

BAXTER INTERNATIONAL INC

Form 11-K

June 28, 2016

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

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

For the year ended December 31, 2015

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

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

One Baxter Parkway

Deerfield, IL 60015

(224) 948-2000

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Incentive Investment Plan

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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, 2015 and 2014, 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, 2015 and 2014, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Baxter International Inc. and Subsidiaries Incentive Investment Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information presented in the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Crowe Horwath LLP

Oak Brook, Illinois

June 28, 2016

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Statements of Net Assets Available for Benefits****December 31, 2015 and 2014** (in thousands)

	2015	2014
Assets		
Investments		
Cash and cash equivalents	\$ 46,353	\$ 46,562
Common stock (including securities on loan of \$309 in 2015 and \$3,364 in 2014)	442,134	507,029
U.S. government and government agency issues (including securities on loan of \$10,501 in 2015 and \$5,998 in 2014)	28,483	34,634
Corporate and other obligations (including securities on loan of \$1,296 in 2015 and \$3,257 in 2014)	29,445	39,425
Commingled funds	920,030	1,147,634
Synthetic guaranteed investment contracts	616,636	712,934
Registered investment companies	15,979	16,921
Collateral held on loaned securities	12,328	12,903
Total investments at fair value	2,111,388	2,518,042
Receivables		
Notes receivables from participants	37,330	50,454
Sponsor contributions	18,157	26,743
Accrued interest and dividends	1,056	2,390
Due from brokers for securities sold	5,127	505
Total receivables	61,670	80,092
Total assets	2,173,058	2,598,134
Liabilities		
Accounts payable	8,064	5,957
Due to brokers for securities purchased	10,485	7,815
Collateral to be paid on loaned securities	12,328	12,903
Total liabilities	30,877	26,675
Net assets available for benefits, reflecting investments at fair value	2,142,181	2,571,459
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(22,443)	(41,872)
Net assets available for benefits	\$ 2,119,738	\$ 2,529,587

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, 2015 and 2014** (in thousands)

	2015	2014
Additions to net assets attributed to		
Investment income		
Net appreciation in fair value of investments	\$ 25,871	\$ 121,342
Interest	20,250	22,436
Dividends	7,880	10,973
Net investment income	54,001	154,751
Participant loan interest	3,383	4,099
Contributions		
Sponsor	61,212	73,677
Participant	103,974	107,935
	165,186	181,612
Total additions	222,570	340,462
Deductions from net assets attributed to		
Benefits paid	175,444	171,804
Plan expenses	6,357	6,834
Total deductions	181,801	178,638
Increase before transfers	40,769	161,824
Transfer to Baxalta Incorporated and Subsidiaries Incentive Investment Plan (Refer to Note 1)	(496,501)	
Transfer from other plan (Refer to Note 11)	45,883	12,083
Net (decrease)/increase	(409,849)	173,907
Net assets available for benefits		
Beginning of year	2,529,587	2,355,680
End of year	\$ 2,119,738	\$ 2,529,587

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, 2015 and 2014

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 is a defined contribution plan the predecessor of which originally became effective on January 1, 1960. The Plan was created for the purpose of providing retirement benefits to United States employees of Baxter International Inc. (the Sponsor or the Company) and its subsidiaries, and to encourage and assist employees in adopting a regular savings program by means of payroll deductions through a plan that qualifies under the United States Internal Revenue Code. Plan participants may authorize the Company to make payroll deductions under the Plan ranging from 1% to 50% of their pre-tax monthly compensation limited to a maximum of \$18,000 and \$17,500 a year in 2015 and 2014, respectively. Participants who have attained the age of 50 by the end of the year may contribute up to an additional \$6,000 and \$5,500 per year in catch-up contributions in 2015 and 2014, respectively. 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 Company matches a participant's savings contributions on a dollar for dollar basis up to 3.0% of the participant's compensation, and matches any contributions between 3% and 4% of compensation at the rate of 50 cents for each dollar of a participant's pre-tax contribution, so that the maximum matching contribution for participants who contribute at least 4% of their compensation is 3.5% of compensation. 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.

Participants are immediately vested in the elective contributions and matching contribution plus actual earnings thereon. The additional non-matching contributions become fully vested after three years of service. Participants are fully vested in the Company's non-matching contributions account, regardless of years of service with the Company, upon attaining age 65, upon becoming disabled in accordance with the provisions of the Plan or upon dying while employed by the Company. Forfeitures of nonvested accounts are used to reduce future employer contributions.

Participants may borrow from their vested accounts a minimum of \$500 up to a maximum equal 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 the prime rate at the last day of the month prior to loan request, plus one percent.

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 by reason 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.

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Upon enrollment in the Plan, a participant may direct contributions into any of 17 investment options: Stable Income Fund, Baxter Common Stock Fund, State Street S&P 500 Index Non-Lending Series Fund, State Street International Index Non-Lending Series Fund, State Street Russell Small Cap Index Non-Lending Series Fund, Northern Trust Domestic Mid Cap Fund, State Street Global Advisors Emerging Markets Fund (SSgA Emerging Markets Fund) and ten different Target Date Retirement Funds. However, non-matching contributions may not be invested in the Baxter Common Stock Fund. Participants may not direct contributions to the Self-Managed Fund but can transfer funds into the Self-Managed Fund from other investment options. 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. Certain participants obtained shares in Baxalta Incorporated (Baxalta), in connection with the spin (as discussed below). These shares were placed into the Baxalta Common Stock Fund in connection with Baxter's 2015 spin-off of its BioScience business. See Note 12 for a discussion of the conversion of the Baxalta Common Stock Fund into the Shire Common Stock Fund in June 2016, in connection with the merger of a wholly-owned subsidiary of Shire plc (Shire) with and into Baxalta, with Baxalta as the surviving company (the Merger). Participants are not able to make contributions or transfer existing account balances to the Cardinal Health Common Stock Fund, Edwards Lifesciences Common Stock Fund or the Shire Common Stock Fund (f/k/a the Baxalta Common Stock Fund), but may make transfers out of these funds at any time. Starting in 2013, participants are no longer able to make contributions to the Composite Fund and General Equity Fund, but may make transfers out of these funds at any time.

On July 1, 2015, Baxter completed the distribution of approximately 80.5% of the outstanding common stock of Baxalta to Baxter stockholders in connection with the separation of its biopharmaceutical business (the spin). The distribution was made to Baxter's stockholders of record as of the close of business on June 17, 2015, who received one share of Baxalta common stock for each Baxter common share held as of such date. The Plan received 2,703,100 shares of Baxalta common stock on July 1, 2015 as a result of the distribution. The distribution was intended to take the form of a tax-free distribution for federal income tax purposes in the United States. As a result of the distribution, Baxalta became an independent public company whose shares traded on the New York Stock Exchange under the symbol BXL. In 2015, the Plan transferred approximately \$497 million of assets to the Baxalta Incorporated and Subsidiaries Incentive Investment Plan in connection with the spin.

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 May 2015, the Financial Accounting Standards Board (FASB) issued updated guidance which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share (NAV) practical expedient (ASU 2015-07). ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV practical expedient. ASU 2015-07 is effective for annual reporting periods beginning after December 15, 2016. The Plan Sponsor has chosen not to early adopt this standard and is currently evaluating the impact of this standard on the Plan's financial statements.

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In July 2015, the FASB issued new guidance impacting benefit plan accounting and reporting (ASU 2015-12). ASU 2015-12 requires an employee benefit plan to use contract value as the only measurement amount for fully benefit-responsive investment contracts. It also simplifies and increases the effectiveness of plan investment disclosure requirements for employee benefit plans, and provides employee benefit plans with a measurement-date practical expedient for asset fair value. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015. The Plan Sponsor has chosen not to early adopt this standard and is currently evaluating the impact of this standard on the Plan's financial statements.

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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 certain funds are to track the performances of the S&P 500, Europe, Australasia and the Far East (EAFE), or Russell 2000 indexes. In addition, these funds include target date retirement funds, whose objective is to provide investors, who have a specific date in mind for retirement with a portfolio of investments. The underlying investments for all funds vary, with some holding diversified portfolios of domestic stocks, government agency and corporate 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.
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 the wrapper contracts, which is calculated using a replacement cost approach. The underlying securities are valued based upon the methodologies described above. In addition, this investment includes an individual separate account with Metropolitan Life Insurance Company (MetLife). The value of this separate account is based upon the unit value provided by MetLife as of the Plan's financial statement date plus the fair value of the wrapper contracts, which is calculated using a replacement cost

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	approach. The underlying securities primarily of the account, managed by a sub-advisor of the insurance company, consist of fixed income securities. See below for more information.
Collateral held on loaned securities	Value based upon the net asset value per unit of the short-term investment funds where the collateral is invested. Refer to Note 7 for more information on the securities lending program.
Collateral to be paid on loaned securities	Value based on the fair value of the underlying securities loaned on the valuation date, plus an incremental margin.

Income Recognition

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

The financial statements reflect the net depreciation or appreciation in the fair value of the Plan's investments. This net depreciation or appreciation consists of realized gains and losses calculated as the difference between proceeds from a sales transaction and cost determined on a moving average basis, and unrealized gains and losses calculated as the change in the fair value between beginning of the year (or purchase date if later) and the end of the year.

Synthetic Guaranteed Investment Contracts

The Plan holds synthetic guaranteed investment contracts (GICs) as part of the Stable Income Fund. The synthetic GICs provide for a fixed return on principal over a specified time through fully benefit-responsive contracts issued by Transamerica, Prudential and MetLife. During 2014, the GIC with Bank of America was terminated and the Plan entered into a new GIC with Prudential. The portfolio of assets 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 \$391 thousand and a loss of \$449 thousand at December 31, 2015 and 2014, 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 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 \$594.2 million and \$671.1 million at December 31, 2015 and 2014, respectively.

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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 2.3% and 1.9% at December 31, 2015 and 2014, respectively. The average interest rate credited to participants on the synthetic GICs was approximately 2.7% and 2.8% for the years ended December 31, 2015 and 2014. The credit ratings for Transamerica, Prudential and MetLife were AA- at both December 31, 2015 and 2014.

Events that lead to market value withdrawals that exceed 15 percent of the contract value of the GICs of Prudential and Transamerica or 10 percent of the contract value of the GIC of MetLife 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 spin did not constitute such an event under the GICs.

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.

Notes Receivables from Participants

Participant 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.

Payment of Benefits and Fees

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

Use of Estimates

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

Other

Due from broker for securities sold 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

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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 (corporate and other obligations). The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies and/or defaults and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

3. Eligibility Requirements

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

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

4. Administration of the Plan

State Street Bank and Trust Company (the Trustee) serves as trustee and Voya Institutional Plan Services, LLC, formerly 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:

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

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

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

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

		Basis of Fair Value Measurement		
		Quoted Prices		
	Balance at December 31, 2015	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in thousands)				
Assets				
Cash and cash equivalents	\$ 46,353	\$	\$ 46,353	\$
Common stock:				
Healthcare	236,252	236,252		
Consumer products	72,615	72,615		
Information technology	81,102	81,102		
Financial services	13,437	13,437		
Industrial services and materials	11,958	11,958		
Energy	4,437	4,437		
Other	22,333	22,333		
Total common stock	442,134	442,134		
U.S. government and government agency issues	28,483		28,483	
Corporate and other obligations	29,445		29,445	
Commingled funds:				
State Street S&P 500 Index Non-Lending Series Fund	272,441		272,441	
State Street International Index Non-Lending Series Fund	79,540		79,540	
State Street Russell Small Cap Index Non-Lending Series Fund	102,918		102,918	
Target date retirement funds	431,877		431,877	
Other	33,254		33,254	
Total commingled funds	920,030		920,030	
Registered investment companies	15,979	15,979		
Synthetic guaranteed investment contracts:				
Corporate and other obligations	190,291		190,291	
U.S. government and government agency issues	254,312		254,312	
Individual separate account	145,276		145,276	

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Cash and cash equivalents	27,148		27,148	
Wrapper contracts	(391)			(391)
Total synthetic guaranteed investment contracts	616,636		617,027	(391)
Collateral held on loaned securities	12,328		12,328	
Total assets	\$ 2,111,388	\$ 458,113	\$ 1,653,666	\$ (391)
Liability				
Collateral to be paid on loaned securities	\$ 12,328	\$ 319	\$ 12,009	\$

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		Basis of Fair Value Measurement		
		Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in thousands)	Balance at December 31, 2014			
Assets				
Cash and cash equivalents	\$ 46,562	\$	\$ 46,562	\$
Common stock:				
Healthcare	268,535	268,535		
Consumer products	69,345	69,345		
Information technology	77,618	77,618		
Financial services	23,737	23,737		
Industrial services and materials	26,505	26,505		
Energy	11,429	11,429		
Other	29,860	29,860		
Total common stock	507,029	507,029		
U.S. government and government agency issues	34,634		34,634	
Corporate and other obligations	39,425		39,425	
Commingled funds:				
SSgA S&P 500 Fund	335,741		335,741	
SSgA EAFE Equity Fund	104,083		104,083	
SSgA Small Cap Fund	138,789		138,789	
Target date retirement funds	536,660		536,660	
Other	32,361		32,361	
Total commingled funds	1,147,634		1,147,634	
Registered investment companies	16,921	16,921		
Synthetic guaranteed investment contracts:				
Corporate and other obligations	213,638		213,638	
U.S. government and government agency issues	307,750		307,750	
Individual separate account	167,683		167,683	
Cash and cash equivalents	24,312		24,312	
Wrapper contracts	(449)			(449)
Total synthetic guaranteed investment contracts	712,934		713,383	(449)

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Collateral held on loaned securities	12,903	12,903		
Total assets	\$ 2,518,042	\$ 523,950	\$ 1,994,541	\$ (449)
Liability				
Collateral to be paid on loaned securities	\$ 12,903	\$ 3,465	\$ 9,438	\$

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Transfers between hierarchy measurement levels are recognized by the Plan as of the beginning of the reporting period. The fair value of commingled funds is valued based upon the net asset value of the underlying securities and is classified as Level 2. The Plan did not have any transfers between Levels 1 and 2 during 2015 and 2014.

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

(in thousands)	Wrapper Contracts
Balance at December 31, 2013	\$ (129)
Additions	(84)
Settlements	(67)
Unrealized losses (relating to assets held at end of year)	(169)
Balance at December 31, 2014	(449)
Unrealized gains (relating to assets held at end of year)	58
Balance at December 31, 2015	\$ (391)

The unrealized losses from the wrapper contracts are excluded from the net 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. In 2014, the additions are due to the new contract with Prudential and the settlements are due to termination of the contract with Bank of America as detailed in Note 2.

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, 2015 and 2014 are summarized as follows:

(in thousands, except per share data)	2015	2014
Baxter common stock, 2,530,593 shares at December 31, 2014	\$ *	\$ 185,467

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State Street S&P 500 Index Non-Lending Series Fund	272,441	*
SSgA S&P 500 Fund	*	335,741
MetLife Individual Separate Account	145,276	167,683
SSgA Small Cap Fund	*	138,789

* Does not meet 5% threshold

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Notes to Financial Statements****December 31, 2015 and 2014**

Investments as of December 31, 2015 and 2014 are segregated into various investment fund options as follows:

	2015	2014
(in thousands)		
Cash (available for investment)	\$ 5,058	\$ 7,551
Stable Income Fund	635,174	732,093
Baxter Common Stock Fund	85,813	186,340
Baxalta Common Stock Fund	80,461	
Composite Fund	132,733	162,780
General Equity Fund	158,367	183,337
Cardinal Health Common Stock Fund	8,405	8,210
State Street S&P 500 Index Non-Lending Series Fund	272,441	
SSgA S&P 500 Fund		335,741
State Street International Index Non-Lending Series Fund	79,540	
SSgA EAFE Equity Fund		104,083
Edwards Lifesciences Common Stock Fund	24,012	22,704
State Street Russell Small Cap Index Non-Lending Series Fund	102,918	
SSgA Small Cap Fund		138,831
Northern Trust Domestic Mid Cap	26,289	23,638
SSgA Emerging Markets Fund	6,965	8,723
Self-Managed Fund	49,007	54,448
Target Date Retirement Funds	431,877	536,660
Collateral held on loaned securities	12,328	12,903
Total investments at fair value	2,111,388	2,518,042
Adjustment from fair value to contract value for Stable Income Fund	(22,443)	(41,872)
Total investments	\$ 2,088,945	\$ 2,476,170

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

	2015	2014
(in thousands)		
Baxter common stock	\$ (8,141)	\$ 9,991
Other common stock	40,749	33,870
U.S. government and government agency issues	(835)	1,668
Corporate and other obligations	(2,796)	560
Commingled funds	(1,310)	75,339

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Registered investment companies	(1,796)	(86)
	\$ 25,871	\$ 121,342

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,

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Baxter International Inc. and Subsidiaries

Incentive Investment Plan

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the Trustee shall indemnify the Plan by purchasing replacement securities equal to the number of unreturned loaned securities, to the extent that such replacement securities are available on the open market and if to the extent that such proceeds are insufficient or the collateral is unavailable, the purchase of replacement securities shall be made at Trustee expense 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. 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, 2015 and 2014, the Plan had securities on loan with a fair value of \$12.1 million and \$12.6 million, respectively, with cash collateral received of \$12.3 million and \$12.9 million, respectively, which was invested in the State Street Quality D Short-Term Investment Fund. Investments underlying this fund primarily consisted of cash and cash equivalents and asset-backed securities as of both December 31, 2015 and 2014, and the net asset value of this fund was approximately \$1.00 per unit. As of December 31, 2015 and 2014 the cash collateral received is reflected at its fair value of \$12.3 million and \$12.9 million in the 2015 and 2014 Statements of Net Assets Available for Benefits, respectively.

Non-cash collateral of \$1.5 million and \$0.5 million received for securities on loan at December 31, 2015 and December 31, 2014, respectively, consisted of U.S. government and government agency issues, equity securities, and corporate and other obligations held by the Trustee on behalf of the Plan. Non-cash collateral is not included with the collateral balance on the 2015 and 2014 Statements 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 \$24 thousand for both 2015 and 2014. 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 September 16, 2013 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. A Form 5300 Application for Determination for Employee Benefit Plan was filed with the IRS on January 21, 2016 to request an updated favorable determination letter for the Plan. U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015 and 2014, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by

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taxing jurisdictions; however there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2012.

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Baxter International Inc. and Subsidiaries

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10. Parties-in-Interest Transactions

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, 2015 and 2014, the Plan held shares of common stock of State Street Corporation, shares of registered investment companies of SSgA, and participation units in commingled funds and short-term investment funds of State Street Bank and Trust Company, the Plan Custodian and Charles Schwab, the brokerage provider; loans with participants; shares of common stock, shares of registered investment companies, units of commingled funds, fixed income securities, or bonds managed by AllianceBernstein, Northern Trust Corporation, Pacific Investment Management Company, Loomis Sayles, and Vanguard, investment managers for the Plan; shares of common stock, bonds, individual separate accounts or interest rate wrapper contracts of Prudential, Transamerica, and Metlife, issuers of the Plan's fully benefit-responsive contracts; shares of registered investment companies in various affiliates of Voya Institutional Plan Services, LLC, the recordkeeper; and shares of common stock of Edward Lifesciences Corporation and Cardinal, entities the Company has previously spun off. The Plan held bonds and shares of common stock of Baxter, the Plan Sponsor, and Baxalta, the spin-off company. At December 31, 2015 and 2014, the Plan held 2,228,977 and 2,530,593 shares of common stock of Baxter valued at \$85,035,458 and \$185,467,155, respectively. At December 31, 2015, the Plan held 2,111,473 shares of common stock of Baxalta valued at \$82,410,788. These transactions are allowable party-in-interest transactions under ERISA and the regulations promulgated thereunder.

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

11. Plan Merger

During 2013, Baxter acquired 100 percent of the voting equity interests in Indap Holding AB, the holding company for Gambro AB (Gambro). The Gambro Renal Products, Inc. 401(k) Plan was merged into the Plan effective September 2015. As a result of this merger, total assets of approximately \$45.9 million were transferred into the Plan.

During 2012, Baxter acquired Synovis Life Technologies, Inc. (Synovis). The Synovis 401(k) Plan was merged into the Plan effective September 2014. As a result of this merger, total assets of approximately \$12.1 million were transferred into the Plan.

12. Subsequent Event

On June 3, 2016, a wholly-owned subsidiary of Shire plc (Shire) merged with and into Baxalta, with Baxalta as the surviving company in the Merger. In connection with the closing of the Merger, each Baxalta stockholder received a combination of cash and Shire equity securities. Participants invested in the Baxalta Common Stock Fund at the closing of the Merger were able to direct the investment of the cash portion of the related merger consideration into certain investment alternatives within the Plan. In the event that a participant did not make an investment election, the cash portion was invested in the Plan's qualified default investment alternative.

Additionally, in connection with the Merger, the Baxalta Common Stock Fund became the Shire Stock Fund, holding Shire American Depository Shares and cash (for liquidity purposes).

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SUPPLEMENTAL SCHEDULE

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Cash and Cash Equivalents:			
US Dollar	Cash		(598,486)
CAD Dollar	Cash		6,546
* Schwab Money Market Fund	Short-Term Investment Fund		10,767,032
* State Street Bank & Trust Co	Short-Term Investment Fund		18,537,027
* State Street Bank & Trust Co	Short-Term Investment Fund		5,688,538
* State Street Bank & Trust Co	Short-Term Investment Fund		4,651,367
* State Street Bank & Trust Co	Short-Term Investment Fund		3,713,422
* State Street Bank & Trust Co	Short-Term Investment Fund		1,124,541
* State Street Bank & Trust Co	Short-Term Investment Fund		1,070,834
* State Street Bank & Trust Co	Short-Term Investment Fund		792,729
* State Street Bank & Trust Co	Short-Term Investment Fund		255,039
* State Street Bank & Trust Co	Short-Term Investment Fund		196,724
* State Street Bank & Trust Co	Short-Term Investment Fund		89,319
* State Street Bank & Trust Co	Short-Term Investment Fund		58,183
Cash and Cash Equivalents			46,352,815
** Common Stock:			
3D Sys Corp	Common Stock		19,813
3Dicon Corp New	Common Stock		2
3M Company	Common Stock		20,539
8X8 Inc New	Common Stock		18,663
A T & T Inc New	Common Stock		114,954
Abattis Bioceuticals	Common Stock		17
Abb Ltd Adr	Common Stock		11,347
Abbott Laboratories	Common Stock		3,060,301
Abbott Laboratories	Common Stock		122,374
Abbvie Inc	Common Stock		123,398
Abeona Therapeutics	Common Stock		1,388
Acadia Pharmaceuticals	Common Stock		1,248
Accelaron Pharma Inc	Common Stock		4,876
Achillion Pharma Inc	Common Stock		1,079
Acorda Therapeutics Inc	Common Stock		21,390
Activision Blizzard Inc	Common Stock		16,761
Actua Corporation	Common Stock		859
Axiom Corp	Common Stock		3,138
Adamis Pharma New	Common Stock		2,700
Adobe Systems Inc	Common Stock		4,332,468
Adt Corp	Common Stock		363
Advanced Micro Devices	Common Stock		40,610

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Advansource Biomaterials	Common Stock	775
Aercap Holdings Nv Common Stock Eur.01	Common Stock	51,092
Aero Grow Intl Inc New	Common Stock	30

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Aetna Inc New	Common Stock		6,487
Affymax Inc New	Common Stock		158
Affymetrix Inc	Common Stock		12,945
Aflac Inc	Common Stock		8,337
Agilent Technologies Inc	Common Stock		65,992
Agios Pharmaceutical	Common Stock		3,571
Agnico Eagle Mines Ltd	Common Stock		5,782
Air Lease Corp Cl A	Common Stock		1,852
Akorn Inc	Common Stock		5,596
Alcatel Lucent Xxx 12/22/15	Common Stock		5,454
Alcatel Lucent F	Common Stock		2,754
Alcoa Inc	Common Stock		92,680
Alexion Pharmaceuticals Inc	Common Stock		3,853,981
Alibaba Group Hldg A	Common Stock		141,979
Alibaba Group Holding Sp Adr	Common Stock		3,315,123
Alj Regional Hldgs Inc	Common Stock		3,442
Alkermes Plc F	Common Stock		87,556
All American Gold Co	Common Stock		1
Allergan Plc Common Stock Usd.0033	Common Stock		3,465,364
Allergan Plc Common Stock Usd.0033	Common Stock		698,252
Allergan Plc F	Common Stock		32,812
* Alliancebernstein HI Lp	Common Stock		13,408
Allscripts Hlthcare Sltn	Common Stock		1,507
Ally Financial Inc Common Stock Usd.1	Common Stock		433,410
Alnylam Pharmaceuticals	Common Stock		15,062
Alon Usa Energy Inc	Common Stock		8,162
Alphabet Inc	Common Stock		94,917
Alphabet Inc	Common Stock		78,165
Alphabet Inc Cl A Common Stock Usd.001	Common Stock		5,891,339
Alphabet Inc Cl A Common Stock Usd.001	Common Stock		65,238
Alphabet Inc Cl C Common Stock Usd.001	Common Stock		6,012,993
Altria Group Inc	Common Stock		190,159
Aluminum Corp China Adr	Common Stock		140
Amag Pharmaceuticals Inc	Common Stock		10,567
Amarantus Bioscience	Common Stock		10
Amarin Corp Plc New Adr	Common Stock		1,966
Amazon Com Inc	Common Stock		268,328
Amazon.Com Inc	Common Stock		10,650,167
Ambarella Inc	Common Stock		446
Amdocs Limited	Common Stock		10,914
Amec Foster Wheeler Adrf	Common Stock		1,153
American Capital Agency	Common Stock		5,313

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American Capital Ltd	Common Stock	8,274
American Express Co	Common Stock	3,130
American Express Co Common Stock Usd.2	Common Stock	463,807
American Graphite Te	Common Stock	19

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
American Green Inc	Common Stock		546
American International Group	Common Stock		61,133
American Intl Gp 21Wts 1/19/11	Common Stock		642
American Intl Group	Common Stock		7,684
American Lithium Minerals In	Common Stock		312
American Tower Corp	Common Stock		2,350,269
American Tower Corp	Common Stock		360,565
American Water Works Co	Common Stock		10,755
Amerigas Partners L P	Common Stock		7,197
Ameriprise Financial Inc	Common Stock		454,574
Amgen Incorporated	Common Stock		70,776
Amicus Therapeutics Inc	Common Stock		9,700
Amira Nature Foods Ltd	Common Stock		14,576
Ampio Pharmaceutical	Common Stock		3,500
Amtrust Finl Svcs	Common Stock		6,158
Analog Devices Inc Common Stock Usd.167	Common Stock		54,573
Anavex Life Sciences	Common Stock		19,634
Andrea Electronics Corp	Common Stock		54
Annaly Mtg Mgmt Inc	Common Stock		138,296
Aon Plc	Common Stock		90,964
Apache Corp	Common Stock		4,447
Apple Inc	Common Stock		1,464,972
Apple Inc	Common Stock		10,144,268
Apple Inc	Common Stock		506,731
Applied Materials	Common Stock		1,120
Applied Materials Inc	Common Stock		82,880
Aptose Biosciences New F	Common Stock		1,265
Aqua America Inc	Common Stock		4,769
Aqua Power Systems I	Common Stock		3
Arch Coal Inc	Common Stock		691
Archer Daniels Midland Co	Common Stock		2,751
Arena Pharmaceuticals Inc	Common Stock		29,078
Ariad Pharmaceuticals	Common Stock		7,525
Arm Holdings Plc Spons Adr	Common Stock		1,933,102
Array Biopharma Inc	Common Stock		5,697
Astrazeneca Plc	Common Stock		3,055
Atlantic Power Corp	Common Stock		21,071
Atlassian Corp Plc Class A Common Stock Usd.1	Common Stock		87,359
Atossa Genetics Inc	Common Stock		320
Atwood Oceanics Inc	Common Stock		1,057
Aurinia Pharmaceutic	Common Stock		2,470
Auto Data Processing	Common Stock		30,233

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Avalon Rare Metals	Common Stock	92
Avita Med Ltd	Common Stock	3,268
Axiall Corp	Common Stock	3,496
Baidu Com Inc Adr	Common Stock	93,197

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Baker Hughes Inc	Common Stock		2,342
Banco Bilbao Argen F	Common Stock		6,700
Banco Latinoamericano	Common Stock		1,115
Banco Santander Sa F	Common Stock		11,669
Bank of America	Common Stock		76,372
Bank Of America Corp	Common Stock		375,066
Bank Of New York Co New	Common Stock		29,967
Bard C R Inc	Common Stock		66,304
Basic Energy Services	Common Stock		402
* Baxalta Inc	Common Stock		2,742,397
* Baxalta Inc Common Stock Usd.01	Common Stock		79,668,391
* Baxter International	Common Stock		292,901
* Baxter International Inc	Common Stock		84,742,557
Bayer A G Sponsored Adr	Common Stock		28,213
Bb&T Corporation	Common Stock		6,617
Beacon Power Corp New	Common Stock		38
Becton Dickinson & Co	Common Stock		5,855
Berkshire Hathaway B New	Common Stock		141,679
Best Buy Inc	Common Stock		3,532
Bioadaptives Inc	Common Stock		1
Biodel Inc New	Common Stock		343
Bioelectronics Corp	Common Stock		85
Biogen Idec Inc	Common Stock		3,062,315
Biogen Inc	Common Stock		120,702
Biomarin Pharmaceutical Inc	Common Stock		11,314
Biomarin Pharmaceutical Inc Common Stock Usd.001	Common Stock		503,910
Bionovo Inc New	Common Stock		35
Black Hills Corp	Common Stock		5,107
Blackberry Ltd	Common Stock		14,662
Blackstone Mortgage Tr	Common Stock		19,291
Bluebird Bio Inc	Common Stock		3,789
Boeing Co	Common Stock		3,992,409
Boeing Co	Common Stock		439,322
Boeing Co	Common Stock		85,776
Bofi Holding Inc	Common Stock		4,210
Bovie Medical Corp	Common Stock		2,100
Bp Plc F	Common Stock		98,754
Bp Plc Spons Adr	Common Stock		74,011
Brazil Minerals Inc	Common Stock		
Breitbart Energy Partners L P	Common Stock		477
Briggs & Stratton Corp	Common Stock		5,190
Bristol Myers Squibb Co	Common Stock		4,626,141

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Bristol-Myers Squibb	Common Stock	80,162
Broadcom Corp Cl A	Common Stock	11,564
Broadridge Finl Solution	Common Stock	4,052
Brookfield Asset Mgmt Inc	Common Stock	11,824

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Identity of Issue	Description of Investment	Cost (1)	Current Value
Brookfield Infra Partners	Common Stock		872
Brookfield Pty Partners L P	Common Stock		325
Brookfield Renew Egy Lpf	Common Stock		2,618
Buckeye Partners L P	Common Stock		26,384
C H Robinson Worldwide New	Common Stock		3,101
C M S Energy Corp	Common Stock		1,392
Caladrius Bioscience	Common Stock		1,080
Calamp Corp	Common Stock		119,580
Calgon Carbon Corp	Common Stock		2,070
Cameron Intl Corp	Common Stock		4,930
Canadian Natl Ry Co	Common Stock		8,382
Canadian Natural Res	Common Stock		2,183
Cannabis Sativa Inc	Common Stock		21
Cannabis Science Inc	Common Stock		975
Cannabusiness Group Inc	Common Stock		6
Cannagrow Holdings Inc	Common Stock		6
Cap Gemini Sogeti Or	Common Stock		9,299
Capital One Financial Corp	Common Stock		78,326
Capstead Mortgage Cp New	Common Stock		12,236
Carbo Ceramics Inc	Common Stock		25,404
* Cardinal Health Inc	Common Stock		91,502
* Cardinal Health Inc	Common Stock		8,347,281
Carlyle Group Lp	Common Stock		1,484
Carmax Inc	Common Stock		10,794
Catalent Inc	Common Stock		12,515
Catalyst Pharmaceutical Partners	Common Stock		9,800
Caterpillar Inc	Common Stock		152,996
Cbl & Assoc Pptys Inc	Common Stock		210
CBS Corp	Common Stock		69,740
Cdk Global Inc	Common Stock		5,601
Celanese Corp	Common Stock		5,483
Celator Pharmaceutic	Common Stock		7,040
Celgene Corp	Common Stock		43,712
Celgene Corp	Common Stock		4,554,270
Celldex Therapeutics Inc	Common Stock		4,124
Collectar Bioscience New	Common Stock		1
Cenovus Energy Inc	Common Stock		3,155
Central Fd Cda Ltd	Common Stock		13,986
Centrus Energy Corp	Common Stock		3
Centurylink Inc	Common Stock		6,912
Ceragon Networks Ltd	Common Stock		182

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Cereplast Inc New	Common Stock	
Cerulean Pharma Inc	Common Stock	532
Cerus Corp	Common Stock	16,432
Chemours Co	Common Stock	570
Cheniere Energy Incnew	Common Stock	3,166

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Chesapeake Energy Corporation	Common Stock		68,189
Chevron Corp Common Stock Usd.75	Common Stock		701,972
Chevron Corporation	Common Stock		148,120
Chicago Brdg & Iron Ny	Common Stock		7,798
Chimerix Inc	Common Stock		89,500
Chipotle Mexican Grill	Common Stock		6,238
Church & Dwight Co Inc	Common Stock		14,089
Churchill Downs Inc	Common Stock		14,149
Ciena Corp New	Common Stock		8,235
Cigna Corp	Common Stock		7,316
Cisco Systems Inc	Common Stock		204,864
Cit Group Inc	Common Stock		74,411
Citigroup Inc	Common Stock		91,598
Citigroup Inc	Common Stock		1,865,608
Citigroup Inc	Common Stock		416,576
Citigroup Inc	Common Stock		76,576
Citizens Financial Group	Common Stock		74,925
Civeo Corp Cda F	Common Stock		213
Clean Energy Fuels Corp	Common Stock		1,800
Cliffs Natural Resources Inc	Common Stock		1,266
Cnooc Limited Adr	Common Stock		1,566
Coach Inc	Common Stock		3,331
Coates Intl Ltd	Common Stock		31
Coca Cola Company	Common Stock		55,214
Comcast Corp	Common Stock		440,889
Comcast Corp	Common Stock		66,801
Comcast Corp New Cl A	Common Stock		5,643
Commtouch Software Ltd	Common Stock		707
Communications Sales	Common Stock		38,592
Compass Minerals Intl	Common Stock		8,280
Conagra Foods Inc	Common Stock		21,080
Concho Resources Inc	Common Stock		1,494,089
Conocophillips	Common Stock		213,294
Consolidated Edison Inc	Common Stock		32,135
Constellation Brand Cl A	Common Stock		28,488
Corning Inc	Common Stock		7,645
Cortex Pharm Inc	Common Stock		49
Costco Wholesale Corp	Common Stock		3,652,060
Costco Whsl Corp New	Common Stock		43,323
Cracker Barrel Old Ctry	Common Stock		12,683
Creative Edge Nutrit	Common Stock		93
Crestwood Equity Lp Lp	Common Stock		416

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Cross Timbers Royalty Tr	Common Stock	195
Crown Castle Intl Corp Reit Usd.01	Common Stock	333,454
Cst Brands Inc	Common Stock	2,506
Csx Corp	Common Stock	6,689

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Cti Biopharma Corp	Common Stock		12,450
Cui Global Inc New	Common Stock		113
Cummins Engine Inc	Common Stock		23,859
Cvs Health Corporation	Common Stock		36,957
Cyclacel Pharma New	Common Stock		71
Cytori Therapeutics New	Common Stock		139
Cytosorbents Corp New	Common Stock		1,671
Cytrx Corp New	Common Stock		36,249
D X I Energy Inc F	Common Stock		1
Decisionpoint Sys New	Common Stock		1
Deere & Co	Common Stock		30,213
Delcath Systems Inc New	Common Stock		300
Delphi Automotive Plc	Common Stock		17,146
Delta Air Lines Inc Common Stock Usd.0001	Common Stock		269,029
Denbury Res Inc	Common Stock		1,010
Derma Sciences Inc New	Common Stock		914
Devon Energy Cp New	Common Stock		11,947
Digital Realty Trust	Common Stock		6,687
Digital Turbine Inc	Common Stock		7
Discover Financial Svcs	Common Stock		17,193
Discovery Communications	Common Stock		273,175
Dollar General Corp	Common Stock		7,474
Dollar General Corp Common Stock Usd.875	Common Stock		219,788
Dominion Res Inc Va	Common Stock		15,206
Dominos Pizza Inc	Common Stock		11,125
Dominovas Energy Corp	Common Stock		329
Dow Chemical Company	Common Stock		34,125
Dryships Inc	Common Stock		956
Du Pont Ei De Nemour	Common Stock		17,782
Duke Energy Corp	Common Stock		225,252
Duke Realty Corp Reit	Common Stock		9,459
Dun & Bradstreet Corp New	Common Stock		44,149
Dunkin Brands Group	Common Stock		6,474
E M C Corp Mass	Common Stock		14,252
Eagle Bulk Shipng 14Wtsf 10/15/21	Common Stock		
Eagle Pharmaceutical	Common Stock		19,596
Earthlink Holdings	Common Stock		7,430
Eaton Corp Plc F	Common Stock		15,612
Ebay Inc	Common Stock		5,166
Eco Science Solutions	Common Stock		
E-Commerce China Adr F	Common Stock		3,595
Edap Tms S A Spon Adr	Common Stock		128,030

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*	Edwards Lifesciences Corp	Common Stock	23,815,219
*	Edwards Lifesciences Cp	Common Stock	436,838
	El Pollo Loco Hldgs	Common Stock	6,315
	Eli Lilly & Company	Common Stock	16,852

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, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Eline Entmt Gp Inc N	Common Stock		4
Ellie Mae Inc	Common Stock		542
Emerson Electric Co	Common Stock		4,393
Enbridge Inc	Common Stock		3,319
Encana Corporation	Common Stock		1,273
Endeavor Ip Inc	Common Stock		0
Endeavour Silver Corp F	Common Stock		710
Endocan Corp	Common Stock		145
Energy Transfer Partners	Common Stock		17,068
Enerplus Corp F	Common Stock		1,368
Ensco Plcshs Class Af	Common Stock		2,274
Entergy Corp	Common Stock		54,688
Enterprise Prd Ptnrs L P	Common Stock		83,257
Entravision Commun Corp	Common Stock		1,156
Eog Resources Inc	Common Stock		4,621
Eog Resources Inc	Common Stock		855,953
Eqt Corp Common Stock	Common Stock		66,854
Ethan Allen Interiors Inc	Common Stock		8,346
E-Trade Financial Cp	Common Stock		16,065
Exact Sciences Corp	Common Stock		9,230
Exelixis Inc	Common Stock		1,692
Exelon Corp	Common Stock		65,748
Exelon Corporation	Common Stock		36,607
Expedia Inc New	Common Stock		3,853
Expeditors Intl Wash Inc	Common Stock		52,564
Express Scripts Holding Co	Common Stock		275,934
Express Scripts Holding Company	Common Stock		24,912
Exxon Mobil Corporation	Common Stock		118,267
Facebook Inc	Common Stock		9,062,653
Facebook Inc Class A	Common Stock		427,536
Fannie Mae	Common Stock		19,942
Fedex Corporation	Common Stock		26,073
Female Health Co	Common Stock		2,175
Ferrari N V	Common Stock		240
Ferrellgas Partners Lp	Common Stock		1,949
Fireeye Inc	Common Stock		27,169
First Solar Inc	Common Stock		13,462
First Titan Corp	Common Stock		16
Firstenergy Corp	Common Stock		9,625
Fitbit Inc	Common Stock		7,102
Flextronics Intl Ltd	Common Stock		11,210
Flextronics Intl Ltd	Common Stock		68,563

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Focus Gold Corp New	Common Stock	
Ford Motor Company New	Common Stock	160,107
Fortress Invt Gp Llc A	Common Stock	2,545
Franklin Resources	Common Stock	18,410

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, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Freddie Mac Voting Shs	Common Stock		28,066
Freeport McMoran Inc	Common Stock		25,302
Friendable Inc	Common Stock		
Frontier Communications Corp	Common Stock		4,721
Fs Investment Corp	Common Stock		3,596
Fuel Systems Solutions	Common Stock		1,223
Fuel-Tech N V	Common Stock		147
Fujifilm Hldgs Corp Adr	Common Stock		4,171
Galena Biopharma Inc	Common Stock		27,930
Gas Natural Inc	Common Stock		2,317
General Dynamics Corp	Common Stock		15,522
General Electric Co	Common Stock		2,119,058
General Electric Co	Common Stock		415,459
General Electric Co	Common Stock		67,604
General Electric Co	Common Stock		355,712
General MIs Inc	Common Stock		102,505
General Motors Co	Common Stock		87,275
Generex Biotechnology Corp Del	Common Stock		34
Genie Energy Ltd Cl	Common Stock		1,115
Genuine Parts Co	Common Stock		17,178
Gilead Sciences Inc	Common Stock		153,083
Gladstone Land Corp	Common Stock		6,017
Glaxosmithkline Plc Adrf	Common Stock		81,596
Global Arena Hldg	Common Stock		50
Globalstar Inc	Common Stock		432
Gogo Inc	Common Stock		765
Gold Resource Corp	Common Stock		13,417
Goldcorp Inc New	Common Stock		12,970
Golden Ocean Group Ltd F	Common Stock		1,038
Golden Star Res Ltd Cda	Common Stock		499
Goldman Sachs Bdc In	Common Stock		8,614
Goldman Sachs Group	Common Stock		366,259
Goldman Sachs Group Inc	Common Stock		16,198
Goodrich Pete Corp New	Common Stock		798
Gopro Inc	Common Stock		26,907
Grace W R & Co Del New	Common Stock		29,877
Grand Pacaraima Gold Corp	Common Stock		7
Great Basin Gold Ltd	Common Stock		21
Great Panther Silver F	Common Stock		1,002
Green Earth Technologies Inc	Common Stock		360
Green Innovations Lt	Common Stock		2
Greengro Technologie	Common Stock		913

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Grifols Sa New Adr F	Common Stock	2,560
Groupon Inc Class A	Common Stock	3,408
Growlife Inc	Common Stock	162
Grupo Aeroport Del Adr	Common Stock	3,095

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Identity of Issue	Description of Investment	Cost (1)	Current Value
Grupo Televisa Sa Spon Adr Adr	Common Stock		231,919
Gsi Technology Inc	Common Stock		1,860
Guess Inc	Common Stock		680
H C P Inc Reit	Common Stock		12,764
Halcon Resources	Common Stock		8
Halliburton Co Hldg Co	Common Stock		14,705
Hallmark Finl Svcs New	Common Stock		2,338
Halozyme Therapeutics	Common Stock		181,324
Halyard Health Inc	Common Stock		8,353
Hannon Armstrong Sus	Common Stock		3,784
Harman Intl Inds Inc New	Common Stock		9,421
Hartford Fin L Svcs Grp Inc.	Common Stock		5,867
Hasbro	Common Stock		9,826
Hca Holdings Inc	Common Stock		33,815
Headwaters Inc	Common Stock		20,244
Healthwarehouse.Com New	Common Stock		4
Hemispherx Biopharma Inc	Common Stock		805
Hemp Inc	Common Stock		915
Hewlett Packard Enterprise C	Common Stock		21,447
Hi-Crush Partners Lp	Common Stock		321
Highpower Intl Inc	Common Stock		6,000
Hilton Worldwide Hld	Common Stock		3,210
Hollyfrontier Corp	Common Stock		11,967
Home Depot Inc	Common Stock		355,542
Home Depot Inc Common Stock Usd.05	Common Stock		1,482,980
Honeywell International	Common Stock		31,420
Honeywell International Inc	Common Stock		455,683
Hooper Holmes Inc	Common Stock		61
Hovnanian Enterprises Inc	Common Stock		3,396
Hp Inc	Common Stock		16,706
Hp Inc Common Stock Usd.01	Common Stock		176,136
Hsbc Hldgs Plc Adr New	Common Stock		24,906
Hsn Inc	Common Stock		608
Huntington Bancshs	Common Stock		7,678
Hydrogenics Corp New	Common Stock		631
Hypersolar Inc	Common Stock		213
Iac/Interactive Corp	Common Stock		1,862
Iamgold Corporation	Common Stock		9,594
Ibio Inc	Common Stock		2,800
Ibm Corp	Common Stock		44,803
Icahn Enterprises Lp	Common Stock		26,903

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Idera Pharma New	Common Stock	36,524
Illinois Tool Wks Inc	Common Stock	9,731
Illumina Inc	Common Stock	19,194
Illumina Inc	Common Stock	2,960,713
Imation Corp	Common Stock	137

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Immunomedics Inc	Common Stock		4,605
Implant Sciences Corp	Common Stock		5,386
Inception Mining Inc	Common Stock		5
Incyte Genomics Inc	Common Stock		140,985
Inditex Unspn Adr	Common Stock		3,987,951
Infinera Corporation	Common Stock		21,744
Infosys Tech Spon Adr	Common Stock		3,350
Ingles Markets Class A	Common Stock		17,632
Ingli Green Energy F	Common Stock		91
Insmmed Inc New	Common Stock		2,686
Insys Therapeutics New	Common Stock		2,748
Intel Corp	Common Stock		59,015
Intel Corp Common Stock Usd.001	Common Stock		259,983
Intelsat S A	Common Stock		416
Interactive Brokers Cl A	Common Stock		12,382
Interactive Leisure Sys	Common Stock		1
Intercontinental Exchange	Common Stock		492,957
International Paper Co	Common Stock		70,662
International Paper Co	Common Stock		15,402
Interpace Diagnostic	Common Stock		47
Interval Leisure Group	Common Stock		187
Intrexon	Common Stock		33,165
Intuitive Surgical	Common Stock		2,731
Invensense Inc	Common Stock		15,284
Invesco Ltd	Common Stock		69,358
Invivo Therapeutics	Common Stock		6,480
Invo Bioscience Inc	Common Stock		1,400
Ionis Pharmaceutical	Common Stock		8,546
Ipass Inc	Common Stock		1,000
Ipg Photonics Corp	Common Stock		19,972
Isoray Inc	Common Stock		20,906
Italk Inc	Common Stock		1
Itc Hldgs Corp	Common Stock		2,944
Ivanhoe Energy Inc New F	Common Stock		10
J P Morgan Chase & Co	Common Stock		51,831
Ja Solar Hldgs New Adr F	Common Stock		2,570
Jabil Circuit Inc	Common Stock		11,645
Jack In The Box Inc	Common Stock		11,506
James River Coal Co	Common Stock		20
Jd.Com Inc Adr Adr Usd.00002	Common Stock		1,290,260
Jetblue Airways Corp	Common Stock		28,312
Johnson & Johnson	Common Stock		153,349

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Johnson Controls Inc	Common Stock	1,055
Johnson Controls Inc	Common Stock	419,563
Juniper Networks Inc	Common Stock	46,920
Juniper Pharmaceutic	Common Stock	773

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Juno Therapeutics In	Common Stock		13,191
Just Energy Group Inc F	Common Stock		427
Karyopharm Therapeut	Common Stock		1,047
Kat Exploration Inc New	Common Stock		2
Keryx Biopharmaceuticals	Common Stock		4,823
Keycorp Inc New	Common Stock		13,190
Keysight Technologies	Common Stock		65,676
Kimberly-Clark Corp	Common Stock		50,920
Kinder Morgan Holdco Llc	Common Stock		113,135
Kma Global Solutions	Common Stock		5
Kohls Corp	Common Stock		47,630
Kraft Heinz Company	Common Stock		76,543
Krispy Kreme Doughnuts Inc	Common Stock		15,070
Kroger Co	Common Stock		29,281
Kroger Co Common Stock Usd1.	Common Stock		3,507,689
Kronos Worldwide Inc	Common Stock		23
L S B Industries Inc	Common Stock		6,721
Lake Shore Gold Corp	Common Stock		16
Las Vegas Sands Corp	Common Stock		361,552
Ldk Solar Co Ltd Adr	Common Stock		43
Leapfrog Enterprises Inc	Common Stock		710
Legacy Reserves Lp	Common Stock		175
Lendingtree Inc	Common Stock		179
Liberty All Star Equity	Common Stock		128
Liberty Global Inc Cl Cf	Common Stock		4,933
Liberty Global Plc Cl Cf	Common Stock		258
Liberty Global Plc Series C Common Stock Usd.01	Common Stock		72,395
Liberty Media Corp	Common Stock		190,458
Lifeline Biotechnologies Inc New	Common Stock		2,150
Limelight Networks Inc	Common Stock		2,190
Lincoln Natl Corp Ind	Common Stock		4,318
Linkedin Corp	Common Stock		9,678
Linkedin Corp	Common Stock		3,601,707
Linco Llc	Common Stock		188
Linux Gold Corporation	Common Stock		48
Liquidity Services Inc	Common Stock		813
Lithium Expl Group New	Common Stock		42,444
Livanova Plc F	Common Stock		2,612
Live Nation Entmt Inc	Common Stock		418
Live Ventures Incorp	Common Stock		365
Logitech Intl S A New	Common Stock		9,795
Lowes	Common Stock		52,509

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Lowes Companies	Common Stock	15,208
Lpbp Inc Cl A	Common Stock	3
Lumentum Holdings In	Common Stock	639
Lynas Corporation Ord	Common Stock	36

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Lyondellbasell Inds	Common Stock		43,450
M D U Resources Group Inc	Common Stock		2,027
M G M Grand	Common Stock		2,499
Magellan Petroleum	Common Stock		137
Magnegas Corp New	Common Stock		5,690
Magnum Hunter Resour	Common Stock		2
Main Str Cap Corp	Common Stock		46,311
Mallinckrodt Plc Common Stock Usd.2	Common Stock		320,255
Mallinckrodt Pub F	Common Stock		149
Manhattan Scientifics Inc	Common Stock		3,056
Manitok Energy Inc	Common Stock		202
Manitowoc Inc	Common Stock		2,917
Mannkind Corp	Common Stock		15,225
Marathon Oil Corp	Common Stock		25,395
Marathon Pete Corp	Common Stock		75,297
Markel Corp Holding Co	Common Stock		24,734
Marriott International	Common Stock		3,133,451
Marsh & McLennan Cos	Common Stock		65,641
Mast Therapeutics Inc	Common Stock		23,116
Mastercard Inc	Common Stock		6,304,581
Mastercard Inc	Common Stock		143,094
Mazda Motors Corp Adr F	Common Stock		1,446
Mc Donalds Corp	Common Stock		99,186
Mcdonald S Corp Common Stock Usd.01	Common Stock		2,225,995
Mcgraw Hill Financial Inc	Common Stock		2,326,864
Mcgraw Hill Inc	Common Stock		5,225
Mckesson Corp Common Stock Usd.01	Common Stock		531,165
Med Cannabis Pharma Inc	Common Stock		4
Medbox Inc	Common Stock		13
Medical Marijuana Inc	Common Stock		962
Medical Properties Trust	Common Stock		26,022
Medicines Company	Common Stock		20,910
Medicinova Inc New	Common Stock		10,650
Medivation Inc	Common Stock		3,287
Medtronic Plc	Common Stock		7,154
Medtronic Plc Common Stock Usd.1	Common Stock		470,311
Meetme Inc	Common Stock		17,900
Mei Pharma Inc New	Common Stock		3,200
Mercadolibre Inc	Common Stock		6,975
Merck & Co Inc	Common Stock		164,528
Merck & Co. Inc.	Common Stock		72,949
Merrimack Pharma Inc	Common Stock		11,810

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*	Metlife Inc	Common Stock	5,247
	Mgic Invt Corp Wis	Common Stock	2,216
	Micro Imaging Tech New	Common Stock	33
	Micron Technology Inc	Common Stock	2,832

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Microsoft Corp	Common Stock		92,307
Microsoft Corp	Common Stock		2,929,839
Microsoft Corp	Common Stock		76,623
Miller Herman Inc	Common Stock		2,870
Minco Gold Corp	Common Stock		4
Mind Solutions Inc	Common Stock		920
Mirna Therapeutics I	Common Stock		3,281
Molycorp Inc	Common Stock		1
Mondelez Intl Inc	Common Stock		52,149
Monitise Plc Ord	Common Stock		147
Monogram Residential	Common Stock		488
Monsanto Co	Common Stock		1,756,599
Monsanto Co	Common Stock		539,400
Monsanto Co New Del	Common Stock		18,620
Monster Beverage Cor	Common Stock		7,150
Monster Beverage Corp Common Stock	Common Stock		1,900,184
Morgan Stanley	Common Stock		1,969,932
Morgan Stanley	Common Stock		12,869
Mosaic Co	Common Stock		230,531
Mosaic Co	Common Stock		5,628
Multi-Corp Intl Inc	Common Stock		27
Murphy Oil Corp	Common Stock		4,946
Mycheck Inc New	Common Stock		583
Mylan N V	Common Stock		3,623
National-Oilwell Inc	Common Stock		3,397
Natl Bk Greece F	Common Stock		104
Navidea Biopharma	Common Stock		6,251
Navios Maritime	Common Stock		2,349
Navios Maritime Partners	Common Stock		1,510
Navistar International Corp New	Common Stock		12,040
Nestle S A	Common Stock		7,442
Netapp Inc	Common Stock		2,122
Netflix Inc	Common Stock		5,229,453
Netflix Inc	Common Stock		271,652
Netgear Inc	Common Stock		4,191
Nextera Energy Inc	Common Stock		66,731
Nike Inc	Common Stock		50,000
Nike Inc	Common Stock		6,132,655
No Amern Palladium New F	Common Stock		20
Nokia Corp Spon Adr F	Common Stock		21,453
Nordic American Tanker Shipp	Common Stock		46,620
Nordic Amern Offshore Ltd	Common Stock		132

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Nordstrom Inc	Common Stock	11,406
Norstra Energy Inc	Common Stock	
North Atlantic Drill F	Common Stock	1,223
* Northern Trust Corp	Common Stock	450,877

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Novartis Ag	Common Stock		70,381
Novartis Ag Adr	Common Stock		506,721
Novatel Wireless Inc New	Common Stock		2,004
Novavax Inc	Common Stock		8,390
Novo Nordisk A/S Spons Adr	Common Stock		2,238,993
Novo-Nordisk A-S F	Common Stock		42,979
Now Inc	Common Stock		854
Nrg Energy Inc New	Common Stock		4,520
Nrg Yield Inc	Common Stock		8,856
Nuance Commun Inc	Common Stock		4,972
Nucor Corp	Common Stock		18,377
Nuverra Environmentl New	Common Stock		256
Nvidia Corp	Common Stock		59,862
Nxp Semiconductors Nv F	Common Stock		8,425
Nxp Semiconductors Nv Common Stock	Common Stock		1,534,746
Nxstage Medical Inc	Common Stock		8,435
O Reilly Automotive Inc	Common Stock		3,624,206
Oasis Petroleum Inc	Common Stock		2,211
Occidental Petrol Co	Common Stock		13,135
Occidental Petroleum Corp	Common Stock		368,166
Ocean Rig Udw Inc F	Common Stock		62
Olin Corp	Common Stock		2,209
Omega Hlthcare Invs Inc	Common Stock		31,685
Omniceil Inc	Common Stock		17,343
Omnicom Group	Common Stock		503,807
On The Move Systems New	Common Stock		6
Oncogenex Pharmaceuticals Inc	Common Stock		21
Oncolytics Biotech Inc	Common Stock		41,776
Oncomed Pharmaceutic	Common Stock		22,540
Oneok Inc New	Common Stock		12,205
Opko Health Inc	Common Stock		3,015
Optigenex Inc New	Common Stock		4
Oracle Corp	Common Stock		504,512
Oracle Corp	Common Stock		72,073
Oracle Corporation	Common Stock		49,340
Orange Adr F	Common Stock		832
Orexigen Therapeutics	Common Stock		3,177
Organovo Hldgs Inc	Common Stock		934
Outerwall Inc	Common Stock		745
Ovascience Inc	Common Stock		4,885
Oxigene Inc New	Common Stock		8
P D L Biopharma Inc	Common Stock		5,310

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Paccar Inc	Common Stock	4,740
Pacific Ethanol Inc New	Common Stock	2,390
Palatin Technologies New	Common Stock	997
Palo Alto Networks Inc Common Stock Usd.0001	Common Stock	919,716

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Identity of Issue	Description of Investment	Cost (1)	Current Value
Panacos Pharmaceuticals	Common Stock		
Panera Bread Co Cl A	Common Stock		14,609
Parexel Intl Corp	Common Stock		3,406
Parkervision Inc	Common Stock		930
Parkway Pptys Inc	Common Stock		9,405
Patriot Gold Corp	Common Stock		6,667
Pay Chest Inc	Common Stock		2
Paychex Inc	Common Stock		37,816
Paypal Hldgs Inc	Common Stock		10,715
Pdc Energy Inc	Common Stock		107
Peabody Energy Corp	Common Stock		1,843
Pembina Pipeline Corp F	Common Stock		87
Penn West Pete Ltd New F	Common Stock		437
Penney J C Co Inc	Common Stock		11,322
Pennymac Mtg Invt Tr	Common Stock		21,344
Pentair Plc	Common Stock		398,706
Pentair Plc F	Common Stock		248
Pepco Holdings Inc	Common Stock		26,829
Pepsico Inc	Common Stock		47,145
Perceptron Inc	Common Stock		23,370
Peregrine Pharma Inc New	Common Stock		58,511
Petmedexpress.Com Inc	Common Stock		5,605
Petrochina Co Adr	Common Stock		787
Petroleo Brasileiro Adrf	Common Stock		7,637
Pfenex Inc	Common Stock		2,476
Pfizer Incorporated	Common Stock		141,298
Philip Morris Intl Inc	Common Stock		161,106
Phillips 66	Common Stock		102,986
Pilgrims Pride Corp	Common Stock		6,075
Pineapple Express In	Common Stock		80
Pitney Bowes Inc	Common Stock		14,455
Plains All Amern Pipeline L P	Common Stock		23,100
Platinum Studios Inc	Common Stock		1
Plug Power Inc New	Common Stock		8,440
Plum Creek Timber Co	Common Stock		14,316
Pnc Financial Services Group	Common Stock		422,162
Polymet Mng Corp	Common Stock		12,214
Pop3 Media Corp	Common Stock		1
Postrock Energy New	Common Stock		9
Potash Corp Sask Inc Foreign	Common Stock		20,921
Potbelly Corp	Common Stock		2,928

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Ppg Inds Inc	Common Stock	79,056
Pra Group, Inc.	Common Stock	3,226
Prana Biotechnology Ltd Adr	Common Stock	2,541
Precision Castparts Corp	Common Stock	2,784
Priceline Group, Inc	Common Stock	6,375

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Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Priceline.Com Inc	Common Stock		3,575,723
Primco Management New	Common Stock		
Procter & Gamble	Common Stock		141,682
Procter & Gamble Co	Common Stock		62,670
Progressive Co Ohio	Common Stock		4,834
Progressive Waste Solu F	Common Stock		4,828
Propanc Health Group	Common Stock		19,530
Prospect Energy Corp	Common Stock		4,721
Proto Labs Inc	Common Stock		1,146
Provectus Biopharmaceuticals	Common Stock		624
Proxim Wireless Corp New	Common Stock		184
Ptc Therapeutics Inc	Common Stock		4,180
Qihoo 360 Technology Co	Common Stock		57,884
Qorvo Inc	Common Stock		3,156
Qualcomm Inc	Common Stock		29,217
Quantum Fuel Sys New	Common Stock		456
Quest Diagnostics Inc	Common Stock		70,665
R M R Group Inc	Common Stock		1,672
Radian Group Inc	Common Stock		6,835
Rainbow Coral Corp	Common Stock		37
Rambus Inc Del	Common Stock		11,590
Rapid Fire Mktg Inc New	Common Stock		1
Rayonier Advanced Ma	Common Stock		294
Rayonier Inc	Common Stock		1,998
Raytheon Company New	Common Stock		6,227
Realogy Holdings Corp	Common Stock		61,497
Realty Income Corporation	Common Stock		32,745
Red Hat Inc	Common Stock		3,411,517
Regeneron Pharmaceuticals Common Stock Usd.001	Common Stock		3,019,895
Regeneron Pharmaceuticals Inc	Common Stock		3,257
Regions Financial Cp New	Common Stock		5,222
Regulus Therapeutics	Common Stock		1,962
Reliance Stl & Alumi	Common Stock		5,791
Rentech Nitrogen Partners Lcom Unit	Common Stock		43,333
Retail Oppty Ivenstm	Common Stock		1,325
Revolutionary Concep	Common Stock		
Rex Stores Corp	Common Stock		4,272
Rhino Res Partners Lp	Common Stock		58
Ricebran Tech New	Common Stock		570
Rio Tinto Plc Sponsored Adr	Common Stock		2,912
Rite Aid Corporation	Common Stock		2,078
Rocket Fuel Inc	Common Stock		1,745

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Rockwell Medical Tech	Common Stock	14,643
Royal Bank Scot Ne Adr	Common Stock	444
Royal Dutch Shell Adr	Common Stock	53,345
Rpx Corporation	Common Stock	3,751

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, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Rubicon Minerals Corp	Common Stock		1,684
Sage Therapeutics In	Common Stock		758
Sagent Pharmaceutl	Common Stock		39,775
Salesforce.Com Inc	Common Stock		4,560,259
Samson Oil&Gas New Adr F	Common Stock		237
San Gold Corp	Common Stock		
Sandisk Corp	Common Stock		30,396
Sandridge Energy Inc	Common Stock		20
Sangamo Biosciences Inc	Common Stock		6,208
Sanmina Corporation	Common Stock		4,116
Sanofi Adr	Common Stock		9,127
Sanofi Adr	Common Stock		75,733
Sarepta Therapeutics	Common Stock		217,591
Sasol Ltd Sponsored Adr	Common Stock		10,379
Satcon Technology New	Common Stock		
Schlumberger Ltd	Common Stock		875,924
Schlumberger Ltd	Common Stock		62,496
Seadrill Limited Ord	Common Stock		698
Seagate Technology Plc F	Common Stock		7,332
Sears Canada Inc F	Common Stock		434
Seattle Genetics Inc	Common Stock		7,630
Senior Hsg Ppty Tr Reit	Common Stock		125,398
Sequenom Inc New	Common Stock		115
Seventy Seven Energy Inc	Common Stock		119
Sevion Therapeutics Inc	Common Stock		399
Sgoco Technology Ord F	Common Stock		117
Sherwin Williams Co/The Common Stock Usd1.	Common Stock		1,152,165
Ship Finance International	Common Stock		464
Shire Plc Adr	Common Stock		3,739,454
Sierra Wireless Inc	Common Stock		18,526
Silver Bay Rlty Tr C	Common Stock		188
Silver Wheaton Corp	Common Stock		17,723
Sirius Xm Hldgs Inc	Common Stock		36,219
Skechers U S A Inc	Common Stock		6,042
Smith & Wesson Hldg Corp	Common Stock		63,742
Snap On Inc	Common Stock		17,143
Socket Mobile Inc New	Common Stock		57,320
Solar Capital Ltd	Common Stock		15,224
Solarcity Corp	Common Stock		23,928
Soligenix Inc New	Common Stock		3,763
Sothebys	Common Stock		1,030
Southern Co	Common Stock		115,291

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Southern Copper Corp	Common Stock	23,694
Southwest Airline Co	Common Stock	