

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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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 |
|--|---------------------|---------------------|
| Assets | | |
| 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 |
| Total investments at fair value | 2,045,364 | 1,819,041 |
| 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 |
| Total receivables | 65,432 | 57,501 |
| Total assets | 2,110,796 | 1,876,542 |
| Liabilities | | |
| Accounts payable | 6,126 | 4,295 |
| Due to brokers for securities purchased | | 81 |
| Collateral to be paid on loaned securities | 18,842 | 13,782 |
| Total liabilities | 24,968 | 18,158 |
| 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) |
| Net assets available for benefits | \$ 2,017,136 | \$ 1,797,952 |

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 |
|--|--------------|--------------|
| Additions (reductions) to net assets attributed to | | |
| 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 |
| Deductions from net assets attributed to | | |
| 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) |
| Transfer from other plan (Refer to Note 11) | 19,658 | |
| Net increase (decrease) | 219,184 | (12,135) |
| Net assets available for benefits | | |
| 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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December 31, 2012 and 2011

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.

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Notes to Financial Statements****December 31, 2012 and 2011**

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) |
| Assets | | | | |
| 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 | | |
| Total common stock | 444,196 | 444,196 | | |
| 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 | | |
| Total registered investment companies | 307,109 | 307,109 | | |
| 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) |
| Liability | | | | |
| Collateral to be paid on loaned securities | \$ 18,842 | \$ 2,859 | \$ 15,983 | \$ |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Notes to Financial Statements****December 31, 2012 and 2011**

| | 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) |
| (in thousands) | 2011 | (Level 1) | (Level 2) | (Level 3) |
| Assets | | | | |
| 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 | | |
| Total common stock | 394,301 | 394,301 | | |
| 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 | | |
| Total registered investment companies | 214,074 | 214,074 | | |
| 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) | |
| Total synthetic guaranteed investment contracts | 743,892 | 17 | 744,218 | (343) |
| Collateral held on loaned securities | 13,782 | | 13,782 | |

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| | | | | |
|--|--------------|------------|--------------|----------|
| Total assets | \$ 1,819,041 | \$ 608,392 | \$ 1,210,992 | \$ (343) |
| Liability | | | | |
| 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.

Table of Contents**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 |
|--|----------------------|
| Balance at December 31, 2010 | \$ 1,634 |
| Unrealized losses (relating to assets held at end of year) | (1,977) |
| Balance at December 31, 2011 | (343) |
| Unrealized losses (relating to assets held at end of year) | (648) |
| Balance at December 31, 2012 | \$ (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 |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Notes to Financial Statements****December 31, 2012 and 2011**

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

| (in thousands) | 2012 | 2011 |
|---|--------------|--------------|
| 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:

| (in thousands) | 2012 | 2011 |
|--|-------------|-------------|
| 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 ⁽¹⁾ | Current Value |
|-------------------------------------|----------------------------|---------------------|---------------|
| Cash & Cash Equivalents: | | | |
| * 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 |
| ** Common Stock: | | | |
| 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 |

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 ⁽¹⁾ | Current Value |
|-------------------------------------|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | Current Value |
|-------------------------------------|---------------------------|---------------------|---------------|
| 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 |

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 ⁽¹⁾ | Current Value |
|------------------------------------|----------------------------------|----------------------------|----------------------|
| 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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| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|----------------------------------|----------------------------------|----------------------------|----------------------|
| 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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| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|---------------------------------------|----------------------------------|----------------------------|----------------------|
| 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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| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|-------------------------------|----------------------------------|----------------------------|----------------------|
| 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 ⁽¹⁾ | 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 |

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 ⁽¹⁾ | 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|-----------------------------------|----------------------------------|----------------------------|----------------------|
| 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 Bioprarma 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|------------------------------|----------------------------------|----------------------------|----------------------|
| 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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| | | |
|----------------------------|--------------|---------|
| Insmmed 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|--------------------------------|----------------------------------|----------------------------|----------------------|
| 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|----------------------------------|----------------------------------|----------------------------|----------------------|
| 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|---------------------------------------|----------------------------------|----------------------------|----------------------|
| 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|-------------------------------------|----------------------------------|----------------------------|----------------------|
| 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|-------------------------------------|----------------------------------|----------------------------|----------------------|
| Ocean Rig Udw 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 |
| Pepeco 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|-------------------------------|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | Current Value |
|--------------------------------|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | Current Value |
|------------------------------------|----------------------------------|----------------------------|----------------------|
| 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|------------------------------------|----------------------------------|----------------------------|----------------------|
| 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|--------------------------------|----------------------------------|----------------------------|----------------------|
| Torch Energy Royalty Trust | Common Stock | | 95 |
| Torchlight Energy Res Inc | Common Stock | | 68,680 |
| Total | Common Stock | | 9,006 |
| 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**

| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|----------------------------|----------------------------------|----------------------------|----------------------|
| 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 ⁽¹⁾ | 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 |

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 ⁽¹⁾ | 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 ⁽¹⁾ | 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 Passthru | 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 |

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 ⁽¹⁾ | 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 |

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 ⁽¹⁾ | 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 ⁽¹⁾ | Current Value |
|--|----------------------------|---------------------|---------------|
| ** Synthetic Guaranteed Investment Contracts: | | | |
| Cash & Cash Equivalents | | | |
| 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 |
| U.S. Government and Government Agency Issues | | | |
| 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 ⁽¹⁾ | 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 |

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 ⁽¹⁾ | 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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| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|-------------------------------|----------------------------------|----------------------------|----------------------|
| 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 ⁽¹⁾ | 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

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 ⁽¹⁾ | Current Value |
|--|---------------------------|---------------------|---------------|
| Corporate and Other Obligations | | | |
| 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 |

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 ⁽¹⁾ | 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 |

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 ⁽¹⁾ | Current Value |
|--------------------------------|----------------------------------|----------------------------|----------------------|
| 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 ⁽¹⁾ | 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 |
| Ensc0 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 |

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 ⁽¹⁾ | Current Value |
|------------------------------|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | 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 |

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 ⁽¹⁾ | Current Value |
|-----------------------------------|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | 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 |

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 ⁽¹⁾ | Current Value |
|---------------------------------|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | 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 ⁽¹⁾ | 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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| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|--------------------------------------|----------------------------------|----------------------------|----------------------|
| 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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|--|-------------------------------|---------------------|---------------|
| 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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| Identity of Issue | Description of Investment | Cost ⁽¹⁾ | Current Value |
|--|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | Current Value |
|--|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | 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 |

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 ⁽¹⁾ | Current Value |
|---|----------------------------------|----------------------------|----------------------|
| 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 |

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 ⁽¹⁾ | Current Value |
|---|----------------------------------|----------------------------|----------------------|
| 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 ⁽¹⁾ | 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 Mrkts 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 ⁽¹⁾ | 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 |
| Collateral Held on Loaned Securities | | | |
| * 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