

BAXTER INTERNATIONAL INC  
Form 11-K  
June 27, 2012  
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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 11-K

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

For the year ended December 31, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from            to

Commission file number 1-4448

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:  
**Baxter International Inc. and Subsidiaries**

**Incentive Investment Plan**

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:  
**Baxter International Inc.**

**One Baxter Parkway**

**Deerfield, IL 60015**

**(847) 948-2000**

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**Financial Statements and Supplemental Schedule**

**December 31, 2011 and 2010**

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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, 2011 and 2010, 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, 2011 and 2010, 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 2011 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2011 financial statements taken as a whole.

/s/ Crowe Horwath LLP

Oak Brook, Illinois

June 27, 2012

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Statements of Net Assets Available for Benefits****December 31, 2011 and 2010** (in thousands)

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Investments		
Cash and cash equivalents	\$ 55,858	\$ 39,053
Common stock (including securities on loan of \$1,108 in 2011 and \$6,821 in 2010)	394,301	434,918
U.S. government and government agency issues (including securities on loan of \$5,336 in 2011 and \$4,523 in 2010)	21,865	20,064
Corporate and other obligations (including securities on loan of \$7,072 in 2011 and \$3,035 in 2010)	40,242	47,640
Commingled funds	335,027	359,352
Registered investment companies	214,074	185,116
Synthetic guaranteed investment contracts (including securities on loan of \$214,376 in 2010)	743,892	724,396
Collateral held on loaned securities	13,782	230,444
<b>Total investments at fair value</b>	<b>1,819,041</b>	<b>2,040,983</b>
Receivables		
Notes receivables from participants	40,514	39,926
Sponsor contributions	15,102	14,503
Accrued interest and dividends	1,869	1,901
Due from brokers for securities sold	16	875
	<b>57,501</b>	<b>57,205</b>
<b>Total assets</b>	<b>1,876,542</b>	<b>2,098,188</b>
<b>Liabilities</b>		
Accounts payable	4,295	5,611
Due to brokers for securities purchased	81	
Collateral to be paid on loaned securities	13,782	232,887
<b>Total liabilities</b>	<b>18,158</b>	<b>238,498</b>
Net assets available for benefits, reflecting investments at fair value	1,858,384	1,859,690
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(60,432)	(49,603)
<b>Net assets available for benefits</b>	<b>\$ 1,797,952</b>	<b>\$ 1,810,087</b>

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



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Statements of Changes in Net Assets Available for Benefits****For the Years Ended December 31, 2011 and 2010** (in thousands)

	<b>2011</b>	<b>2010</b>
<b>Additions (reductions) to net assets attributed to</b>		
Investment income		
Net (depreciation) appreciation in fair value of investments	\$ (39,315)	\$ 80,309
Interest	30,742	33,469
Dividends	12,405	10,717
Net investment income	3,832	124,495
Participant loan interest	1,811	1,999
Contributions		
Sponsor	53,357	53,270
Participant	84,207	88,683
	137,564	141,953
Net additions	143,207	268,447
<b>Deductions from net assets attributed to</b>		
Benefits paid	148,773	118,199
Plan expenses	6,569	5,610
Total deductions	155,342	123,809
Net (decrease) increase	(12,135)	144,638
<b>Net assets available for benefits</b>		
Beginning of year	1,810,087	1,665,449
End of year	\$ 1,797,952	\$ 1,810,087

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, 2011 and 2010**

#### **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.

### **New Accounting Standards**

In January 2010, the Financial Accounting Standards Board issued a new accounting standard effective for reporting periods beginning after December 15, 2010, which required an entity to separately present information related to purchases, sales, issuances and settlements in the reconciliation of fair value measurements classified as Level 3. The plan did not have any activity related to purchases, sales, issuances or settlements for fair value measurements classified as Level 3.

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

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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 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 \$343,018 and a gain of \$1.6 million at December 31, 2011 and 2010, 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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### **Baxter International Inc. and Subsidiaries**

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at contract value. There are currently no reserves against contract values for credit risk of the contract issuers or any other risk. The contract value for the synthetic GICs was \$683.5 million and \$674.8 million at December 31, 2011 and 2010, 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 2.9% and 3.5% at December 31, 2011 and 2010, respectively. The average interest rate credited to participants on the synthetic GICs was approximately 3.7% and 4.1% for the years ended December 31, 2011 and 2010. The credit ratings for Aegon Institutional Markets were AA- at both December 31, 2011 and 2010, and the credit ratings for Bank of America N.A. were A and A+ at December 31, 2011 and 2010, 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**

Benefits are recorded when paid.

### **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 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.



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**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

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

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

		Basis of Fair Value Measurement		
		Quoted Prices		
	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)				
<b>Assets</b>				
Cash and cash equivalents	\$ 55,858	\$	\$ 55,858	\$
Common stock:				
Healthcare	201,587	201,587		
Consumer products	55,827	55,827		
Information technology	47,938	47,938		
Financial services	21,838	21,838		
Industrial services and materials	20,624	20,624		
Energy	16,602	16,602		
Other	29,885	29,885		
<b>Total common stock</b>	<b>394,301</b>	<b>394,301</b>		
U.S. government and government agency issues	21,865		21,865	
Corporate and other obligations	40,242		40,242	
Commingled funds	335,027		335,027	
Registered investment companies:				
Target retirement funds	199,777	199,777		
Self-managed funds	11,830	11,830		
Other	2,467	2,467		
<b>Total registered investment companies</b>	<b>214,074</b>	<b>214,074</b>		
Synthetic guaranteed investment contracts:				
Corporate and other obligations	257,547		257,547	
U.S. government and government agency issues	463,348		463,348	
Cash and cash equivalents	23,347	17	23,330	
Wrapper contracts	(343)			(343)

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Other	(7)		(7)	
Total synthetic guaranteed investment contracts	743,892	17	744,218	(343)
Collateral held on loaned securities	13,782		13,782	
Total assets	\$ 1,819,041	\$ 608,392	\$ 1,210,992	\$ (343)
<b>Liability</b>				
Collateral to be paid on loaned securities	\$ 13,782	\$ 1,135	\$ 12,647	\$

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	Basis of Fair Value Measurement			
	Quoted Prices			
	Balance at	in Active	Significant	Significant
	December 31,	Markets	Other	Unobservable
		for	Observable	Inputs
		Identical	Inputs	
(in thousands)	2010	(Level 1)	(Level 2)	(Level 3)
<b>Assets</b>				
Cash and cash equivalents	\$ 39,053	\$	\$ 39,053	\$
Common stock:				
Healthcare	211,669	211,669		
Consumer products	48,708	48,708		
Information technology	46,526	46,526		
Financial services	33,235	33,235		
Industrial services and materials	35,358	35,358		
Energy	28,737	28,737		
Other	30,685	30,685		
Total common stock	434,918	434,918		
U.S. government and government agency issues	20,064		20,064	
Corporate and other obligations	47,640		47,640	
Commingled funds	359,352		359,352	
Registered investment companies:				
Target retirement funds	172,137	172,137		
Self-managed funds	12,979	12,979		
Total registered investment companies	185,116	185,116		
Synthetic guaranteed investment contracts:				
Corporate and other obligations	264,682		264,682	
U.S. government and government agency issues	436,962		436,962	
Cash and cash equivalents	21,120		21,120	
Wrapper contracts	1,634			1,634
Other	(2)		(2)	
Total synthetic guaranteed investment contracts	724,396		722,762	1,634
Collateral held on loaned securities	230,444		230,444	

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Total assets	\$ 2,040,983	\$ 620,034	\$ 1,419,315	\$ 1,634
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## Liability

Collateral to be paid on loaned securities	\$ 232,887	\$ 6,929	\$ 225,958	\$
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There were no transfers from Level 1 to Level 2 investments in 2011 or 2010.

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

(in thousands)	Wrapper Contracts
<b>Balance at December 31, 2009</b>	<b>\$ 1,668</b>
Unrealized losses (relating to assets held at end of year)	(34)
<b>Balance at December 31, 2010</b>	<b>1,634</b>
Unrealized losses (relating to assets held at end of year)	(1,977)
<b>Balance at December 31, 2011</b>	<b>\$ (343)</b>

The net unrealized losses from the wrapper contracts are excluded from the net (depreciation) appreciation 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, 2011 and 2010 are summarized as follows:

(in thousands, except per share data)	2011	2010
Baxter common stock, 2,921,806 shares and 3,077,924 shares at December 31, 2011 and 2010, respectively	\$ 144,571	\$ 155,805
State Street Global Advisors (SSgA) S&P 500 Flagship Fund	173,817	176,772
SSgA International EAFE Equity Index Fund	*	94,567
Baxter International Savings Trust Separate Account (Collateral held on loaned securities)	*	215,921

\* Does not meet 5% threshold.



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Investments as of December 31, 2011 and 2010 are segregated into various investment fund options as follows:

	2011	2010
(in thousands)		
Cash (available for investment)	\$ 6,861	\$ 6,637
Stable Income Fund	775,335	737,052
Baxter Common Stock Fund	144,639	157,521
Composite Fund	140,853	150,741
General Equity Fund	137,841	154,195
Cardinal Health Common Stock Fund	5,243	5,308
SSgA S&P 500 Flagship Fund	173,954	177,001
SSgA International EAFE Equity Index Fund	80,053	94,603
Edwards Lifesciences Common Stock Fund	17,747	22,526
SSgA Small Cap Fund	81,274	88,103
Self-Managed Fund	41,682	44,715
Target Retirement Funds	199,777	172,137
Collateral held on loaned securities	13,782	230,444
Total investments at fair value	1,819,041	2,040,983
Adjustment from fair value to contract value for Stable Income Fund	(60,432)	(49,603)
Total investments	\$ 1,758,609	\$ 1,991,380

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

	2011	2010
(in thousands)		
Baxter common stock	\$ (1,295)	\$ (22,002)
Other common stock	(22,315)	34,999
U.S. government and government agency issues	1,154	205
Corporate and other obligations	1,031	2,549
Commingled funds	(11,490)	45,909
Registered investment companies	(7,314)	17,535
Collateral held on loaned securities	914	1,114
	\$ (39,315)	\$ 80,309

## **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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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 market 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 of December 31, 2010, the net asset value of the Baxter International Savings Trust Separate Account was \$0.9929. As a result of the liquidation of this fund in 2011, a realized gain of \$913,841 is reflected in the 2011 Statement of Changes in Net Assets Available for Benefits. As of December 31, 2011, the Plan had securities on loan with a fair market value of \$13.5 million with cash collateral received of \$13.8 million, 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 and as of December 31, 2011, the net asset value of this fund was approximately \$1.00 per unit. As of December 31, 2011 the cash collateral received is reflected at its fair value of \$13.8 million in the 2011 Statements of Net Assets Available for Benefits.

Non-cash collateral of \$2.0 million and \$6.7 million received for securities on loan at December 31, 2011 and 2010, respectively, 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 and 2010 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 \$57,249 and \$424,446 for 2011 and 2010, 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, 2011 and 2010, the Plan held units of participation in certain commingled funds, shares of common stock, units of registered investment companies, and short-term investment funds of State Street Bank and Trust Company, 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 Aegon Institutional Markets, 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.

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**SUPPLEMENTAL SCHEDULE**

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Employer Identification Number: 36-0781620 and Plan Number 023

December 31, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
<b>Cash &amp; Cash Equivalents:</b>			
* SSGA Money Market Fund	Short-Term Investment Fund		8,494,617
* State Street Bank & Trust Co	Short-Term Investment Fund		47,363,765
Cash and cash equivalents		\$	55,858,382
<b>** Common Stock:</b>			
3Dicon Corp	Common Stock		10,094
3M Company	Common Stock		10,295
8X8 Inc	Common Stock		3,170
ABB Ltd Sponsored ADR	Common Stock		16,368
Abbott Laboratories	Common Stock		150,962
Abbott Laboratories	Common Stock		1,111,005
Acadia Pharmaceuticals Inc	Common Stock		243
Access Pharmaceuticals Inc	Common Stock		14,033
Acclaim Entertainment Inc	Common Stock		
Accretive Health Inc	Common Stock		5,745
ACE Ltd	Common Stock		1,489,355
Acme Packet Inc	Common Stock		12,364
AcordaTherapeutics Inc	Common Stock		11,920
Activision Blizzard Inc	Common Stock		26,389
Adaptive Broadband Corp	Common Stock		
Adarna Energy Corp	Common Stock		
Adept Technology Inc	Common Stock		1,176
Adolor Corp	Common Stock		2,315
Advanced Micro Devices Inc	Common Stock		5,940
Advanced Optics Electronics Inc	Common Stock		
Advansource Biomaterials Corp	Common Stock		65
Advanta Corp	Common Stock		
Advantage Oil & Gas Ltd	Common Stock		1,035
Adventrx Pharmaceuticals Inc	Common Stock		590
Aegean Marine Petroleum Network Inc	Common Stock		4,080
AES Corp	Common Stock		1,149,802
Aeterna Zentaris Inc	Common Stock		924
Affymax Inc	Common Stock		6,610
Aflac Inc	Common Stock		24,483
Agco Corp	Common Stock		12,891
Agenus Inc New	Common Stock		1,474
Agilent Technologies	Common Stock		1,770,247
AGL Res Inc	Common Stock		16,904

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Agnico Eagle Mines Ltd	Common Stock	68,667
Agrium Inc I	Common Stock	8,389
AK Steel Hldg Corp	Common Stock	4,144
Aksys Ltd	Common Stock	2
Alcatel Lucent Spon ADR	Common Stock	6,087
Alcoa Inc	Common Stock	41,960
Alexco Resource Corp	Common Stock	20,430

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Alexion Pharmaceuticals	Common Stock		933,874
Alexza Pharmaceuticals Inc	Common Stock		1,411
ALJ Regl Hldgs Inc	Common Stock		390
All Amern Gold Corp	Common Stock		115
Allergan Inc	Common Stock		2,182,499
Alliance Pharmaceutical Corp New	Common Stock		5
* AllianceBernstein Hldg L P Unit Ltd	Common Stock		5,958
Allied Irish Banks	Common Stock		136
Alliqua Inc	Common Stock		300
Allos Therapeutics Inc	Common Stock		7,121
Allscripts Healthcare Solutions Inc	Common Stock		9,129
Allstate Corp	Common Stock		11,061
Almaden Minerals Ltd	Common Stock		12,600
Alnylam Pharmaceuticals Inc	Common Stock		815
Alon USA Energy Inc	Common Stock		4,791
Alpha Nat Res Inc	Common Stock		6,129
Altair Nanotechnologies Inc	Common Stock		165
Alternative Living Services	Common Stock		
Altria Group Inc	Common Stock		153,792
Aluminum Corp China	Common Stock		184
Alvarion Ltd	Common Stock		455
Amarin Corp	Common Stock		8,876
Amazon.com Inc	Common Stock		52,796
Amazon.com Inc	Common Stock		4,377,448
Amcore Finl Inc	Common Stock		
Amdocs Ltd	Common Stock		5,706
Ameren Corp	Common Stock		3,353
American Cap Agy Corp	Common Stock		25,333
American Cap Ltd	Common Stock		18,044
American Elec Pwr Co	Common Stock		37,909
American Express Co	Common Stock		5,612
American Express Co	Common Stock		1,943,117
American Intl Group Inc	Common Stock		1,394
American Intl Group Inc	Common Stock		6,450
American Lithium Minerals Inc	Common Stock		390
American Tower Corp	Common Stock		4,829
American Tower Corp	Common Stock		2,329,883
Amerigas Partners LP Uts Rpstg Ltd	Common Stock		9,641
Amern Super Conductor Corp	Common Stock		11,070
Amgen Inc	Common Stock		62,757
Amn Healthcare Svcs Inc	Common Stock		5,759



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Ampliphi Biosciences Corp	Common Stock	1,072
AMR Corp	Common Stock	2,546
Amstem Corp	Common Stock	30
Amwest Imaging Inc	Common Stock	350
Amylin Pharm Inc	Common Stock	5,690
Anadarko Petroleum	Common Stock	3,817
Anadarko Petroleum	Common Stock	719,838
Andrea Electronics Corp	Common Stock	47

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Annaly Mortgage Management Inc	Common Stock		257,908
Anthera Pharmaceuticals Inc	Common Stock		107,450
Anworth Mtg Asset Corp	Common Stock		1,922
AOL Inc	Common Stock		211
Apache Corp	Common Stock		9,966
Apollo Group Inc	Common Stock		3,232
Apollo Invt Corp	Common Stock		14,575
Apple Inc	Common Stock		2,764,935
Apple Inc	Common Stock		6,201,612
Applied Materials Inc	Common Stock		10,282
Applied Materials Inc	Common Stock		808,352
Applied Materials Inc	Common Stock		1,036,892
Apptech Corp	Common Stock		
Apricus Biosciences Inc	Common Stock		4,644
Aqua America Inc	Common Stock		2,560
Aradigm Corp	Common Stock		368
Arch Coal Inc	Common Stock		6,971
Archer Daniels Midland	Common Stock		23,183
Archer Daniels Midland	Common Stock		1,062,360
Ar Cos Dorados Holdings Inc	Common Stock		35,027
Arena Pharmaceuticals Inc	Common Stock		9,350
Ariad Pharmaceutical Inc	Common Stock		37,791
Arm Holdings Plc	Common Stock		11,068
ARM Holdings Plc	Common Stock		492,039
Arrowhead Resh Corp	Common Stock		1,994
Artificial Life Inc	Common Stock		140
AsiaPulp & Paper Co Ltd	Common Stock		
Aspenbio Pharma Inc	Common Stock		155
Astrazeneca Plc	Common Stock		2,083
Astropower Inc	Common Stock		
AT&T Inc	Common Stock		167,733
Atlantic Power Corp	Common Stock		2,935
ATP Oil & Gas Corp	Common Stock		44,160
Atwood Oceanics Inc	Common Stock		3,979
ATX Communications Inc	Common Stock		
Augme Technologies Inc	Common Stock		56,280
Aurico Gold Inc	Common Stock		16,781
Aurizon Mines Ltd	Common Stock		9,860
Automatic Data Processing Inc	Common Stock		37,662
Avago Technologies	Common Stock		989,222
Avalon Rare Metals Inc	Common Stock		474

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Avanir Pharmaceuticals	Common Stock	2,440
AVI Biopharma Inc	Common Stock	10,281
Axia Group Inc	Common Stock	
Axion Power International Inc	Common Stock	1,080
Babcock & Wilcox Co	Common Stock	9,656
Babson Cap Partn Invs Tr	Common Stock	31,700
Backweb Technologies Ltd	Common Stock	170
Baidu Inc	Common Stock	2,055,238

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Baidu Inc	Common Stock		83,742
Banco Latino-Americano De ercio Exterior Sa	Common Stock		14,124
Banco Santander SA	Common Stock		6,836
Bank New York Mellon Corp	Common Stock		15,825
* Bank of America Corp	Common Stock		358,790
* Bank of America Corp	Common Stock		713,513
Barclays	Common Stock		33,388
Bard CR Inc	Common Stock		47,453
Barrick Gold Corp	Common Stock		339,743
* Baxter International Inc	Common Stock		143,185,079
* Baxter International Inc	Common Stock		1,385,860
Bayer AG	Common Stock		16,495
BB Liquidating Inc	Common Stock		2
BB Liquidating Inc	Common Stock		105
BB&T Corp	Common Stock		1,167,446
BCE Inc	Common Stock		1,667,233
Beacon Pwr Corp	Common Stock		79
Bed Bath & Beyond Inc	Common Stock		923,638
Benchmark Electrs Inc	Common Stock		1,616
Berkshire Hathaway Inc	Common Stock		186,935
Best Buy Inc	Common Stock		16,542
Beyond Corp New	Common Stock		
Big Bear Mng Corp	Common Stock		26
Biodel Inc	Common Stock		732
Bioelectronics Corp	Common Stock		308
Biomedical Technology Solutions Hldgs Inc	Common Stock		76
Biomerica Inc	Common Stock		6,720
Biomoda Inc	Common Stock		297
Biosante Pharmaceuticals Inc	Common Stock		5,974
Bizauctions Inc	Common Stock		
Black Hills Corp	Common Stock		3,694
Blackrock Inc	Common Stock		1,109,337
Blackstone Group LP	Common Stock		22,416
Blavod Extreme Spirits	Common Stock		50
BMW	Common Stock		915,785
Boeing Co	Common Stock		33,543
Boeing Co	Common Stock		1,950,132
Bombardier Inc	Common Stock		3,987
Borgwarner Inc	Common Stock		1,397,922
Boston Scientific	Common Stock		1,068
BP Amoco Plc	Common Stock		40,524

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Brandywine Rlty Tr	Common Stock	2,421
Bridgepoint Ed Inc	Common Stock	9,729
Briggs & Stratton Corp	Common Stock	2,788
Bristol Myers Squibb	Common Stock	42,406
Bristol Myers Squibb	Common Stock	1,520,501
Broad Corp	Common Stock	17,029
Broadridge Financial Solutions LLC	Common Stock	1,691
Broadwind Energy Inc	Common Stock	68

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Brookfield Asset Mgmt Inc	Common Stock		6,870
Brookfield Infrastructure Partners LP	Common Stock		9,376
Brookfield Residential Pptys Inc	Common Stock		8
Brooks Automation Inc	Common Stock		2,587
Buckeye Partners LP	Common Stock		25,592
Burberry Group	Common Stock		953,118
Cadence Pharmaceuticals Inc	Common Stock		9,954
Calamp Corp	Common Stock		115,816
Calgon Carbon Corp	Common Stock		1,885
Camden Pty	Common Stock		11,699
Cameco Corp	Common Stock		18,953
Cameron Intl Corp	Common Stock		3,837
Canadian Natural Resources	Common Stock		7,474
Canadian Solar Inc	Common Stock		40
Cannabis Science Inc	Common Stock		86
Capital One Financial Corp	Common Stock		1,036,113
Capitalsource Inc	Common Stock		13,052
Capitol Bancorp Ltd	Common Stock		67
Capstead Mtg Corp	Common Stock		12,439
Capstone Turbine Corp	Common Stock		116
Carbonite Inc	Common Stock		1,110
Cardinal Communications Inc	Common Stock		
Cardinal Health Inc	Common Stock		5,206,974
Cardinal Health Inc	Common Stock		80,012
Carefusion Corp	Common Stock		25,918
Carmax Inc	Common Stock		6,096
Carnival Corp	Common Stock		9,792
Cast Corp	Common Stock		2,371
Caterpillar Inc	Common Stock		190,558
CBL & Assoc Pptys Inc	Common Stock		1,727
CDC Corporation	Common Stock		106
Cedar Fair LP	Common Stock		1,109
Celgene Corp	Common Stock		2,364,111
Celgene Corp	Common Stock		28,933
Cell Israel Ltd	Common Stock		7,842
Cell Therapeutics Inc	Common Stock		5,624
Cemex SA	Common Stock		3,127
Cenovus Energy Inc	Common Stock		5,069
Central Fd Cda	Common Stock		30,414
Centurytel Inc	Common Stock		8,932
Ceragon Networks Ltd	Common Stock		2,695

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Cereplast Inc	Common Stock	5,400
Cerner Corp	Common Stock	11,025
Cerus Corp	Common Stock	3,640
Charles Schwab Corp	Common Stock	935,518
Charter Inc	Common Stock	
Cheniere Energy Partners L P	Common Stock	813
Chesapeake Energy Corporation	Common Stock	367,344
Chevron Corp	Common Stock	225,995

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Chevron Corp	Common Stock		136,681
Chimera Invt Corp	Common Stock		32,586
China Automotive Sys Inc	Common Stock		2,376
China Direct Inc	Common Stock		84
China Energy Svgs Technology Inc	Common Stock		
China Green Agriculture Inc	Common Stock		4,686
China Shen Zhou Mng & Res Inc	Common Stock		756
China Sunergy Co Ltd	Common Stock		15
China Yuchai International Ltd	Common Stock		41,370
Chipotle Mexican Grill Inc	Common Stock		11,821
Chipotle Mexican Grill Inc	Common Stock		1,679,630
Churchill Downs Inc	Common Stock		5,416
Ciena Corp New Delaware	Common Stock		24
Cigna Corp	Common Stock		4,200
Cintas Corp	Common Stock		2,785
Cintas Corp	Common Stock		422,987
Circuit City Stores Inc	Common Stock		
Cisco Systems	Common Stock		211,858
Cisco Systems	Common Stock		2,024,593
Citadel Broadcasting Corp	Common Stock		
Citigroup Inc	Common Stock		1,078,666
Citigroup Inc	Common Stock		154,068
CitrixSystems Inc	Common Stock		12,144
City Bank	Common Stock		32
Clarent Corp	Common Stock		
Clean Energy Fuels Corp	Common Stock		79,121
Cleco Corp	Common Stock		114,300
Cliffs Nat Res Inc	Common Stock		75
Cloud Peak Energy Inc	Common Stock		2,898
Coach Inc	Common Stock		1,532,879
Coca Cola Co	Common Stock		155,546
Coca Cola Co	Common Stock		960,826
Coeur D Alene Mines Corp	Common Stock		21,123
Cognex Corp	Common Stock		7,158
Cognizant Tech Solutions	Common Stock		1,151,210
Coinstar Inc	Common Stock		5,477
Coldwater Creek Inc	Common Stock		2,360
Collective Brands Inc	Common Stock		20,837
Colonial Bancgroup	Common Stock		
Columbia Laboratories Inc	Common Stock		1,500
Comcast Corp	Common Stock		1,077,475



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Commtouch Software Limited	Common Stock	1,352
Concho Resources	Common Stock	1,347,387
Conoco Phillips	Common Stock	200,772
Consol Energy Inc	Common Stock	953
Consolidated Edison Hldg Co Inc	Common Stock	77,264
Constellation Brands Inc	Common Stock	6,201
Constellation Energy Group	Common Stock	1,626
Constellation Energy Partners LLC	Common Stock	11,760

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Corelogic Inc	Common Stock		647
Corning Inc	Common Stock		16,117
Corporate Executive Brd Co	Common Stock		1,715
Cortex Pharmaceuticals Inc	Common Stock		383
Costco Wholesale Corp	Common Stock		7,895
Costco Wholesale Corp	Common Stock		2,454,896
Covidien Plc	Common Stock		893,764
Covidien Plc	Common Stock		7,742
Credit Suisse	Common Stock		6,570
Credit Suisse	Common Stock		797,948
Cree Inc	Common Stock		61,712
Crocs Inc	Common Stock		13,958
Cross Timbers Royalty Trust	Common Stock		733
Cryptologic Limited Shs	Common Stock		474
CSX Corp	Common Stock		5,613
Ctrip Intl Ltd	Common Stock		25,272
Cui Global Inc	Common Stock		95
Cummins Inc	Common Stock		8,802
CVR Partners LP	Common Stock		12,410
CVS Caremark Corp	Common Stock		1,212,639
CVS Corp	Common Stock		26,021
Cyber-Care Inc	Common Stock		
Cyclacel Pharmaceuticals Inc	Common Stock		590
Cytori Therapeutics Inc	Common Stock		935
Cytosorbents Corp	Common Stock		1,200
Cytrx Corp	Common Stock		2,520
Dan River Inc	Common Stock		
Daulton Cap Corp	Common Stock		30
Daystar Technologies Inc	Common Stock		3
Decisionpoint Sys Inc	Common Stock		8
Deckers Outdoor	Common Stock		34,007
Deere & Co	Common Stock		85,126
Delcath Systems Inc	Common Stock		4,188
Dell Inc	Common Stock		2,414
Delta Airlines Inc	Common Stock		710,507
Delta Pete Corp	Common Stock		14
Denbury Res Inc	Common Stock		20,219
Dendreon Corp	Common Stock		135,759
Denison Mines Corp	Common Stock		5,000
Derma Sciences Inc	Common Stock		90,581
Devon Energy Corp	Common Stock		1,047,383

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Devon Energy Corp	Common Stock	20,770
Devry Inc	Common Stock	1,942
Diamond Offshore Drilling Inc	Common Stock	829
Diana Containerships Inc	Common Stock	218
Diana Shipping Inc	Common Stock	16,678
Digerati Technologies Inc	Common Stock	20
Digital Angel Corp New	Common Stock	1,278
Discover Finl Svcs	Common Stock	6,960

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Discovery Laboratories Inc	Common Stock		64
Divine Inc	Common Stock		
Dolby Laboratories Inc	Common Stock		4,577
Dollar General Corp	Common Stock		165
Dollar Tree Inc	Common Stock		12,467
Dominion Resources Inc	Common Stock		52,709
Doral Finl Corp	Common Stock		48
Dow Chemical Co	Common Stock		37,688
Downey Finl Corp	Common Stock		
Dryships Inc	Common Stock		15,202
DuPont	Common Stock		16,801
Duke Energy Corp New	Common Stock		145,549
Duke Realty Corp	Common Stock		5,423
Dunkin Brands Group	Common Stock		608,264
Dupont	Common Stock		762,249
Dynamic Materials Corp	Common Stock		32,578
Dynegy Incl	Common Stock		69
ETrade Finl Corp	Common Stock		5,906
Eagle Bulk Shipping Inc	Common Stock		94
Eagle Rock Energy Partners LP	Common Stock		17,802
Eastman Kodak Co	Common Stock		22,978
Eaton Corp	Common Stock		13,059
Eb2B commerce Inc	Common Stock		
Ebay Inc	Common Stock		8,007
Ecolocap Solutions Inc	Common Stock		6
E-commerce China Dangdang Inc	Common Stock		3,960
Ecopetrol SA Spon	Common Stock		11,130
EDAP Tms S.A.	Common Stock		51,038
Edwards Lifesciences Corp	Common Stock		17,579,717
Edwards Lifesciences Corp	Common Stock		245,046
Elan Corp Plc	Common Stock		14,015
Eldorado Gold Corp	Common Stock		13,710
Elephant Talk Communications Corp	Common Stock		7,950
Eline Entertainment Group Inc	Common Stock		
EMC Corp	Common Stock		2,442,899
EMC Corp	Common Stock		21,325
Emcore Corp	Common Stock		1,726
Emergent Biosolutions Inc	Common Stock		5,052
Emerson Electric Co	Common Stock		55,193
Emulex Corp New	Common Stock		789
Enbridge Energy Partners L P	Common Stock		3,319

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Enbridge Inc	Common Stock	3,741
Encana Corp	Common Stock	14,883
Energy Conversion Devices Inc	Common Stock	2
Energy Transfer Partners LP	Common Stock	54,113
Energysolutions Inc Depositary Sh	Common Stock	309
Enerplus Corporation	Common Stock	12,888
Enron Corp	Common Stock	
Ens Co Plc Sponsored	Common Stock	2,399

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Enterprise Products Pptns LP	Common Stock		71,468
Entravision Communications Corp	Common Stock		234
Entremed Inc	Common Stock		35
EOG Resources Inc	Common Stock		1,352,055
Epix Pharmaceuticals Inc	Common Stock		7
Estee Lauder Companies	Common Stock		1,956,374
Evergreen Solar Inc	Common Stock		84
Exelixis Inc	Common Stock		8,234
Exelon Corp	Common Stock		48,149
Exelon Corp	Common Stock		1,024,012
Exeter Resource Corp	Common Stock		10,440
Exide Technologies	Common Stock		2,630
Expedia Inc	Common Stock		900
Express Scripts Inc	Common Stock		1,818,970
Express Scripts Inc	Common Stock		4,469
Extorre Gold Mines Limited	Common Stock		29,520
Exxon Mobil Corp	Common Stock		62,258
Exxon Mobil Corp	Common Stock		2,671,158
Fairpoint Communications Inc	Common Stock		
Family Dollar Stores Inc	Common Stock		2,998
Fastenal Co	Common Stock		6,542
Federal Natl Mtg Assn	Common Stock		4,024
Fedex Corp	Common Stock		8,351
Ferrellgas Partners LP	Common Stock		5,971
Fifth St Fin Corp	Common Stock		28,710
Finisar Corp	Common Stock		4,186
First American Financial Corp	Common Stock		634
First China Pharmaceutical Group Inc	Common Stock		540
First Physicians Cap Group Inc	Common Stock		
First Solar Inc	Common Stock		12,322
Flagstar Bancorp Inc	Common Stock		508
Flextronics International	Common Stock		5,660
Flextronics Ltd	Common Stock		876,200
Fluor Corp New	Common Stock		2,554
Fmi Holdings Ltd	Common Stock		3
Focus Gold Corp	Common Stock		405
Food Technology Svc Inc	Common Stock		2,600
Ford Motor Co	Common Stock		208,141
FortressInvnt Group LLC	Common Stock		1,690
Forward Inds	Common Stock		167
Foster Wheeler AG	Common Stock		16,269

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Franklin Res Inc	Common Stock	25,555
Freddie Mac	Common Stock	3,869
Freeport Mcmoran Copper & Gold Inc.	Common Stock	66,110
Fresenius Kabi Pharmaceuticals Hldg Inc	Common Stock	
Frontier Communications Corp	Common Stock	8,139
Fuel Sys Solutions Inc	Common Stock	2,061
Fuel Tech Inc	Common Stock	513
Fusion-Io	Common Stock	1,694

**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, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Futuremedia Plc	Common Stock		
Gamco Global Gold Nat Res	Common Stock		3,685
Gas Nat Inc	Common Stock		3,426
Gazoo Energy Group Inc	Common Stock		25
Geeknet Inc	Common Stock		3,802
General Dynamics Corp	Common Stock		9,962
General Electric Co	Common Stock		1,173,078
General Electric Co	Common Stock		430,004
General Mills Inc	Common Stock		72,738
General Motors Co	Common Stock		817,018
General Motors Co	Common Stock		20,270
General Steel Hldgs Inc	Common Stock		890
Generex Biotechnology Corp	Common Stock		975
Genetic Technologies Ltd	Common Stock		30
Geopharma Inc	Common Stock		4
Geron Corp	Common Stock		1,480
Giant Interactive Group Inc	Common Stock		1,416
Gilead Sciences Inc	Common Stock		56,770
Glaxosmithkline Plc	Common Stock		2,282
GMX Res Inc	Common Stock		250
Gold Amern Mng Corp	Common Stock		155
Goldbrook Ventures Inc	Common Stock		6,776
Gold Corp Inc New	Common Stock		13,357
Goldman Sachs Group	Common Stock		532,894
Goldman Sachs Group	Common Stock		88,616
Google Inc	Common Stock		4,182,054
Google Inc	Common Stock		54,902
Grace W R & Co Del	Common Stock		9,184
Grand Pacaraima Gold Corp	Common Stock		2
Great Basin Gold	Common Stock		12,754
Great Wolf Resorts Inc	Common Stock		290
Green Earth Technologies Inc	Common Stock		5,400
Green Mtn Coffee Roasters Inc	Common Stock		11,213
Greenhunter Energy Inc	Common Stock		
Grid Pete Corp	Common Stock		5
GSI Technology Inc	Common Stock		2,340
Guess? Inc	Common Stock		1,074
Halliburton Co	Common Stock		17,255
Halozyme Therapeutics Inc	Common Stock		71,648
Hansen Natural Corp	Common Stock		2,211
Hanwha Solarone Company Ltd	Common Stock		10



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Harley Davidson Inc	Common Stock	1,261,751
Harley Davidson Inc	Common Stock	3,887
Hartford Finl Svcs Group Inc	Common Stock	2,099
Hasbro Inc	Common Stock	2,870
Hauppague Digital	Common Stock	1,200
HCP Inc	Common Stock	17,556
Headwaters Inc	Common Stock	2,775
Health Care Reit Inc	Common Stock	5,452

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December 31, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Healthwarehouse	Common Stock		148
Hecla Mining Co	Common Stock		5,230
Helix Energy Solutions Group Inc	Common Stock		3,555
Hellenic Telem	Common Stock		164
Henry Jack & Associates Inc	Common Stock		6,251
Hercules Offshore Inc	Common Stock		35,964
Hewlett-Packard Co	Common Stock		36,097
Hollyfrontier Corporation	Common Stock		7,020
Home Depot Inc	Common Stock		118,132
Home Solutions Amer Inc	Common Stock		
Honeywell International Inc	Common Stock		1,983,955
Honeywell International Inc	Common Stock		32,721
Horizon Lines Inc	Common Stock		174
Hospira Inc	Common Stock		7,350
Howard Hughes Corp	Common Stock		1,148
HPC Pos Sys	Common Stock		1,312
HSBC Holdings Plc	Common Stock		23,451
HSN Inc Del	Common Stock		435
Hugoton Rty Tr Tex	Common Stock		12,362
Human Genome Sciences Inc	Common Stock		50,429
Huntington Bancshares Inc	Common Stock		25,926
Hydrogenics Corporation	Common Stock		378
Hyperdynamics Corp	Common Stock		12,740
Iac/Interactivecrp	Common Stock		1,321
IBM	Common Stock		3,221,144
IBM	Common Stock		27,582
ICG Group Inc	Common Stock		579
Idearc Inc	Common Stock		
IGO Inc	Common Stock		39
Illinois Tool Works	Common Stock		13,798
Illumina Inc	Common Stock		635,353
Imaging3 Inc	Common Stock		18,177
Imation Corp	Common Stock		573
Imax Corp	Common Stock		3,666
Immunocellular Therapeutics Ltd	Common Stock		490
Immunomedics Inc	Common Stock		3,330
Incyte Genomics Inc	Common Stock		26,943
Indevus Pharmaceuticals Inc	Common Stock		
India Globalization Cap Inc	Common Stock		2,890
Indymac Bancorp Inc	Common Stock		
Infinera Corp	Common Stock		18,758

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Infosys Technologies Limited	Common Stock	2,569
ING Prime Rate Tr	Common Stock	6,277
Ingles Mkts Inc	Common Stock	15,060
Inhibitex Inc	Common Stock	32,820
Inovio Biomedical Corp	Common Stock	2,054
Inplay Technologies Inc	Common Stock	
Insmmed Incorporated	Common Stock	756
Insys Therapeutics Inc	Common Stock	288

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Intel Corp	Common Stock		135,002
Intermune Inc	Common Stock		378
International Game Technology	Common Stock		1,204
International Tower Hill Mines	Common Stock		4,360
Internet Holders	Common Stock		14,042
Interoil Corp	Common Stock		19,429
Interval Leisure Group Inc	Common Stock		163
Intl Fuel Tech Inc	Common Stock		884
Intl Speedway	Common Stock		1,014
Intuitive Surgical Inc	Common Stock		926
Invensense Inc	Common Stock		5,976
Invesco Ltd	Common Stock		1,167,012
Invesco Van Kampen Sr Inc	Common Stock		12,134
Invo Bioscience Inc	Common Stock		20
IPG Photonics Corp	Common Stock		6,435
Ironwood Gold Corp	Common Stock		1,707
Irvine Sensors Corp	Common Stock		60
Ivanhoe Energy	Common Stock		7,616
Ivax Diagnostics Inc	Common Stock		2,200
JA Solar Hldgs Co Ltd	Common Stock		1,777
Jabil Circuit Inc	Common Stock		19,713
JDS Uniphase Corp	Common Stock		9,260
Jensen Portfolio Inc	Common Stock		62,891
Jetblue Awys Corp	Common Stock		11,180
John Bean Technologies Corp	Common Stock		343
Johnson & Johnson	Common Stock		152,466
Johnson & Johnson	Common Stock		1,182,367
Johnson & Johnson	Common Stock		1,736,297
Johnson Controls	Common Stock		1,514,767
Johnson Ctls Inc	Common Stock		38,773
Joy Global Inc	Common Stock		5,623
JPMorgan Chase & Co	Common Stock		2,259,946
JPMorgan Chase & Co	Common Stock		50,028
Juniper Networks Inc	Common Stock		48,372
K Swiss Inc	Common Stock		5,840
Kandi Technologies Corp	Common Stock		7,400
KB Homes	Common Stock		8,569
Keegan Res Inc	Common Stock		13,405
Kellogg Company	Common Stock		14,296
Kennametal Inc	Common Stock		6,099
Keryx Biopharmaceuticals Inc	Common Stock		3,985

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Key Corp New	Common Stock	7,690
Khd Humboldt Wedag Intl (Dt) Ag	Common Stock	2,229
Kilroy Realty Corp	Common Stock	2,423
Kimberly Clark Corp	Common Stock	29,424
Kinder Morgan Energy Partners	Common Stock	265,284
Kinder Morgan Mgmt	Common Stock	7,852
Kinross Gold Corp	Common Stock	20,520
Knightsbridge Tank	Common Stock	14,746

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Kobex Minerals Inc	Common Stock		610
Kodiak Oil & Gas Corp	Common Stock		30,400
Kohl's Corp	Common Stock		56,903
Kraft Foods Inc	Common Stock		63,216
Krispy Kreme Doughnuts Inc	Common Stock		6,540
Kronos Worldwide Inc	Common Stock		75
KV Pharmaceutical Co	Common Stock		1,029
L-3 Communications Hldgs Inc	Common Stock		36,728
Laboratory Corp of America Hldgs	Common Stock		17,194
Lakes Entmt Inc	Common Stock		9,250
LDK Solar Co Ltd	Common Stock		3,264
Leap Wireless Intl Inc	Common Stock		
Legacy Resvs LP	Common Stock		2,823
Lehman Bros Hldgs Corp	Common Stock		52
Level 3 Communications Inc	Common Stock		5,658
Liberator Med Hldgs Inc	Common Stock		618
Life Technologies Corp	Common Stock		1,010,962
Life Technologies Corp	Common Stock		3,891
Lifeline Biotechnologies Inc	Common Stock		
Li-Ion Motors Corp	Common Stock		348
Lilly Eli & Co	Common Stock		2,551
Limelight Networks Inc	Common Stock		2,146
Limited Brands Inc	Common Stock		10,088
Linkedin Corp	Common Stock		659,770
Linkedin Corp	Common Stock		945
Linn Energy LLC	Common Stock		113,730
Linux Gold Corp	Common Stock		150
Live Nation Entertainment Inc	Common Stock		141
Lloyds Banking Group	Common Stock		3,140
Loral Space & Communications Ltd	Common Stock		
Lowe's Cos	Common Stock		34,730
Lowe's Cos	Common Stock		600,102
Lowe's Cos	Common Stock		1,070,625
LPBP Inc	Common Stock		
LSI Logic Corp	Common Stock		541
Lululemon Athletica	Common Stock		1,132,024
Lumber Liquidators Hldgs Inc	Common Stock		20,397
LVMH Moët Hennessy	Common Stock		352,417
Lynas Corporation	Common Stock		536
LyondellBasell	Common Stock		276,036
LyondellBasell	Common Stock		16,245

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M2003 Plc Sponsored ADR	Common Stock	
Mahanagar Tel Nigam Ltd	Common Stock	161
Mako Surgical Corp	Common Stock	7,563
Mammoth Energy Group Inc New	Common Stock	
Manhattan Pharmaceuticals Inc	Common Stock	1
Manhattan Scientific Inc	Common Stock	4,539
Manitex Intl Inc	Common Stock	2,968
Manitowoc Inc	Common Stock	1,746

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan**

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Employer Identification Number: 36-0781620 and Plan Number 023

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Mannkind Corp	Common Stock		26,250
Marathon Oil Corp	Common Stock		41,980
Marathon Oil Corp	Common Stock		547,961
Marathon Petroleum Corp	Common Stock		198,970
Marathon Petroleum Corp	Common Stock		23,852
Markel Corp Hldg Co	Common Stock		34,832
Marsh & McLennan Cos	Common Stock		1,033,970
Masco Corp	Common Stock		4,978
Mastercard Inc	Common Stock		3,292,719
Mastercard Inc	Common Stock		29,826
Maxwell Tech Inc	Common Stock		9,744
McDonalds Corp	Common Stock		36,504
McDonalds Corp	Common Stock		2,031,901
Mead Johnson Nutrition Co	Common Stock		1,486,991
Medclean Technologies Inc	Common Stock		240
Medical Marijuana Inc	Common Stock		187
Medicines Co	Common Stock		9,320
Medtronic Inc	Common Stock		8,408
Melco Pbl Entmnt Ltd	Common Stock		3,367
Merck & Co Inc	Common Stock		1,443,215
Merck & Co Inc	Common Stock		119,858
Merge Healthcare Inc	Common Stock		2,425
Metabolix Inc	Common Stock		2,275
Metalico Inc	Common Stock		1,935
MetLife Inc	Common Stock		942,574
MetLife Inc	Common Stock		1,507,810
MetLife Inc	Common Stock		312
MFA Finl Inc	Common Stock		8,091
MFC Industrial Ltd	Common Stock		720
Mgic Invst Corp	Common Stock		41,969
MGM Mirage	Common Stock		8,688
Micro Imaging Technology Inc	Common Stock		120
Micron Technology	Common Stock		629
Microsoft Corp	Common Stock		107,958
Microsoft Corp	Common Stock		1,146,384
Microsoft Corp	Common Stock		2,551,794
Microvision Inc	Common Stock		7,200
Miller Energy Res Inc	Common Stock		29,295
Miller Herman Inc	Common Stock		1,845
Mindspeed Technologies Inc	Common Stock		27
Minefinders Ltd Corp	Common Stock		10,600



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Mirant Corp	Common Stock	
Miravant Medical Technology	Common Stock	
Modern Energy Corp	Common Stock	20
Molecular Insight Pharmaceuticals Inc	Common Stock	
Moly Corp Inc	Common Stock	2,878
Momenta Pharmaceuticals Inc	Common Stock	3,443
Monsanto Co	Common Stock	1,017,577
Monsanto Co	Common Stock	2,360,502

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Monsanto Co	Common Stock		3,403
Morgan Stanley	Common Stock		38,849
Morgan Stanley	Common Stock		918,768
Morgan Stanley	Common Stock		20,879
Morningstar Inc	Common Stock		7,729
Mosaic Co New	Common Stock		3,027
Motorola Mobility Hldgs Inc	Common Stock		2,406
Motorola Solutions Inc	Common Stock		3,287
Motricity Inc	Common Stock		13,500
Mueller Wtr Prods Inc	Common Stock		6,100
Multiband Corp	Common Stock		646
Multicell Technologies Inc	Common Stock		14
Myriad Genetics Inc	Common Stock		461
Nanogen Inc	Common Stock		10
Nanosphere Inc	Common Stock		110
NatcoreTechnology Inc	Common Stock		1,226
National Bank of Greece	Common Stock		792
National Grid	Common Stock		9,696
National Oilwell	Common Stock		1,130,439
Navios Maritime Holdings Inc	Common Stock		19,953
Navios Maritime Partners LP	Common Stock		7,370
Neon Communications Inc	Common Stock		
Nestle SA	Common Stock		5,775
Netapp Inc	Common Stock		17,410
Netflix Inc	Common Stock		26,122
Netgear Inc	Common Stock		3,357
Netlist Inc	Common Stock		5,020
Neumedia Inc	Common Stock		18
New Centy Finl Corp Md	Common Stock		
New Ireland Fd Inc	Common Stock		4,916
Newcastle Invt Corp	Common Stock		930
Nextera Energy Inc	Common Stock		41,403
Nielsen Holdings	Common Stock		11,876
Nike Inc	Common Stock		2,465,809
Nike Inc	Common Stock		5,725
Nokia Corp	Common Stock		20,915
Nordic American Tanker Shipping Ltd	Common Stock		35,970
Nortel Networks Corp	Common Stock		1
North American Palladium	Common Stock		5,100
Northern Oil & Gas Inc	Common Stock		10,911
Northfield Laboratories Inc	Common Stock		

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Novartis AG	Common Stock	511,134
Novartis AG	Common Stock	920,606
Novartis AG	Common Stock	20,219
Novatel Wireless Inc	Common Stock	3,756
Novavax Inc	Common Stock	1,008
Novelos Therapeutics Inc New	Common Stock	23
Novo Nordisk	Common Stock	1,946,664
Novo Nordisk A/S	Common Stock	6,339

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
NPS Pharmaceuticals Inc	Common Stock		7,249
NRG Energy Inc	Common Stock		6,958
Nuance Communications Inc	Common Stock		12,580
Nucor Corp	Common Stock		74,455
Nutraceuticals	Common Stock		2,331
Nvidia Corp	Common Stock		26,334
Nxstage Med Inc	Common Stock		6,845
NYSE Euronext	Common Stock		1,984
O Reilly Automotive Inc	Common Stock		7,036
Occidental Petroleum	Common Stock		1,173,753
Occidental Petroleum	Common Stock		6,612
Occidental Petroleum	Common Stock		1,383,881
Ocean Rig Udw Inc	Common Stock		586
Oclaro Inc	Common Stock		764
Odyssey Marine Exploration Inc	Common Stock		822
Oilsands Quest Inc	Common Stock		208
Olin Corp New	Common Stock		2,135
Olympic Steel Inc	Common Stock		23,320
Omega Navigation Enterprises Inc	Common Stock		569
Omnitek Engr Corp	Common Stock		3,680
Oncogenex Pharmaceuticals Inc	Common Stock		200
Oncolytics Biotech Inc	Common Stock		607,620
Opexa Therapeutics Inc	Common Stock		27,900
Optigenex Inc	Common Stock		
Oracle Corp	Common Stock		2,092,647
Oracle Corp.	Common Stock		43,354
Orbital Sciences Corp	Common Stock		11,624
Orchid Cellmark Inc	Common Stock		223
Orexigen Therapeutics Inc	Common Stock		1,610
Origin Agritech Limited	Common Stock		2,360
Osi Systems Inc	Common Stock		12,195
Osiris Therapeutics Inc	Common Stock		5,912
Otelco Inc	Common Stock		3,349
Owens Illinois Inc	Common Stock		461,412
Owens Illinois Inc	Common Stock		779,231
Oxigene Inc	Common Stock		99
Pace Oil & Gas Ltd	Common Stock		334
Pacific Ethanol Inc	Common Stock		36,527
Palatin Technologies Inc	Common Stock		20
Panacos Pharmaceuticals Inc	Common Stock		1
Pass Minerals Intl Inc	Common Stock		7,797

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Patriot Coal Corp	Common Stock	22,446
Patterson-Uti Energy Inc	Common Stock	11,988
Pay Chest Inc	Common Stock	
Paychex Inc	Common Stock	12,150
PDI Inc	Common Stock	642
PDL Biopharma Inc	Common Stock	9,436
Peabody Energy Corp	Common Stock	16,577
Penn Va Resource Partners LP	Common Stock	1,300

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Penn West Petroleum Ltd	Common Stock		10,371
Pennymac Mortgage Investment	Common Stock		13,929
Pepco Hldgs Inc	Common Stock		21,151
Pepisco Inc	Common Stock		1,068,431
Pepsico Inc	Common Stock		30,795
Permian Basin Rty	Common Stock		7,130
Petmedexpress Inc	Common Stock		1,076
Petrochina Co Ltd	Common Stock		1,492
Petroleo Brasileiro SA Petrobras	Common Stock		8,735
Petsmart Inc	Common Stock		3,590
Pfizer Inc	Common Stock		126,320
Pfizer Inc	Common Stock		1,113,814
Pfizer Inc	Common Stock		2,639,163
Pharmos Corp	Common Stock		2
Philip Morris Intl Inc	Common Stock		123,952
Pilgrims Pride Corp	Common Stock		1,584
Pilot Gold Inc	Common Stock		950
Pioneer Drilling Co	Common Stock		968
Pitney Bowes Inc	Common Stock		12,978
Platinum Studios Inc	Common Stock		20
Plum Creek Timber CoInc	Common Stock		10,968
Pluristem Therapeutics Inc	Common Stock		1,195
PMC-Sierra Inc	Common Stock		3,857
PMI Group Inc	Common Stock		263
PNC Finl Svcs Group	Common Stock		7,901
Polymedix Inc	Common Stock		7,650
Polymet Mining Corp	Common Stock		20,967
Pop3 Media Corp	Common Stock		
Portfolio Recovery Assocs Inc	Common Stock		1,080
Positiveid Corp	Common Stock		1,350
Potash Corp Sask Inc	Common Stock		270,280
Power 3 Med Prods Inc	Common Stock		14
Powerwave Technologies Inc	Common Stock		208
PPG Industries	Common Stock		33,396
Prana BiotechnologyLtd	Common Stock		1,470
Praxair Inc	Common Stock		2,916
Precision Castparts Corp	Common Stock		1,977
Precision Castparts Corp	Common Stock		3,152,418
Priceline.com Inc	Common Stock		1,246,627
Primero Mining Corp	Common Stock		4,508
Procter & Gamble Co	Common Stock		116,433

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Procter & Gamble Co	Common Stock	883,108
Procter & Gamble Co	Common Stock	2,296,739
Progress Energy Inc	Common Stock	7,666
Prologis Inc	Common Stock	277
Prospect Energy Corp	Common Stock	10,748
Protalix Biotherapeutics Inc	Common Stock	1,997
Provident Energy Ltd	Common Stock	85
Proxim Wireless Corp	Common Stock	112

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Prudential Finl Inc	Common Stock		516
PT Telekomunikasi Indonesia	Common Stock		20,227
Public Service Enterprise	Common Stock		384,809
Qualcomm Inc	Common Stock		1,967,010
Quality Systems	Common Stock		34,171
Qualm Inc	Common Stock		54,720
Quantum Fuel Sys TechnologiesWorldwide Inc	Common Stock		237
Quepasa Corp	Common Stock		16,600
Quest Diagnostics Inc	Common Stock		14,515
Quest Rare Minerals Ltd	Common Stock		2,200
Radian Group Inc	Common Stock		1,189
Radient Pharmaceuticals Corp	Common Stock		30
Ralph Lauren Corp	Common Stock		2,192,803
Rambus Inc	Common Stock		7,550
Ramp Corp	Common Stock		
Randgold Res Ltd	Common Stock		5,105
Range Resources Corp	Common Stock		15,495
Rayonier Inc	Common Stock		17,406
Raystream Inc	Common Stock		180
Raytheon Co	Common Stock		2,454
Realty Ine Corp	Common Stock		5,289
Red Hat Inc	Common Stock		1,156,829
Regions Finl Corp	Common Stock		3,353
Renren Inc	Common Stock		266
Repligen Corp	Common Stock		1,215
Research in Motion Ltd	Common Stock		30,900
Resource Cap Corp	Common Stock		101,836
Retail Opportunity Invts Corp	Common Stock		7,329
Reynolds Amern Inc	Common Stock		54,199
Rino Intl Corp	Common Stock		18
Rio Tinto Plc	Common Stock		2,470
Rock-Tenn Co	Common Stock		8,655
Rockwell Automation Inc	Common Stock		29,348
Rockwell Medical Tech Inc	Common Stock		2,143
Roper Industries	Common Stock		322,854
Rosetta Stone Inc	Common Stock		763
Royal Bk Scotland Group Plc	Common Stock		319
Royal Dutch Shell	Common Stock		7,309
Royal Gold Inc	Common Stock		13,486
Rubicon Minerals Corp	Common Stock		73,710
Ryland Group Inc	Common Stock		3,940



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Saba Software Inc	Common Stock	986
Safer Shot Inc	Common Stock	20
Saks Inc	Common Stock	4,875
Salesforce.com Inc	Common Stock	1,918,669
Samson Oil & Gas Ltd	Common Stock	1,950
San Gold Corporation	Common Stock	6,868
San Juan Basin Rty Tr	Common Stock	20,476
Sandisk Corp	Common Stock	19,684

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Sandridge Energy Inc	Common Stock		59,160
Sandridge Mississippian Tr	Common Stock		6,318
Sanmina-Sci Corp	Common Stock		1,862
Sanofi ADR	Common Stock		945,775
Sanofi ADR	Common Stock		1,494,469
Sanofi ADR	Common Stock		13,203
Santarus Inc	Common Stock		1,655
Satcon Technology Corp	Common Stock		600
Satyamputer Svcs Ltd	Common Stock		69
Savient Pharmaceuticals Inc	Common Stock		2,230
Schlumberger Ltd	Common Stock		1,944,018
Schlumberger Ltd	Common Stock		98,101
Seadrill Ltd	Common Stock		43,099
Seagate Technology Plc	Common Stock		3,317
Sears Hldgs Corp	Common Stock		9,534
Seattle Genetics Inc	Common Stock		1,672
Seawright Hldgs Inc	Common Stock		45
Senior Housing Prop Trust	Common Stock		22,440
Sequans Communications	Common Stock		3,336
Ship Finance International Limited	Common Stock		266
Shire Plc	Common Stock		2,868,488
Sigma Designs	Common Stock		600
Silicon Image Inc	Common Stock		1,410
Silver Wheaton Corp	Common Stock		5,586
Silver Wheaton Corp	Common Stock		47,807
Silver Corp Metals Inc	Common Stock		38,400
Sirius XM Radio Inc	Common Stock		162,109
Skyworks Solutions Inc	Common Stock		35,441
Smith & Wesson Hldg Corp	Common Stock		2,180
Smurfit Stone Container	Common Stock		
Sociedad Quimica Minera De Chile	Common Stock		269,250
Socket Mobile Inc	Common Stock		15,613
Solar Cap Ltd	Common Stock		9,075
Sonic Corp	Common Stock		6,730
Sothebys Hldgs Inc	Common Stock		1,141
Southern Co	Common Stock		236,698
Southern Copper Corp	Common Stock		47,516
Southwest Airlines Co	Common Stock		939,519
Southwest Airlines Co	Common Stock		6,849
Southwestern Energy Co	Common Stock		441,754
Spectra Energy Corp	Common Stock		36,826

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Spectranetics Corp	Common Stock	16,750
Spirit Aerosystems Hldgs Inc	Common Stock	1,559
Spongetech Delivery Sys Inc	Common Stock	
Sports Concepts Inc	Common Stock	
Sprint Corp	Common Stock	24,044
Sprott Physical Silver Trust	Common Stock	54,808
St Jude Medical Inc	Common Stock	19,679
Standard Pkg Corp	Common Stock	5,361

**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, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Stanley Black & Decker	Common Stock		397,358
Star Bulk Carriers Corp Shs	Common Stock		225
Starbucks Corp	Common Stock		2,949,951
* State Street Corp	Common Stock		122
* State Street Corp	Common Stock		1,107,071
Statoil Asa	Common Stock		5,950
Stem Cell Innovations Inc	Common Stock		
Stemcells Inc	Common Stock		148
Sterlite Inds India Ltd	Common Stock		499
Stevia Corp	Common Stock		346
Stonemor Partners LP	Common Stock		7,034
Strategic Amern Oil Corp	Common Stock		990
Strategic Hotel & Resort Inc	Common Stock		2,148
Stryker Corp	Common Stock		1,591
Subjex Corp	Common Stock		3
Sulphco Inc	Common Stock		6
Suncor Energy	Common Stock		3,147
Sunesis Pharmaceuticals Inc	Common Stock		2,143
Sunoco Inc	Common Stock		1,317,034
Suntech Pwr Hldgs Co	Common Stock		608
Suntrust Banks Inc	Common Stock		3,975
Surebeam Corp	Common Stock		
Surewest Communications	Common Stock		670
Symantec Corp	Common Stock		790,047
Synovus Finl Corp	Common Stock		4,134
Syntax Brillian Corp	Common Stock		
Sysco Corp	Common Stock		756,259
Sysco Corp	Common Stock		12,436
Taiwan Semiconductor Manufacturing	Common Stock		5,190
Talon Therapeutics Inc	Common Stock		5,944
Target Corp	Common Stock		19,976
Taseko Mines Ltd	Common Stock		43,923
Taser International Inc	Common Stock		12,288
Tata Mtrs Ltd	Common Stock		14,944
Te Connectivity Ltd	Common Stock		678
Teck Inc Ltd	Common Stock		7,059
Telefonica SA	Common Stock		10,896
Telestone Technologies Corp	Common Stock		4,160
Tencent Holdings Ltd	Common Stock		20,124
Tencent Holdings Ltd	Common Stock		614,803
Tenet Healthcare Corp	Common Stock		12,825

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Terex Corp New	Common Stock	1,013
Terra Nitrogen Co	Common Stock	11,541
Tesla Motors Inc	Common Stock	2,856
Tesoro Pete Corp	Common Stock	748
Teva Pharmaceutical Inds Ltd	Common Stock	36,430
Texas Instruments	Common Stock	1,138,821
Texas Instruments	Common Stock	1,696,728
Texas Pacific Land Trust	Common Stock	12,262

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December 31, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
TGC Industries Inc	Common Stock		7,140
Theragenics Corp	Common Stock		2,688
Thomas Pptys Group Inc	Common Stock		1,338
Thompson Creek Metals CoInc	Common Stock		87,696
Thornburg Mtg Inc	Common Stock		
THQ Inc	Common Stock		4,940
Threshold Pharmaceuticals Inc New	Common Stock		61
Tiffany & Co	Common Stock		1,381,185
Time Warner Cable Inc	Common Stock		2,479
Time Warner Inc	Common Stock		1,303,163
Time Warner Inc	Common Stock		2,424,241
Time Warner Inc	Common Stock		5,710
Titanium Metals Corp	Common Stock		1,498
Torch Energy Royalty Trust	Common Stock		295
Torchlight Energy Res Inc	Common Stock		18,000
Toro Co	Common Stock		16,035
Total ADR	Common Stock		1,134
ToUSA Inc	Common Stock		4
Toyota Motor Corp	Common Stock		23,303
Transcanada Corp	Common Stock		8,734
Transcontinental Realty Invs	Common Stock		1,639
Transmeridian Expl Inc	Common Stock		
Transocean Ltd Zug Namen	Common Stock		65,320
Transwitch Corp	Common Stock		4,192
Travelers Cos Inc	Common Stock		1,361
Tree Inc	Common Stock		11
Trimeddyne Inc	Common Stock		700
Tripadvisor Inc	Common Stock		782
TRW Automotive Hldgs Corp	Common Stock		3,260
Turkcell Iletisim Hizmet	Common Stock		669
Tyco International Ltd	Common Stock		1,028
US Airways Group Inc	Common Stock		2,535
US Energy Corp	Common Stock		757
US Geothermal Inc	Common Stock		144
US Shipping Partner	Common Stock		
UAL Corp New	Common Stock		
Ultra Petroleum Corp	Common Stock		3,556
Ultra Petroleum Corp	Common Stock		288,327
Umpqua Holdings Corp	Common Stock		1,859
Under Armour Inc	Common Stock		6,102
Unilever Plc	Common Stock		2,763

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Union Pacific Corp	Common Stock	2,129
Union Pacific Corp	Common Stock	1,756,183
Uniroyal Tech Corp	Common Stock	
United Parcel Svc Inc	Common Stock	12,222
United States Steel Corp	Common Stock	91,813
United Sts Gasoline	Common Stock	4,832
United Sts Nat Gas Fd LP	Common Stock	92,378
United Technologies Corp	Common Stock	11,649

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
United Technologies Corp	Common Stock		1,192,778
United Health Group	Common Stock		140,189
United Health Group	Common Stock		1,131,522
United Health Group	Common Stock		22,992
Universal Display Corp	Common Stock		8,439
Universal Ins Hldgs Inc	Common Stock		4,843
Uranerz Energy Corp	Common Stock		819
Uranium One Inc	Common Stock		244
Uranium Res Inc	Common Stock		1,452
US Bancorp	Common Stock		422,223
USEC Inc	Common Stock		1,767
Vale SA	Common Stock		2,709
Valeant Pharmaceuticals	Common Stock		636,533
Valero Energy Corp	Common Stock		11,901
Vasco Data Security Intl	Common Stock		2,830
Vaso Active Pharmaceuticals Inc	Common Stock		20
Velatel Global Communications Inc	Common Stock		700
Ventas Inc	Common Stock		3,729
Veolia Environnement	Common Stock		11,050
Verenium Corp	Common Stock		89
Verifone Hldgs Inc	Common Stock		15,984
Verisign Inc	Common Stock		357
Verizon Communications	Common Stock		252,459
Vertex Pharmaceuticals	Common Stock		956,434
Vertex Pharmaceuticals	Common Stock		19,926
Via Networks Inc	Common Stock		396
Via Pharmaceuticals Inc	Common Stock		
Viacom Inc	Common Stock		1,740,609
Vimpel Ltd	Common Stock		17,093
Viragen Inc	Common Stock		
Viral Genetics Inc	Common Stock		190
Virexx Med Corp	Common Stock		
Viropharma Inc	Common Stock		2,739
Viropro Inc	Common Stock		16,875
Visa Inc	Common Stock		1,223,692
Visa Inc	Common Stock		1,240,944
VMware Inc	Common Stock		2,095,700
VMware Inc	Common Stock		14,142
Vodafone Group	Common Stock		7,008
Vodafone Inc	Common Stock		2,125,296
Vulcan Materials Co	Common Stock		1,377



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W & T Offshore Inc	Common Stock	6,363
Walgreen Company	Common Stock	71,556
Walmart Stores Inc	Common Stock	1,050,869
Walmart Stores Inc	Common Stock	18,651
Walt Disney	Common Stock	1,265,440
Walt Disney	Common Stock	90,608
Warner Chilcott Plc	Common Stock	3,310
Washington Mutual Inc	Common Stock	1,303

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Washington Real Estate Invt	Common Stock		8,457
Waste Management Inc	Common Stock		32,845
Weatherford Int Ltd	Common Stock		29,280
Weatherford Int Ltd	Common Stock		977,700
Weingarten Rlty Invs	Common Stock		10,960
Wells Fargo & Co	Common Stock		1,892,265
Wells Fargo & Co	Common Stock		48,459
Wellstar Intl Inc	Common Stock		
Wendys Company	Common Stock		4,690
Westell Technologies Inc	Common Stock		2,220
Western Asset High	Common Stock		10,268
Western Cap Res Inc	Common Stock		
Western Digital Corp	Common Stock		15,475
Western Pac Minerals Ltd	Common Stock		
Western Refng Inc	Common Stock		26,580
Western Union Co	Common Stock		1,826
Westport Innovations Inc	Common Stock		36,564
Weyerhaeuser Co	Common Stock		14,936
Whiting Pete Corp New	Common Stock		14,007
Whole Foods Market Inc	Common Stock		1,931,424
Williams Cos Inc	Common Stock		7,066
Windstream Corp	Common Stock		80,332
Winn Dixie Stores Inc	Common Stock		938
Winner Med Group Inc	Common Stock		516
Wintrust Financial Corp	Common Stock		14,043
Women First Healthcare Inc	Common Stock		
Wonder Auto Technology Inc	Common Stock		442
Wuxi Pharmatech Cayman Inc	Common Stock		4,416
Wynn Resorts Ltd	Common Stock		5,807
Xenoport Inc	Common Stock		12,764
Xerox Corp	Common Stock		2,401
Xinyuan Real Estate Co Ltd	Common Stock		263
Xoma Ltd	Common Stock		1,111
XPO Logistics Inc	Common Stock		27,788
Xybernaut Corp	Common Stock		
Yahoo Inc	Common Stock		9,872
Yamana Gold Inc	Common Stock		8,943
Yingli Green Energy Hldg Co Ltd	Common Stock		760
YM Biosciences Inc	Common Stock		8,700
Yongye Intl Inc	Common Stock		9,138
Youku.com Inc	Common Stock		7,835

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Youku.com Inc	Common Stock	222,920
YRC Worldwide Inc	Common Stock	459
Yum! Brands Inc	Common Stock	90,841
Zalicus Inc	Common Stock	992
Zap	Common Stock	154
Zimmer Holdings Inc	Common Stock	53
Zion Oil & Gas Inc	Common Stock	72
Zion Oil & Gas Inc	Common Stock	150

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December 31, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Zion Oil & Gas Inc	Common Stock		3,868
Zoltek Cos Inc	Common Stock		15,240
Zynex Inc	Common Stock		612
Common Stock			\$ 394,301,012
<b>** U.S. Government and Government Agency Issues:</b>			
Fed HM LN Pool A58677	5.5% 01 Mar 2037		528,672
Fed HM LN Pool C48827	6.0% 01 Mar 2031		10,306
Fed HM LN Pool C91370	4.5% 01 May 2031		516,352
Fed HM LN Pool G12334	5.0% 01 Sep 2021		199,092
Federal Home LN Mtg	5.0% 15 Jan 2030		62,951
FNMA Pool 256398	6.0% 01 Sep 2021		42,616
FNMA Pool 323887	6.0% 01 Dec 2013		16,965
FNMA Pool 581043	6.0% 01 May 2016		17,678
FNMA Pool 615005	6.0% 01 Dec 2016		26,994
FNMA Pool 694448	5.5% 01 Apr 2033		319,466
FNMA Pool 725690	6.0% 01 Aug 2034		245,180
FNMA Pool 745418	5.5% 01 Apr 2036		143,435
FNMA Pool 748115	6.0% 01 Oct 2033		88,397
FNMA Pool 815316	5.5% 01 May 2035		411,623
FNMA Pool 822979	5.5% 01 Apr 2035		392,523
FNMA Pool 885504	6.0% 01 Jun 2021		140,293
FNMA Pool 888102	5.5% 01 May 2036		22,743
FNMA Pool 902793	6.5% 01 Nov 2036		197,427
FNMA Pool AH2899	4.5% 01 Jan 2041		541,971
FNMA Pool AH3765	4.0% 01 Jan 2041		1,279,854
FNMA Pool AH9374	4.5% 01 Apr 2041		645,602
FNMA Pool AL0920	5.0% 01 Jul 2037		808,068
FNMA Pool MA0734	4.5% 01 May 2031		509,972
FNMA Pool MA0918	4.0% 01 Dec 2041		1,338,228
Mexico St	8.0% 17 Dec 2015		108,231
TSY Infl IX N/B	0.625% 15 Jul 2021		1,885,046
US Treasury N/B	4.5% 15 Aug 2039		333,272
US Treasury N/B	3.125% 15 Nov 2041		481,375
US Treasury N/B	3.125% 15 May 2021		485,453
US Treasury N/B	4.375% 15 May 2040		571,217
US Treasury N/B	1.125% 15 Jan 2012		701,815
US Treasury N/B	3.375% 15 Nov 2019		782,837
US Treasury N/B	4.375% 05 May 2041		907,684

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US Treasury N/B	1.0% 31 Dec 2011	1,259,858
US Treasury N/B	0.875% 29 Feb 2012	1,271,426
US Treasury N/B	0.375% 30 Sep 2012	1,470,173
US Treasury N/B	1.375% 15 Sep 2012	3,100,075
U.S. Government and Government Agency Issues		\$ 21,864,870

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Schedule H, Line 4i Schedule of Assets (Held at End of Year)

Employer Identification Number: 36-0781620 and Plan Number 023

December 31, 2011

	Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
**	<b>Corporate and Other Obligations:</b>			
	USG Corp	9.75% 15 Jan 2018		133,594
	AES Corp	7.75% 15 Oct 2015		161,188
	Agilent Technologies Inc	6.5% 01 Nov 2017		268,909
	Albertson's Inc	6.625% 01 Jun 2028		17,601
	Alcoa Inc	5.95% 01 Feb 2037		140,572
	Alcoa Inc	5.87% 23Feb2022		323,479
	Ally Financial Inc	6.25% 01 Dec 2017		328,835
	Ally Financial Inc	6.75% 01 Dec 2014		347,573
	Alta Wind Holdings	7.0% 30 Jun 2035		200,069
	Altria Group Inc	4.75% 05 May 2021		54,398
	Altria Group Inc	9.25% 06 Aug 2019		72,975
	Altria Group Inc	9.95% 10 Nov2038		413,303
	American Express Credit	2.8% 19 Sep2016		362,433
	American Movil SAB	2.375% 08 Sep 2016		295,611
	American Tower Corp	4.625% 01 Apr 2015		148,310
	American Tower Corp	4.5% 15 Jan 2018		211,088
	Amgen Inc	2.5% 15 Nov 2016		484,988
	Anheuser Busch Cos	4.95% 15 Jan 2014		21,298
	Anheuser Busch Cos	6.5% 01 May 2042		66,059
	Anheuser Busch In Bev	4.125% 15 Jan 2015		580,620
	Arcelor Mittal	5.5% 01 Mar 2021		285,708
	Arcelor Mittal	3.75% 05 Aug 2015		363,680
	Aristotle Holding Inc	4.75% 15 Nov 2021		327,194
	Associates Corp	6.95% 01 Nov 2018		375,805
	AT&T Corp	6.5% 15 Mar 2029		23,628
	AT&T Inc	PreferredStock		22,738
	AT&T Inc	4.45% 15 May 2021		439,595
	Baker Hughes Inc	3.2% 15 Aug 2021		352,233
*	Bank of America	5.625% 01 Jul 2020		155,170
*	Bank of America Coml Mtg	1.0% 10 Apr 2049		158,411
	Barrick NA	4.4% 30 May 2021		347,794
*	Baxter International Inc	1.85% 15 Jan 2017		67,715
	Bear Stearns Coml Mtg	1.0% 11 Jun 2040		189,317
	Bemis Company Inc	5.65% 01 Aug 2014		57,743
	BG Energy Capital	4.0% 15 Oct 2021		305,558
	Biomed Realty LP	6.125% 15 Apr 2020		93,345
	Biomed Rlty Tr Inc	PreferredStock		7,629
	Bottling Group LLC	5.125% 15 Jan 2019		92,224
	BP Capital Markets Plc	4.5% 01 Oct 2020		451,641

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Brocade Communications	6.875% 15 Jan 2020	47,356
Brocade Communications	6.625% 15 Jan 2018	143,871
Bunge Limited Finance	4.1% 15 Mar 2016	76,742
Camden PPTY	5.375% 15 Dec 2013	25,818
Camden PPTY	5.0% 15 Jun 2015	26,237
Cameron Intl Corp	6.375% 15 Jul 2018	12,872
Cameron Intl Corp	7.0% 15 Jul 2038	48,043
Canadian Pacific RR Co	7.25% 15 May 2019	98,481

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Capital One Financial Co	2.125% 15 Jul 2014		360,919
Case New Holland Inc	7.75% 01 Sep 2013		62,993
CBS Corp	5.75% 15 Apr 2020		138,866
CC Holdings GS	7.75% 01 May 2017		181,000
CF Industries Holdings	6.875% 01 May 2018		84,855
Chevron Phillips Chemical	7.0% 15 Jun 2014		185,256
Cincinnati Bell Inc	8.75% 15 Mar 2018		151,424
Citigroup Commercial Mortgage	5.431% 15 Oct 2049		54,877
Citigroup/Deutsche Bank	5.322% 11 Dec 2049		576,431
Colorado Intst Gas Co	6.8% 15 Nov 2015		17,014
Colorado Intst Gas Co	5.95% 15 Mar 2015		22,380
Comcast Corp	5.65% 15 Jun 2035		99,336
Comcast Corp	6.45% 15 Mar 2037		113,795
Comcast Corp	6.4% 01 Mar 2029		194,071
Comcast Corp	6.4% 15 May 2038		225,561
Commerical Mortgage Passthru	1.0% 15 Dec 2049		55,148
Contl Airlines	5.983% 19 Oct 2023		286,884
Corning Inc	6.85% 01 Mar 2029		18,219
Corning Inc	7.25% 15 Aug 2036		71,522
Covidien Intl Finance SA	6.0% 15 Oct 2017		271,655
Credit Suisse Coml Mtg	1.0% 15 Jan 2049		125,521
Crown Castle Towers LLC	3.214% 15 Aug 2035		99,917
CSC Hldgs Inc	7.875% 15 Feb 2018		169,624
Delta Air Lines	6.821% 10 Feb 2024		218,405
Direc TV Holdings	5.0% 01 Mar 2021		444,154
Dow Chemical Co	4.25% 15 Nov 2020		215,690
Duke Energy Co	6.25% 15 Jan 2012		29,691
Eastman Chemical Co	4.5% 15 Jan 2021		218,958
Echostar DBS Corp	7.0% 01 Oct 2013		284,802
Ecolab Inc	4.35% 08 Dec 2021		110,797
Embarq Corp	7.995% 01 Jun 2036		645,046
Enel Fin Intl	6.25% 15 Sep 2017		314,042
Enron Cap Res LP	PreferredStock		
Ensco Plc	4.7% 15 Mar 2021		452,777
EQT Corp	8.125% 01 Jun 2019		97,359
Equifax Inc	7.0% 01 Jul 2037		172,941
ERAC USA Fin Co	7.0% 15 Oct 2017		11,888
ERAC USA Fin Co	6.375% 15 Oct 2017		610,879
ERP OPER Ltd Partnership	5.75% 15 Jun 2017		38,345
Expedia Inc	5.95% 15 Aug 2020		44,841



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Express Scripts Inc	7.25% 15 Jun 2019	35,326
Express Scripts Inc	3.125% 15 May 2016	268,272
Fidelity National Inform	7.875% 15 Jul 2020	48,023
Florida Gas Transmission Co	7.9% 15 May 2019	55,516
Ford Motor Company	7.0% 15 Apr 2015	141,445
Ford Motor Company	7.45% 16 Jul 2031	284,580
Ford Motor Company	5.75% 01 Feb 2021	308,926
Frontier Communications	7.875% 15 Jan 2027	243,573
General Elec Cap Corp	2.95% 09 May 2016	193,091

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General Elec Cap Corp	3.75% 14 Nov 2014		442,659
General Elec Cap Corp	Preferred Stock		12,825
Georgia Pac Corp	7.375% 01 Dec 2025		158,427
Georgia Pac Corp	7.25% 01 Jun 2028		220,546
Georgia Pac Corp	7.75% 15 Nov 2029		230,068
Georgia Pac Corp	8.875% 15 May 2031		6,791
Georgia Pwr Co	Preferred Stock		13,315
Gilead Sciences Inc	5.65% 01 Dec 2041		114,872
Greenwich Capital Commercial	1.0% 10 Jul 2038		54,885
Greenwich Capital Commercial	5.736% 15 Dec 2049		245,172
GS Mortgage Securities	1.0% 10 Aug 2045		493,621
Hasbro Inc	6.125% 15 May 2014		64,678
Hasbro Inc	6.3% 15 Sep 2017		107,921
Hewlett Packard Co	4.375% 15 Sep 2021		188,661
Hewlett Packard Co	4.65% 09 Dec 2021		271,063
Home Depot Inc	5.4% 01 Mar 2016		28,531
Hospira Inc	6.05% 30 Mar 2017		119,998
Incitec Pivot Fin LLC	6.0% 15 Dec 2019		107,965
Ingersoll Rand Global Hldg	6.875% 15 Aug 2018		125,674
Intel Corp	1.95% 01 Oct 2016		370,770
International Paper Co	4.75% 15 Feb 2022		267,834
International Paper Co	7.95% 15 Jun 2018		270,624
Ipalco Enterprises Inc	5.0% 01 May 2018		33,893
Jabil Circuit Inc	5.625% 15 Dec 2020		115,623
John Deere Capital Corp	1.85% 15 Sep 2016		259,129
JPMorgan Chase Coml Mtg	1.0% 12 Feb 2049		69,490
JPMorgan Chase Coml Mtg	5.44% 12 Jun 2047		132,384
JPMorgan Chase Coml Mtg	1.0% 15 Jun 2049		210,021
JPMorgan Chase & Co	4.625% 10 May 2021		71,565
JPMorgan Chase & Co	3.7% 20 Jan 2015		568,593
KLA Tencor Corp	6.9% 01 May 2018		216,497
Kraft Foods Inc	6.5% 01 Nov 2031		79,849
Kraft Foods Inc	6.5% 11 Aug 2017		152,807
Kraft Foods Inc	2.625% 08 May 2013		388,655
Lear Corp	8.125% 15 Mar 2020		43,477
Lear Corp	7.875% 15 Mar 2018		133,706
Life Technologies Corp	4.4% 01 Mar 2015		118,084
McDonalds Corp Medium Note	5.0% 01 Feb 2019		70,351
McKesson Corp	6.5% 15 Feb 2014		109,354
Merrill Lynch & Co Inc	5.0% 15 Jan 2015		61,873

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Merrill Lynch & Co Inc	6.4% 28 Aug 2017	339,666
Midwest Banc Hldgs Inc	PreferredStock	
ML CFC Coml Mtg	1.0% 12 Mar 2051	25,983
ML CFC Coml Mtg	1.0% 12 Dec 2049	186,161
Modern Energy Corp	PreferredStock	
Morgan Stanley	5.375% 15 Oct 2015	62,759
Morgan Stanley	5.55% 27 Apr 2017	238,339
Morgan Stanley	5.5% 24 Jul 2020	260,545
Nabors Industries	6.15% 15 Feb 2018	16,557

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Nabors Industries	9.25% 15 Feb 2019		573,003
New Field Exploration Co	5.75% 30 Jan 2022		240,114
Newmont Mining Corp	5.875% 01 Apr 2035		128,656
News America Inc	6.15% 01 Mar 2037		307,837
Nextera Energy Capital	4.5% 01 Jun 2021		321,045
NGN 2010 R3	1.0% 08 Dec 2020		986,977
NiSource Finance Corp	5.45% 15 Sep 2020		125,868
NiSource Finance Corp	6.125% 01 Mar 2022		159,263
Norfolk Southern Corp	5.75% 15 Jan 2016		314,567
Occidental Petroleum	1.75% 15 Feb 2017		385,316
Omnicare Inc	7.75% 01 Jun 2020		164,455
Oneok Partners LP	8.625% 01 Mar 2019		279,057
Oracle Corp	5.0% 08 Jul 2019		448,525
Owens Corning New	7.0% 01 Dec 2036		100,993
Pepisco Inc	0.8% 25 Aug 2014		325,808
Petrobras Intl Fin	5.875% 01 Mar 2018		513,652
PNC Funding Corp	3.625% 08 Feb 2015		503,403
Pride International Inc	8.5% 15 Jun 2019		97,890
Procter & Gamble Co	1.45% 15 Aug 2016		299,913
QEP Resources Inc	6.875% 01 Mar 2021		175,676
Quest Diagnostics Inc	4.75% 30 Jan 2020		120,241
Regions Fing Tr	PreferredStock		5,060
Reynolds Amern Inc	7.25% 15 Jun 2037		343,858
Reynolds Group	6.875% 15 Feb 2021		98,318
Rowan Companies Inc	5.0% 01 Sep 2017		124,594
Royal Bk Scotland Group Plc	PreferredStock		5,312
RPM International Inc	6.125% 15 Oct 2019		244,876
RR Donnelley & Sons	7.25% 15 May 2018		378,600
Schlumberger Investment	1.95% 14 Sep 2016		94,976
Schlumberger Norge	1.95% 14 Sep 2016		179,955
Snap On Inc	4.25% 15 Jan 2018		122,241
Southern Nat Gas	7.35% 15 Feb 2031		220,740
Sprint Capital Corp	6.875% 15 Nov2028		201,003
Talisman Energy Inc	7.75% 01 Jun 2019		36,553
Talisman Energy Inc	5.85% 01 Feb 2037		72,337
Talisman Energy Inc	6.25% 01 Feb 2038		178,384
Textron Inc	4.625% 21Sep2016		306,860
Time Warner Cable Inc	5.85% 01 May 2017		101,277
Time Warner Cable Inc	6.55% 01 May 2037		168,586
Time Warner Cable Inc	6.625% 15 May 2029		425,158

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Treehouse Foods Inc	7.75% 01 Mar 2018	187,188
Tyco International	4.125% 15 Oct 2014	152,704
United Health Group Inc	6.0% 15 Feb 2018	317,207
United Parcel Service	3.875% 01 Apr 2014	237,219
Unum Group	5.625% 15 Sep 2020	142,442
US Steel Corp	6.65% 01 Jun 2037	227,367
US Steel Corp	7.375% 01 Apr 2020	130,062
Vale Overseas Limited	6.875% 21 Nov 2036	191,255
Valero Energy Corp	6.625% 15 Jun 2037	275,471

**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, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Votorantim Cimentos SA	7.25% 05 Apr 2041		191,202
WAMU Mortgage Pass Thru	1.0% 25 Mar 2035		76,402
Waste Management Inc	6.375% 11 Mar 2015		124,011
WellPoint Inc	6.0% 15 Feb 2014		290,795
Wells Fargo & Company	4.6% 01 Apr 2021		455,136
Wells Fargo Mtg Bkd	1.0% 25 Oct 2035		356,099
Western Union Co	5.93% 01 Oct 2016		178,141
Willis North America Inc	7.0% 29 Sep 2019		39,598
Windstream Corp	8.125% 01 Sep 2018		68,804
Wyndham Worldwide	7.375% 01 Mar 2020		372,181
Xerox Corp	6.4% 15 Mar 2016		179,115

Corporate and Other Obligations \$ 40,241,693

**Synthetic Guaranteed Investment Contracts:****Cash & Cash Equivalents**

Australian Dollar	Cash	16,758
Lehman Bankruptcy	Cash Collateral	(31,355)
* State Street Bank & Trust Co	Short-Term Investment Fund	566,898
* State Street Bank & Trust Co	Short-Term Investment Fund	3,529,239
* State Street Bank & Trust Co	Short-Term Investment Fund	17,741,758
* State Street Bank & Trust Co	Short-Term Investment Fund	1,524,081
		23,347,379

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

Australian Government	4.75% 15 Jun 2016	743,209
Australian Government	5.25% 15 Mar 2019	1,556,549
Australian Government	6.0% 15 Feb 2017	2,591,412
California St	5.75% 01 Mar 2017	448,099
California St	5.0% 01 Nov 2037	497,907
Fannie Mae	1.0% 18Oct2012	586,241
Fannie Mae	1.0% 17 Sep 2012	1,817,172
Fannie Mae	2.625% 20 Nov 2014	6,428,703
Fed HM LN PC Pool 1J1214	4.0% 01 Mar 2025	25,410
Fed HM LN PC Pool A34902	5.5% 01 May 2035	562,869

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Fed HM LN PC Pool B12817	4.0% 01 Mar 2014	4,334
Fed HM LN PC Pool B14039	4.0% 01 May 2014	13,047
Fed HM LN PC Pool B17493	4.0% 01 Dec 2014	790,320
Fed HM LN PC Pool E01343	5.0% 01 Apr 2018	1,525,690
Fed HM LN PC Pool E01377	4.5% 01 May 2018	299,560
Fed HM LN PC Pool E02697	4.0% 01 Jun 2025	53,846
Fed HM LN PC Pool E02783	4.0% 01 Sep 2025	54,171
Fed HM LN PC Pool E02883	4.0% 01 Apr 2026	692,839
Fed HM LN PC Pool E99842	4.0% 01 Oct 2013	15,551
Fed HM LN PC Pool G01843	6.0% 01 Jun 2035	1,108,968

**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, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Fed HM LN PC Pool G01890	4.0% 01 Nov 2013		510,206
Fed HM LN PC Pool G08084	4.0% 01 Apr 2026		981,723
Fed HM LN PC Pool G11542	4.0% 01 Apr 2014		770,307
Fed HM LN PC Pool G12743	5.5% 01Aug2022		297,673
Fed HM LN PC Pool G14093	4.5% 01 Oct 2035		753,543
Fed HM LN PC Pool G18268	5.0% 01Aug 2023		1,054,780
Fed HM LN PC Pool G18385	1.0% 01 Sep 2035		65,202
Fed HM LN PC Pool J11872	4.0% 01 Mar 2026		53,840
Fed HM LN PC Pool J14641	4.0% 01 Mar 2025		760,259
Fed HM LN PC Pool J15157	4.0% 01 Apr 2026		30,422
Fed HM LN PC Pool Q00628	4.5% 01 May 2041		525,519
Fed HM LN PC Pool Q01947	4.5% 01 Jul 2042		2,069,330
Fed HM LN PC Pool Q03572	4.0% 01 Sep 2041		4,621,197
Fed HM LN PC Pool Q03681	4.0% 01 Oct 2041		4,022,034
Fed HM LN PC Pool Q03780	4.0% 01 Oct 2017		55,076
Fed HM LN Pool 1N1417	1.0% 01 Feb 2037		133,695
Fed HM LN Pool 1Q0669	1.0% 01 Nov 2037		110,853
Fed HM LN Pool 1Q1159	1.0% 01 May 2038		1,054,549
Fed HM LN Pool A89385	4.5% 01 Oct 2039		5,128,386
Fed HM LN Pool G03205	5.5% 01 Jul 2035		216,992
Fed HM LN Pool G04731	5.5% 01 Apr 2038		2,349,688
Federal Farm Credit Bank	1.0% 29 Sep 2014		839,913
Federal Farm Credit Bank	1.0% 12 Oct 2012		1,172,367
Federal Farm Credit Bank	1.0% 26 Jun 2013		2,444,507
Federal Farm Credit Bank	1.0% 13 Nov 2012		2,637,786
Federal Farm Credit Bank	1.0% 20 Sep 2012		2,930,940
Federal Farm Credit Bank	1.0% 26 Apr 2013		5,191,097
Federal Home Loan Bank	3.625% 18 Oct 2013		7,778,308
Federal Natl Mtg Assn	1.0% 25 May 2030		1,133,540
Federal Natl Mtg Assn	3.0% 01 Dec 2099		8,039,296
FHLMC TBA	4.0% 31 Dec 2099		(4,097,125)
FHLMC TBA	3.5% 01 Dec 2099		
FHLMC TBA	4.5% 01 Dec 2099		1,034,195
FICO Strip	0.01% 06 Oct 2015		187,914
FICO Strip	0.01% 07 Mar 2019		281,015
FICO Strip	0.01% 07 Mar 2019		299,890
FICO Strip	0.01% 26 Sep 2019		352,193
FICO Strip	0.01% 08 Aug 2015		414,620
FICO Strip	0.01% 26 Sep 2014		694,537
FICO Strip	0.01% 11 May 2013		779,616
FICO Strip	0.01% 27 Dec 2012		1,796,010



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FICO Strip	0.01% 03 Feb 2017	2,616,124
FICO Strip	0.01% 30 Nov 2017	2,675,707
Financing Corp	9.8% 06 Apr 2018	350,104
Financing Corp	0.01% 27 Dec 2018	509,232
FNMA Pool 254088	5.5% 01 Dec 2016	45,165
FNMA Pool 254140	5.5% 01 Jan 2017	130,049
FNMA Pool 254693	5.5% 01 Apr 2033	422,140
FNMA Pool 254722	5.5% 01 May 2018	373,639

**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, 2011**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
FNMA Pool 255364	6.0% 01 Sep 2034		372,781
FNMA Pool 255765	5.0% 01 Jul 2020		93,945
FNMA Pool 256101	5.5% 01 Feb 2036		1,205,762
FNMA Pool 256925	6.0% 01 Oct 2037		1,178,022
FNMA Pool 323348	8.5% 01 Jun 2012		12
FNMA Pool 545904	5.5% 01 Sep 2017		232,900
FNMA Pool 555541	1.0% 01 Apr 2033		62,655
FNMA Pool 722999	5.0% 01 Jul 2018		800,668
FNMA Pool 725027	5.0% 01 Nov 2033		225,389
FNMA Pool 725222	5.5% 01 Feb 2034		523,544
FNMA Pool 725423	5.5% 01 May 2034		384,310
FNMA Pool 725424	5.5% 01 Apr 2034		188,386
FNMA Pool 725690	6.0% 01 Aug 2034		145,561
FNMA Pool 725946	5.5% 01 Nov 2034		498,658
FNMA Pool 735141	5.5% 01 Jan 2035		735,064
FNMA Pool 735224	5.5% 01 Feb 2035		958,334
FNMA Pool 735592	5.0% 01 May 2034		993,761
FNMA Pool 735667	5.0% 01 Jul 2035		3,446,935
FNMA Pool 743132	5.0% 01 Oct 2018		795,943
FNMA Pool 745275	5.0% 01 Feb 2036		1,735,091
FNMA Pool 745275	5.0% 01 Feb 2036		3,311,681
FNMA Pool 745327	6.0% 01 Mar 2036		263,152
FNMA Pool 756363	1.0% 01 Dec 2033		168,313
FNMA Pool 770946	5.0% 01 Apr 2034		660,132
FNMA Pool 77691	5.0% 01 Apr 2034		739,679
FNMA Pool 831540	6.0% 01 Jun 2036		905,473
FNMA Pool 837220	4.5% 01 Aug 2020		1,746,035
FNMA Pool 841068	4.5% 01 Feb 2039		402,441
FNMA Pool 844444	5.0% 01 Dec 2035		1,280,643
FNMA Pool 848647	5.5% 01 Jan 2036		744,758
FNMA Pool 871117	5.5% 01 Dec 2036		995,979
FNMA Pool 871288	6.0% 01 May 2036		451,772
FNMA Pool 880611	5.5% 01 Apr 2036		927,158
FNMA Pool 880626	5.5% 01 Apr 2036		1,651,372
FNMA Pool 881655	1.0% 01 Mar 2036		108,654
FNMA Pool 888340	5.0% 01 Aug 2036		871,371
FNMA Pool 888521	1.0% 01 Mar 2034		286,106
FNMA Pool 888789	5.0% 01 Jul 2036		262,810
FNMA Pool 889004	1.0% 01 Aug 2037		535,873
FNMA Pool 889040	5.0% 01 Jun 2037		569,219
FNMA Pool 889190	6.0% 01 Mar 2038		84,642

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FNMA Pool 889361	6.0% 01 Mar 2038	653,215
FNMA Pool 889369	6.0% 01 Feb 2038	843,085
FNMA Pool 889544	5.5% 01 May 2038	658,543
FNMA Pool 889579	6.0% 01 May 2038	902,167
FNMA Pool 889750	6.0% 01 May 2038	271,679
FNMA Pool 902397	1.0% 01 Nov 2036	102,725
FNMA Pool 930612	4.0% 01 May 2024	278,528
FNMA Pool 931252	3.5% 01 Dec 2040	21,795

**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, 2011**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
FNMA Pool 931745	5.0% 01 Aug 2024		3,866,770
FNMA Pool 932847	4.0% 01 Apr 2024		1,001,082
FNMA Pool 986148	5.5% 01 Jan 2038		2,525,164
FNMA Pool 995018	5.5% 01 Jun 2038		1,953,891
FNMA Pool 995051	6.0% 01 Mar 2037		1,713,906
FNMA Pool AA2549	4.0% 01 Apr 2039		816,686
FNMA Pool AA4302	4.5% 01 Apr 2039		508,881
FNMA Pool AA5780	4.5% 01 Jul 2040		933,506
FNMA Pool AA6450	4.5% 01 Sep 2040		2,298,758
FNMA Pool AB1250	3.5% 01 Oct 2025		690,250
FNMA Pool AB1600	4.0% 01 Oct 2025		946,563
FNMA Pool AB1609	3.5% 01 Dec 2040		5,749,527
FNMA Pool AB1949	4.0% 01 Mar 2039		487,022
FNMA Pool AD1593	3.5% 01 Nov 2041		36,734
FNMA Pool AD1910	4.0% 01 Sep 2040		1,002,830
FNMA Pool AD5026	4.0% 01 Sep 2025		268,126
FNMA Pool AD8265	4.5% 01 Sep 2040		94,212
FNMA Pool AD8529	4.5% 01 Aug 2040		1,019,444
FNMA Pool AD9843	3.5% 01 Dec 2025		87,713
FNMA Pool AE0061	6.0% 01 Feb 2040		427,805
FNMA Pool AE0349	6.0% 01 Apr 2040		1,477,146
FNMA Pool AE0368	4.5% 01 Dec 2040		905,906
FNMA Pool AE0480	6.0% 01 Jul 2039		189,351
FNMA Pool AE0824	3.5% 01 Feb 2041		203,914
FNMA Pool AE0828	3.5% 01 Mar 2041		971,802
FNMA Pool AE0898	1.0% 01 Oct 2039		876,061
FNMA Pool AE0981	3.5% 01 Oct 2025		960,298
FNMA Pool AE1016	4.0% 01 Aug 2025		943,004
FNMA Pool AE1332	4.0% 01 Oct 2040		249,245
FNMA Pool AE1807	3.5% 01 Sep 2040		1,049,074
FNMA Pool AE2570	3.5% 01 Jan 2026		93,245
FNMA Pool AE3771	3.5% 01 Sep 2040		28,465
FNMA Pool AE4287	4.0% 01 Sep 2040		30,043
FNMA Pool AE4705	3.5% 01 Oct 2025		321,863
FNMA Pool AE4877	3.5% 01 Nov 2040		407,349
FNMA Pool AE8392	3.5% 01 Nov 2040		1,969,018
FNMA Pool AE8394	4.5% 01 Nov 2040		318,011
FNMA Pool AE8442	3.5% 01 Dec 2025		423,163
FNMA Pool AE9449	10.7% 06 Oct 2017		897,494
FNMA Pool AH1105	3.5% 01 Dec 2025		576,565
FNMA Pool AH1318	3.5% 01 Jan 2026		85,779

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FNMA Pool AH1882	3.5% 01 Jan 2027	21,722
FNMA Pool AH2680	3.5% 01 Jan 2041	92,432
FNMA Pool AH2815	3.5% 01 Mar 2026	2,347,941
FNMA Pool AH2857	3.5% 01 Jan 2026	288,344
FNMA Pool AH5463	4.5% 01 Jul 2041	78,956
FNMA Pool AH6737	4.0% 01 Feb 2026	999,654
FNMA Pool AH8702	3.5% 01 May 2026	316,576
FNMA Pool AH9523	4.5% 01 Aug 2041	851,023

**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, 2011**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
FNMA Pool AH9706	3.5% 01 Jan 2026		941,710
FNMA Pool AI0344	3.5% 01 Oct 2041		107,076
FNMA Pool AI0477	3.5% 01 Sep 2041		188,890
FNMA Pool AI0828	3.5% 01 Oct 2041		876,406
FNMA Pool AI2897	4.5% 01 May 2041		147,155
FNMA Pool AI3654	4.5% 01 May 2042		823,985
FNMA Pool AL0270	1.0% 01 Aug 2038		820,929
FNMA Pool AL030	4.5% 01 Jun 2026		3,089,671
FNMA Pool AL0920	5.0% 01 Jul 2037		2,206,272
FNMA Pool AL0921	4.5% 01 Jun 2038		3,470,734
FNMA Pool MA0006	4.0% 01 Feb 2026		251,013
FNMA Pool MA0614	4.0% 01 Jan 2041		1,342,943
FNMA Pool MA0649	4.5% 01 Jun 2041		240,572
FNMA Pool MA0694	4.5% 01 Jun 2041		270,337
FNMA Pool MA0755	3.5% 01 Oct 2041		386,501
FNMA Pool MA0914	4.5% 01 Feb 2040		793,866
FNMA Pool MA0932	3.5% 01 Dec 2041		2,866,277
FNMA TBA	3.5% 01 Dec 2099		(4,015,378)
FNMA TBA	4.0% 01 Dec 2099		(3,076,047)
FNMA TBA	3.5% 01 Dec 2099		(2,041,242)
FNMA TBA	4.0% 01 Dec 2099		2,050,698
FNMA TBA	4.5% 01 Dec 2099		3,115,853
FNMA TBA	4.0% 01 Dec 2099		1,794,361
FNMA TBA Single Fam	6.0% 01 Dec 2099		
FNMA TBA Single Fam	4.5% 01 Dec 2099		1,188,191
FNMA TBA Single Fam	4.0% 01 Dec 2099		7,080,034
Freddie Mac	1.0% 15 Dec 2029		34,583
Freddie Mac	5.5% 18 Jul 2016		442,316
Freddie Mac	4.875% 13 Jun 2018		4,304,554
Freddie Mac	3.75% 27 Mar 2019		4,685,352
GNMA II TBA	4.0% 01 Dec 2099		1,837,362
Illinois St	4.421% 01 Jan 2015		263,990
Illinois St	4.421% 01 Jan 2015		507,673
Illinois St	4.95% 01 Jun 2023		1,638,506
Illinois St	3.321% 01 Jan 2015		2,195,471
Irvine Ranch CA	2.605% 15 Mar 2014		1,420,158
Japan Treasury Disc Bill	0.01% 20 Feb 2012		3,298,007
Kentucky ST Property	5.373% 01 Nov 2025		329,915
New York City Transitional	5.075% 01 Nov 2025		110,792
New York City Transitional	4.725% 01 Nov 2023		114,170
New York City Transitional	4.905% 01 Nov 2024		115,690

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North Carolina State Education	1.0% 25 Jul 2025	1,351,108
Overseas Private Inv Corp	0.01% 12 Jul 2016	3,408,946
Province of Ontario	4.1% 16 Jun 2014	875,781
Province of Ontario	4.5% 03 Feb 2015	1,286,192
Province of Quebec	4.6% 26 May 2015	1,292,589
Republic of Poland	6.375% 15 Jul 2019	43,241
Republic of Poland	3.875% 16 Jul 2015	427,971
Resolution Funding Strip	0.01% 15 Jan 2014	365,678

**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, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Resolution Funding Strip	0.01% 15 Apr 2015		824,177
Resolution Funding Strip	0.01% 15 Jan 2017		920,441
RFSCP Strip Principal	0.01% 15 Jul 2020		3,494,386
Russian Foreign Bond	1.0% 31Mar2030		207,100
Small Business Administration	7.06% 01 Nov 2019		80,827
Small Business Administration	7.19% 01 Dec 2019		156,965
Small Business Administration	5.68% 01 Jun 2028		865,658
South Carolina St Public Svc	1.0% 02 Jun 2014		1,465,858
State of Qatar	4.5% 20 Jan 2022		281,503
Tobacco Settlement	5.875% 15 May 2039		293,503
Treasury Bill	0.01% 12 Jan 2012		3,660,315
Treasury INFL IX N/B	1.25% 15 Jul 2020		
Treasury INFL IX N/B	0.625% 15 Jul 2021		734,343
Treasury INFL IX N/B	1.125% 15 Jan 2021		3,605,746
United States Treasury Bill	0.042% Jun 21 2012		1,756,684
US Treasury N/B	1.375% 30 Nov 2015		15,087
US Treasury N/B	2.5% 30 Apr 2015		119,792
US Treasury N/B	6.125% 15 Nov 2027		145,071
US Treasury N/B	7.875% 15 Feb 2021		148,952
US Treasury N/B	6.25% 15 Aug 2023		279,405
US Treasury N/B	1.875% 30 Sep 2017		306,163
US Treasury N/B	2.125% 15 Aug 2021		555,610
US Treasury N/B	1.375% 31 Dec 2018		586,750
US Treasury N/B	3.75% 15 Aug 2041		688,782
US Treasury N/B	2.75% 15 Feb 2019		855,235
US Treasury N/B	3.125% 15 Nov 2041		956,134
US Treasury N/B	2.25% 31 Jul 2018		1,245,792
US Treasury N/B	2.375% 31Mar2016		1,254,302
US Treasury N/B	2.625% 15 Nov 2020		1,260,982
US Treasury N/B	1.375% 15 Feb 2013		1,270,979
US Treasury N/B	2.375% 31 Jul 2017		1,489,672
US Treasury N/B	1.875% 31 Aug 2017		1,634,580
US Treasury N/B	3.375% 15 Nov 2019		1,891,527
US Treasury N/B	1.0% 30 Sep 2016		1,972,305
US Treasury N/B	2.0% 15 Nov 2021		2,068,226
US Treasury N/B	1.0% 30 Apr 2012		2,584,922
US Treasury N/B	2.625% 15 Aug 202		2,737,086
US Treasury N/B	3.625% 15 Feb 2021		3,626,408
US Treasury N/B	1.875% 30 Jun 2015		3,661,465
US Treasury N/B	1.75% 15 Apr 2013		3,857,394
US Treasury N/B	0.875% 30 Nov 2016		4,719,074



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US Treasury N/B	2.0% 15 Nov 2021	4,837,379
US Treasury N/B	2.625% 29 Feb 2016	4,948,370
US Treasury N/B	2.125% 31 Dec 2015	5,077,961
US Treasury N/B	1.125% 15 Aug 2021	5,506,045
US Treasury N/B	1.75% 15 Apr 2013	6,883,581
US Treasury N/B	1.375% 15 Sep 2012	7,045,284
US Treasury N/B	1.5% 30 Jun 2016	10,195,057
US Treasury N/B	3.625% 15 Feb 2020	12,797,627

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Schedule H, Line 4i Schedule of Assets (Held at End of Year)

Employer Identification Number: 36-0781620 and Plan Number 023

December 31, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
US Treasury N/B	2.625% 15 Aug 2020		14,222,320
US Treasury N/B	2.625% 29 Feb 2016		14,771,253
US Treasury N/B	3.625% 15 May 2013		16,735,364
US Treasury N/B	2.125% 31 May 2015		41,506,845
US Treasury NTS	1.875% 15 Jul 2013		5,656,494
US Treasury NTS	2.625% 15 Nov 2020		11,047,566
WI Treasury Sec	1.0% 31 Aug 2016		22,473,536
			463,347,720

**Corporate and Other Obligations**

ACE Ina Hldg Inc	5.6% 15 May 2015	201,441
Agilent Technologies Inc	6.5% 01 Nov 2017	570,828
Agilent Technologies	5.0% 15 Jul 2020	78,693
Alcoa Inc	6.15% 15 Aug 2020	365,087
Allied World Assurance	7.5% 01 Aug 2016	181,760
Allstate Corp	5.0% 15 Aug 2014	474,003
Ally Auto Receivables Trust	0.8% 16 Jun 2014	643,805
Altria Group Inc	4.75% 05 May 2021	961,864
Altria Group Inc	9.25% 06 Aug 2019	432,513
Ameren Corporation	8.875% 15 May 2014	229,692
America Movil SAB	3.625% 30 Mar 2015	731,311
American Express	1.0% 17 Apr 2017	951,711
American Express Bank	5.55% 17 Oct 2012	403,467
American Express Bank	5.5% 16 Apr 2013	255,064
American Express Centurion Bank	5.55% 17 Oct 2012	578,565
American Express Co	5.5% 12 Sep 2016	381,923
American Express Co	6.15% 28 Aug 2017	608,387
American Express Cr Corp	7.3% 20 Aug 2013	481,985
American Intl Group	3.65% 15 Jan 2014	511,902
American Intl Group	4.875% 15 Sep 2016	369,472
American Tower Corp	5.05% 01 Sep 2020	376,473
Americredit Auto Receivables	1.39% 08 Sep 2015	409,705
Americredit Auto Receivables	1.55% 08 Jul 2016	892,403
Americredit Automobile	1.39% 08 Sep 2015	438,970
Americredit Automobile Receivables	0.92% 09 Mar 2015	341,144
Americredit Automobile Receivables	1.19% 08 Aug 2015	229,621
Ameriprise Financial Inc	5.3% 15 Mar 2020	252,079
Amgen Inc	2.5% 15 Nov 2016	1,368,095
Amgen Inc	3.875% 15 Nov 2021	684,564

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Anadarko Petroleum Corp	5.95% 15 Sep 2016	85,196
Anglogold Holdings Plc	5.375% 15 Apr 2020	300,607
Anheuser Busch Cos	5.05% 15 Oct 2016	1,556,403
Aon Corp	3.5% 30 Sep 2015	485,786
ArcelorMittal	5.5% 01 Mar 2021	528,616
ArcelorMittal	6.125% 01 Jun 2018	174,474
ArcelorMittal	6.5% 15 Apr 2014	206,390
Asciano Finance	3.125% 23 Sep 2015	457,800

**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, 2011**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
AT&T Inc	5.8% 15 Feb 2019		1,693,162
AT&T Inc	5.8% 15 Feb 2019		472,242
AT&T Inc	5.625% 15 Jun 2016		459,092
Autozone Inc	5.75% 15 Jan 2015		551,065
Banc of America Commerical Mtg	5.414% 10 Sep 2047		1,777,219
Banc of America Funding Corp	1.0% 25 May 2035		203,385
* Bank Amer NA	6.1% 15 Jun 2017		293,890
* Bank of America Corp	5.75% 01 Dec 2017		1,014,128
* Bank of America Corp	1.0% 30 Jan 2014		1,674,342
* Bank of America Corp	5.65% 01 May 2018		869,522
* Bank of America Corp	3.75% 12 Jul 2016		275,652
* Bank of America Corp	5.65% 01 May 2018		125,546
* Bank of America Corp	7.625% 01 Jun 2019		171,613
* Bank of America Corp	5.625% 01 Jul 2020		761,890
* Bank of America Corp	7.375% 15 May 2014		485,791
* Bank of America Corp	3.75% 12 Jul 2016		402,181
* Bank of America Corp	5.42% 15 Mar 2017		264,191
* Bank of America Corp	5.49% 15 Mar 2019		757,170
Barclays Bank Plc	2.375% 13 Jan 2014		1,624,128
* Baxter International Inc	1.85% 15 Jan 2017		216,408
Bay View Fincl Secs Co	5.208% 28 Apr 2039		279,462
Beam Inc	5.375% 15 Jan 2016		34,295
Bear Stearns Coml Mth Secs	5.533% 21 Oct 2041		204,756
Bear Stearns Coml Mth Secs	1.0% 13 Aug 2038		108,343
Bear Stearns Coml Mth Secs	1.0% 11 Sep 2038		209,743
Bear Stearns Commercial Mtg	1.0% 11 Sep 2038		277,641
Bear Stearns Commercial Mtg	5.54% 11 Sep 2041		744,379
Bear Stearns Commercial Mtg	1.0% 11 Jun 2040		1,084,660
Bear Stearns Cos	5.3% 30 Oct 2015		839,739
Bear Stearns Cos	6.4% 02 Oct 2017		1,090,513
Bear Stearns Cos	7.25% 01 Feb 2018		863,959
Bear Stearns Cos	5.55% 22 Jan 2017		345,692
Bears Sterns Adjustable Rate	1.0% 25 Aug 2033		118,073
Berkshire Hathaway Fin Corp	5.4% 15 May 2018		660,232
BHP Billiton Finance	7.25% 01 Mar 2016		282,972
BMW Vehicle Lease Trust	0.64% 22 Apr 2013		746,422
Boeing Capital Corp	2.125% 15 Aug 2016		962,220
Boeing Co	5.125% 15 Feb 2013		465,623
Boston PPTYS Ltd	6.25% 15 Jan 2013		74,054
Boston PPTYS Ltd	5.0% 01 Jun 2015		179,703
Boston PPTYS Ltd	5.625% 15 Apr 2015		139,984

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BP Capital Markets	3.125% 01 Oct 2015	899,691
BP Capital Markets	3.125% 01 Oct 2015	1,022,376
BP Capital Markets	4.5% 01 Oct 2020	752,524
BPCE SA	1.0% 07 Feb 2014	1,021,773
Bunge Limited	5.875% 15 May 2013	116,831
Bunge Limited	8.5% 15 Jun 2019	298,221
Burlington North Santa Fe	7.0% 01 Feb 2014	322,624
Cameron Intl Corp	1.0% 02 Jun 2014	945,668

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Canadian Natl Railway	1.45% 15 Dec 2016		922,584
Canadian Pacific RR	6.5% 15 May 2018		67,567
Capital One Bank	8.8% 15 Jul 2019		569,483
Capital One Financial	5.25% 21 Feb 2017		390,661
Capital One Financial	7.375% 23 May 2014		627,376
Capital One Financial	2.125% 15 Jul 2014		934,666
Capital One Multi Asset	1.0% 15 Mar 2017		559,669
Carmax Auto Owner Trust	2.82% 15 Dec 2014		215,627
Carmax Auto owner Trust	1.410% 16 Feb 2016		923,755
Carmax AutoTrust	1.29% 15 Sep 2015		848,659
Carolina Power & Light	6.5% 15 Jul 2012		643,368
CBS Corp	8.875% 15 May 2019		213,125
Cellco Part/Veri Wireless	5.55% 01 Feb 2014		392,378
Centerpoint Energy	4.5% 15 Jan 2020		103,379
Chase Issuance Trust	1.0% 16 Jun 2014		1,260,167
Cincinnati Finl Corp	6.125% 01 Nov 2034		121,419
Cincinnati Finl Corp	6.920% 15 May 2028		700,857
Citibank Omni Master Trust	1.0% 15 Aug 2018		849,855
Citifinancial Mortgage Security	1.0% 25 Jan 2033		68,048
Citigroup Inc	6.125% 21 Nov 2017		2,708,447
Citigroup Inc	5.5% 11 Apr 2013		199,302
Citigroup Inc	6.01% 15 Jan 2015		871,863
Citigroup Inc	5.3% 07 Jan 2016		283,390
Citigroup Inc	6.5% 19 Aug 2020		284,500
Citigroup Inc	5.375% 09 Aug 2020		197,725
Citigroup Inc	5.85% 02 Jul 2013		797,723
Citigroup Inc	5.5% 11 Apr 2013		508,220
Citigroup Inc	5.375% 09 Aug 2020		431,583
Citigroup Inc	4.5% 14 Jan 2022		394,388
Citigroup Mortgage Loan Trust	1.0% 25 May 2037		11,815
Citigroup/Deutsche Bank Comm	5.322% 11 Dec 2049		1,449,405
Citigroup/Deutsche Bank Comm	5.431% 15 Oct 2049		249,360
Cleveland Elec Illum Co	5.7% 01 Apr 2017		429,494
Clorox Company	5.95% 15 Oct 2017		536,029
CNH 2010 A	2.49% 15 Jan 2016		1,267,974
CNH 2010 B	1.74% 17 Jan 2017		1,030,684
Coca Cola Co	3.3% 01 Sep 2021		1,438,988
Comcast Corp	4.95% 15 Jun 2016		697,240
Comcast Corp	5.85% 15 Nov 2015		1,043,890
Comcast Corp	5.15% 01 Mar 2020		555,019
Comcast Corp	4.95% 15 Jun 2016		178,364

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Comcast Corp	6.5% 15 Jan 2017	200,909
Comcast Corp	6.3% 15 Nov 2017	542,621
Comcast Corp	5.15% 01 Mar 2020	455,115
Consolidated Edison Co	5.3% 01 Dec 2016	911,176
Constellation Energy	5.15% 01 Dec 2020	412,513
Consumers Energy Co	5.375% 15 Apr 2013	318,384
Countrywide Alternative Loan	1.0% 25 Dec 2035	61,390
Countrywide Asset Backed	1.0% 25 Feb 2035	242,406

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Countrywide Finl Corp	6.25% 15 May 2016		67,131
Coventry Health Care Inc	6.125% 15 Jan 2015		32,058
Coventry Health Care Inc	5.95% 15 Mar 2017		93,140
Coventry Health Care Inc	6.3% 15 Aug 2014		276,132
Cox Communications	5.45% 15 Dec 2014		1,056,396
Credit Based Asset Servicing	1.0% 25 Jan 2033		171,208
Credit Suisse Mortgage	1.0% 15 Jun 2038		629,717
Credit Suisse Mortgage	5.46715 Sep 2039		788,942
Credit Suisse Mortgage	5.467% 15 Sep 2039		1,411,790
CS First Boston Mortgage	1.0% 15 Jan 2037		327,194
CS First Boston Mortgage	1.0% 15 Feb 2038		315,264
CVS Caremark	6.6% 15 Mar 2019		600,829
CVS Pass Thru Trust	6.036% 15 Dec 2028		451,717
Delta Airlines	7.75% 17 Dec 2019		699,571
Deutsche Bank AG	5.375% 12 Oct 2012		388,345
Diaego Cap Plc	4.828% 15 Jul 2020		1,197,588
Diaego Cap Plc	7.375% 15 Jan 2014		341,513
Directv Holdings	4.75% 01 Oct 2014		152,879
Directv Holdings	4.6% 15 Feb 2021		253,721
Discover Card Master Trust	1.0% 15 Dec 2014		157,097
Discover Card Master Trust	1.0% 17Feb2015		172,116
Discover Card Master Trust	1.0% 15 Sep 2015		151,311
Discover Financial Svc	10.25% 15 Jul 2019		474,734
Discover Card	1.0% 16 Oct 2014		580,680
Dominion Resources Inc	5.7% 17 Sep 2012		443,878
Dominion Resources Inc	1.95% 15 Aug 2016		922,041
Dow Chemical Co	8.55% 15 May 2019		305,213
Dow Chemical Co	2.5% 15 Feb 2016		446,052
Dow Chemical Co	4.125% 15 Nov 2021		916,091
Duke Cap LLC	5.668% 15 Aug 2014		721,116
Duke Energy	5.65% 15 Jun 2013		847,320
Duke Energy	5.1% 15 Apr 2018		568,354
Duke Realty LP	8.25% 15 Aug 2019		321,139
Duke Realty LP	6.75% 15 Mar 2020		32,128
Ecolab Inc	4.35% 08 Dec 2021		187,623
Ecolab Inc	4.35% 08 Dec 2021		177,200
Embarq Corp	7.995% 01 Jun 2036		642,245
Energy Transfer Partners	6.0% 01 Jul 2013		693,597
Energy Transfer Partners	6.7% 01 Jul 2018		532,784
EneterpriseProds	5.6% 15 Oct 2014		513,334
Ensco Plc	3.25% 15 Mar 2106		876,260



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EQT Corp	8.125% 01 Jun 2019	240,433
EQT Corp	8.125% 01 Jun 2019	606,807
ERAC USA Finance	2.25% 10 Jan 2014	1,652,465
ERAC USA Finance	2.25% 10 Jan 2014	928,296
ERP Operating LP	5.75% 15 Jun 2017	200,212
ERP Operating LP	5.5% 01 Oct 2012	450,393
ERP Operating LP	5.25% 15 Sep 2014	431,082
ESA 2010 ESHA	2.95% 05 Nov 2027	249,163

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
ExelonGeneration Co	4.0% 01 Oct 2020		441,498
Expedia Inc	5.95% 15 Aug 2020		113,196
ExpressScripts Inc	6.25% 15 Jun 2014		101,068
ExpressScripts Inc	3.125% 15 May 2016		902,978
Federal Realty Invs Trust	5.4% 01 Dec 2013		663,607
Federal Rlty Invt Tr	5.65% 01 Jun 2016		295,159
Federal Rlty Invt Tr	6.0% 15 Jul 2012		124,129
FHLMC Multifamily Structured	3.154% 25 Feb 2018		1,428,791
FHLMC Multifamily Structured	3.23% 25 Jul 2021		3,808,357
FHLMC Multifamily Structured	2.412% 25 Aug 2018		1,189,058
FHLMC Multifamily Structured	2.746% 25 Dec 2019		976,625
Ford Credit Auto	4.2% 15 Feb 2017		1,363,796
Ford Credit Auto Lease Trust	0.74% 15 Sep 2013		697,236
Ford Credit Auto Lease Trust	0.68% 15 Jan 2014		654,051
Ford Credit Auto Lease Trust	0.82% 15 Jan 2014		291,523
Gazprom	6.212% 22 Nov 2016		309,136
GE Equipment Mid Ticket LLC	1.0% 24 Aug 2015		198,224
General Elec Cap Corp	1.0% 07 Jan 2014		961,717
General Elec Cap Corp	5.5% 08 Jan 2020		1,133,050
General Elec Cap Corp	5.5% 08 Jan 2020		2,454,046
General Elec Cap Corp	4.375% 16 Sep 2020		443,865
General Elec Cap Corp	1.0% 07 Apr 2014		653,479
General Elec Cap Corp	4.65% 17 Oct 2021		911,745
General Elec Cap Corp	4.8% 01 May 2013		1,261,982
General Mills Inc	5.25% 15 Aug 2013		177,331
Genworth Financial Inc	6.515% 22 May 2018		252,616
Gilead Sciences Inc	4.4% 01 Dec 2021		403,016
Goldman Sachs Group	6.75% 01 Oct 2037		181,652
Goldman Sachs Group	6.25% 01 Sep 2017		918,394
Goldman Sachs Group	7.5% 15 Feb 2019		431,200
Goldman Sachs Group	6.0% 15 Jun 2020		309,959
Goldman Sachs Group	5.25% 27 Jul 2021		149,497
Goldman Sachs Group	5.25% 27 Jul 2021		704,637
Greenwich Capital Commercial	5.444% 10 Mar 2039		1,193,848
GS Mortgage Securities Corp	4.751% 10 Jul 2039		781,490
GS Mortgage Securities Corp	1.0% 06 Mar 2020		151,288
GS Mortgage Securities Corp	1.0% 10 Aug 2038		381,485
Guardian Life Insurance	7.375% 30 Sep 2039		242,284
H.J. Heinz Co	6.0% 15 Mar 2012		325,116
Hanover Ins Group	7.625% 15 Oct 2025		149,998
Hartford Finl Svcs	4.0% 30 Mar 2015		78,465

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Hartford Finl Svcs	5.5% 30 Mar 2020	236,766
HCP Inc	5.375% 01 Feb 2021	340,764
Healthcare Realty Trust	5.125% 01 Apr 2014	177,213
Healthcare Realty Trust	5.125% 01 Apr 2014	325,391
Hess Corp	7.0% 15 Feb 2014	211,271
Hess Corp	8.125% 15 Feb 2019	432,274
Hewlett Packard Co	1.0% 24 May 2013	1,739,663
Hewlett Packard Co	1.0% 30 May 2014	868,229

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Hewlett Packard Co	3.3% 09 Dec 2016		468,443
Hewlett Packard Co	4.65% 09 Dec 2021		225,537
HOLCIM US Finance	6.0% 30 Dec 2019		407,360
Humana Inc	7.2% 15 Jun 2018		495,278
Huntington Auto Trust	1.01% 15 Jan 2016		296,806
Hyundai Auto Lease Securitization	0.69% 15 Nov 2013		328,395
Hyundai Auto Receivables	1.65% 15 Feb 2017		728,430
Hyundai Capital Services	4.375% 27 Jul 2016		497,736
Intel Corp	1.95% 01 Oct 2016		461,580
International Paper Co	4.75% 15 Feb 2022		409,826
INTL BK Recon & Develop	9.25% 15 Jul 2017		171,334
Intl Paper Co	5.3% 01 Apr 2015		316,691
Intl Paper Co	7.95% 15 Jun 2018		249,505
Inves Co Inc	5.375% 15 Dec 2014		163,231
IRO USD 10Y Swaption	10 Jul 2012		
John Deere Corp	3.15% 15 Oct 2021		935,100
John Deere Owner Trust	0.64% 16 Jun 2014		536,502
JPMorgan Chase Coml Mtg	4.302% 15 Jan 2038		66,300
JPMorgan Chase Coml Mtg	5.198% 15 Dec 2044		417,456
JPMorgan Chase Coml Mtg	1.0% 12 Dec 2044		155,608
JPMorgan Chase & Co	3.7% 20 Jan 2015		1,315,615
JPMorgan Chase & Co	3.45% 01 Mar 2016		495,829
JPMorgan Chase & Co	6.0% 15 Jan 2018		969,210
JPMorgan Chase & Co	4.75% 01 May 2013		362,248
JPMorgan Chase & Co	4.4% 22 Jul 2020		284,087
JPMorgan Chase & Co	4.35% 15 Aug 2021		152,792
JPMorgan Chase & Co	5.75% 02 Jan 2013		526,518
JPMorgan Chase & Co	5.125% 15 Sep 2014		663,763
JPMorgan Chase & Co	6.0% 15 Jan 2018		903,870
JPMorgan Chase & Co	4.35% 15 Aug 2021		197,151
JPMorgan Chase Bank	6.0% 01 Oct 2017		419,993
JPMorgan Chase Commercial Mortgage	5.42% 15 Jan 2049		1,435,072
JPMorgan Chase Commercial Mortgage	1.0% 12 Dec 2044		249,447
JPMorgan Chase Commercial Mortgage	1.0% 12 Jun 2043		733,748
JPMorgan Chase Commercial Mortgage	5.552% 12 May 2045		562,467
Kazmunaygas National	7.0% 05 May 2020		211,603
Kellogg Co	5.125% 03 Dec 2012		674,599
Kinder Morgan Energy	6.85% 15 Feb 2020		711,578
Kinder Morgan Energy	5.3% 15 Sep 2020		446,461
Kinder Morgan Energy	4.15% 01 Mar 20222		189,627
Korea National Oil Corp	4.0% 27 Oct 2016		210,499

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Kraft Foods Inc	6.0% 11 Feb 2013	123,401
Kraft Foods Inc	6.5% 11 Aug 2017	290,280
Kraft Foods Inc	6.125% 01 Feb 2018	978,233
Kroger Co	6.4% 15 Aug 2017	133,502
L3 Communications Corp	3.95% 15 Nov 2016	674,853
LB UBS Commercial Mortgage	5.3% 15 Nov 2038	402,428
LB UBS Commercial Mortgage	4.647% 15 Jul 2030	311,644
LB UBS Commercial Mortgage	1.0% 15 Jun 2029	193,511

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
LB UBS Commercial Mortgage	1.0% 15 Jun 2038		771,767
Liberty PPTY Ltd	5.5% 15 Dec 2016		73,877
Liberty PPTY Ltd	6.625% 01 Oct 2017		44,149
Lincoln National Corp	4.3% 15 Jun 2015		141,523
Lincoln National Corp	8.75% 01 Jul 2019		121,102
Lincoln National Corp	6.25% 15 Feb 2020		420,665
Lloyds TSB Bank	1.0% 24 Jan2014		1,569,685
Lloyds TSB Bank	4.375% 12 Jan2015		418,138
LSI Open Position	0.01% 31 Dec 2060		24,435
Mack Cali Rlty LP	5.125% 15 Jan 2015		204,789
Mack Cali Rlty LP	5.25% 15 Jan 2012		195,363
MacQuarie Group Ltd	4.875% 10 Aug 2017		441,865
Manufacturers & Traders Tr	1.0% 28 Dec 2020		242,624
Marathon Petroleum Corp	5.125% 01 Mar 2021		104,008
Marathon Petroleum Corp	3.5% 01 Mar 2016		59,613
Markel Corp	7.125% 30 Sep 2019		216,472
McKesson Corp	3.25% 01 Mar 2016		1,069,171
McKesson Corp	6.5% 15 Feb 2014		259,253
Mercedes Benz Auto Lease Trust	0.79% 15 Apr 2013		625,722
Merill Lynch Mortgage	1.0% 25 Aug 2036		115,861
Merill Lynch Mortgage	4.9612 Jul 2038		913,746
Merill Lynch/Countrywide Mortgage	1.0% 12 Jun 2046		414,002
Merill Lynch/Countrywide Mortgage	1.0% 12 Jul 2046		944,325
Merill Lynch/Countrywide Mortgage	5.7% 12 Sep 2049		768,767
Merrill Lynch & Co	6.875% 25 Apr 2018		1,154,835
Merrill Lynch & Co	6.4% 28 Aug 2017		311,899
Merrill Lynch & Co	6.875% 25 Apr 2018		144,354
Merrill Lynch & Co	6.05% 16 May 2016		372,608
Merrill Lynch/Countrywide Comm	1.0% 12 Mar 2051		1,154,984
Merrill Lynch/Countrywide Comm	1.0% 12 Feb 2039		2,953,082
MetLife Inc	4.75% 08 Feb 2021		934,493
MetLife Inc	7.171% 15 Feb 2019		144,427
MetLife Inc	5.0% 15 Jun 2015		701,806
MetLife Inc	6.75% 01 Jun 2016		342,969
Mid StateTrust	8.33% 01 Apr 2030		298,448
Morgan Stanley	6.25% 28 Aug 2017		95,524
Morgan Stanley	6.625% 01 Apr 2018		1,252,979
Morgan Stanley	1.0% 15 Oct 2015		1,148,794
Morgan Stanley	3.45% 02 Nov 2015		606,605
Morgan Stanley	1.0% 29 Apr 2013		643,893
Morgan Stanley	5.95% 28 Dec 2017		134,843

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Morgan Stanley	6.625% 01 Apr 2018	1,002,383
Morgan Stanley	5.45% 09 Jan 2017	291,320
Morgan Stanley	5.5% 24 Jul 2020	443,744
Morgan Stanley	5.95% 28 Dec 2017	646,317
Morgan Stanley	5.5% 28 Jul 2021	324,909
Morgan Stanley	5.55% 27 Apr 2017	193,057
Morgan Stanley Capital I	1.0% 11 Jun 2042	589,308
Morgan Stanley Capital I	4.89% 12 Jun 2047	1,325,135

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Morgan Stanley Capital I	4.989% 13 Aug 2042		1,115,520
Morgan Stanley Capital I	1.0% 12 Aug 2041		286,740
Morgan Stanley Capital I	5.325% 15 Dec 2043		246,353
Nabors Industries Inc	9.25% 15 Jan 2019		367,117
National Grid Plc	6.3% 01 Aug 2016		560,044
NBC Universal	3.65% 30 Apr 2015		417,243
NBC Universal	4.375% 01 Apr 2021		515,055
NCUA Guaranteed Notes	1.0% 07 Oct 2020		1,146,622
NCUA Guaranteed Notes	1.0% 08 Dec 2020		3,322,064
NCUA Guaranteed Notes	2.9% 29 Oct 2020		731,701
Nevada PWR Co	6.5% 01 Aug 2018		294,264
New York Life Global	3.0% 04 May 2015		490,690
News America Inc	9.25% 01 Feb 2013		247,073
News America Inc	7.7% 30 Oct 2025		466,273
News America Inc	6.65% 15 Nov 2037		436,807
Niagara Mohawk Power	3.553% 01 Oct 2014		384,502
NiSource Finance Corp	5.25% 15 Sep 2017		377,113
NiSource Finance Corp	6.8% 15 Jan 2019		422,998
Nissan Auto Receivables	5.05% 17 Nov 2014		153,245
Noble Energy	8.25% 01 Mar 2019		440,446
Noble Holding Intl	4.9% 01 Aug 2020		38,258
Nordea Bank AB	4.875% 14 Jan 2021		1,197,212
Nordea Bank AB	1.0% 14 Jan 2014		756,039
Norfolk Southern Corp	5.75% 01 Apr 2018		224,391
Occidental Petroleum	1.75% 15 Feb 2017		954,028
Orange & Rockland Utility	2.5% 15 Aug 2015		1,697,573
Orix Corp	4.71% 27 Apr 2015		325,722
Owens Corning Inc	6.5% 01 Dec 2016		222,644
Packaging Corp of America	5.75% 01 Aug 2013		36,002
Penarthmaster	1.0% 18 Dec 2014		1,026,173
Petrobras Intl	5.75% 20 Jan 2020		376,031
Petronas Capital Ltd	5.25% 12 Aug 2019		432,358
Plains All Amer Pipeline	5.75% 15 Jan 2020		468,424
Principal Financial Group	7.875% 15 May 2014		266,633
Principal Financial Group	7.875% 15 May 2014		897,844
Prudential Financial	5.375% 21 Jun 2020		1,248,343
Questar Corp	2.75% 01 Feb 2016		548,544
Rabobank Nederland	4.5% 11 Jan 2021		1,014,003
Raytheon Co	3.125% 15 Oct 2020		939,421
Reed Elsevier Capital	8.625% 15 Jan 2019		476,332
Regency Centers LP	5.25% 01 Aug 2015		63,450



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Regency Centers LP	5.875% 15 Jun 2017	154,128
Renaissance Home Equity	1.0% 25 Nov 2034	204,387
Republic Services Inc	5.0% 01 Mar 2020	390,135
Republic Services Inc	3.8% 15 May 2018	13,144
Residential Asset Securities	1.0% 25 May 2033	7,762
Rio Tinto Fin USA Ltd	6.5% 15 Jul 2018	664,714
Rowan Companies Inc	5.0% 01 Sep 2017	364,099
Royal Bank of Canada	1.45% 30 Oct 2014	917,379

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Royal Bank Scotland Plc	2.625% 11 May 2012		766,276
Royal Bank Scotland Plc	5.0% 01 Oct 2014		290,058
RSHB Cap SA	7.75% 29 May 2018		379,429
RyderSystem Inc	7.2% 01 Sep 2015		171,881
Santander Drive Auto Receivable	1.37% 16 Mar 2013		259,474
Santander Holdings	4.625% 19Apr216		121,855
Saxon Assets	1.0% 25 Aug 2032		780
SCSLC 2010	1.0% 25 Jul 2025		2,117,207
Sempra Energy	6.5% 01 Jun 2016		335,889
Simon Property Group	4.2% 01 Feb 2015		667,618
SLH Open Position	0.01% 31 Dec 2060		2,478
SLM Corp	5.0% 01 Oct 2013		97,609
SLM Corp	8.45% 15 Jun 2018		402,148
SLM Corp	5.125% 27 Aug 2012		176,592
SLM Corp	5.375% 15 Jan 2013		147,423
Smart Trust	1.22% 14 Nov 2013		618,455
Snap On Inc	4.25% 15 Jan 2018		336,005
Societe Generale	2.5% 15 Jan 2014		216,926
Southern Cal Edison	5.75% 15 Mar 2014		467,707
Southern Cal Edison	5.75% 15 Mar 2014		731,128
Southern Co	1.95% 01 Sep 2016		926,180
Southwest Airlines Co	5.25% 01 Oct 2014		192,714
Southwest Airlines Co	5.75% 15 Dec 2016		162,416
Southwestern Elec Power	5.875% 01 Mar 2018		865,406
Spectra Energy Capital	8.0% 01 Oct 2019		429,913
SPI Electricity	6.15% 15 Nov 2013		258,981
Staples Inc	9.75% 15 Jan 2014		306,935
Stryker Corp	2.0% 30 Sep 2016		938,929
SWPC831N2	1.0% 20 Sep 2012		(7,320)
Taq Abu Dhabi Natl Energy	4.125% 13 Mar 2017		259,297
Teck Resources Limited	4.5% 15 Jan 2021		672,745
Teco Finance Inc	4.0% 15 Mar 2016		503,017
Telecom Italia Capital	6.175% 18 Jun 2014		305,131
Thomson Reuters Corp	5.95% 15 Jul 2013		712,407
Time Warner Cable Inc	8.25% 14 Feb 2014		693,127
Time Warner Cable Inc	4.0% 01 Sep 2021		928,282
Time Warner Cable Inc	7.5% 01 Apr 2014		371,579
Time Warner Cable Inc	5.0% 01 Feb 2020		336,871
Time Warner Cable Inc	5.85% 01 May 2017		200,087
Time Warner Cable Inc	6.75% 01 Jul 2018		731,527
Time Warner Cable Inc	4.0% 01 Sep 2021		444,391

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Time Warner Inc	4.7% 15 Jan 2021	520,231
Time Warner Inc	4.7% 15 Jan 2021	446,663
Total Capital SA	3.0% 24 Jun 2015	1,444,278
Toyota Motor Credit Corp	2.0% 15 Sep 2016	926,652
Trans Canada Pipelines	3.4% 01 Jun 2105	299,820
Travelrs Cos	5.75% 15 Dec 2017	421,552
Tyco International	4.125% 15 Oct 2014	353,704
UBS AG	5.875% 20 Dec 2017	508,077

**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, 2011**

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
UBS AG	1.0% 28 Jan 2014		570,309
UBS AG	2.25% 28 Jan 2014		379,939
UBS AG	5.875% 15 Jul 2016		520,086
UFJ Finance Aruba	6.75% 15 Jul 2013		161,666
Unicredito Luxem Fin	6.0% 31 Oct 2017		168,949
Union Bank	5.95% 11 May 2016		306,333
Union Bank	1.0% 06 Jun 2014		673,221
Union Electric Co	6.7% 01 Feb 2019		47,432
Union Pac Corp	5.45% 31 Jan 2013		465,872
United Health Group	6.0% 15 Feb 2018		348,159
Unum Group	5.625% 15 Sep 220		381,918
US Bancorp	2.2% 15 Nov 2016		936,192
US Cellular Corp	6.7% 15 Dec 2033		396,924
Valero Energy Corp	6.125% 01 Feb 2020		412,577
Verizon Communications	1.95% 28 Mar 2014		1,320,030
Verizon Communications	6.35% 1 Apr 2019		220,033
Verizon Communications	2.0% 01 Nov 2016		592,206
Viacom Inc	5.625% 15 Sep 2019		531,471
Virgin Media	5.25% 15 Jan 2021		211,999
Virginia Elec & Pwr Co	5.1% 30 Nov 2012		304,160
Vodafone Group	5.35% 27 Feb 2012		624,042
Wachovia Bank	4.8% 01 Nov 2014		410,272
Wachovia Bank	1.0% 15 Mar 2016		262,134
Wachovia Corp	5.5% 01 May 2013		1,853,763
Wachovia Corp	5.5% 01 May 2013		345,006
Wachovia Corp	4.875% 15 Feb 2014		111,994
WAMU Mortgage Pass Thru	1.0% 25 Oct 2045		22,176
Waste Mgmt Inc	7.375% 15 May 2029		62,055
Waste Mgmt Inc	4.75% 30 Jun 2020		449,739
Weatherford Bermuda	6.0% 15 Mar 2018		23,893
Wellpoint Inc	6.0% 15 Feb 2014		760,686
Wellpoint Inc	4.35% 15 Aug 2020		912,066
Wells Fargo & Company	3.625% 15 Apr 2015		485,361
Wells Fargo & Company	4.95% 16 Oct 2013		307,344
Wells Fargo & Company	5.625% 11 Dec 2017		422,666
Wells Fargo Bank	4.75% 09 Feb 2015		509,180
WFRBS Commercial Mortgage	3.24% 15 Mar 2044		779,231
WFRBS Commercial Mortgage	1.0% 15 Nov 2044		1,183,996
Willis North America Inc	7.0% 29 Sep 2019		86,924
Willis North America Inc	6.2% 28 Mar 2017		338,065
Willis North America Inc	7.0% 29 Sep 2019		201,011

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World Omni Auto Trust	1.11% 15 May 2015	807,679
WPP Finance	4.75% 21 Nov 2021	187,981
Xerox Corp	5.5% 15 May 2012	124,034
Xerox Corp	5.65% 15 May 2013	184,445
Xerox Corp	8.25% 15 May 2014	242,308
Xerox Corp	1.0% 16 May 2014	384,701
Xerox Corporation	8.25% 15 May 2014	341,433
XL Group Plc	5.25% 15 Sep 2014	345,796

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
XTO Energy	4.9% 01 Feb 2014		736,498
			257,539,924
<b>Benefit Responsive Interest Rate Wrapper Contracts</b>			
* Aegon Institutional Markets	Open Ended Maturity		(170,905)
* Bank of America NT & SA	Open Ended Maturity		(172,113)
			(343,018)
Synthetic Guaranteed Investment Contracts (contract value equals \$683,460,094)			\$ 743,892,005

**Commingled Investments:**

* Daily EAFE Fund	Commingled Investments	79,987,136
* S & P 500 Flagship Fund	Commingled Investments	173,817,205
* US Small CAP Index Futures FD CMT4	Commingled Investments	81,223,030
Commingled Investments		\$ 335,027,371

**Registered Investment Companies:**

Aberdeen Asia Pacific Inc Fd	Registered Investment Company	40,032
Acadian Emerging Markets Port Instl	Registered Investment Company	3,199
Aegis Value Fund Inc	Registered Investment Company	3,935
Aim European Growth Investors	Registered Investment Company	760
Amana Mutual Fund Trust Inc	Registered Investment Company	15,135
Amer Century Target Maturities Tr 2020	Registered Investment Company	41,017
American Capital Inc Builder CI F	Registered Investment Company	21,917
American Capital Inc Builder CI R2	Registered Investment Company	5,488
American Capital World Grth & Inc A	Registered Investment Company	7,998
American Capital World Grwth & Inc F1	Registered Investment Company	11,162
American Century Diversified Bond	Registered Investment Company	26,668
American Century Equity	Registered Investment Company	35,168
American Century Heritage	Registered Investment Company	1,815
American Europacific Growth Class A	Registered Investment Company	19,325
American Europacific Growth Class F	Registered Investment Company	7,42

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American Fundamental Investors Cl F	Registered Investment Company	8,548
American High-Ine Class F	Registered Investment Company	11,478
American Ine Fund of America Class A	Registered Investment Company	6,796
American Ine Fund of America Class F	Registered Investment Company	12,657
American Investmnt Co of America Cl A	Registered Investment Company	14,271
American Mutual Fund Class A	Registered Investment Company	6,948
American New Economy Fund Class A	Registered Investment Company	6,432
American New Perspective Class A	Registered Investment Company	24,033
American New Perspective R2	Registered Investment Company	2,701
American New World Fund Class A	Registered Investment Company	7,918
American New World Fund R2	Registered Investment Company	10,464

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
American Smallcap World Class F1	Registered Investment Company		6,766
Arbitrage Fund Class R	Registered Investment Company		2,029
Ariel Appreciation	Registered Investment Company		16,913
Ariel Growth Class A	Registered Investment Company		9,348
Artio International Equity Fund	Registered Investment Company		5,742
Artisan Intl Investor Class	Registered Investment Company		12,070
Artisan Intl Value Fund	Registered Investment Company		13,528
Artisan Small Cap Growth	Registered Investment Company		12,652
Barclays Bank Plc Ipath Etn	Registered Investment Company		1,242
Barclays Bank Plc Ipath Etns	Registered Investment Company		7,459
Barclays Bank Plc Ipath Index	Registered Investment Company		11,236
Barclays Global Investors Funds Inc	Registered Investment Company		396
Baron Asset	Registered Investment Company		2,698
Baron Partners Fund	Registered Investment Company		17,445
Berkshire Focus Fund	Registered Investment Company		2,586
Berwyn Ine Fund	Registered Investment Company		50,581
Blackrock Energy & Resources A	Registered Investment Company		37,145
Blackrock Equity Dividend Fd-Instl	Registered Investment Company		22,746
Blackrock Global Allocation Fd-Instl	Registered Investment Company		17,852
Blackrock Intl Opport Class C	Registered Investment Company		7,505
Blackrock Latin America Fd Cl C	Registered Investment Company		8,283
Bldrs Emerging Mkts 50 Adr Index Fd	Registered Investment Company		3,888
Brandywine Blue	Registered Investment Company		8,095
Bridgeway Aggressive Investor 2	Registered Investment Company		113,770
Bridgeway Small Cap Growth Cl N	Registered Investment Company		14,606
Brown Capital Mgt Small pany Inv	Registered Investment Company		25,601
Buffalo Mid Cap Fund	Registered Investment Company		5,792
Buffalo Small Cap Growth	Registered Investment Company		18,198
Calamos Growth Class A	Registered Investment Company		54,215
Calamos Growth Fund Class C	Registered Investment Company		66,147
Clipper	Registered Investment Company		8,318
Cohen & Steers Realty Shares	Registered Investment Company		10,970
Columbia Acorn Class Z	Registered Investment Company		3,670
Columbia Acorn International	Registered Investment Company		7,181
Columbia Marsico Intl Opp Prim Z	Registered Investment Company		3,871
Columbia Real Estate Equity Cl Z	Registered Investment Company		52,335
Columbia Small Cap Core Cl Z	Registered Investment Company		8,016
Columbia Value and Restructuring Cl Z	Registered Investment Company		41,857
Credit Suisse Nassau Brh Elements	Registered Investment Company		
CRM Mid Cap Value Investor Shares	Registered Investment Company		15,590



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Delaware Mid Cap Growth Class I	Registered Investment Company	32,167
Deutsche Bank Ag London Powershares	Registered Investment Company	9,801
Direxion Daily Energy Bull	Registered Investment Company	469
Direxion Latin America Bull	Registered Investment Company	1
Direxion Shs Etf Tr Daily Finl Bear	Registered Investment Company	29,503
Direxion Shs Etf Tr Daily Gold Miners Bull	Registered Investment Company	1,580
Direxion Shs Etf Tr Daily Nat Gas Related Bull	Registered Investment Company	396
Direxion Shs Etf Tr Daily Small Cap Bear	Registered Investment Company	13,240
Dodge & Cox Inc	Registered Investment Company	90,653

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Dodge & Cox Intl Stock Fund	Registered Investment Company		73,404
Dodge & Cox Stock	Registered Investment Company		96,740
Dreyfus Appreciation Fund	Registered Investment Company		4,179
Dreyfus Bond Market Index Class R	Registered Investment Company		41,522
Dreyfus Opportunistic Midcap Value CI A	Registered Investment Company		10,305
Dreyfus Premier Greater China CI A	Registered Investment Company		7,364
Dreyfus Premier Greater China CI R	Registered Investment Company		714
Driehaus Intl Discovery	Registered Investment Company		9,848
DWs Dreman Intl Value Class S	Registered Investment Company		4,260
DWS International Class	Registered Investment Company		4,086
DWS S & P 500 Plus Class S	Registered Investment Company		1,601
DWS Select Alternati Ve Allocation Fund S	Registered Investment Company		7,864
Eagle Small Cap Growth Fund CI I	Registered Investment Company		5,948
Eaton Vance Ltd Duration Inc Fd	Registered Investment Company		7,615
Eaton Vance Worldwide Health Sciences	Registered Investment Company		1,958
Fairholme Fund	Registered Investment Company		6,216
Fam Value	Registered Investment Company		60,465
FBR Balanced Investor Class	Registered Investment Company		7,253
FBR Focus Fund	Registered Investment Company		2,464
FBR Gas Utility Index	Registered Investment Company		2,232
Federated Prudent Bear Class C	Registered Investment Company		55,206
Federated Prudent Bear Fund Class A	Registered Investment Company		1,327
Fidelity Advisor Mid Cap	Registered Investment Company		4,435
Fidelity Advisor New Insights CI I	Registered Investment Company		42,762
Fidelity Advisor Strategic Inc CI I	Registered Investment Company		43,516
Fidelity Blue Chip Growth	Registered Investment Company		1,943
Fidelity Canada	Registered Investment Company		42,185
Fidelity Capital & Inc	Registered Investment Company		38,558
Fidelity Capital Appreciation	Registered Investment Company		14,926
Fidelity Contrafund	Registered Investment Company		157,952
Fidelity Convertible Securities	Registered Investment Company		9,888
Fidelity Diversified International	Registered Investment Company		51,935
Fidelity Dividend Growth	Registered Investment Company		21,250
Fidelity Emerging Markets	Registered Investment Company		26,868
Fidelity Freedom 2025	Registered Investment Company		6,225
Fidelity High	Registered Investment Company		70,074
Fidelity Intl Discovery	Registered Investment Company		40,236
Fidelity Intl Real Estate Fund	Registered Investment Company		10,585
Fidelity Large Capital Stock	Registered Investment Company		2,721
Fidelity Latin America	Registered Investment Company		57,294

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Fidelity Leveraged Company Stock	Registered Investment Company	24,035
Fidelity Low Priced Stock	Registered Investment Company	31,746
Fidelity Mid Cap Growth	Registered Investment Company	8,866
Fidelity New Markets	Registered Investment Company	21,298
Fidelity Real Estate Investment	Registered Investment Company	2,982
Fidelity Select Biotechnology	Registered Investment Company	5,166
Fidelity Select Chemicals	Registered Investment Company	7,473
Fidelity Select Energy Service	Registered Investment Company	7,344
Fidelity Select Materials Portfolio	Registered Investment Company	2,412

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Fidelity Select Natural Resources	Registered Investment Company		24,580
Fidelity Select Technology	Registered Investment Company		2,472
Fidelity Select Transport	Registered Investment Company		7,669
Fidelity Small Cap Stock	Registered Investment Company		6,733
Fidelity Small Cap Value	Registered Investment Company		3,081
Fidelity Southeast Asia	Registered Investment Company		14,209
Fidelity Strategic	Registered Investment Company		15,424
Fidelity Strategic Real Return	Registered Investment Company		6,239
Fidelity US Bond Index	Registered Investment Company		8,700
Fidelity Value	Registered Investment Company		5,627
First Eagle Global Class C	Registered Investment Company		137,804
First Eagle Global Class I	Registered Investment Company		6,999
First Exchange Traded Internet Index Fd	Registered Investment Company		12,920
FMI Large Cap Fund	Registered Investment Company		5,843
Forward Global Emerg Markets Instl Cl	Registered Investment Company		685
Forward Intl Equity Fund	Registered Investment Company		37,076
Franklin Global Real Estate Adv Cl	Registered Investment Company		5,668
Franklin Growth Class C	Registered Investment Company		6,266
Franklin Strategic Inc Cl R	Registered Investment Company		2,016
Franklin Strategic Inc Class A	Registered Investment Company		14,869
Franklin Temp Mutual Series Class R	Registered Investment Company		15,924
Franklin Utilities Advisor Class	Registered Investment Company		7,443
Fund*X Upgrader Fund	Registered Investment Company		34,315
Fundamental Investors	Registered Investment Company		28,450
Fundx Aggressive Upgrader Fund	Registered Investment Company		1,528
Fundx Etf Upgrader Fund	Registered Investment Company		1,609
Gabelli Equity Inc Fund	Registered Investment Company		13,768
Gabelli Utilities Fund Class C	Registered Investment Company		9,657
Gamco Growth Fund	Registered Investment Company		9,680
Gamco Westwood Equity	Registered Investment Company		940
Global Resources Fund	Registered Investment Company		12,935
Global X Fds Global X Lithium Etf	Registered Investment Company		4,299
Global X Fds Global X Uranium Etf	Registered Investment Company		3,260
Goldman Sachs Asset Alloc Growth Strat	Registered Investment Company		12,928
Goldman Sachs Mid Cap Val Fd	Registered Investment Company		3,082
Greenspring Fund	Registered Investment Company		18,052
Growth Fund of America	Registered Investment Company		14,996
Guggenheim Bric Etf	Registered Investment Company		10,509
Hancock Horizon Burkenroad Sml Cap D	Registered Investment Company		101,428
Hancock John Pfd Equity Inc Fd	Registered Investment Company		4,296

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Harbor Bond Inst.	Registered Investment Company	141,981
Harbor International	Registered Investment Company	83,549
Harbor International Investor Shares	Registered Investment Company	43,695
Heartland Value	Registered Investment Company	19,595
Hussman Strategic Growth	Registered Investment Company	19,059
Hussman Strategic Total Return	Registered Investment Company	29,643
Icon Energy Cl S	Registered Investment Company	8,129
Icon Healthcare Cl S	Registered Investment Company	8,311
Icon Materials Cl S	Registered Investment Company	4,254

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Intrepid Small Cap Fund Investor Class	Registered Investment Company		2,532
Inves Co Intl Growth Fund Class A	Registered Investment Company		5,124
Inves Co Van Kampen Equity	Registered Investment Company		16,853
Ishares Barclays US Aggregate Bd Fd	Registered Investment Company		43,245
Ishares ex Gold Trust Ishares Etf	Registered Investment Company		18,657
Ishares Iboxx \$ Investment Grade Bd Fund	Registered Investment Company		47,964
Ishares Inc Msci Bric Index Fd	Registered Investment Company		5,210
Ishares Inc Msci Australia Index Fund	Registered Investment Company		2,680
Ishares Inc Msci Brazil Free Index Fu Nd	Registered Investment Company		29,830
Ishares Inc Msci Malaysia Free Index Fd	Registered Investment Company		11,524
Ishares Inc Msci Singapore Index Fd	Registered Investment Company		30,099
Ishares Inc Msci Turkey Index Fd	Registered Investment Company		4,221
Ishares Russell 1000 Growth	Registered Investment Company		2,466,519
Ishares S & P Gsti Software Index Fund	Registered Investment Company		18,401
Ishares S & P North American Index Fd	Registered Investment Company		26,638
Ishares Silver Tr Ishares	Registered Investment Company		52,937
Ishares Tr Cohen & Steers Realty Index Fd	Registered Investment Company		32,057
Ishares Tr Dow Jones US Consumer Goods Fd	Registered Investment Company		8,659
Ishares Tr Dow Jones US Energy Sector Index Fd	Registered Investment Company		6,019
Ishares Tr Dow Jones US Medical Devices Fd	Registered Investment Company		11,752
Ishares Tr Dow Jones Us Oil & Gas Index Fd	Registered Investment Company		2,127
Ishares Tr Dow Jones US Technology Index Fd	Registered Investment Company		9,617
Ishares Tr Ftse Nareit Mtg Plus Capped Index Fd	Registered Investment Company		5,969
Ishares Tr Iboxx \$ High Yield Corp Bd Fd	Registered Investment Company		17,886
Ishares Tr Msci Eafe Index Fd	Registered Investment Company		34,630
Ishares Tr Msci Eafe Value Index Fd	Registered Investment Company		5,904
Ishares Tr Msci Emerging Mkts Index Fd	Registered Investment Company		80,630
Ishares Tr Nasdaq Biotechnology Index Fd	Registered Investment Company		5,218
Ishares Tr Russell 1000 Growth Index Fd	Registered Investment Company		18,927
Ishares Tr Russell 1000 Index Fd	Registered Investment Company		12,270
Ishares Tr Russell 1000 Value Index Fd	Registered Investment Company		16,621
Ishares Tr Russell 2000 Value Index Fd	Registered Investment Company		4,979
Ishares Tr Russell Midcap Value Index Fd	Registered Investment Company		5,487
Ishares Tr S & P 500 Index Fd	Registered Investment Company		15,854
Ishares Tr S & P Latin Amer 40 Index Fd	Registered Investment Company		11,345
Ishares Tr S & P Micap 400/Growth Index Fund	Registered Investment Company		19,847
Ishares Tr S & P Midcap 400 Index Fd	Registered Investment Company		15,451
Ishares Tr S & P Midcap 400/Value Index Fd	Registered Investment Company		64,608
Ishares Tr S & P US Pfd Stk Index Fd	Registered Investment Company		1,781
Ishares Tr U S Treas Inflation Protected Secs Fd	Registered Investment Company		167,143
Ishares Trust S & P Smallcap 600 Index Fd	Registered Investment Company		28,994

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Iva International Fund CI A	Registered Investment Company	8,502
Ivy Asset Strategy Class R	Registered Investment Company	15,085
Ivy Global Natural Resources Class C	Registered Investment Company	31,984
Ivy Mid Cap Growth CI I	Registered Investment Company	6,724
Janus Balanced	Registered Investment Company	43,268
Janus Mercury	Registered Investment Company	10,334
Janus Orion Fund	Registered Investment Company	6,622
Janus Overseas	Registered Investment Company	50,754

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Janus Triton Fund Class T Shares	Registered Investment Company		46,997
Janus Worldwide Fund Class T	Registered Investment Company		5,601
John Hancock Patriot Prem Divid Fd	Registered Investment Company		10,392
JPMorgan Mid Cap Value Instl	Registered Investment Company		339
JPMorgan Small Cap Equity Fnd Select Cl	Registered Investment Company		26,805
Kinetics Small Cap Opportunities	Registered Investment Company		7,345
Lazard Developing Mrkts Eq Cl Shares	Registered Investment Company		1,568
Liberty All Star Equity Fd Sbi	Registered Investment Company		92
* Loomis Sayles Bond Retail Shares	Registered Investment Company		44,329
* Loomis Sayles Global Bond Retail	Registered Investment Company		10,457
* Loomis Sayles Invst Grade Bond Cl A	Registered Investment Company		7,648
Lord Abbett Short Duration Inc Cl A	Registered Investment Company		16,092
Managers Fremont Micro-Cap Fund	Registered Investment Company		19,218
Managers Intermediat Duration Government	Registered Investment Company		22,955
Manning & Napier Equity Series	Registered Investment Company		67,147
Manning & Napier Overseas Series	Registered Investment Company		2,536
Manning & Napier Pro Blend Max Term Ser	Registered Investment Company		853
Market Vectors Agribusiness Etf	Registered Investment Company		9,490
Market Vectors Solar Energy Etf	Registered Investment Company		785
Market Vectors Uranium Nuclear Energy Etf	Registered Investment Company		8,908
Marshall Mid Cap Value Cl Y	Registered Investment Company		4,829
Marsico Internat L Opportunities	Registered Investment Company		24,067
Matthews Asia Dividend Fund	Registered Investment Company		10,258
Matthews Dragon Century China	Registered Investment Company		5,486
Matthews India Fund	Registered Investment Company		6,569
Matthews Pacific Tiger	Registered Investment Company		46,853
Merger Fund	Registered Investment Company		51,772
Meridian Fund	Registered Investment Company		63,977
Meridian Value Fund	Registered Investment Company		6,100
Metropolitan West Tot Return Bond Cl M	Registered Investment Company		1,059
Nasdaq Prem Inc & Growth Fd Inc	Registered Investment Company		7,462
Needham Growth Fund	Registered Investment Company		1,200
Neuberger Berman Real Estate Trust Cl	Registered Investment Company		21,251
Northern Global Fixed Inc	Registered Investment Company		1,985
Nuveen Insd Mun Oppty Fd Inc	Registered Investment Company		15,306
Nuveen Mun Value Fd	Registered Investment Company		10,066
Nuveen Quality Pfd Inc Fd 2	Registered Investment Company		121,365
Oakmark Equity & Inc Fd	Registered Investment Company		231,281
Oakmark Fund	Registered Investment Company		70,329
Oakmark Intl	Registered Investment Company		27,703



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Oakmark Intl Small Cap	Registered Investment Company	13,786
Oppenheimer Int L Growth Class A	Registered Investment Company	6,893
Parnassus Equity Ine Portfolio	Registered Investment Company	47,092
Parnassus Small Cap	Registered Investment Company	1,624
Parnassus Workplace	Registered Investment Company	1,849
Perkins Mid Cap Value Class I	Registered Investment Company	5,914
Permanent Portfolio Family Fds	Registered Investment Company	297,196
* Pimco All Asset Inst Class	Registered Investment Company	107,552
* Pimco Emerging Markets Bond Fund D	Registered Investment Company	16,680

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Schedule H, Line 4i Schedule of Assets (Held at End of Year)

Employer Identification Number: 36-0781620 and Plan Number 023

December 31, 2011

	Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
*	Pimco Investment Grade Corp Bond Cl D	Registered Investment Company		21,502
*	Pimco Real Return Class D	Registered Investment Company		49,111
*	Pimco Stocksplus Tr Short Strategy Cl A	Registered Investment Company		16,806
*	Pimco Total Return Class A	Registered Investment Company		25,016
*	Pimco Total Return Class D	Registered Investment Company		15,432
	Powershares Db Modity Index Tracking Fd	Registered Investment Company		2,738
	Powershares Db Multi Sector Db Agric Fd	Registered Investment Company		4,070
	Powershares Db Multi Sector Base Metals Fd	Registered Investment Company		7,460
	Powershares Exchange Dynamic Basic Matls	Registered Investment Company		6,978
	Powershares Exchange Golden Dragon Halter	Registered Investment Company		1,627
	Powershares Ftse Rafi US 1000	Registered Investment Company		36,566
	Powershares Qqq Tr Unit Ser 1	Registered Investment Company		96,865
	Primecap Odyssey Aggressive Grwth Fd	Registered Investment Company		1,484
	Proshares Tr Ii Proshares Ultra Gold	Registered Investment Company		632
	Proshares Tr Ii Proshares Ultrashort Euro	Registered Investment Company		1,547
	Proshares Tr Proshares Ultrashort S & P 500	Registered Investment Company		47,451
	Proshares Tr Short Real Estate Fd	Registered Investment Company		10,287
	Proshares Tr Ultrapro Midcap400	Registered Investment Company		8,250
	Proshares Tr Ultrapro Russell2000	Registered Investment Company		7,019
	Proshares Tr Ultrashort Financials New	Registered Investment Company		3,856
	Proshares Trust Ultra Financials	Registered Investment Company		18,789
	Proshares Ultra Gas Proshares	Registered Investment Company		4,132
	Proshares Ultra Qqq Proshares	Registered Investment Company		28,511
	Proshares Ultra S & P 500 Proshares	Registered Investment Company		23,687
	Proshares Ultrashort 20+ Yr Treas	Registered Investment Company		3,614
	Prudential Jennison Natural Resources R	Registered Investment Company		6,199
	Putnam High Ine Conv & Bd Fd	Registered Investment Company		19,200
	Rainier Small Mid Cap Equity	Registered Investment Company		6,751
	Reaves Util Ine Fd Sh Ben Int	Registered Investment Company		180
	Rivernorth Core Opportunity Fund	Registered Investment Company		20,599
	Royce Low Priced Stock Fund	Registered Investment Company		168,079
	Royce Microcap	Registered Investment Company		84,060
	Royce Opportunity Fund	Registered Investment Company		7,164
	Royce Pa Mutual	Registered Investment Company		148,551
	Royce Premier Series	Registered Investment Company		50,216
	Royce Special Equity	Registered Investment Company		16,732
	Royce Total Return Fund	Registered Investment Company		30,599
	Rs Global Natural Resources Fund Cl Y	Registered Investment Company		5,485
	Russell Emerging Markets	Registered Investment Company		4,742
	Rydex Etf S & P 500 Equal Weighted Index Fd	Registered Investment Company		9,363

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Schroder Emerging Market Equity Adv Cl	Registered Investment Company	46,691
Schwab Fundamental Emg Mkts Index Instl	Registered Investment Company	6,566
Schwab Strategic Tr Us Dividend Equity Etf	Registered Investment Company	78,540
Scout International Fund	Registered Investment Company	875
Sector Spdr Tr Shs Ben Int Financial	Registered Investment Company	4,085
Sector Spdr Tr Shs Ben Int Technology	Registered Investment Company	6,453
Sector Spdr Tr Shs Ben Int Utilities	Registered Investment Company	23,637
Select Energy	Registered Investment Company	13,911
Select Medical Delivery	Registered Investment Company	47,236

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan**

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Employer Identification Number: 36-0781620 and Plan Number 023

December 31, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Select Natural Gas	Registered Investment Company		2,144
Select Sector Spdr Tr Health Care	Registered Investment Company		26,814
Selected American Shares	Registered Investment Company		76,489
Shelton S & P Mid Cap Index	Registered Investment Company		10,550
Skyline Special Equities	Registered Investment Company		7,315
Sound Shore Fd Inc	Registered Investment Company		3,217
Spartan 500 Index Fd Advantage Class	Registered Investment Company		96,535
Spartan Ext Mkt Indx Fd Advantage Class	Registered Investment Company		90,360
Spartan Total Market Index	Registered Investment Company		29,892
Spdr Dow Jones Indl Average Etf	Registered Investment Company		34,338
Spdr Gold Tr Gold Shs	Registered Investment Company		460,682
Spdr Index Wilshire Intl Real Estate Etf	Registered Investment Company		12,771
Spdr S & P 500 Etf Trust Unit Ser 1 S & P	Registered Investment Company		123,776
Spdr Ser Tr DJ Wilshire Mid Cap Growth Etf	Registered Investment Company		7,369
Spdr Ser Tr DJ Wilshire Reit Etf	Registered Investment Company		41,086
Spdr Ser Tr DJ Mid Cap Etf	Registered Investment Company		7,863
Spdr Ser Tr S & P Pharmaceuticals Etf	Registered Investment Company		9,966
Spdr Ser Tr Wells Fargo Pfd Stock Etf	Registered Investment Company		17,198
* SSGA Emerging Markets	Registered Investment Company		25,091
* SSGA International Stock Selection	Registered Investment Company		6,135
Star Bulk Carriers Corp Shs	Registered Investment Company		15,022
T Rowe Price Cap Appreciation	Registered Investment Company		190,269
T Rowe Price Corporate	Registered Investment Company		109,585
T Rowe Price Emerg Euro & Mediterranean	Registered Investment Company		2,064
T Rowe Price Equity	Registered Investment Company		9,577
T Rowe Price Growth Stock	Registered Investment Company		7,866
T Rowe Price Growth Stock Advisor Cl	Registered Investment Company		2,690
T Rowe Price Health Sciences	Registered Investment Company		16,712
T Rowe Price International Bond	Registered Investment Company		8,482
T Rowe Price Intl Discovery Fund	Registered Investment Company		70,223
T Rowe Price Intl Emerging Market Bond	Registered Investment Company		7,243
T Rowe Price Latin America Fund	Registered Investment Company		11,290
T Rowe Price Media & Telecommunications	Registered Investment Company		2,799
T Rowe Price Mid Cap Growth	Registered Investment Company		21,027
T Rowe Price Mid Cap Value	Registered Investment Company		18,156
T Rowe Price New Horizons Fd Inc	Registered Investment Company		1,062
T Rowe Price Ret 2040 Fd	Registered Investment Company		4,420
T Rowe Price Rtmt 2015 Advisor Class	Registered Investment Company		21,098
T Rowe Price Rtmt 2025 Fund Adv Shrs	Registered Investment Company		21,447
T Rowe Price Rtmt Fund 2040 Adv Shrs	Registered Investment Company		4,449
T Rowe Price Small Cap Value Fund	Registered Investment Company		2,485

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Target Moderate Allocation CI C	Registered Investment Company	15,555
Target Retirement 2010 Fd	Registered Investment Company	5,343,270
Target Retirement 2015 Fd	Registered Investment Company	18,341,730
Target Retirement 2020 Fd	Registered Investment Company	21,454,676
Target Retirement 2025 Fd	Registered Investment Company	24,688,195
Target Retirement 2030 Fd	Registered Investment Company	27,153,084
Target Retirement 2035 Fd	Registered Investment Company	30,062,077
Target Retirement 2040 Fd	Registered Investment Company	22,422,639

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Schedule H, Line 4i Schedule of Assets (Held at End of Year)

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December 31, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Target Retirement 2045 Fd	Registered Investment Company		19,142,442
Target Retirement 2050 Fd	Registered Investment Company		15,533,070
TCW Emerging Mkts Ine CI I	Registered Investment Company		5,095
TCW Select Equities Class N	Registered Investment Company		6,184
TCW Total Return Bond Class I	Registered Investment Company		50,372
Templeton China World Fund Adv Class	Registered Investment Company		9,478
Templeton Emerging Mrtks Small Cap A	Registered Investment Company		4,887
Templeton Global Bond Advisor Class	Registered Investment Company		16,124
Templeton Global Bond Class A	Registered Investment Company		8,224
Templeton Global Bond Class C	Registered Investment Company		48,060
The Contrarian Fund	Registered Investment Company		19,318
The Delafield Fund	Registered Investment Company		1,807
Third Ave Small Cap Value Fd	Registered Investment Company		19,790
Third Avenue Value	Registered Investment Company		4,061
Thompson Plumb Growth Fund	Registered Investment Company		255
Thornburg Intl Value CI Instl	Registered Investment Company		15,043
Timothy Plan Conserv Growth CI C	Registered Investment Company		19,006
Timothy Plan Fixed Ine Class C	Registered Investment Company		4,092
Timothy Plan Strateg Growth CI C	Registered Investment Company		9,575
Tocqueville Fund	Registered Investment Company		7,979
Tocqueville Gold Fund	Registered Investment Company		14,967
Touchstone Small Cap Value CI A	Registered Investment Company		8,625
Transamerica Systmtc Small/Mid Cap Value C	Registered Investment Company		17,613
Tributary Growth Oppt Instl	Registered Investment Company		4,571
Tweedy Browne Global Value Fund	Registered Investment Company		86,953
UnDiscovered Mgrs Behavior Value Instl	Registered Investment Company		13,551
United Sts Modity Index Fd	Registered Investment Company		3,502
United Sts Oil Fd LP	Registered Investment Company		47,066
US Global Region East European	Registered Investment Company		2,013
Value Line	Registered Investment Company		1,928
Value Line Small Cap Growth	Registered Investment Company		27,075
Van Eck Global Hard Assets Class C	Registered Investment Company		9,002
Vanguard 500 Index Fd Investor Shs	Registered Investment Company		132,143
Vanguard Balanced Index Investor Class	Registered Investment Company		6,573
Vanguard Chester Fds	Registered Investment Company		15,635,972
Vanguard Developed Mrkts Index Inv	Registered Investment Company		20,572
Vanguard Dividend Growth Investor CI	Registered Investment Company		38,727
Vanguard Energy Investor Fund	Registered Investment Company		185,467
Vanguard Equity Ine Investor CI	Registered Investment Company		10,065
Vanguard Fi High Yld Corp Investor CI	Registered Investment Company		5,757
Vanguard Global Equity Investor CI	Registered Investment Company		18,388

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Vanguard GNMA Investor Cl	Registered Investment Company	20,244
Vanguard Growth Index Investor Cl	Registered Investment Company	6,729
Vanguard Index Fds Vanguard Growth Vipers	Registered Investment Company	9,264
Vanguard Index Fds Vanguard Large Cap Vipers	Registered Investment Company	5,666
Vanguard Index Fds Vanguard Reit Etf	Registered Investment Company	5,800
Vanguard Index Fds Vanguard Total Stk Mkt Etf	Registered Investment Company	39,373
Vanguard Index Trust Sm Cap Grwth Inv Cl	Registered Investment Company	44,728
Vanguard Inflation Protected Secs Inv	Registered Investment Company	51,714

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Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
Vanguard Intermed Term Tax Exempt Inv	Registered Investment Company		1,333
Vanguard Inter-Term Bond Index Port Inv	Registered Investment Company		75,027
Vanguard Msci Emerging Mkts Etf	Registered Investment Company		79,908
Vanguard Intl Value Port Inv Cl	Registered Investment Company		1,697
Vanguard Long Term US Treasury Investor	Registered Investment Company		30,842
Vanguard Mid Cap Grwth Indx Cl Inves	Registered Investment Company		979
Vanguard Mid Cap Index Investor Cl	Registered Investment Company		158,204
Vanguard Mid Cap Value Index Inv	Registered Investment Company		5,909
Vanguard Reit Index Investor	Registered Investment Company		110,955
Vanguard Sector Index Fds	Registered Investment Company		8,510
Vanguard Finls Vipers	Registered Investment Company		9,858
Vanguard Short Term Bond Index Investor	Registered Investment Company		169,965
Vanguard Small Cap Stock Ind Trust Inv	Registered Investment Company		61,067
Vanguard Appreciation Index Fd Viper Shs	Registered Investment Company		27,758
Vanguard Strategic Equity Investor	Registered Investment Company		3,237
Vanguard Target Ret 2025 Fd Investor Cl	Registered Investment Company		194,966
Vanguard Target Ret 2035 Fd Investor Cl	Registered Investment Company		116,027
Vanguard Target Retirement 2040 Fd	Registered Investment Company		4,414
Vanguard Telecommunication Svcs Vipers	Registered Investment Company		11,361
Vanguard Total Intl Stock Index Inv	Registered Investment Company		5,257
Vanguard Total Stock Market Investor	Registered Investment Company		46,825
Vanguard Total Stock Mrkt Signal Cl Shs	Registered Investment Company		88,158
Vanguard Value Index Investor	Registered Investment Company		10,682
Vanguard Wellington Investor	Registered Investment Company		95,373
Vanguard Windsor II Admiral	Registered Investment Company		128,320
Vanguard Windsor II Investor	Registered Investment Company		48,588
Virtus Alternatives Diversifier Cl I	Registered Investment Company		5,975
Wasatch Micro-Cap Value Fund	Registered Investment Company		2,151
Wells Fargo Asia Pacific Fd-Investor	Registered Investment Company		81
Wells Fargo C & B Mid Cap Value Fd	Registered Investment Company		135
Wells Fargo Growth Fund-Investor Class	Registered Investment Company		1,891
William Blair Intl Growth Fund	Registered Investment Company		19,150
Wisdomtree Tr Defa High Yielding Equity Fd	Registered Investment Company		5,484
Wisdomtree Tr Japan Smallcap Divid Fd	Registered Investment Company		12,766
World Precious Minerals Fund	Registered Investment Company		658
Yacktman Focused Fd	Registered Investment Company		53,389
Yacktman Fund	Registered Investment Company		194,639

Registered Investment Companies

\$ 214,074,004





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**Incentive Investment Plan**

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

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December 31, 2011

Identity of Issue	Description of Investment	Cost <sup>(1)</sup>	Current Value
* Notes Receivables from Participants	Interest rates range from 4.25% to 10.5%		\$ 40,514,342
<b>Collateral Held on Loaned Securities</b>			
* Quality D Short-term Investment Fund			\$ 13,782,088
<b>Total Investments and Notes Receivables from Participants</b>			<b>\$ 1,859,555,767</b>

\* 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 27, 2012

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