853,589
	BP Capital Markets	1.846% 05 May 2017		946,561
	BP Capital Markets	4.5% 01 Oct 2020		786,289
	BP Capital Markets	3.125% 01 Oct 2015		1,034,659
	British Telecom	5.95% 15 Jan 2018		142,103
	British Telecom	2.0% 22 Jun 2015		380,752
	Bunge Limited	5.875% 15 May 2013		114,075
	Bunge Limited	8.5% 15 Jun 2019		314,780
	Burlington North Santa Fe	5.75% 15 Mar 2018		318,374
	Cameron Intl Corp	1.0% 02 Jun 2014		946,949
	Canadian Natl Railway	1.45% 15 Dec 2016		941,953
	Capital One Bank	8.8% 15 Jul 2019		673,097
	Capital One Financial	5.25% 21 Feb 2017		422,220
	Capital One Financial	7.375% 23 May 2014		620,260
	Capital One Financial	2.125% 15 Jul 2014		962,430
	Capital One Multi Asset	1.0% 15 Mar 2017		561,212

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Carmax Auto Owner Trust	0.89% 15 Sep 2016	485,732
Carmax Auto owner Trust	1.410% 16 Feb 2016	928,095
Carmax Auto Trust	0.84 % 15 Mar 2017	1,584,797
Caterpillar	1.25% 06 Nov 2017	560,014
CBS Corp	8.875% 15 May 2019	223,481
CBS Corp	5.75% 15 Apr 2020	297,693
CD Commercial Mortgage Trust	5.322% 11 Dec 2049	1,565,276

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Cellco Part/Veri Wireless	8.5% 15 Nov 2018		455,890
Centerpoint Energy	4.5% 15 Jan 2021		110,844
Chase Issuance Trust	0.54% 16 Oct 2017		481,859
CIT Equipment Trust	1.1% 22 Aug 2016		264,316
Citigroup Commercial Mtg	1.0% 10 Dec 2049		459,327
Citigroup Inc	6.5% 19 Aug 2013		196,636
Citigroup Inc	5.5% 11 Apr 2013		196,942
Citigroup Inc	5.375% 09 Aug 2020		454,845
Citigroup Inc	5.375% 09 Aug 2020		493,897
Citigroup Inc	6.125% 21 Nov 2017		580,005
Citigroup Inc	4.5% 14 Jan 2022		802,533
Citigroup Inc	6.01% 15 Jan 2015		910,607
Citigroup Inc	4.5% 14 Jan 2022		2,028,083
Citigroup Mortgage Loan Trust	1.0% 25 Jan 2033		63,591
Citigroup/Deutsche Bank Comm	5.431% 15 Oct 2049		257,239
Cleveland Elec Illum Co	5.7% 01 Apr 2017		440,366
Clorox Company	5.95% 15 Oct 2017		550,727
CNH 2010 A	2.49% 15 Jan 2016		926,619
CNH 2010 B	1.74% 17 Jan 2017		1,029,040
CNH Equipment Trust	0.94% 15 May 2017		377,469
Cobalt CMBS	1.0% 15 Apr 2047		1,920,860
Coca Cola Co	3.3% 01 Sep 2021		1,504,255
Comcast Corp	4.95% 15 Jun 2016		181,281
Comcast Corp	6.5% 15 Jan 2017		205,712
Comcast Corp	6.3% 15 Nov 2017		561,975
Comcast Corp	5.15% 01 Mar 2020		577,621
Comm Mortgage Trust	3.147% 15 Aug 2045		251,994
Cons Edison Co	5.3% 01 Dec 2016		897,772
Constellation Energy	5.15% 01 Dec 2020		96,932
Consumers Energy Co	6.125% 15 Mar 2019		335,282
Countrywide Asset Backed	1.0% 25 Feb 2035		204,102
Countrywide Finl Corp	6.25% 15 May 2016		78,103
Coventry Health Care Inc	6.125% 15 Jan 2015		31,944
Coventry Health Care Inc	5.95% 15 Mar 2017		96,306
Coventry Health Care Inc	6.3% 15 Aug 2014		273,739
Cox Communications	5.45% 15 Dec 2014		331,644
Credit Based Asset Servicing	1.0% 25 Jan 2033		143,331
Credit Suisse Mortgage	1.0% 15 Jun 2038		641,732
Credit Suisse Mortgage	5.467 15 Sep 2039		840,986
Credit Suisse Mortgage Capital	5.467% 15 Sep 2039		1,504,923
CS First Boston Mortgage	1.0% 15 Jan 2037		304,720
CS First Boston Mortgage	1.0% 15 Feb 2038		314,953

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CVS Caremark Corp	2.75% 01 Dec 2022	679,917
DelHaize Group	4.125% 10 Apr 2019	724,393
Delta Airlines	7.75% 17 Jun 2021	650,494
Diageo Capital Plc	7.375% 15 Jan 2014	323,153
Directv Holdings	4.75% 01 Oct 2014	150,898
Directv Holdings	3.8% 15 Mar 2022	241,326
Directv Holdings	4.6% 15 Feb 2021	263,780



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Discover Bank	7.0% 15 Apr 2020		484,098
Discover Card Master Trust	1.0% 15 Sep 2015		150,263
Discover Card Master Trust	0.86% 15 Nov 2017		265,848
Discover Card Master Trust	0.81% 15 Aug 2017		304,427
DNB Bank ASA	3.2% 03 Apr 2017		513,851
Dominion Resources	1.95% 15 Aug 2016		941,551
Dow Chemical Co	8.55% 15 May 2019		314,495
Dow Chemical Co	4.125% 15 Nov 2021		341,688
Dow Chemical Co	2.5% 15 Feb 2016		460,697
Dow Chemical Co	4.125% 15 Nov 2021		469,821
DryRock Issuane Trust	0.64% 15 Aug 2018		574,714
Duke Energy Carolinas	5.1% 15 Apr 2018		582,522
Duke Realty LP	8.25% 15 Aug 2019		186,932
Embarq Corp	7.995% 01 Jun 2036		683,605
Encana Corp	3.9% 15 Nov 2021		576,954
ENEL Finance Intl	6.25% 15 Sep 2017		1,376,087
Energy Transfer Partners	6.7% 01 Jul 2018		577,799
Energy Transfer Partners	6.0% 01 Jul 2013		673,496
Enesco Plc	3.25% 15 Mar 2016		909,512
Enterprise Products	5.2% 01 Sep 2020		296,662
Enterprise Products	6.5% 31 Jan 2019		531,336
Enterprise Products	1.25% 13 Aug 2015		965,946
EQT Corp	8.125% 01 Jun 2019		168,906
ERAC USA Finance	2.25% 10 Jan 2014		1,673,822
ERAC USA Finance	2.25% 10 Jan 2014		940,294
Ericsson LM	4.125% 15 May 2022		506,485
ERP Operating LP	5.25% 15 Sep 2014		434,507
Exelon Generation Co	4.0% 01 Oct 2020		906,771
Express Scripts	6.25% 15 Jun 2014		99,712
Express Scripts	3.125% 15 May 2016		945,380
Federal Realty Invs Trust	5.4% 01 Dec 2013		654,458
Federal Rlty Invt Tr	5.65% 01 Jun 2016		307,011
FHLMC Multifamily Structured	1.655% 25 Nov 2016		929,141
FHLMC Multifamily Structured	2.086% 25 Mar 2019		946,712
FHLMC Multifamily Structured	2.746% 25 Dec 2019		951,362
FHLMC Multifamily Structured	2.412% 25 Aug 2018		1,237,374
FHLMC Multifamily Structured	3.154% 25 Feb 2018		1,481,984
FHLMC Multifamily Structured	2.130% 25 Jan 2019		2,666,062
FHLMC Multifamily Structured	1.883% 25 May 2019		3,295,630
FHLMC Multifamily Structured	3.23% 25 Jul 2021		3,973,635
Fifth Third Bancorp	3.5% 15 Mar 2022		193,069
FirstEnergy Solutions	6.050% 15 Aug 2021		507,565

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For Motor Credit Co	5.0% 15 May 2018	828,125
Ford Credit Auto	1.0% 15 Jan 2016	977,956
Ford Credit Auto	4.2% 15 Feb 2017	1,360,403
Ford Credit Auto Lease Trust	0.74% 15 Sep 2013	92,969
Ford Credit Auto Lease Trust	0.68% 15 Jan 2014	164,646
Ford Credit Auto Lease Trust	1.0% 15 Sep 2017	319,993
Ford Credit Auto Lease Trust	0.54% 15 Nov 2014	531,561

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Ford Motor Credit Co	8.125% 15 Jan 2020		986,647
Ford Motor Credit Co	5.875% 02 Aug 2021		1,021,537
Gazprom	6.212% 22 Nov 2016		334,039
GCCGC Commerical Mortgage	5.444% 10 Mar 2039		1,010,294
GDF Suez	1.625% 10 Oct 2017		173,450
GE Capital	1.76% 15 Sep 2022		460,000
GE Capital	1.36% 17 Aug 2020		536,539
GE Equipment Midticket LLC	1.0% 24 Aug 2015		199,319
General Electric Cap Corp	4.65% 17 Oct 2021		216,866
General Electric Cap Corp	4.375% 16 Sep 2020		484,061
General Electric Cap Corp	2.3% 27 Apr 2017		692,273
General Electric Cap Corp	4.65% 17 Oct 2021		995,360
General Electric Cap Corp	5.5% 08 Jan 2020		1,124,885
General Electric Cap Corp	5.625% 01 May 2018		1,244,263
General Electric Cap Corp	1.76% 15 Sep 2022		1,414,255
General Mills Inc	5.25% 15 Aug 2013		170,521
Glaxosmithkline	1.5% 08 May 2017		909,734
Goldman Sachs	6.15% 01 Apr 2018		847,309
Goldman Sachs Group	6.75% 01 Oct 2037		220,924
Goldman Sachs Group	6.0% 15 Jun 2020		359,016
Goldman Sachs Group	5.75% 24 Jan 2022		374,487
Goldman Sachs Group	7.5% 15 Feb 2019		490,554
Goldman Sachs Group	6.25% 01 Sep 2017		1,034,764
Goldman Sachs Group Inc	5.75% 24 Jan 2022		535,804
Goldman Sachs Group Inc	5.25% 27 Jul 2021		822,215
Greenwich Capital Commercial	5.444% 10 Mar 2039		1,268,480
GS Mortgage Securities Corp	1.0% 06 Mar 2020		156,430
GS Mortgage Securities Corp	1.0% 10 Aug 2038		375,919
GS Mortgage Securities Corp	2.773% 10 Nov 2045		688,749
GS Mortgage Securities Corp	4.751% 10 Jul 2039		788,422
Guardian Life Insurance	7.375% 30 Sep 2039		195,151
Hanover Ins Group	7.625% 15 Oct 2025		163,250
Harley Davidson Motorcycle	0.68% 15 Apr 2017		366,637
Hartford Finl Svcs	4.0% 30 Mar 2015		82,394
Hartford Finl Svcs	5.125% 15 Apr 2022		224,925
Hartford Finl Svcs	5.5% 30 Mar 2020		270,654
HCP Inc	5.375% 01 Feb 2021		569,385
Health Care Inc	2.25% 15 Mar 2018		594,048
Healthcare Realty Trust	5.125% 01 Apr 2014		180,521
Healthcare Realty Trust	5.25% 15 Jan 2022		553,524
Healthcare Reit	2.25% 15 Mar 2018		370,063
Healthcare Rlty Tr	5.125% 01 Apr 2014		331,465

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Hess Corp	7.0% 15 Feb 2014	203,241
Hewlett Packard Co	4.65% 09 Dec 2021	214,283
Hewlett Packard Co	4.3% 01 Jun 2021	255,835
Hewlett Packard Co	1.0% 30 May 2014	878,875
Hewlett Packard Co	1.0% 24 May 2013	1,749,328
Honda Auto Receivables	0.7% 16 Feb 2016	499,791
Honda Auto Receivables	0.56% 15 May 2016	863,558

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
HSBC	5.1% 05 Apr 2021		264,723
HSBC	4.0% 30 Mar 2022		549,574
HSBC	2.375% 13 Feb 2015		902,314
HSBC Holdings	4.0% 30 Mar 2022		725,651
Humana Inc	7.2% 15 Jun 2018		522,822
Huntington Auto Trust	1.01% 15 Jan 2016		297,911
Huntington Auto Trust	1.18% 15 Jun 2017		1,137,758
Hutch Whampoa	2.0% 08 Nov 2017		706,109
Hyundai Auto Receivables	1.65% 15 Feb 2017		730,662
Hyundai Capital Services	4.375% 27 Jul 2016		524,088
ING Bank NV	2.0% 25 Sep 2015		500,760
Intel Corp	1.35% 15 Dec 2017		969,517
INTL BK Recon & Develop	9.25% 15 Jul 2017		165,579
Intl Paper Co	7.95% 15 Jun 2018		264,617
Intl Paper Co	4.75% 15 Feb 2022		330,862
JPMorgan Chase Coml Mtg	4.302% 15 Jan 2038		22,772
JPMorgan Chase Coml Mtg	1.0% 12 Dec 2044		113,428
JPMorgan Chase Coml Mtg	5.198% 15 Dec 2044		210,194
JPMorgan Chase Comm Mtg	2.749% 15 Nov 2043		406,437
JPMorgan Chase Comm Mtg	2.84% 15 Dec 2047		894,162
JPMorgan Chase & Co	4.35% 15 Aug 2021		168,936
JPMorgan Chase & Co	4.5% 24 Jan 2022		242,568
JPMorgan Chase & Co	4.4% 22 Jul 2020		313,572
JPMorgan Chase & Co	4.75% 01 May 2013		351,002
JPMorgan Chase & Co	6.0% 15 Jan 2018		466,745
JPMorgan Chase & Co	3.45% 01 Mar 2016		517,555
JPMorgan Chase & Co	4.5% 24 Jan 2022		964,760
JPMorgan Chase & Co	6.0% 15 Jan 2018		1,038,508
JPMorgan Chase & Co	3.7% 20 Jan 2015		1,334,077
JPMorgan Chase & Co	5.125% 15 Sep 2014		1,352,769
JPMorgan Chase Bank	6.0% 01 Oct 2017		461,542
JPMorgan Chase Commercial Mortgage	5.42% 15 Jan 2049		1,533,141
JPMorgan Chase Commercial Mortgage	1.0% 12 Dec 2044		257,426
JPMorgan Chase Commercial Mortgage	5.552% 12 May 2045		587,814
JPMorgan Chase Commercial Mortgage	1.0% 12 Jun 2043		772,979
Kazmunaygas National	7.0% 05 May 2020		248,760
Kinder Morgan Energy	4.15% 01 Mar 2022		206,983
Kinder Morgan Energy	3.95% 01 Sep 2022		390,815
Kinder Morgan Energy	6.85% 15 Feb 2020		761,374
Kohls Corporation	3.25% 01 Feb 2023		196,844
Korea Finance Corp	2.25% 07 Aug 2017		888,090
Korea National Oil Corp	3.125% 3 Apr 2017		506,152

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Kroger Co	3.4% 15 Apr 2022	364,885
Lab Corp	2.2% 23 Aug 2017	54,024
LB UBS Commercial Mortgage	1.0% 15 Jun 2029	191,598
LB UBS Commercial Mortgage	5.3% 15 Nov 2038	340,497
LB UBS Commercial Mortgage	1.0% 15 Jun 2038	793,443
Liberty PPTY Ltd	6.625% 01 Oct 2017	46,527
Liberty PPTY Ltd	5.5% 15 Dec 2016	77,486

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Lincoln National Corp	4.3% 15 Jun 2015		146,788
Lincoln National Corp	8.75% 01 Jul 2019		132,949
LSI Open Position	0.01% 31 Dec 2060		13,863
MacQuarie Bank	5.0% 22 Feb 2017		99,138
MacQuarie Group Ltd	4.875% 10 Aug 2017		202,054
Macys Retail Holdings	3.875% 15 Jan 2022		503,852
Manufacturers & Traders Tr	1.0% 28 Dec 2020		247,119
Marathon Petroleum Corp	3.5% 01 Mar 2016		62,253
Marathon Petroleum Corp	5.125% 01 Mar 2021		359,021
Marriott International	3.0% 01 Mar 2019		444,389
McKesson Corp	0.95% 04 Dec 2015		200,089
McKesson Corp	6.5% 15 Feb 2014		248,981
McKesson Corp	3.25% 01 Mar 2016		1,081,319
Merill Lynch Mortgage	1.0% 25 Aug 2036		62,039
Merill Lynch Mortgage	4.96 12 Jul 2038		366,337
Merill Lynch/Countrywide Mortgage	1.0% 12 Jun 2046		426,652
Merill Lynch/Countrywide Mortgage	5.7% 12 Sep 2049		845,825
Merill Lynch/Countrywide Mortgage	1.0% 12 Jul 2046		860,234
Merrill Lynch & Co	6.875% 25 Apr 2018		176,238
Merrill Lynch & Co	6.05% 16 May 2016		434,554
Merrill Lynch & Co	6.4% 28 Aug 2017		1,251,290
Merrill Lynch & Co	6.875% 25 Apr 2018		1,409,904
Merrill Lynch/Countrywide Comm	1.0% 12 Mar 2051		1,265,186
Merrill Lynch/Countrywide Comm	1.0% 12 Feb 2039		1,922,498
Methanex Corp	3.25% 15 Dec 2019		235,281
Metlife Inc	7.171% 15 Feb 2019		150,781
Metlife Inc	6.75% 01 Jun 2016		352,076
Metlife Inc	6.817% 15 Aug 2018		454,309
Microsoft Corp	0.875% 15 Nov 2017		193,908
Mid State Trust	8.33% 01 Apr 2030		254,291
Mondelez International	6.5% 11 Aug 2017		297,611
Mondelez International	6.125% 01 Feb 2018		1,013,988
Morgan Stanley	6.25% 28 Aug 2017		111,556
Morgan Stanley	5.55% 27 Apr 2017		221,514
Morgan Stanley	5.5% 28 Jul 2021		345,264
Morgan Stanley	5.625% 23 Sep 2019		352,746
Morgan Stanley	5.5% 24 Jul 2020		548,257
Morgan Stanley	1.0% 29 Apr 2013		683,817
Morgan Stanley	3.45% 02 Nov 2015		685,475
Morgan Stanley	5.95% 28 Dec 2017		767,086
Morgan Stanley	1.0% 15 Oct 2015		1,322,192
Morgan Stanley	6.625% 01 Apr 2018		1,464,621

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Morgan Stanley	6.625% 01 Apr 2018	1,493,339
Morgan Stanley	5.5% 28 Jul 2021	531,175
Morgan Stanley Capital I	1.0% 12 Aug 2041	169,858
Morgan Stanley Capital I	1.0% 11 Jun 2042	611,718
Morgan Stanley Capital I	4.989% 13 Aug 2042	1,118,088
Morgan Stanley Capital I	4.89% 12 Jun 2047	1,326,674
Morgan Stanley Capital I	5.325% 15 Dec 2043	193,944



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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Motel 6 Trust	1.948% 05 Oct 2025		500,796
Murphy Oil Corp	2.5% 01 Dec 2017		465,824
Nabors Industries	9.25% 15 Jan 2019		940,650
Nabors Industries Inc	9.25% 15 Jan 2019		385,280
National Grid Plc	6.3% 01 Aug 2016		565,448
NBC Universal Media	5.15% 30 Apr 2020		467,948
NBC Universal Media	4.375% 01 Apr 2021		547,444
NCUA Guaranteed Notes	2.9% 29 Oct 2020		737,666
NCUA Guaranteed Notes	1.0% 07 Oct 2020		927,578
NCUA Guaranteed Notes	1.0% 08 Dec 2020		3,044,881
Nevada PWR Co	6.5% 01 Aug 2018		306,155
News America Inc	9.25% 01 Feb 2013		230,461
News America Inc	4.5% 15 Feb 2021		428,700
Nextera Energy	1.611% 01 Jun 2014		527,068
Niagara Mohawk Power	3.553% 01 Oct 2014		382,237
NiSource Finance Corp	5.25% 15 Sep 2017		390,194
NiSource Finance Corp	6.8% 15 Jan 2019		442,526
Nissan Auto Lease Trust	0.45% 15 Jun 2015		249,501
Nissan Auto Lease Trust	0.68% 15 Jul 2014		400,886
Noble Energy	8.25% 01 Mar 2019		443,268
Noble Holding Intl	4.9% 01 Aug 2020		40,561
Nordea Bank AB	1.0% 14 Jan 2014		785,381
Nordea Bank AB	4.875% 14 Jan 2021		1,356,870
Norfolk Southern Corp	5.75% 01 Apr 2018		226,982
Occidental Petroleum	1.75% 15 Feb 2017		964,481
Omnicom Group	3.625% 01 May 2022		169,561
Oneok Inc	4.25% 01 Feb 2022		513,638
Oracle	1.2% 15 Oct 2017		1,456,569
Orange & Rockland Utility	2.5% 15 Aug 2015		1,705,712
Orix Corp	4.71% 27 Apr 2015		306,729
Owens Corning Inc	6.5% 01 Dec 2016		228,897
Penarth Master	1.0% 18 Dec 2014		542,057
Pernod Richard SA	4.25% 15 Jul 2022		487,361
Petrobras Intl	5.75% 20 Jan 2020		399,428
Petronas Capital Ltd	5.25% 12 Aug 2019		456,943
Phillips 66	4.3% 01 Apr 2022		539,112
Phillips 66	4.3% 01 Apr 2022		1,198,027
PNC Bank	6.875% 01 Apr 2018		517,423
PNC Financial Services	1.0% 09 Nov 2022		245,086
Precision Castparts Corp	1.25% 15 Jan 2018		698,040
Prudential Financial	4.5% 16 Nov 2021		986,541
Prudential Financial	5.375% 21 Jun 2020		1,361,605

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Prudential Financial	4.5% 15 Nov 2020	309,071
Questar Corp	2.75% 01 Feb 2016	562,495
Rabobank	3.95% 09 Nov 2022	543,962
Rabobank	4.5% 11 Jan 2021	1,095,512
Rabobank	3.95% 09 Nov 2022	253,516
Raytheon Co	3.125% 15 Oct 2020	990,289
Regency Centers LP	5.25% 01 Aug 2015	64,833

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Regency Centers LP	5.875% 15 Jun 2017		163,448
Renaissance Home Equity	1.0% 25 Nov 2034		206,461
Republic Services Inc	3.8% 15 May 2018		13,930
Republic Services Inc	5.0% 01 Mar 2020		402,391
Residential Asset Securities	1.0% 25 May 2033		8,354
Reynolds American Inc	3.25% 01 Nov 2022		227,140
Rio Tinto	1.625% 21 Aug 2017		320,723
Rio Tinto	3.5% 02 Nov 2020		490,754
Rowan Companies Inc	5.0% 01 Sep 2017		384,380
Royal Bank Scotland	2.55% 18 Sep 2015		558,593
Royal BK Scotland Plc	5.0% 01 Oct 2014		360,534
Royal BK Scotland Plc	6.125% 11 Jan 2021		459,254
Santander	3.724% 20 Jan 2015		1,444,166
Santander Drive Auto Receivable	0.47% 15 Sep 2015		219,318
Santander Holdings	4.625% 19 Apr 2016		132,471
Santander Holdings	0.62% 15 Jul 2016		404,540
Saxon Assets	1.0% 25 Aug 2032		219
SCSLC 2010	1.0% 25 Jul 2025		2,207,313
Sempra Energy	6.5% 01 Jun 2016		337,084
Shell International	1.125% 21 Aug 2017		489,622
SLH Open Position	0.01% 31 Dec 2060		3,960
SLM Corp	5.0% 01 Oct 2013		99,782
SLM Corp	5.375% 15 Jan 2013		146,200
SLM Corp	7.25% 25 Jan 2022		322,372
SLM Corp	8.45% 15 Jun 2018		456,146
SLM Student Trust	1.0% 25 Sep 2019		1,306,876
Smart Trust	1.22% 14 Nov 2013		80,921
Smart Trust	0.67% 14 Jun 2015		331,406
Smart Trust	1.25% 14 Aug 2018		1,064,997
Snap On Inc	4.25% 15 Jan 2018		349,049
Societe Generale	2.5% 15 Jan 2014		236,293
Southern CA Edison	5.5% 15 Aug 2018		476,716
Southern Cal Edison	5.75% 15 Mar 2014		703,512
Southern Co	1.95% 01 Sep 2016		944,188
Southwest Airlines Co	5.75% 15 Dec 2016		165,341
Southwest Airlines Co	5.25% 01 Oct 2014		191,906
Southwestern Elec Power	5.875% 01 Mar 2018		879,416
Spectra Energy Capital	8.0% 01 Oct 2019		450,529
Spectra Energy Capital	5.668% 15 Aug 2014		705,908
Spectra Energy Partners	2.95% 15 Jun 2016		446,440
SPI Electricity	6.15% 15 Nov 2013		251,946
Staples Inc	9.75% 15 Jan 2014		291,406

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Stryker Corp	2.0% 30 Sep 2016	954,011
Talent Yield Investments	4.5% 25 Apr 2022	524,655
Teck Resources	3.75% 01 Feb 2023	684,794
Teck Resources	4.5% 15 Jan 2021	699,917
Telecom Italia	7.175% 18 Jun 2019	277,121
Telecom Italia	6.999% 04 Jun 2018	1,236,594
Telefonica Emisiones	5.462% 16 Feb 2021	171,475

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Telefonica Emisiones	5.462% 16 Feb 2021		1,486,117
Thomson Reuters Corp	5.95% 15 Jul 2013		686,427
Time Warner Cable Inc	5.0% 01 Feb 2020		357,476
Time Warner Inc	7.5% 01 Apr 2014		359,077
Time Warner Inc	4.7% 15 Jan 2021		471,586
Time Warner Inc	3.4% 15 Jun 2022		472,746
Time Warner Inc	4.7% 15 Jan 2021		549,259
Time Warner Inc	4.875% 15 Mar 2020		592,003
Total Capital SA	4.45% 24 Jun 2020		976,579
Total Capital SA	3.0% 24 Jun 2015		1,441,294
Toyota Motor Credit Corp	2.0% 15 Sep 2016		949,857
Trans Canada Pipelines	3.4% 01 Jun 2105		300,161
TransOcean Inc	2.5% 15 Oct 2017		354,573
Travelers Cos	5.75% 15 Dec 2017		437,976
Tyson Foods	4.5% 15 Jun 2022		538,099
UBS AG	2.25% 28 Jan 2014		395,498
UBS AG	5.875% 20 Dec 2017		580,055
UBS AG	1.0% 28 Jan 2014		588,387
UBS AG	5.875% 15 Jul 2016		581,803
UFJ Finance Aruba	6.75% 15 Jul 2013		155,845
Unicredito Luxem Fin	6.0% 31 Oct 2017		228,798
Union Bank NA	1.0% 06 Jun 2014		688,004
Unum Group	5.625% 15 Sep 2020		423,183
US Bancorp	2.95% 15 Jul 2022		595,706
US Bancorp	2.2% 15 Nov 2016		964,741
US Cellular Corp	6.7% 15 Dec 2033		204,533
Valero Energy	6.125% 01 Feb 2020		311,704
Verizon Communications	2.45% 01 Nov 2022		970,121
Vesey Street	1.0% 09 Jan 2016		1,893,130
Vesey Street Investment	1.0% 01 Sep 2016		176,692
Viacom Inc	5.625% 15 Sep 2019		75,728
Wachovia Bank	4.8% 01 Nov 2014		281,419
Wachovia Corp	5.5% 01 May 2013		331,943
Wachovia Corp	5.5% 01 May 2013		1,783,574
Walgreen Co	1.0% 13 Mar 2015		785,270
Waste Mgmt Inc	7.375% 15 May 2029		64,337
Waste Mgmt Inc	4.75% 30 Jun 2020		467,546
Weatherford Bermuda	6.0% 15 Mar 2018		24,500
Weatherford Bermuda	5.125% 15 Sep 2020		510,187
Well Fargo & Company	1.0% 15 Jun 216		495,248
Well Fargo & Company	1.5% 16 Jan 2018		619,931

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Wellpoint Inc	3.3% 15 Jan 2023	181,003
Wellpoint Inc	1.25% 10 Sep 2015	628,722
Wellpoint Inc	6.0% 15 Feb 2014	737,564
Wells Fargo & Company	5.625% 11 Dec 2017	441,747
Wells Fargo & Company	2.1% 08 May 2017	932,108
Wells Fargo Commercial Mtg	2.918% 15 Oct 2045	1,429,542
Western Union Co	2.375% 10 Dec 2015	78,335
Westpac Banking	1.125% 25 Sep 2015	683,671

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
WF RBS Commercial Mortgage	1.0% 15 Nov 2044		1,281,522
Williams Companies	3.7% 15 Jan 2023		323,442
Williams Partners LP	4.0% 15 Nov 2021		354,452
Williams Partners LP	3.35% 15 Aug 2022		540,115
Willis North America Inc	7.0% 29 Sep 2019		91,889
Willis North America Inc	7.0% 29 Sep 2019		212,494
Willis North America Inc	6.2% 28 Mar 2017		349,536
World Financial Network	1.76% 17 May 2021		320,267
World Financial Network	3.14% 17 Jan 2023		1,519,465
World Omni Auto	0.93% 16 Nov 2015		284,425
WPP Finance	4.75% 21 Nov 2021		204,798
Xerox Corp	5.625% 15 Dec 2019		457,363
Xerox Corporation	8.25% 15 May 2014		78,674
XL Group Plc	5.25% 15 Sep 2014		347,685
			293,972,163

**Benefit Responsive Interest Rate Wrapper Contracts**

* Transamerica	Open Ended Maturity	(495,139)
* Bank of America NT & SA	Open Ended Maturity	(495,998)
		(991,137)

Synthetic Guaranteed Investment Contracts (contract value equals \$708,605,720) \$ 777,297,369

**Commingled Investments:**

* SSgA Daily EAFE Fund	Commingled Investments	90,078,737
* SSgA S & P 500 Flagship Fund	Commingled Investments	197,250,098
* SSgA US Small CAP Index Futures FD CMT4	Commingled Investments	94,187,164
Commingled Investments		\$ 381,515,999

**Registered Investment Companies:**

Aberdeen Asia Pacific Income Fund	Registered Investment Company	54,714
Acadian Emerging Markets Port Instl	Registered Investment Company	5,352
Aegis Value Fund Inc	Registered Investment Company	4,924
Aim European Growth Investors	Registered Investment Company	921

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Amana Mutual Fund Trust Income	Registered Investment Company	17,721
Amer Century Target Maturities	Registered Investment Company	43,168
American Capital Income Builder	Registered Investment Company	24,503
American Capital World Growth & Income	Registered Investment Company	9,527
American Capital World Growth & Income	Registered Investment Company	9,835
American Century Balanced Investor	Registered Investment Company	2,633
American Century Equity Income	Registered Investment Company	20,244
American Century Heritage	Registered Investment Company	2,106
American Europacific Growth	Registered Investment Company	8,853
American Europacific Growth	Registered Investment Company	23,038



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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
American Fundamental Investors	Registered Investment Company		10,012
American High-Income	Registered Investment Company		13,141
American Income Fund of America	Registered Investment Company		14,166
American Income Fund of America	Registered Investment Company		7,609
American Mutual Fund	Registered Investment Company		7,805
American New Economy Fund	Registered Investment Company		7,977
American New Perspective	Registered Investment Company		29,024
American New World Fund	Registered Investment Company		9,479
American Smallcap World Class F1	Registered Investment Company		8,255
Ariel Appreciation	Registered Investment Company		20,186
Ariel Growth	Registered Investment Company		11,248
Artio International Equity Fund	Registered Investment Company		12,227
Artisan International Investor Class	Registered Investment Company		11,500
Artisan Intl Value Fund	Registered Investment Company		13,776
Barclays Bank Plc Ipath	Registered Investment Company		1,081
Barclays Bk Plc Ipath Etns	Registered Investment Company		9,493
Barclays Bk Plc Ipath Index	Registered Investment Company		10,999
Barclays Global Investors Funds Inc	Registered Investment Company		282
Baron Asset	Registered Investment Company		3,111
Baron Partners Fund	Registered Investment Company		19,384
Berkshire Focus Fund	Registered Investment Company		3,113
Berwyn Income Fund	Registered Investment Company		100,712
Blackrock Energy & Resources A	Registered Investment Company		33,372
Blackrock Equity Dividend Fund	Registered Investment Company		26,607
Blackrock Global Allocation Fund	Registered Investment Company		19,697
Blackrock Latin America Fund	Registered Investment Company		8,910
Brandywine Blue	Registered Investment Company		8,641
Bridgeway Aggressive Investor	Registered Investment Company		138,336
Bridgeway Small Cap Growth	Registered Investment Company		16,220
Brown Capital Mgt Small Company	Registered Investment Company		5,597
Buffalo Mid Cap Fund	Registered Investment Company		6,599
Buffalo Small Cap Growth	Registered Investment Company		21,824
Calamos Growth	Registered Investment Company		58,493
Calamos Growth Fund	Registered Investment Company		92,098
Clipper	Registered Investment Company		9,342
Columbia Acorn International	Registered Investment Company		8,731
Columbia Dividend Income Fund	Registered Investment Company		9,686
Columbia Marsico Intl	Registered Investment Company		4,573
Columbia Real Estate Equity	Registered Investment Company		61,377
Columbia Small Cap Core	Registered Investment Company		2,877
Columbia Strategic Income Fund	Registered Investment Company		7,170
Columbia Value And Restructuring	Registered Investment Company		37,931

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Credit Suisse Ag Nassau Brh Exchange Traded Nts	Registered Investment Company	915
Credit Suisse Nassau Brh Elements	Registered Investment Company	
CRM Mid Cap Value Investor	Registered Investment Company	15,124
Deutsche Bank Ag London Powershares Db Gold	Registered Investment Company	8,046
Direxion Latin America	Registered Investment Company	1
Direxion Shs ETF Tr Daily Finl Bear	Registered Investment Company	18,132
Direxion Shs ETF Tr Daily Gold Miners	Registered Investment Company	6,725

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Direxion Shs ETF Tr Daily Small Cap Bear 3	Registered Investment Company		6,750
Dodge & Cox Global Stock Fund	Registered Investment Company		5,569
Dodge & Cox Income	Registered Investment Company		97,854
Dodge & Cox International Stock Fund	Registered Investment Company		88,841
Dodge & Cox Stock	Registered Investment Company		127,149
Dreyfus Bond Market Index	Registered Investment Company		43,174
Dreyfus Opportunistic Midcap Value	Registered Investment Company		12,305
Dreyfus Premier Greater China	Registered Investment Company		875
Driehaus International Discovery	Registered Investment Company		11,301
DWS Rreef Real Estate Security	Registered Investment Company		3,417
DWS S&P 500 Index	Registered Investment Company		6,231
Dws Select Alternative Allocation Fund	Registered Investment Company		6,854
Eagle Small Cap Growth Fund	Registered Investment Company		6,816
Eaton Vance Ltd Duration Income Fund	Registered Investment Company		8,330
Eaton Vance Worldwide Health Sciences	Registered Investment Company		2,262
Fairholme Fund	Registered Investment Company		13,675
Fam Value	Registered Investment Company		67,351
Federated Strategic Value Dividend	Registered Investment Company		16,457
Fidelity Advisor Mid Cap	Registered Investment Company		2,857
Fidelity Advisor New Insights	Registered Investment Company		29,740
Fidelity Canada	Registered Investment Company		10,770
Fidelity Capital & Income	Registered Investment Company		44,886
Fidelity Capital Appreciation	Registered Investment Company		18,278
Fidelity Contrafund	Registered Investment Company		171,996
Fidelity Convertible Securities	Registered Investment Company		11,551
Fidelity Diversified International	Registered Investment Company		62,017
Fidelity Dividend Growth	Registered Investment Company		25,224
Fidelity Emerging Markets	Registered Investment Company		36,208
Fidelity Freedom 2025	Registered Investment Company		7,044
Fidelity High Income	Registered Investment Company		54,772
Fidelity International Discovery	Registered Investment Company		66,542
Fidelity International Real Estate Fund	Registered Investment Company		15,259
Fidelity Large Capital Stock	Registered Investment Company		3,284
Fidelity Latin America	Registered Investment Company		41,572
Fidelity Leveraged Company Stock	Registered Investment Company		3,387
Fidelity Low Priced Stock	Registered Investment Company		34,259
Fidelity New Markets Income	Registered Investment Company		64,649
Fidelity Select Biotechnology	Registered Investment Company		15,558
Fidelity Select Chemicals	Registered Investment Company		9,716
Fidelity Select Energy Service	Registered Investment Company		7,533
Fidelity Select Materials Portfolio	Registered Investment Company		2,899
Fidelity Select Natural Resources	Registered Investment Company		25,404

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Fidelity Select Technology	Registered Investment Company	2,896
Fidelity Small Cap Discovery Fund	Registered Investment Company	22,522
Fidelity Small Cap Stock	Registered Investment Company	4,913
Fidelity Strategic Income	Registered Investment Company	24,956
Fidelity Strategic Real Return	Registered Investment Company	6,750
Fidelity US Bond Index	Registered Investment Company	9,054
Fidelity Value	Registered Investment Company	1,964

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
First Eagle Global	Registered Investment Company		139,344
Forward Global Emerg Markets Instl	Registered Investment Company		749
Forward International Equity Fund	Registered Investment Company		45,063
Franklin Global Real Estate	Registered Investment Company		7,225
Franklin Growth	Registered Investment Company		7,069
Franklin Strategic Inc	Registered Investment Company		9,785
Franklin Strategic Income	Registered Investment Company		16,704
Franklin Temp Mutual Series	Registered Investment Company		18,236
Franklin Utilities Advisor Class	Registered Investment Company		7,872
Fund*X Upgrader Fund	Registered Investment Company		20,844
Fundamental Investors	Registered Investment Company		33,325
Gabelli Equity Income Fund	Registered Investment Company		15,569
Gabelli Utilities Fund	Registered Investment Company		9,992
Gamco Growth Fund	Registered Investment Company		11,207
Global Resources Fund	Registered Investment Company		7,787
Global X Funds Global X Lithium ETF	Registered Investment Company		4,308
Global X Funds Global X Uranium ETF	Registered Investment Company		2,604
Goldman Sachs Asset Alloc Growth	Registered Investment Company		14,925
Goldman Sachs Mid Cap Val Fund	Registered Investment Company		3,667
Greenspring Fund	Registered Investment Company		19,689
Growth Fund of America	Registered Investment Company		18,076
Guggenheim Bric ETF	Registered Investment Company		10,806
Hancock Horizon Burkenroad	Registered Investment Company		117,664
Hancock John PFund Equity Income Fund	Registered Investment Company		4,382
Harbor Bond Inst.	Registered Investment Company		158,876
Harbor International	Registered Investment Company		97,456
Harbor International Investor Shares	Registered Investment Company		70,282
Heartland Value	Registered Investment Company		18,400
Hennessy Equity and Income	Registered Investment Company		13,117
Hennessy Focus Fund Investor Class	Registered Investment Company		2,643
Hussman Strategic Growth	Registered Investment Company		12,943
Hussman Strategic Total Return	Registered Investment Company		27,131
Icon Energy	Registered Investment Company		8,517
Icon Healthcare	Registered Investment Company		14,595
Icon Information Technology	Registered Investment Company		2,466
Icon Materials	Registered Investment Company		4,660
Invesco Intl Growth Fund	Registered Investment Company		5,900
Invesco Small Companies	Registered Investment Company		16,913
Invesco Van Kampen Equity and Income	Registered Investment Company		18,891
Ishares Barclays U S Aggregate Bd Fund	Registered Investment Company		23,333
Ishares Comex Gold Trust	Registered Investment Company		18,395
Ishares Iboxx \$ Investop Corp Bond Fund	Registered Investment Company		42,927

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Ishares Inc Msci Bric Index Fund	Registered Investment Company	6,004
Ishares Inc Msci Brazil Free Index Fund	Registered Investment Company	24,110
Ishares Inc Msci Singapore Index Fund	Registered Investment Company	39,674
Ishares Russell 1000 Growth	Registered Investment Company	2,764,247
Ishares S&P North American Natl Res Fund	Registered Investment Company	7,632
Ishares Silver Tr Ishares	Registered Investment Company	49,635
Ishares Tr Cohen & Steers Realty Majors Index Fund	Registered Investment Company	36,975

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Ishares Tr Dow Jones U S Consumer Goods Fund	Registered Investment Company		13,536
Ishares Tr Dow Jones US Technology Fund	Registered Investment Company		14,310
Ishares Tr Ftse Nareit Mtg Plus Capped Index Fund	Registered Investment Company		7,334
Ishares Tr Ftse Xinhua Hk China 25 Index Fund	Registered Investment Company		6,081
Ishares Tr Iboxx \$ High Yield Corp Bd Fund	Registered Investment Company		9,991
Ishares Tr Msci Eafe Index Fund	Registered Investment Company		46,904
Ishares Tr Msci Eafe Value Index Fund	Registered Investment Company		11,496
Ishares Tr Msci Emerging Mkts Index Fund	Registered Investment Company		99,364
Ishares Tr Nasdaq Biotechnology Index Fund	Registered Investment Company		13,789
Ishares Tr Russell 1000 Index Fund	Registered Investment Company		18,334
Ishares Tr Russell 2000 Value Index Fund	Registered Investment Company		11,627
Ishares Tr Russell Midcap Value Index Fund	Registered Investment Company		10,304
Ishares Tr S&P 500 Index Fund	Registered Investment Company		25,715
Ishares Tr S&P Micap 400 Growth Index Fund	Registered Investment Company		11,676
Ishares Tr S&P Midcap 400 Index Fund	Registered Investment Company		24,901
Ishares Tr S&P Midcap 400 Value Index Fund	Registered Investment Company		76,442
Ishares Tr S&P Smallcap 600/ Value Index Fund	Registered Investment Company		8,251
Ishares Tr S&P U S PFund Stk Index Fund	Registered Investment Company		1,981
Ishares Tr U S Treas Inflation Protected Secs Fund	Registered Investment Company		109,022
Ishares Trust High Divid Equity Fund	Registered Investment Company		16,512
Ishares Trust S&P Smallcap 600 Index Fund	Registered Investment Company		37,696
Iva International Fund	Registered Investment Company		9,367
Ivy Asset Strategy	Registered Investment Company		5,246
Ivy Global Natural Resources	Registered Investment Company		7,666
Ivy Mid Cap Growth	Registered Investment Company		7,629
Janus Balanced	Registered Investment Company		48,879
Janus Fund Class T Shares	Registered Investment Company		5,743
Janus Global Life Sciences Fund	Registered Investment Company		7,826
Janus Mercury	Registered Investment Company		12,052
Janus Orion Fund	Registered Investment Company		6,900
Janus Overseas	Registered Investment Company		13,321
Janus Triton Fund	Registered Investment Company		24,639
Janus Triton Fund	Registered Investment Company		54,474
Janus Worldwide Fund	Registered Investment Company		7,637
John Hancock Patriot Prem Divid Fund	Registered Investment Company		11,197
JP Morgan Mid Cap Value Instl	Registered Investment Company		408
JP Morgan Small Cap Equity Fund	Registered Investment Company		31,656
Kinetics Small Cap Opportunities	Registered Investment Company		9,308
Laudus Mondrian Emrg Markets	Registered Investment Company		20,610
Lazard Developing Mrkts Eq	Registered Investment Company		1,832
Liberty All Star Equity Fund	Registered Investment Company		106
Loomis Sayles Bond Retail Shares	Registered Investment Company		50,878

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Loomis Sayles Global Bond Retail	Registered Investment Company	9,162
Loomis Sayles Invst Grade Bond C	Registered Investment Company	8,564
Mairs & Power Growth Fund	Registered Investment Company	23,200
Managers Fremont Micro-Cap Fund	Registered Investment Company	21,898
Managers Intermediate Duration Government	Registered Investment Company	23,656
Manning & Napier Equity Series	Registered Investment Company	56,043
Manning & Napier Overseas Series	Registered Investment Company	3,025



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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Manning & Napier Pro Blend Max Term	Registered Investment Company		992
Market Vectors ETF Tr Agribusiness ETF	Registered Investment Company		18,681
Market Vectors ETF Tr Gold Miners ETF	Registered Investment Company		4,686
Market Vectors ETF Tr India Small-Cap ETF	Registered Investment Company		11,133
Market Vectors ETF Tr Steel ETF	Registered Investment Company		7,468
Market Vectors ETF Tr Uran Nuclear Energy ETF	Registered Investment Company		8,643
Marsico International Opportunities	Registered Investment Company		28,241
Matthews Asia Dividend Fund	Registered Investment Company		12,477
Matthews Asian Growth & Income Fund	Registered Investment Company		19,654
Matthews Dragon Century China	Registered Investment Company		3,071
Matthews India Fund	Registered Investment Company		8,576
Matthews Pacific Tiger	Registered Investment Company		599
Merger Fund	Registered Investment Company		49,084
Meridian Fund	Registered Investment Company		34,071
Meridian Value Fund	Registered Investment Company		7,163
Metropolitan West Total Return Bond	Registered Investment Company		1,181
Neuberger Berman Focus Investor	Registered Investment Company		3,995
Neuberger Berman Real Estate Trust	Registered Investment Company		24,810
Nicholas Fund	Registered Investment Company		24,310
Nuveen Quality PFund Income Fund	Registered Investment Company		146,630
Oakmark Equity & Income Fund	Registered Investment Company		244,182
Oakmark Fund	Registered Investment Company		83,262
Oakmark International	Registered Investment Company		35,798
Oakmark International Small Cap	Registered Investment Company		16,321
Oppenheimer Dev Markets	Registered Investment Company		25,340
Oppenheimer Int'l Growth	Registered Investment Company		8,383
Parnassus Equity Income Portfolio	Registered Investment Company		54,356
Parnassus Fund	Registered Investment Company		4,998
Parnassus Small Cap	Registered Investment Company		1,923
Parnassus Workplace	Registered Investment Company		2,257
Perkins Mid Cap Value	Registered Investment Company		6,530
Permanent Portfolio Family of Funds	Registered Investment Company		313,953
Permanent Versatile Bond Portfolio	Registered Investment Company		5,100
* Pimco All Asset Inst Class	Registered Investment Company		300,542
* Pimco Emerging Markets Bond Fund	Registered Investment Company		19,408
* Pimco Investment Grade Corp Bond	Registered Investment Company		63,039
* Pimco Real Return	Registered Investment Company		53,446
* Pimco Stocksplus Tr Short Strategy	Registered Investment Company		13,481
* Pimco Total Return	Registered Investment Company		13,255
* Pimco Total Return	Registered Investment Company		27,519
Powershares Db Commodity Index Fund	Registered Investment Company		4,778
Powershares Db Multi Sctr Com Tr Power Shares	Registered Investment Company		3,938

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Powershares Exch Traded Fund	Registered Investment Company	8,735
Powershares FTSE Rafi US 1000	Registered Investment Company	42,717
Powershares Inter Dvd Achiev Powershares Funds	Registered Investment Company	24,770
Powershares Qqq Tr Unit Ser 1	Registered Investment Company	100,952
Primecap Odyssey Aggressive Growth Fund	Registered Investment Company	1,799
Proshares Tr Ii Proshares Ultra Silver	Registered Investment Company	132
Proshares Tr Ii Proshares Ultrashort Euro	Registered Investment Company	3,802

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Proshares Tr Proshares Ultra Nasdaq Biotechnology	Registered Investment Company		8,695
Proshares Tr Proshares Ultrashort 20 Yr Treas	Registered Investment Company		3,173
Proshares Tr Ultrapro Midcap400	Registered Investment Company		12,388
Proshares Tr Ultrapro Russell2000	Registered Investment Company		10,148
Proshares Tr Ultrashort Financials New	Registered Investment Company		302
Proshares Tr Ultrashort FTSE Xinhua China	Registered Investment Company		1,758
Proshares Trust Pshs Ulshst S&P 500	Registered Investment Company		33,278
Proshares Trust Ultra Financials	Registered Investment Company		28,884
Proshares Ultra Gas Proshares	Registered Investment Company		4,310
Proshares Ultra Health Care Proshares	Registered Investment Company		16,832
Proshares Ultra QQQProshares	Registered Investment Company		38,367
Proshares Ultra S&P 500 Proshares	Registered Investment Company		30,983
Prudential Jennison Natural Resources	Registered Investment Company		6,019
Putnam High Income Conv & Bd Fund	Registered Investment Company		19,875
Reaves Util Income Fund	Registered Investment Company		165
Rivernorth Core Opportunity Fund	Registered Investment Company		37,015
Royce Low Priced Stock Fund	Registered Investment Company		175,604
Royce Microcap	Registered Investment Company		90,792
Royce Opportunity Fund	Registered Investment Company		8,783
Royce Pa Mutual	Registered Investment Company		170,204
Royce Premier Series	Registered Investment Company		55,964
Royce Special Equity	Registered Investment Company		17,172
Royce Total Return Fund	Registered Investment Company		35,012
RS Global Natural Resources Fund	Registered Investment Company		5,842
Russell Emerging Markets	Registered Investment Company		5,627
Rydex ETF Tr S&P 500 Eql Weighted Index Fund	Registered Investment Company		16,354
Rydex Nasdaq 100 Inv Class	Registered Investment Company		2,557
Schroder Emerging Market Equity Adv	Registered Investment Company		56,671
Schwab 1000 Index Fund	Registered Investment Company		18,134
Schwab Fundamental Emg Mkts Index Instl	Registered Investment Company		9,752
Schwab Strategic Tr US Dividend Equity ETF	Registered Investment Company		39,676
Schwab Strategic Tr US Large Cap Value ETF	Registered Investment Company		91,670
Schwab Strategic Tr US Tips ETF	Registered Investment Company		57,454
Scout International Fund	Registered Investment Company		1,061
Sector Spdr Tr Shs Ben Int Financial	Registered Investment Company		8,195
Sector Spdr Tr Shs Ben Int Technology	Registered Investment Company		7,397
Sector Spdr Tr Shs Ben Int Utilities	Registered Investment Company		23,385
Select Energy	Registered Investment Company		15,196
Select Medical Delivery	Registered Investment Company		52,217
Select Natural Gas	Registered Investment Company		2,197
Select Sector Spdr Tr Health Care	Registered Investment Company		31,303
Selected American Shares	Registered Investment Company		86,294

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Shelton S&P Mid Cap Index	Registered Investment Company	12,203
Skyline Special Equities	Registered Investment Company	8,730
Spartan 500 Index Fund Advantage	Registered Investment Company	111,947
Spartan Total Market Index	Registered Investment Company	34,761
Spdr Dow Jones Indl Average ETF Tr Unit Ser 1	Registered Investment Company	13,058
Spdr Gold Tr Gold Shs	Registered Investment Company	298,441
Spdr Index Shs Funds Dj Wilshire Intl Real Estate	Registered Investment Company	17,102

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<b>Identity of Issue</b>	<b>Description of Investment</b>	<b>Cost <sup>(1)</sup></b>	<b>Current Value</b>
Spdr Index Shs Funds S&P Intl Health Care	Registered Investment Company		14,350
Spdr S&P 500 ETF Trust Unit Ser 1 S&P	Registered Investment Company		161,203
Spdr Ser Tr Dj Wilshire Reit ETF	Registered Investment Company		47,609
Spdr Ser Tr Dow Jones Mid Cap ETF	Registered Investment Company		11,127
Spdr Ser Tr S&P Biotech ETF	Registered Investment Company		35,164
Spdr Ser Tr S&P Pharmaceuticals ETF	Registered Investment Company		8,610
Spdr Ser Tr Wells Fargo PFund Stock ETF	Registered Investment Company		19,158
* SSGA Emerging Markets	Registered Investment Company		29,421
* SSGA International Stock Selection	Registered Investment Company		7,139
T Rowe Price Cap Appreciation	Registered Investment Company		239,058
T Rowe Price Corporate Income	Registered Investment Company		121,903
T Rowe Price Emerg Euro & Mediterranean	Registered Investment Company		2,585
T Rowe Price Growth Stock	Registered Investment Company		9,354
T Rowe Price Growth Stock Advisor	Registered Investment Company		3,192
T Rowe Price Health Sciences	Registered Investment Company		22,049
T Rowe Price High Yield Bond	Registered Investment Company		25,566
T Rowe Price International Bond	Registered Investment Company		9,002
T Rowe Price International Discovery Fund	Registered Investment Company		88,478
T Rowe Price International Emerging Market Bond	Registered Investment Company		34,440
T Rowe Price Latin America Fund	Registered Investment Company		12,453
T Rowe Price Media & Telecommunications	Registered Investment Company		3,434
T Rowe Price Mid Cap Growth	Registered Investment Company		23,953
T Rowe Price Mid Cap Value	Registered Investment Company		21,720
T Rowe Price New Horizons Fund	Registered Investment Company		22,722
T Rowe Price Ret 2040 Fund	Registered Investment Company		5,195
T Rowe Price Rtmt 2015 Advisor Class	Registered Investment Company		23,964
T Rowe Price Rtmt 2025 Fund Adv Shrs	Registered Investment Company		24,815
T Rowe Price Rtmt Fund 2040 Adv Shrs	Registered Investment Company		5,219
T Rowe Price Small Cap Value Fund	Registered Investment Company		2,926
Vanguard Target Moderate Allocation	Registered Investment Company		17,294
Vanguard Target Retirement 2010 Fund	Registered Investment Company		6,676,351
Vanguard Target Retirement 2015 Fund	Registered Investment Company		23,179,252
Vanguard Target Retirement 2020 Fund	Registered Investment Company		31,181,459
Vanguard Target Retirement 2025 Fund	Registered Investment Company		34,292,346
Vanguard Target Retirement 2030 Fund	Registered Investment Company		42,046,615
Vanguard Target Retirement 2035 Fund	Registered Investment Company		44,471,734
Vanguard Target Retirement 2040 Fund	Registered Investment Company		35,322,198
Vanguard Target Retirement 2045 Fund	Registered Investment Company		28,123,014
Vanguard Target Retirement 2050 Fund	Registered Investment Company		24,016,067
TCW Total Return Bond Class I	Registered Investment Company		55,247
Templeton China World Fund Adv	Registered Investment Company		11,093
Templeton Emerging Mrtks Small Cap	Registered Investment Company		6,249

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Templeton Global Bond	Registered Investment Company	9,524
Templeton Global Bond	Registered Investment Company	52,962
Templeton Global Bond Fund	Registered Investment Company	36,943
Teton Westwood Equity	Registered Investment Company	1,084
Teton Westwood Mighty Mites Fund	Registered Investment Company	21,195
Teucrium Commodity Tr Corn Fund	Registered Investment Company	4,388
The Contrarian Fund	Registered Investment Company	21,989

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
The Delafield Fund	Registered Investment Company		2,172
Third Avenue Value	Registered Investment Company		5,043
Thompson Plumb Growth Fund	Registered Investment Company		298
Thornburg Intl Value CI	Registered Investment Company		17,427
Timothy Plan Conserv Growth	Registered Investment Company		20,176
Timothy Plan Fixed Income	Registered Investment Company		4,182
Timothy Plan Strategy Income Growth	Registered Investment Company		10,510
Tocqueville Fund	Registered Investment Company		8,793
Tocqueville Gold Fund	Registered Investment Company		7,386
Touchstone Small Cap Value	Registered Investment Company		10,509
Tributary Growth Oppt Instl	Registered Investment Company		5,157
Tweedy Browne Global Value Fund	Registered Investment Company		102,938
Undiscovered Mgrs Behavior Value Instl	Registered Investment Company		13,605
United Sts Oil Fund LP Units	Registered Investment Company		4,505
US Global Region East European	Registered Investment Company		2,403
Value Line Small Cap Growth	Registered Investment Company		31,661
Van Eck Global Hard Assets	Registered Investment Company		8,912
Vanguard 500 Index Fund	Registered Investment Company		161,822
Vanguard Balanced Index Investor	Registered Investment Company		7,318
Vanguard Bd Index Fund Inc Total Bd Market ETF	Registered Investment Company		17,179
Vanguard Developed Mkts Index	Registered Investment Company		30,772
Vanguard Div App Index Invt	Registered Investment Company		16,256
Vanguard Dividend Growth Investor	Registered Investment Company		53,889
Vanguard Energy Investor Fund	Registered Investment Company		198,663
Vanguard Equity Income Investor	Registered Investment Company		11,423
Vanguard Global Equity Investor	Registered Investment Company		21,978
Vanguard GNMA Investor CI	Registered Investment Company		19,221
Vanguard Growth Index	Registered Investment Company		7,865
Vanguard High Yld Corp Investor	Registered Investment Company		6,588
Vanguard Index Funds Mid-Cap Value Index Viper	Registered Investment Company		35,874
Vanguard Index Funds Vanguard Growth Vipers	Registered Investment Company		17,885
Vanguard Index Funds Vanguard Large Cap Vipers	Registered Investment Company		16,535
Vanguard Index Funds Vanguard Small Cap Vipers	Registered Investment Company		29,060
Vanguard Index Fds Vanguard Small Cap Vipers	Registered Investment Company		4,120
Vanguard Index Fds Vanguard Total Stk Mkt ETF	Registered Investment Company		68,081
Vanguard Index Trust Small Cap Growth	Registered Investment Company		52,564
Vanguard Inflation Protected Secs	Registered Investment Company		57,538
Vanguard Intermed Term Tax Exempt	Registered Investment Company		1,410
Vanguard Inter-Term Bond Index Port	Registered Investment Company		80,254
Vanguard Intl Equity Index Funds MSCI Emerging	Registered Investment Company		97,544
Vanguard Long Term US Treasury Investor	Registered Investment Company		31,904

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Vanguard Mid Cap Growth Index	Registered Investment Company	1,134
Vanguard Mid Cap Index Investor	Registered Investment Company	201,135
Vanguard Mid Cap Value Index	Registered Investment Company	6,849
Vanguard Pacific Stock Index Inv	Registered Investment Company	6,284
Vanguard Precious Metals & Mining Inv	Registered Investment Company	4,525
Vanguard Reit Index Investor	Registered Investment Company	127,618
Vanguard Reit Index Signal Shares	Registered Investment Company	10,220
Vanguard Sector Index Funds Finls Vipers	Registered Investment Company	12,446



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 36-0781620 and Plan Number 023****December 31, 2012**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Vanguard Sector Index Funds Con Staples Vipers	Registered Investment Company		18,504
Vanguard Sector Index Funds Energy Vipers	Registered Investment Company		10,226
Vanguard Sector Index Funds Info Technology Vipers	Registered Investment Company		2,798
Vanguard Sector Index Funds Telecommunication	Registered Investment Company		13,247
Vanguard Sector Index Funds Utils Vipers	Registered Investment Company		15,513
Vanguard Short Term Bond Index Investor	Registered Investment Company		173,322
Vanguard Small Cap Stock	Registered Investment Company		72,086
Vanguard Specialized Portfolios Div Appreciation Fund	Registered Investment Company		43,043
Vanguard Strategic Equity Investor	Registered Investment Company		3,849
Vanguard Target Retirement 2025 Fund	Registered Investment Company		1,152
Vanguard Target Retirement 2040 Fund	Registered Investment Company		5,101
Vanguard Target Retirement Income	Registered Investment Company		22,264,300
Vanguard Total Intl Stock Index Inv	Registered Investment Company		6,210
Vanguard Total Stock Market Investor	Registered Investment Company		5,361
Vanguard Total Stock Mrkt Signal	Registered Investment Company		102,608
Vanguard Value Index	Registered Investment Company		12,284
Vanguard Wellington Investor	Registered Investment Company		118,273
Vanguard Whitehall Funds High Dividend Yield ETF	Registered Investment Company		4,336
Vanguard Windsor II Investor	Registered Investment Company		56,710
Virtus Alternatives Diversifier	Registered Investment Company		6,518
Virtus Real Estate Securities	Registered Investment Company		14,824
Wasatch Hoisington US Treasury	Registered Investment Company		13,218
Wasatch International Growth	Registered Investment Company		31,562
Wasatch Micro-Cap Value Fund	Registered Investment Company		2,627
Weitz Value	Registered Investment Company		2,658
Wells Fargo Asia Pacific Fund	Registered Investment Company		100
Wells Fargo C&B Mid Cap Value Fund	Registered Investment Company		161
Wells Fargo Premier Large Co Growth	Registered Investment Company		46,904
William Blair Int L Growth Fund	Registered Investment Company		23,682
World Precious Minerals Fund	Registered Investment Company		5,140
Yacktman Focused Service Class	Registered Investment Company		35,805
Yacktman Fund Service Class	Registered Investment Company		375,920
Registered Investment Companies			\$ 307,109,230
* Notes Receivables from Participants	Interest rates range from 4.25% to 10.5%		\$ 43,079,411
<b>Collateral Held on Loaned Securities</b>			
* State Street Bank & Trust Co Quality D Short-term Investment Fund			\$ 18,841,812

**Total Investments and Notes Receivables from Participants**

\$ 2,088,444,124

- \* Party-in-interest
- \*\* These investments include securities that were loaned to brokers under the securities lending program with the Trustee.
- (1) Cost information not required for participant-directed investments.

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SIGNATURE

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

BAXTER INTERNATIONAL INC. AND SUBSIDIARIES  
INCENTIVE INVESTMENT PLAN

Date: June 26, 2013

By: /s/ Robert J. Hombach  
Robert J. Hombach  
Member of the Administrative Committee