

BAXTER INTERNATIONAL INC
Form 11-K
June 25, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 11-K

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

For the year ended December 31, 2009

OR

o **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

**Baxter International Inc.
and Subsidiaries
Incentive Investment Plan
Financial Statements and Supplemental Schedule
December 31, 2009 and 2008**

**Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Index
December 31, 2009 and 2008**

	Page(s)
<u>Report of Independent Registered Public Accounting Firm</u>	1
<u>Prior Auditor's Report of Independent Registered Public Accounting Firm</u>	2
Financial Statements	
<u>Statements of Net Assets Available for Benefits as of December 31, 2009 and 2008</u>	3
<u>Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2009 and 2008</u>	4
<u>Notes to Financial Statements</u>	5 - 15
Supplemental Information	
<u>Schedule I: Schedule of Assets (Held at End of Year) as of December 31, 2009</u>	16 - 73

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 statement of net assets available for benefits of the Baxter International Inc. and Subsidiaries Incentive Investment Plan (Plan) as of December 31, 2009, and the related statement of changes in net assets available for benefits for the year 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 audit.

We conducted our audit 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 audit provides 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, 2009, and the changes in net assets available for benefits for the year 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 2009 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2009 financial statements taken as a whole.

/s/ Crowe Horwath LLP

Oak Brook, Illinois
June 25, 2010

Prior Auditor's Report of Independent Registered Public Accounting Firm

To the Participants and Administrative Committee of
the Baxter International Inc. and Subsidiaries Incentive Investment Plan

In our opinion, the accompanying statement of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Baxter International Inc. and Subsidiaries Incentive Investment Plan (the Plan) at December 31, 2008, and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 audit. We conducted our audit of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

June 26, 2009

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Statements of Net Assets Available for Benefits
December 31, 2009 and 2008

	2009	2008
Assets		
Investments		
Cash and cash equivalents	\$ 47,549,498	\$ 66,961,790
Common stock (including securities on loan of \$29,596,347 in 2009 and \$18,399,870 in 2008)	437,851,778	340,479,494
U.S. government and government agency issues (including securities on loan of \$8,557,513 in 2009 and \$1,290,325 in 2008)	14,705,865	14,829,298
Corporate and other obligations (including securities on loan of \$5,281,686 in 2009 and \$2,432,308 in 2008)	38,839,798	39,195,637
Commingled funds	306,140,112	212,980,228
Registered investment companies	121,035,667	59,457,424
Participant loans	35,784,824	31,325,947
Synthetic guaranteed investment contracts (including securities on loan of \$175,467,810 in 2009 and \$82,975,181 in 2008)	660,399,728	659,502,094
Collateral held on loaned securities	220,811,947	99,545,271
Total investments at fair value	1,883,119,217	1,524,277,183
Receivables		
Sponsor contributions	13,239,234	9,752,268
Accrued interest and dividends	1,798,050	1,962,089
Due from brokers for securities sold	614,243	39,577
	15,651,527	11,753,934
Total assets	1,898,770,744	1,536,031,117
Liabilities		
Accounts payable	2,219,225	2,203,915
Due to brokers for securities purchased	1,535,362	689,464
Collateral to be paid on loaned securities	224,368,108	107,838,014
Total liabilities	228,122,695	110,731,393
Net assets available for benefits, reflecting investments at fair value	1,670,648,049	1,425,299,724
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(5,199,119)	(26,014,601)
Net assets available for benefits	\$ 1,665,448,930	\$ 1,399,285,123

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

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31, 2009 and 2008

	2009	2008
Additions (reductions) to net assets attributed to		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	\$ 181,972,026	\$ (339,546,642)
Interest	26,343,333	37,416,536
Dividends	9,259,422	9,723,969
Participant loan interest	2,099,189	2,353,627
Net investment income (loss)	219,673,970	(290,052,510)
Contributions		
Sponsor	53,011,931	45,653,065
Participant	85,388,652	80,374,823
	138,400,583	126,027,888
Net additions (reductions)	358,074,553	(164,024,622)
Deductions from net assets attributed to		
Benefits paid	87,120,929	110,153,382
Plan expenses	4,789,817	4,832,134
Total deductions	91,910,746	114,985,516
Net increase (decrease)	266,163,807	(279,010,138)
Net assets available for benefits		
Beginning of year	1,399,285,123	1,678,295,261
End of year	\$ 1,665,448,930	\$ 1,399,285,123

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

**Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008**

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.

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.

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 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.

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

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.

Issued But Not Yet Effective Accounting Standard

In January 2010, the Financial Accounting Standards Board (FASB) issued a new accounting standard to improve disclosures with respect to fair value measurements, primarily related to the levels within the fair value hierarchy. An entity will be required to disclose significant transfers in and out of Levels 1 and 2 of the fair value hierarchy, and separately present information related to purchases, sales, issuances and settlements in the reconciliation of fair value measurements classified as Level 3. This standard will be effective for reporting periods beginning after December 15, 2009, except for the disclosures related to purchases, sales, issuances and settlements for Level 3 fair value measurements, which are effective for reporting periods beginning after December 15, 2010. The disclosures required by this standard will be included in the notes to the Plan's financial statements effective January 1, 2010, except for the disclosures related to Level 3 fair value measurements, which will be included in the notes to the Plan's financial statements effective January 1, 2011.

New Accounting Standard

In April 2009, the FASB issued a new accounting standard related to estimating fair value when the volume and level of activity for an investment has significantly decreased. This standard also requires enhanced disclosures regarding the major security types of equity and debt securities and was effective for the Plan reporting period ending December 31, 2009. The Plan's adoption of this standard did not have an impact on the net assets available for benefits. Refer to Note 5 for disclosures related to this standard.

In September 2009, the FASB issued a new accounting standard related to the valuation of investments in certain entities that calculate net asset value per share. This standard provides a practical expedient for measuring the fair values of Plan investments in entities that calculate a net asset value per share (such as commingled investments). This standard also requires enhanced disclosures regarding the attributes of certain investments, including the nature of any restrictions and the investment objectives, and was effective for the Plan reporting period ending December 31, 2009. The Plan's adoption of this standard did not have an impact on the net assets available for benefits. Refer to valuation of investments and collateral below for disclosures related to this standard.

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 and international securities

exchanges.

U.S. government and government agency issues

Value based on reputable pricing vendors that typically use pricing matrices or models.

6

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

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 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 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.
Registered investment companies	Value based upon the last reported sale price from a national security exchange on the valuation date.
Participant loans	Value based on outstanding principal balance plus accrued interest, which approximates fair value.
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. See below for more information.
Collateral held on loaned securities	Value based upon the net asset value per unit of the short-term investment fund (Quality D Short-Term Investment Fund) where the collateral is invested. This fund primarily invests in cash and cash equivalents and asset-backed securities, and is utilized for the investment of cash collateral generated by the securities lending program in which the Plan and Trustee participate. At December 31, 2009, the maturity dates of these securities were less than 90 days. 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 appreciation or depreciation of investments. Purchases and sales of investments are recorded on a trade date basis. Dividends are recorded on the ex-dividend date.

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

The financial statements reflect the net appreciation or depreciation in the fair value of the Plan's investments. This net appreciation or depreciation 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, corporate and other obligations, and registered investment companies.

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 \$1,668,018 and \$1,478,751 at December 31, 2009 and 2008, 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 \$655,200,609 and \$633,487,493 at December 31, 2009 and 2008, 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 4.2% and (0.18)% at December 31, 2009 and 2008, respectively. The average interest rate credited to participants on the synthetic GICs was approximately 4.1% and 4.82%, respectively, for the years ended December 31, 2009 and 2008. The credit ratings for Aegon Institutional Markets were AA- and AA at December 31, 2009 and December 31, 2008, respectively, and the credit ratings for Bank of America N.A. were A+ and AA- at December 31, 2009 and December 31, 2008, 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.

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

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.

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

3. Eligibility Requirements

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

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

4. Administration of the Plan

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

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

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

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

5. Fair Value Measurements

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

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

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

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

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

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

	Balance at December 31, 2009	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	\$ 47,549,498	\$	\$ 47,549,498	\$
Common stock:				
Healthcare	221,596,118	221,596,118		
Information technology	53,234,217	53,234,217		
Financial services	43,116,528	43,116,528		
Consumer products	34,181,956	34,181,956		
Industrial services and materials	29,168,425	29,168,425		
Energy	28,961,600	28,961,600		
Other	27,592,934	27,592,934		
Total common stock	437,851,778	437,851,778		
U.S. government and government agency issues	14,705,865		14,705,865	
Corporate and other obligations	38,839,798		38,839,798	
Commingled funds	306,140,112		306,140,112	
Registered investment companies:				
Target retirement funds	107,452,761	107,452,761		
Self-managed funds	13,582,906	13,582,906		
Total registered investment companies	121,035,667	121,035,667		
Participant loans	35,784,824			35,784,824
Synthetic guaranteed investment contracts:				
Corporate and other obligations	300,237,199		300,237,199	
U.S. government and government agency issues	285,792,869		285,792,869	
Cash and cash equivalents	41,828,642		41,828,642	
Registered investment companies	30,483,586	30,483,586		

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Wrapper contracts	1,668,018			1,668,018
Other	389,414		389,414	
Total synthetic guaranteed investment contracts	660,399,728	30,483,586	628,248,124	1,668,018
Collateral held on loaned securities	220,811,947		200,811,947	
Total assets	\$ 1,883,119,217	\$ 589,371,031	\$ 1,256,295,344	\$ 37,452,842
Liability				
Collateral to be paid on loaned securities	\$ 224,368,108	\$ 30,459,249	\$ 193,908,859	\$

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

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

	Balance at December 31, 2008	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	\$ 66,961,790	\$	\$ 66,961,790	\$
Common stock	340,479,494	340,479,494		
U.S. government and government agency issues	14,829,298		14,829,298	
Corporate and other obligations	39,195,637		39,195,637	
Commingled funds	212,980,228		212,980,228	
Registered investment companies	59,457,424	59,457,424		
Participant loans	31,325,947			31,325,947
Synthetic guaranteed investment contracts	659,502,094	42,757,944	615,265,399	1,478,751
Collateral held on loaned securities	99,545,271		99,545,271	
Total assets	\$ 1,524,277,183	\$ 442,694,862	\$ 1,048,777,623	\$ 32,804,698
Liability				
Collateral to be paid on loaned securities	\$ 107,838,014	\$ 18,467,870	\$ 89,370,144	\$

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

	Participant Loans	Wrapper Contracts
Balance at December 31, 2007	\$ 29,686,366	\$
Unrealized gains		1,478,751
Purchases, sales, issuances and settlements (net)	1,639,581	
Balance at December 31, 2008	\$ 31,325,947	\$ 1,478,751
Unrealized gains		189,267

Purchases, sales, issuances and settlements (net)	4,458,877	
Balance at December 31, 2009	\$ 35,784,824	\$ 1,668,018

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.

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

6. Investments

Investments representing five percent or more of the Plan's net assets available for benefits at December 31, 2009 and 2008 are summarized as follows:

	2009	2008
Baxter common stock, 2,933,075 shares and 2,994,818 shares at December 31, 2009 and 2008, respectively	\$ 172,112,858	\$ 160,492,320
State Street Global Advisors (SSgA) S&P 500 Flagship Fund	152,285,488	112,007,447
SSgA International EAFE Equity Index Fund	93,424,087	*
State Street Bank Short-Term Investment Fund	*	79,735,100
State Street Bank Quality D Short-Term Investment Fund (Collateral held on loaned securities)	220,811,947	99,545,271

* Does not meet 5% threshold.

Investments as of December 31, 2009 and 2008 are segregated into various investment fund options as follows:

	2009	2008
Cash (available for investment)	\$ 6,719,155	\$ 5,596,164
Stable Income Fund	682,022,055	701,010,677
Baxter Common Stock Fund	174,258,550	163,038,527
Composite Fund	141,894,896	105,989,479
General Equity Fund	148,831,025	108,085,903
Cardinal Health Common Stock Fund	4,809,280	5,410,042
SSgA S&P 500 Flagship Fund	152,285,488	112,188,634
SSgA International EAFE Equity Index Fund	93,468,012	59,492,812
Edwards Lifesciences Common Stock Fund	13,974,606	9,747,177
SSgA Small Cap Fund	60,430,537	41,479,969
Self-Managed Fund	40,376,081	31,764,148
Target Retirement Funds	107,452,761	49,602,433
Participant loans	35,784,824	31,325,947
Collateral held on loaned securities	220,811,947	99,545,271
Total investments at fair value	1,883,119,217	1,524,277,183
Adjustment from fair value to contract value for Stable Income Fund	(5,199,119)	(26,014,601)
Total investments	\$ 1,877,920,098	\$ 1,498,262,582

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008

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

	2009	2008
Baxter common stock	\$ 16,645,083	\$ (13,221,835)
Other common stock	65,810,071	(137,322,856)
U.S. government and government agency issues	100,929	361,524
Corporate and other obligations	7,563,830	(11,579,043)
Commingled funds	66,494,910	(142,670,970)
Registered investment companies	20,620,621	(26,820,719)
Collateral held on loaned securities	4,736,582	(8,292,743)
	\$ 181,972,026	\$ (339,546,642)

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.

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, 2009 and 2008, the Plan had securities on loan with a fair market value of \$218,903,356 and \$105,097,684, respectively, with cash collateral received of \$224,368,108 and \$107,838,014, respectively. Cash collateral was invested in a short-term commingled investment fund as of December 31, 2009 and 2008. While as of December 31, 2009 and December 31, 2008 this fund was transacting on a dollar-for-dollar basis, the net asset value of the fund's underlying securities was \$0.9842 and \$0.9231, respectively, per unit. As a result of this increase, an unrealized gain of \$4,736,582 is reflected in the 2009 Statement of Changes in Net Assets Available for Benefits compared with an unrealized loss of \$8,292,743 reported in 2008. As of December 31, 2009 and 2008, the cash collateral received is reflected at its fair value of \$220,811,947 and \$99,545,271, respectively, in the 2009 and 2008 Statements of Net Assets Available for Benefits.

Non-cash collateral of \$6,239,380 received for securities on loan at December 31, 2009 consisted of U.S. government and government agency issues held by the Trustee on behalf of the Plan. The Plan did not hold any non-cash collateral at December 31, 2008. Non-cash collateral is not included with the collateral balance on the 2009 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 \$36,172 and \$1,225,085 for 2009 and 2008, respectively. Securities lending income is classified as interest income in the Statements of Changes in Net Assets Available for Benefits.

**Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2009 and 2008**

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 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.

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, 2009 and 2008, 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; 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-related 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.

SUPPLEMENTAL SCHEDULE

**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

Schedule I

December 31, 2009

Identity of Issue	Description of Investment	Cost (1)	Current Value
Cash and Cash Equivalents:			
* SSGA Money Market Fund	Short-Term Investment Fund		8,262,647
* State Street Bank & Trust Co	Short-Term Investment Fund		39,286,851
Cash and cash equivalents		\$	47,549,498

**** Common Stock:**

3COM Corp	Common Stock	1,500
3Dicon Corp	Common Stock	30
3M Company N/C from 604059105	Common Stock	29,010
3Par Inc Com	Common Stock	11,850
8x8 Inc New N/C from 64111f108	Common Stock	1,500
A Power Energy Generation System Ltd Com	Common Stock	18,290
ABB Ltd Sponsored Adr	Common Stock	18,182
Abbott Laboratories	Common Stock	70,196
Abbott Labs	Common Stock	1,227,891
Access Pharmaceuticals Inc Com	Common Stock	26,139
Ace Limited	Common Stock	214,298
Acorda Therapeutics Inc Cdt	Common Stock	2,520
Activision Blizzard Inc Com	Common Stock	14,443
Adaptive Broadband Corp	Common Stock	9
Adc Telecommunicatns Inc Com New	Common Stock	882
Adeona Pharmaceuticals Inc Com	Common Stock	1,260
Adept Technology Inc Com New	Common Stock	1,646
Adobe Sys Inc	Common Stock	5,076
Adolor Corp	Common Stock	730
Advanced Micro Devices Inc	Common Stock	18,392
Advansource Biomaterials Corp Com	Common Stock	140
Advanta Corp Cl B	Common Stock	85
Advantage Oil & Gas Ltd Com Npv	Common Stock	1,630
Adventrx Pharmaceuticals Inc	Common Stock	5,180
Aes Corp	Common Stock	1,045,002
Aetna Inc	Common Stock	830,661

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Affymetrix Inc	Common Stock	5,840
Aflac Inc	Common Stock	6,968
Agilysys Inc Com	Common Stock	470
Agnico Eagle Mines Ltd	Common Stock	73,863
Air Prods + Chems Inc	Common Stock	2,941,651
AK Steel Hldg Corp	Common Stock	4,270
AK Stl Hldg Corp	Common Stock	422,227
Akamai Technologies Inc	Common Stock	1,419
Aksys Ltd	Common Stock	1
Alcatel Lucent Spon Adr	Common Stock	19,160
Alcoa Inc	Common Stock	20,861
Alcon Inc	Common Stock	7,540,605
Alexco Resource Corp Com I	Common Stock	11,280
ALJ Regl Hldgs Inc Com	Common Stock	290

**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, 2009

Schedule I

Alkermes Inc	Common Stock	4,705
Allegheny Tech Inc	Common Stock	4,522
Alliance Pharmaceutical Corp Com New	Common Stock	23
Alliance Resource Partners LP Unit Ltd Partner Int	Common Stock	14,126
Allied Irish Banks Plc Adr	Common Stock	695
Allos Therapeutics Inc	Common Stock	16,450
Allscripts Healthcare Solutions Inc Com	Common Stock	14,464
Almaden Minerals Ltd	Common Stock	5,250
Alnylam Pharmaceuticals Inc	Common Stock	1,762
Alon USA Energy Inc Com	Common Stock	3,762
Alpha Nat Res Inc	Common Stock	4,685
Altair Nanotech Inc Com	Common Stock	880
Altria Group Inc	Common Stock	570,671
Altria Group Inc	Common Stock	67,979
Aluminum Corp China Ltd Spon Adr Repstg H Shs	Common Stock	463
Alvarion Ltd N/C From M20385106	Common Stock	1,870
Amazon.Com Inc	Common Stock	984,322
Amazon.Com Inc	Common Stock	8,744
Ambac Finl Group Inc Frmly Ambac Inc	Common Stock	4,187
Amdocs Ltd Ord	Common Stock	5,706
American Cap Agy Corp Com	Common Stock	2,654
American Cap Ltd Com	Common Stock	8,738
American Elec Pwr Co	Common Stock	17,395
American Express Co	Common Stock	7,077
American Intl Group Inc	Common Stock	54,354
American Lithium Minerals Inc Com	Common Stock	17,850
American Oriental Bioengineering Inc	Common Stock	3,260
AMerigas Partners L P Uts Rpstg Com Ltd	Common Stock	7,079
Ameriprise Finl Inc	Common Stock	621,855
Amgen Inc	Common Stock	64,603
Amr Corp Del	Common Stock	36,331
Amrep Corp New Frmly Old	Common Stock	548
Amylin Pharm Inc	Common Stock	7,592
Anadarko Pete Corp	Common Stock	3,121
Andrea Electronics Corp Frmly Andrea Radio Corp	Common Stock	47
Annaly Mortgage Management Inc	Common Stock	29,337
Antigenics Inc Del	Common Stock	80
AOL Inc	Common Stock	119,284
AOL Inc Com	Common Stock	1,024
Apache Corp	Common Stock	601,899
Apache Corp	Common Stock	11,260

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Apollo Group Inc	Common Stock	1,162,116
Apollo Group Inc	Common Stock	3,635
Apollo Invt Corp Com Sh Ben Int	Common Stock	18,995
Apple Computer Inc	Common Stock	1,322,765
Apple Inc	Common Stock	8,524,653
Applied Materials Inc	Common Stock	7,109
Applied Micro Circuits Corp Com New	Common Stock	134
Aqua America Inc	Common Stock	1,915

**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, 2009

Schedule I

Aradigm Corp Com New	Common Stock	501
Arcelormittal Sa Luxembour	Common Stock	257,860
Arch Coal Inc	Common Stock	2,284
Archer Daniels Midland	Common Stock	23,369
Archer Daniels Midland Co	Common Stock	897,841
Arena Pharmaceuticals Inc	Common Stock	7,313
Ariad Pharmaceutical Inc	Common Stock	10,385
Artificial Life Inc	Common Stock	950
Asianinfo Hldgs Inc	Common Stock	3,045
Assurant Inc	Common Stock	2,955
Assured Guaranty Ltd Shs	Common Stock	29,051
Astrazeneca Plc- Spons Adr	Common Stock	2,112
AT&T Inc Com	Common Stock	62,052
AT&T Inc	Common Stock	2,771,671
ATP Oil & Gas Corp	Common Stock	219,360
Atsi Communications Inc Com New	Common Stock	50
Atwood Oceanics Inc	Common Stock	3,585
Audiocodes Ltd	Common Stock	506
Aurizon Mines Ltd	Common Stock	9,000
Autodesk Inc	Common Stock	788
Automatic Data Processing Inc	Common Stock	22,744
Avanir Pharmaceuticals Cl A New	Common Stock	361
Avi Biopharma Inc	Common Stock	438
Avis Budget Group Inc Common	Common Stock	656
Backweb Technologies Ltd	Common Stock	132
Baidu Com Inc Spon Adr Restg Ord Shs Cl A	Common Stock	63,741
Baker Hughes Inc	Common Stock	1,156,796
Banco Santander Sa Adr	Common Stock	5,031
Bank Fla Corp Naples Com	Common Stock	34,901
Bank New York Mellon Corp	Common Stock	5,630
* Bank of America Corp	Common Stock	628,979
* Bank of America Corp	Common Stock	1,155,594
* Bank of America Corp	Common Stock	836,912
* Bank of America Corp	Common Stock	1,005,188
Bard C R Inc	Common Stock	62,320
Barnes and Noble Inc	Common Stock	954
* Baxter Intl Inc	Common Stock	171,740,440
* Baxter Intl Inc	Common Stock	372,418
Bayer Ag Sponsored Adr	Common Stock	20,736
BB&T Corp	Common Stock	529,324
Beacon Pwr Corp Com	Common Stock	8,910

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Beazer Homes USA Inc	Common Stock	7,260
Benchmark Electrs Inc Com	Common Stock	2,269
Berkshire Hathaway Inc Del CL A	Common Stock	297,600
Berkshire Hathaway Inc Del CL B	Common Stock	256,308
Berkshire Hathaway Inc Del	Common Stock	980,912
Best Buy Inc	Common Stock	21,049
BHP Billiton Ltd Spon Adr	Common Stock	107,212
Bio Key Intl Inc	Common Stock	1,185

**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, 2009

Schedule I

Bioelectronics Corp	Common Stock	12,188
Biogen Idec Inc	Common Stock	26,750
Biomedical Technology Solutions Hldgs Inc Com	Common Stock	43
Biomerica Inc	Common Stock	5,740
Bionovo Inc	Common Stock	3,951
Biosante Pharmaceuticals Inc Com New	Common Stock	194
Bizauctions Inc Com	Common Stock	250
Black Box Corp	Common Stock	1,417
Black Hills Corp	Common Stock	2,929
Blackrock Divid Achievers Tm Tr Com	Common Stock	9,420
Blackrock Energy & Res Tr Com	Common Stock	12,815
Blackrock Intl Growth & Income Tr Com	Common Stock	11,560
Blackstone Group LP Com Unit Repstg	Common Stock	47,157
Blackstone Group LP	Common Stock	2,213,255
Blavod Extreme Spirits Ord	Common Stock	178
Block (H&R) Inc	Common Stock	10,661
Blockbuster Inc Cl A	Common Stock	101
Boeing Co	Common Stock	37,512
Bombardier Inc Class B	Common Stock	9,157
Boston Scientific	Common Stock	3,600
Boston Scientific Corp	Common Stock	1,035,001
BP Amoco Plc Spon Adr	Common Stock	52,164
Breitburn Energy Partners LP Com Unit Ltd	Common Stock	10,590
Brigham Expl Co	Common Stock	27,100
Bristol Myers Squibb	Common Stock	35,487
Broadcom Corp	Common Stock	876,977
Broadcom Corp Cl A	Common Stock	18,253
Broadridge Financial Solutions LLC	Common Stock	1,692
Brookfield Asset Mgmt Inc Com Voting Shs Cl A	Common Stock	72,085
Brookfield Homes Corp	Common Stock	16
Brookfield Infrastructure Partners LP Partnership	Common Stock	2,126
BT Group Plc Adr	Common Stock	3,691
Buffalo Wild Wings Inc	Common Stock	12,766
Bunge Limited	Common Stock	915,190
Burger King Hldgs Inc Com	Common Stock	4,705
Burlington Northern Santa Fe Corp	Common Stock	6,429
CSX Corp	Common Stock	2,904
Cadence Pharmaceuticals Inc Com	Common Stock	150,562
Calamp Corp N/C From 129900106	Common Stock	110,132
Calavo Growers Inc	Common Stock	8,500
Calpine Corp Com New	Common Stock	14,850

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Cameco Corp	Common Stock	1,609
Cameron Intl Corp	Common Stock	1,797,977
Cameron Intl Corp Com	Common Stock	3,260
Canadian Natural Resources Ltd	Common Stock	7,195
Canadian Solar Inc Com	Common Stock	432
Cano Petroleum Inc	Common Stock	1,960
Capitalsource Inc	Common Stock	9,664
Capitol Bancorp Ltd	Common Stock	1,459

**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, 2009

Schedule I

Capstead Mtg Corp Com No Par	Common Stock	13,650
Capstone Turbine Corp	Common Stock	9,472
Cardiac Science Corp	Common Stock	67
Cardinal Health Inc	Common Stock	4,730,221
Cardinal Health Inc	Common Stock	139,567
Carefusion Corp Com	Common Stock	61,625
Caribou Coffee Inc Com	Common Stock	772
Carmax Inc	Common Stock	4,850
Carnival Corp	Common Stock	551,510
Carnival Corp Paired Ctf 1 Com Carnival Corp	Common Stock	9,507
Castle Brands Inc Com	Common Stock	136
Caterpillar Inc	Common Stock	338,118
Caterpillar Inc	Common Stock	99,882
CBIZ Inc Com	Common Stock	9,240
CBS Corp New	Common Stock	614,069
CDC Corporation Shs A	Common Stock	11,150
Celgene Corp	Common Stock	1,321,384
Celgene Corp	Common Stock	34,466
Cell Therapeutics Inc Com No Par	Common Stock	52,161
Cellcom Israel Ltd Shs	Common Stock	11,062
Cemex S A Spons Adr New Rep Ord	Common Stock	14,330
Cenovus Energy Inc Com Npv	Common Stock	13,860
Central Fd Cda Cl A	Common Stock	24,804
Centurytel Inc	Common Stock	3,186
Ceragon Networks Ltd Reg Shs	Common Stock	1,761
Cereplast Inc Com	Common Stock	2,400
Cerus Corp	Common Stock	2,587
Champion Enterprises Inc Com	Common Stock	2,860
Charter Comm Inc Del Cl A	Common Stock	1,816
Cheniere Energy Inc New	Common Stock	7,260
Chesapeake Energy Corporation Oklahoma	Common Stock	433,132
Chevron Corp	Common Stock	593,810
Chevron Corp New	Common Stock	47,184
China Automotive Sys Inc	Common Stock	1,497
China Biologic Prods Inc	Common Stock	80,332
China Biotics Inc Com	Common Stock	15,470
China Direct Inc Com New	Common Stock	131
China Fin Online Co Ltd Sponsored Adr	Common Stock	7,950
China Fire & Sec Group Inc	Common Stock	2,706
China Life Ins Co Ltd Spon Adr Repstg H Shs	Common Stock	7,335
China Mobile Ltd Spons Adr	Common Stock	4,643

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China Precision Stl Inc	Common Stock	4,100
China Pwr Equip Inc Com	Common Stock	32,400
China Sunergy Co Ltd Sponsored Adr	Common Stock	185
China Yuchai International Ltd	Common Stock	44,220
Chipotle Mexican Grill Inc	Common Stock	9,521
Church & Dwight Inc	Common Stock	6,114
Churchill Downs Inc	Common Stock	3,784
Ciena Corp Com New Delaware	Common Stock	22

**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, 2009

Schedule I

Cimarex Energy Co	Common Stock	691,389
Cintas Corp	Common Stock	2,086
Circuit City Stores Inc	Common Stock	6
Cisco Sys Inc	Common Stock	2,113,947
Cisco Sys Inc	Common Stock	173,493
Citadel Broadcasting Corp	Common Stock	2
Citigroup Inc	Common Stock	1,155,698
Citigroup Inc	Common Stock	270,509
Citizens Republic Bancorp Inc	Common Stock	821
City Bank Lynnwood Wash	Common Stock	348
CME Group Inc	Common Stock	1,391,897
CME Group Inc	Common Stock	34,319
Cninsure Inc Ads Each Repr 20 Ord Shs	Common Stock	10,040
Coca Cola Co	Common Stock	839,807
Coca Cola Co	Common Stock	28,333
Coeur D Alene Mines Corp Com Stk	Common Stock	9,933
Cogent Inc	Common Stock	520
Cognizant Technology Solutions Inc	Common Stock	18,132
Coinstar Inc	Common Stock	27,780
Coldwater Creek Inc	Common Stock	892
Colfax Corp Com	Common Stock	9,632
Collective Brands Inc	Common Stock	33,017
Colonial Bancgroup	Common Stock	20
Columbia Laboratories Inc	Common Stock	648
Comcast Corp New	Common Stock	1,162,007
Comcast Corp New	Common Stock	1,220,358
Comcast Corp New Cl A	Common Stock	4,215
Commtouch Software Limited Shs New	Common Stock	1,510
Compass Minerals Intl Inc	Common Stock	7,600
Conexant Sys Inc Com New	Common Stock	603
ConocoPhillips	Common Stock	2,605,758
ConocoPhillips	Common Stock	1,065,533
ConocoPhillips	Common Stock	33,264
Consol Energy Inc	Common Stock	1,268
Consolidated Edison Hldg Co Inc	Common Stock	27,258
Constellation Brands Inc	Common Stock	333,941
Constellation Energy Group	Common Stock	1,442
Constellation Energy Partners LLC Com Unit	Common Stock	15,320
Cooper Industries Plc	Common Stock	1,880,488
Copernic Inc Com New	Common Stock	27
Corning Inc	Common Stock	591,919

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Corning Inc	Common Stock	17,181
Corporate Executive Brd Co	Common Stock	1,278
Cortex Pharmaceuticals Inc	Common Stock	1,040
Costco Wholesale Corp	Common Stock	33,716
Costco Whsl Corp New	Common Stock	2,018,549
Covidien Plc	Common Stock	1,221,752
Covidien Plc Shs	Common Stock	1,054
Cowen Group Inc New Cl A	Common Stock	947

**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, 2009

Schedule I

Credit Suisse Group	Common Stock	831,240
Cree Inc	Common Stock	11,274
Crocs Inc Com	Common Stock	5,434
Cross Timbers Royalty Trust	Common Stock	506
Cryolife Inc	Common Stock	26,527
Cryptologic Limited Shs	Common Stock	736
CVR Energy Inc Com	Common Stock	2,744
CVS Corp Del	Common Stock	111,400
Cytori Therapeutics Inc Com	Common Stock	6,100
Cytrx Corp	Common Stock	7,840
D R Horton Inc	Common Stock	265,488
DaimlerChrysler Ag Ord	Common Stock	1,426
Danaher Corp	Common Stock	2,253,092
Danaher Corp	Common Stock	752
Datalink Corp	Common Stock	909
Daystar Technologies Inc	Common Stock	41
Dean Foods Co New	Common Stock	276,495
Deckers Outdoor	Common Stock	15,258
Deere & Co	Common Stock	24,878
Delek Us Hldgs Inc	Common Stock	6,810
Dell Inc	Common Stock	1,174,298
Dell Inc N/C From 247025109	Common Stock	2,369
Dendreon Corp	Common Stock	70,273
Denison Mines Corp Com	Common Stock	6,350
Deutsche Bank Ag	Common Stock	953,597
Devon Energy Corporation N	Common Stock	1,911,444
Devon Energy Corporation N	Common Stock	1,417,230
Devry Inc	Common Stock	2,841
Diamond Offshore Drilling Inc	Common Stock	1,476
Diana Shipping Inc	Common Stock	28,448
Digi Intl Inc	Common Stock	593
Digital Angel Corp New Com New	Common Stock	342
Digital Lightwave Inc	Common Stock	213
Discover Finl Svcs	Common Stock	4,634
Discovery Lab Inc	Common Stock	365
Disney Walt Co Del (Holding Company)	Common Stock	68,518
Dolby Laboratories Inc Cl A	Common Stock	7,160
Dominion Resources Inc Va New	Common Stock	11,806
Doral Finl Corp Com New	Common Stock	182
Dow Chemical Co	Common Stock	58,081
Downey Finl Corp	Common Stock	60

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Drdgold Ltd Sponsored Adr Repstg 10 Shs	Common Stock	684
Drugstore.Com Inc	Common Stock	2,318
Dryships Inc	Common Stock	31,726
Du Pont E I De Nemours & Co	Common Stock	54,110
Du Pont E I De Nemours & Co	Common Stock	1,491,556
Duke Energy Corp New Com	Common Stock	105,965
Duke Realty Corp	Common Stock	2,457
Dynamic Materials Corp	Common Stock	702

**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, 2009

Schedule I

Dynegy Inc Del Cl A	Common Stock	226
E Trade Group Inc.	Common Stock	20,460
Eagle Bulk Shipping Inc	Common Stock	2,007
Eagle Rock Energy Partners L P Unit Ltd Partn.	Common Stock	17,635
Eastman Kodak Co	Common Stock	11,394
EBay Inc	Common Stock	86,449
Eclipsys Corp	Common Stock	1,519
Ecolocap Solutions Inc Com	Common Stock	301
Ecosystem Corp Com New	Common Stock	39
Edge Pete Corp	Common Stock	2
Edwards Lifesciences Corp	Common Stock	13,739,485
Edwards Lifesciences Corp	Common Stock	3,300
El Paso Corp	Common Stock	1,235,428
El Paso Corp	Common Stock	295
Elan Corp Plc Adr	Common Stock	11,866
Eldorado Gold Corp New (Canada)	Common Stock	14,170
Electronic Arts Inc	Common Stock	6,213
Electronic Game Card Inc	Common Stock	37,120
Electronics For Imaging Inc	Common Stock	12,970
EMC Corp	Common Stock	2,304,450
EMC Corp Mass	Common Stock	14,937
Emcore Corp	Common Stock	6,206
Emergent Biosolutions Inc Com	Common Stock	4,077
Emerson Electric Co	Common Stock	6,849
Emulex Corp Com New	Common Stock	1,254
Enbridge Energy Partners LP	Common Stock	2,685
Enbridge Inc	Common Stock	2,311
Encana Corp	Common Stock	17,826
Energy Conversion Devices Inc	Common Stock	12,790
Energy Transfer Partners LP Ut	Common Stock	59,628
Energysolutions Inc Depositary Sh	Common Stock	849
Enerplus Res Fd Tr Unit Ser G New	Common Stock	3,538
Ensco International Spon A	Common Stock	280,404
Enterprise Gp Hldgs LP Unit	Common Stock	3,118
Enterprise Products Pptns LP	Common Stock	92,203
Entravision Communications Corp Cl A	Common Stock	510
Entremed Inc	Common Stock	332
Enzon Pharmaceuticals Inc	Common Stock	6,318
Epix Pharmaceuticals Inc Com New	Common Stock	48
EQT Corp	Common Stock	1,024,927
European Goldfields Com Stk Npv	Common Stock	1,647

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EV3 Inc	Common Stock	60,030
Evergreen Solar Inc	Common Stock	2,099
Evermedia Group Inc Com	Common Stock	3,200
Exelixis Inc	Common Stock	14,290
Exelon Corp	Common Stock	1,353,066
Exelon Corp	Common Stock	51,907
Exeter Resource Corp	Common Stock	28,400
Expedia Inc Del Com	Common Stock	1,621

**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, 2009

Schedule I

Extra Space Storage Inc	Common Stock	2,439
Exxon Mobil Corp	Common Stock	90,718
Facet Biotech Corp Com	Common Stock	70
Family Dollar Stores Inc	Common Stock	1,404
Fastenal Co	Common Stock	3,123
Federal Natl Mtg Assn	Common Stock	38,864
FedEx Corp	Common Stock	1,320,276
FedEx Corp	Common Stock	12,518
Fieldpoint Petroleum Corp	Common Stock	234
Finisar Corp Com New	Common Stock	2,230
First American Corp	Common Stock	1,656
First Marblehead Corp	Common Stock	852
First Regl Bancorp Inc Calif	Common Stock	7,220
First Solar Inc Com	Common Stock	8,801
Firstenergy Corp	Common Stock	1,191
Flagstar Bancorp Inc	Common Stock	336
Flextronics International	Common Stock	1,034,369
Flextronics International	Common Stock	10,965
Flir Sys Inc	Common Stock	19,769
Fluor Corp New	Common Stock	1,139
Focus Media Hldg Ltd Sponsored Adr	Common Stock	9,669
Food Technology Svc Inc	Common Stock	865
Forbes Medi Tech Inc New Com	Common Stock	2
Ford Mtr Co Del	Common Stock	629,880
Ford Mtr Co Del Com	Common Stock	118,350
Fortress Invt Group Llc Del Cl A Delaware	Common Stock	1,113
Fortune Brands Inc	Common Stock	2,808
Forward Inds II	Common Stock	210
Foster Wheeler Ag Com	Common Stock	14,720
FPL Group Inc	Common Stock	14,029
Franklin Res Inc	Common Stock	2,586,082
Franklin Res Inc	Common Stock	5,525
Freddie Mac	Common Stock	25,652
Freeport McMoran Copper	Common Stock	2,492,927
Freeport McMoran Copper & Gold Inc.	Common Stock	184,390
Freeseas Inc Com	Common Stock	6,800
Fresenius Kabi Pharmaceuticals Hldg Inc Rt	Common Stock	1,500
Fronteer Dev Group Inc (Canada)	Common Stock	7,860
Frontier Finl Corp Wash Com New	Common Stock	351
Frontier Oil Corp	Common Stock	9,632
Fuel Sys Solutions Inc Com	Common Stock	5,155

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Fuel Tech Inc Com	Common Stock	637
Fundtech Ltd	Common Stock	2,000
Gafisa S A Sponsored Adr	Common Stock	6,472
Gamestop Corp New Cl A	Common Stock	3,291
Gaming Partners Intl Corp	Common Stock	1,403
Garmin Ltd	Common Stock	282,319
Garmin Ltd Reg Shs	Common Stock	4,395
Geeknet Inc Com N/C	Common Stock	2,654

**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, 2009

Schedule I

General Dynamics Corp	Common Stock	3,409
General Elec Co	Common Stock	1,333,015
General Electric Co	Common Stock	331,142
General Growth Ppty Inc	Common Stock	11,560
General Mills Inc	Common Stock	63,729
General Steel Hldgs Inc	Common Stock	3,969
Generex Biotechnology Corp	Common Stock	6,360
Genetic Technologies Ltd Spons Adr	Common Stock	12
Genoptix Inc Com	Common Stock	17,765
Genzyme Corp	Common Stock	1,172,786
Geopharma Inc	Common Stock	437
Geron Corp	Common Stock	1,110
Giant Interactive Group Inc Adr	Common Stock	1,435
Gigamedia Ltd	Common Stock	11,772
Gilead Sciences Inc	Common Stock	3,954,374
Gilead Sciences Inc	Common Stock	73,170
Gladstone Cap Corp	Common Stock	3,896
Glaxosmithkline Plc Sponsored Adr	Common Stock	6,338
GMX Res Inc	Common Stock	2,748
Goldcorp Inc New	Common Stock	47,998
Golden Queen Mining Com Stk Npv	Common Stock	1,374
Golden Star Res Ltd Cda Com	Common Stock	437
Goldman Sachs Group Inc	Common Stock	7,527,070
Goldman Sachs Group Inc	Common Stock	1,919,958
Goldman Sachs Group Inc	Common Stock	36,710
Google Inc	Common Stock	8,634,815
Google Inc Cl A	Common Stock	118,416
Gran Tierra Energy Inc Com	Common Stock	573
Grand Pacaraima Gold Corp	Common Stock	1
Great Wolf Resorts Inc	Common Stock	237
Green Earth Technologies Inc	Common Stock	9,125
Greenhunter Energy Inc Com	Common Stock	1,150
GSI Technology Inc	Common Stock	2,240
GTC Biotherapeutics Inc Com New	Common Stock	1,483
Guess? Inc	Common Stock	1,523
H & Q Healthcare Fd Sh Ben Int	Common Stock	6,523
Halliburton Co Holding Co	Common Stock	15,802
Halozyme Therapeutics Inc	Common Stock	115,416
Hancock Holding Co	Common Stock	43,810
Hansen Natural Corp	Common Stock	2,842
Harley Davidson Inc Wisc	Common Stock	2,520

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Hartford Finl Svcs Group Inc	Common Stock	3,146
Hasbro Inc	Common Stock	25,548
HCP Inc Com	Common Stock	11,598
Headwaters Inc	Common Stock	8,150
Healthwarehouse.Com Com N/C	Common Stock	45
Helicos Biosciences Corp	Common Stock	2,060
Helix Energy Solutions Group Inc	Common Stock	294
Hellenic Telecomm Org Adr Reprstg 1/2 Ord Shs	Common Stock	644

25

**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, 2009

Schedule I

Henry Jack & Associates Inc	Common Stock	4,304
Hercules Offshore Inc Com	Common Stock	502
Hess Corp	Common Stock	1,609,260
Hess Corp Com	Common Stock	2,803
Hewlett Packard Co	Common Stock	4,549,958
Hewlett-Packard Co De	Common Stock	69,609
Hollis-Eden Pharma Inc	Common Stock	37
Holly Corp Par \$0.01	Common Stock	3,845
Hologic Inc	Common Stock	2,320
Home Depot Inc	Common Stock	503,477
Home Depot Inc	Common Stock	172,035
Home Inns & Hotels Mgmt Inc Sponsored Adr	Common Stock	22,978
Home Solutions Amer Inc	Common Stock	2
Honda Motors Ltd Adr New	Common Stock	2,644
Honeywell International Inc	Common Stock	24,114
Hospira Inc	Common Stock	15,504
Hot Topic Inc	Common Stock	3,175
Hovnanian Enterprise Inc Cl A	Common Stock	11,520
HSBC Holdings Plc Spons Adr	Common Stock	34,689
HSN Inc Del Com	Common Stock	242
Huaneng Power Intl Inc - Adr	Common Stock	12,510
Hugoton Rty Tr Tex Unit Ben Int	Common Stock	113
Human Genome Sciences Inc	Common Stock	19,265
Huntington Bancshares Inc Com	Common Stock	5,475
Huntsman Corp	Common Stock	260,117
Hydrogenics Corporation New Com Npv	Common Stock	670
IAC / Interactivecrp Com Par \$.001	Common Stock	635
Iamgold Corp	Common Stock	5,161
Icad Inc	Common Stock	9,751
Icon Plc Corp Adr Reprstg 1 Ord Shr	Common Stock	9,561
Idearc Inc Com Delaware	Common Stock	21
Igo Inc Com N/C	Common Stock	62
Illinois Tool Wks Inc	Common Stock	3,383,443
Illinois Tool Works	Common Stock	1,512
Illumina Inc	Common Stock	18,408
Imaging3 Inc Com	Common Stock	93,323
Imation Corp	Common Stock	872
Immunomedics Inc	Common Stock	9,630
Neyte Genomics Inc	Common Stock	50,059
Indevus Pharmaceuticals Inc Escrow	Common Stock	
India Fd Inc	Common Stock	15,350

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India Globalization Cap Inc	Common Stock	37,398
Indymac Bancorp Inc	Common Stock	17
Nergy LP	Common Stock	7,136
Infinera Corp	Common Stock	22,947
Infosys Technologies Limited ADR	Common Stock	2,764
Ingersoll Rand Plc	Common Stock	671,470
Ingersoll Rand Plc	Common Stock	1,148,567
Innodata Corp	Common Stock	914

**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, 2009

Schedule I

Inplay Technologies Inc Com	Common Stock	1
Insmmed Inc Com New	Common Stock	1,913
Integrated Device Tech Inc	Common Stock	1,488
Intel Corp	Common Stock	5,014,756
Intel Corp	Common Stock	128,226
Intercontinentalexch Intl	Common Stock	5,390
International Coal Group Inc New	Common Stock	3,860
International Game Technology	Common Stock	1,314
Internet Cap Group Inc Com New	Common Stock	499
Interoil Corp	Common Stock	4,609
Interval Leisure Group Inc Com	Common Stock	150
Intl Business Mach	Common Stock	25,559
Intl Fuel Tech Inc New	Common Stock	900
Intl Speedway Cl A	Common Stock	1,138
Intuit	Common Stock	1,305,770
Intuitive Surgical Inc Com New	Common Stock	3,034
Inventiv Health Inc Com	Common Stock	1,617
Invesco Ltd	Common Stock	1,310,028
Invo Bioscience Inc Com	Common Stock	450
Iowa Telecommunication Svcs Inc	Common Stock	2,293
Ipg Photonics Corp Com	Common Stock	11,443
Irvine Sensors Corp Com Par \$	Common Stock	42
Ivanhoe Energy Com	Common Stock	2,288
JC Penney Inc	Common Stock	594,664
J P Morgan Chase & Co	Common Stock	46,882
JA Solar Hldgs Co Ltd Sponsored Adr	Common Stock	6,452
Jabil Circuit Inc	Common Stock	19,500
Jakks Pacific Inc	Common Stock	1,212
JDS Uniphase Corp Com Par \$0.001	Common Stock	17,012
Jensen Portfolio, Inc.	Common stock	64,581
Jetblue Awys Corp	Common Stock	9,946
John Bean Technologies Corp Com	Common Stock	367
Johnson & Johnson	Common Stock	127,893
Johnson Ctls Inc	Common Stock	2,047,101
Johnson Ctls Inc	Common Stock	4,086
Jones Lang LaSalle Inc	Common Stock	551
Joy Global Inc	Common Stock	3,868
JP Morgan Chase & Co	Common Stock	6,305,281
JP Morgan Chase & Co	Common Stock	1,260,850
Juniper Networks Inc	Common Stock	4,534
K V Pharmaceutical Co Cl A	Common Stock	9,175

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KB Home Com N/C	Common Stock	6,205
Keegan Res Inc	Common Stock	12,640
Kellogg Company	Common Stock	4,050
Keryx Biopharmaceuticals Inc	Common Stock	2,750
Keycorp New	Common Stock	5,550
KHD Humboldt Wedag Intl Ltd Com	Common Stock	5,158
Kimberly Clark Corp	Common Stock	12,742
Kinder Morgan Energy Partners LP	Common Stock	148,582

**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, 2009

Schedule I

Kinder Morgan Mgmt Llc Shs	Common Stock	5,027
King Pharmaceuticals Inc	Common Stock	3,632
Kinross Gold Corp New Com No Par	Common Stock	33,120
Kla Tencor Corp	Common Stock	1,255,030
Knightsbridge Tank Com Usd0.01	Common Stock	12,862
Kobex Minerals Inc Com	Common Stock	395
Kohl's Corp	Common Stock	2,533,043
Kohl's Corp	Common Stock	53,930
Kraft Foods Inc Cl A	Common Stock	22,323
Krispy Kreme Doughnuts Inc	Common Stock	3,245
Kronos Worldwide Inc	Common Stock	34
L-3 Communications Hldgs Inc	Common Stock	42,762
Labopharm Inc Com Npv	Common Stock	811
Laboratory Corp Of America Hldgs New	Common Stock	22,452
Ladish Company Inc New	Common Stock	903
Lam Resh Corp	Common Stock	519,541
Las Vegas Sands Corp	Common Stock	22,410
Law Enforcement Associates Corp	Common Stock	384
LDK Solar Co Ltd Sponsored Adr	Common Stock	7,353
Legacy Resvs LP Unit Limited Partnership Int	Common Stock	1,967
Legg Mason	Common Stock	18,729
Lehman Bros Hldgs Corp	Common Stock	185
Lennox Intl Inc	Common Stock	9,760
Level 3 Communications Inc	Common Stock	1,209
Liberator Med Hldgs Inc	Common Stock	36,923
Life Technologies Corp Com	Common Stock	82,925
Lifeline Biotechnologies Inc Com Par	Common Stock	1,720
Lilly Eli & Co	Common Stock	2,143
Limited Brands Inc	Common Stock	416,646
Lincoln Electric Holdings	Common Stock	19,192
Linear Technology Corp	Common Stock	3,169
Linn Energy LLC Unit Repstg Ltd Liability Co	Common Stock	83,640
Linux Gold Corp	Common Stock	65
Lowe's Companies	Common Stock	29,916
Lowe's Cos Inc	Common Stock	677,667
LSI Logic Corp	Common Stock	1,593
Lundin Mng Corp	Common Stock	345
M T R Gaming Group Inc	Common Stock	1,300
Macy's Inc	Common Stock	519,968
Madeco SA Adr Each Repr 100 Shs	Common Stock	1,538
Maguire Pptys Inc	Common Stock	15,160

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Mahanagar Tel Nigam Ltd Spon Adr	Common Stock	608
Mandalay Media Inc Com	Common Stock	10
Manhattan Pharmaceuticals Inc Com New	Common Stock	188
Manitowoc Inc	Common Stock	1,894
Marathon Oil Corp	Common Stock	22,556
Markel Corp Hldg Co	Common Stock	27,540
Marsh & McLennan Cos Inc	Common Stock	1,172,443
Masco Corp	Common Stock	323,639

**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, 2009

Schedule I

Massey Energy Co	Common Stock	8,402
Massmutual Partn Invs	Common Stock	24,400
Mastercard Inc Cl A	Common Stock	28,190
McDonalds Corp	Common Stock	481,588
McDonalds Corp	Common Stock	78,524
McMoran Exploration Co	Common Stock	1,604
Medasorb Technologies Corp Com	Common Stock	1,425
Medclean Technologies Inc Com	Common Stock	1,500
Medco Health Solutions Inc	Common Stock	954,255
Medtronic Inc	Common Stock	9,227
Melco Pbl Entmnt Ltd Adr	Common Stock	3,293
Merck & Co Inc New Com	Common Stock	90,867
Merck & Co Inc New	Common Stock	2,248,397
Meridian Resource Corp	Common Stock	172
Metalico Inc	Common Stock	2,893
Metlife Inc	Common Stock	283,135
Metlife Inc Com	Common Stock	177,104
MFRI Inc	Common Stock	1,088
MGIC Invst Corp Wis Com	Common Stock	7,235
MGM Mirage	Common Stock	638
MGP Ingredients Inc	Common Stock	1,148
Microsoft Corp	Common Stock	2,469,220
Microsoft Corp	Common Stock	1,326,565
Microsoft Corp	Common Stock	59,917
Microvision Inc Wash	Common Stock	84,005
Miller Herman Inc	Common Stock	1,599
Mindray Med Intl Ltd Sponsored Adr Repstg Cl A	Common Stock	2,307
Mindspeed Technologiesinc Com New	Common Stock	28
Minefinders Ltd Corp	Common Stock	10,300
Mitcham Inds Inc	Common Stock	383
MKS Instruments Inc	Common Stock	1,740
Monsanto Co New	Common Stock	1,063
Morgan Stanley	Common Stock	831,244
Morgan Stanley	Common Stock	998,078
Morgan Stanley Dean Witter & Co	Common Stock	39,960
Morningstar Inc	Common Stock	6,284
Motorola Inc	Common Stock	858,638
Motorola Inc	Common Stock	54,535
Motors Liq Co Com	Common Stock	1,601
Multiband Corp Com New	Common Stock	400
MVC Cap Inc	Common Stock	506

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Myriad Genetics Inc	Common Stock	574
Nalco Hldg Co	Common Stock	5,740
Nanogen Inc	Common Stock	60
Nanosphere Inc	Common Stock	483
National Oilwell Varco Inc	Common Stock	8,633
Nationwide Health Pptys Inc	Common Stock	2,760
Navios Maritime Holdings Inc Com	Common Stock	5,613
Navios Maritime Partners Lp Unit Ltd Partnership	Common Stock	7,422

29

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

Schedule I

December 31, 2009

Neopharm Inc	Common Stock	580
Nestle SA Sponsored Adr Repstg Reg Sh Vtg	Common Stock	97
Netapp Inc Com	Common Stock	2,749
Netflix Com Inc Com	Common Stock	19,832
Netgear Inc	Common Stock	4,338
Neutral Tandem Inc Com	Common Stock	22,750
Newcastle Invt Corp	Common Stock	1,045
Newell Rubbermaid Inc	Common Stock	10,998
Newmont Mng Corp	Common Stock	1,132,105
Newmont Mng Corp Hldg Co	Common Stock	4,731
News Corp	Common Stock	1,968,278
Nexen Inc	Common Stock	570,267
Nexmed Inc Com	Common Stock	4,275
Noble Energy Inc	Common Stock	485,925
Nokia Corp	Common Stock	830,997
Nokia Corp Adr	Common Stock	7,068
Nordstrom Inc	Common Stock	13,153
Norsk Hydro A S Sponsored Adr	Common Stock	4,216
Nortel Networks Corp New Com	Common Stock	1
Northern Dynasty Minerals Ltd	Common Stock	3,304
Northgate Expl Ltd	Common Stock	10,333
Northrop Grumman Corp	Common Stock	933,315
Nova Biosource Fuels Inc Com	Common Stock	1
Novamed Eyecare Inc	Common Stock	1,164
Novartis Ag	Common Stock	1,076,433
Novartis Ag Adr	Common Stock	30,061
Novatel Wireless Inc	Common Stock	9,564
Novavax Inc	Common Stock	4,655
Novelos Therapeutics Inc	Common Stock	2,519
NPS Pharmaceuticals Inc	Common Stock	3,740
NRG Energy Inc Com New	Common Stock	9,066
Nucor Corp	Common Stock	62,978
Nutracea Com New	Common Stock	504
Nutri Sys Inc New Com	Common Stock	3,273
Nve Corp New	Common Stock	8,256
Nvidia Corp	Common Stock	36,426
NVR Inc	Common Stock	597,351
NYSE Euronext	Common Stock	6,289
Occidental Pete Corp	Common Stock	2,566,060
Ocean Power Technologies	Common Stock	9,010
Oceanfreight Inc	Common Stock	16,141

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Oclaro Inc Com Isin	Common Stock	673
Office Depot Inc	Common Stock	290,833
Oilsands Quest Inc Com	Common Stock	1,547
Olympic Steel Inc	Common Stock	32,580
Omega Navigation Enterprises Inc	Common Stock	1,560
On2.Com Inc	Common Stock	18,544
Oncogenex Pharmaceuticals Inc Com	Common Stock	22,659
Oncolytics Biotech Inc	Common Stock	266,481

30

**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, 2009

Schedule I

Oncothyreon Inc Com	Common Stock	9,147
Oneok Partners L P Unit Limited Partnership	Common Stock	228
Onyx Pharmaceuticals Inc	Common Stock	24,499
Open Jt Stk Co Vimpel Comms Spons Adr	Common Stock	30,555
Opexa Therapeutics Inc	Common Stock	570
Opnext Inc	Common Stock	950
Oracle Corp	Common Stock	618,776
Oracle Corp	Common Stock	73,148
Orchid Cellmark Inc	Common Stock	137
O'Reilly Automotive Inc	Common Stock	10,979
Otelco Inc Income Dep Secs Ids	Common Stock	1,887
Owens Ill Inc Com New	Common Stock	3,287
Oxigene Inc	Common Stock	2,280
PF Changs China Bistro Inc	Common Stock	1,327
Pacer Intl Inc Tenn Com	Common Stock	7,909
Pacific Ethanol Inc	Common Stock	142
Pacific Rim Mining Corp Com New	Common Stock	5,400
Palatin Technologies Inc	Common Stock	185
Palm Inc New Com	Common Stock	133,499
Panacos Pharmaceuticals Inc	Common Stock	4
Patterson-Uti Energy Inc	Common Stock	1,535
Paychex Inc	Common Stock	4,583
PDI Inc	Common Stock	482
PDL Biopharma Inc Com	Common Stock	151
Peabody Energy Corp	Common Stock	45,210
Pengrowth Energy Tr Unit New	Common Stock	2,318
Penn West Energy Tr Tr Unit	Common Stock	419
Pepsico Inc	Common Stock	1,028,059
Pepsico Inc	Common Stock	26,655
Perrigo Co	Common Stock	24,169
Pet Drx Corp Wt Exp	Common Stock	15
Petrochina Co Ltd Spon Adr	Common Stock	1,428
Petrohawk Energy Corp	Common Stock	93,561
Petroleo Brasileiro Sa Petrobras Spons Adr	Common Stock	133,504
Petsmart Inc	Common Stock	1,868
Pfizer Inc	Common Stock	2,644,043
Pfizer Inc	Common Stock	1,564,842
Pfizer Inc	Common Stock	101,897
Pharmos Corp Com Par \$.03	Common Stock	2
Philip Morris Intl Inc Com	Common Stock	62,614
Pilgrims Pride Corp	Common Stock	85,848

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Pioneer Drilling Co	Common Stock	790
Pitney Bowes Inc	Common Stock	15,932
Plum Creek Timber Co Inc	Common Stock	11,328
PMC-Sierra Inc	Common Stock	6,062
PMI Group Inc	Common Stock	11,403
PNC Finl Svcs Group	Common Stock	33,685
Point Blank Solutions Inc	Common Stock	42
Polymedix Inc Com	Common Stock	13,690

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, 2009

Schedule I

Polymet Mining Corp	Common Stock	58,939
Pop3 Media Corp	Common Stock	5
Positiveid Corp Com	Common Stock	11,550
Potash Corp Sask Inc	Common Stock	175,088
Power 3 Med Prods Inc	Common Stock	536
PPG Industries	Common Stock	23,416
Precision Castparts Corp	Common Stock	12,359
Premier Exhibitions Inc	Common Stock	43,500
Pricesmart Inc	Common Stock	3,677
Pride Intl Inc Del	Common Stock	3,191
Procter & Gamble Co	Common Stock	109,938
Progress Energy Inc	Common Stock	20,505
Prologis Trust	Common Stock	276
Prospect Energy Corp	Common Stock	1,181
Provident Energy Tr	Common Stock	4,220
Proxim Wireless Corp Com	Common Stock	780
Psivida Corp Com	Common Stock	7,180
PT Telekomunikasi Indonesia Adr	Common Stock	3,995
Pulte Homes Inc	Common Stock	257,094
Pulte Homes Inc	Common Stock	50,000
Qualcomm Inc	Common Stock	3,805,813
Qualcomm Inc	Common Stock	1,244,208
Qualcomm Inc	Common Stock	16,191
Quality Systems	Common Stock	9,106
Quantum Fuel Sys Technologies Worldwide Inc	Common Stock	8,880
Quest Diagnostics Inc	Common Stock	21,133
Questar Corp Com	Common Stock	6,236
Questcor Phar Inc	Common Stock	40,375
Radian Group Inc	Common Stock	5,894
Rait Financial Trust	Common Stock	655
Rambus Inc	Common Stock	24,400
Randgold Res Ltd	Common Stock	10,051
Redwood Trust Inc	Common Stock	4,338
Regions Finl Corp	Common Stock	6,610
Regions Finl Corp New	Common Stock	227,935
Relm Wireless Corp	Common Stock	3,140
Repligen Corp	Common Stock	1,439
Repros Therapeutics Inc Com	Common Stock	797
Research In Motion Ltd	Common Stock	115,156
Resource Cap Corp Com	Common Stock	1,476
Rexahn Pharmaceuticals Inc	Common Stock	2,040

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RF Micro Devices Inc	Common Stock	954
RIO Tinto Plc Sponsored Adr	Common Stock	3,015
Rite Aid Corp	Common Stock	29,392
Robbins & Myers Inc	Common Stock	34,880
Rockwell Automation Inc	Common Stock	18,792
Rockwell Medical Tech Inc	Common Stock	1,946
Rosetta Res Inc Com	Common Stock	996
Rosetta Stone Inc Com	Common Stock	1,795

**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, 2009

Schedule I

Royal Bk Scotland Group Plc Sponsored Adr	Common Stock	470
Royal Gold Inc	Common Stock	10,271
RRI Energy Inc	Common Stock	198,528
RTI Biologics Inc Com	Common Stock	960
Rubicon Minerals Corp	Common Stock	87,135
RXI Pharmaceuticals Corp Com	Common Stock	6,870
S1 Corp	Common Stock	202
Saba Software Inc Com New	Common Stock	518
Samson Oil & Gas Ltd Sponsored Adr	Common Stock	240
Sandisk Corp	Common Stock	69,576
Sanmina-Sci Corp Com New	Common Stock	2,206
Santarus Inc	Common Stock	9,240
Satyam Computer Svcs Ltd Amern Depository	Common Stock	129
Savient Pharmaceuticals Inc	Common Stock	13,610
Schlumberger Ltd	Common Stock	4,502,156
Schlumberger Ltd	Common Stock	733,732
Schlumberger Ltd	Common Stock	103,233
Schwab Charles Corp	Common Stock	1,151,937
Seagate Technology Holdings Cayman Islands	Common Stock	3,885
Sears Hldgs Corp	Common Stock	9,931
Select Comfort Corp	Common Stock	978
Senior Hsg Pptys Tr	Common Stock	5,468
Sequenom Inc Com New	Common Stock	4,968
Shanda Games Ltd Sponsored Adr Repstg Cl A	Common Stock	3,057
Shanda Interactive Entertainment Spon Adr Ea	Common Stock	2,631
Ship Finance International Limited	Common Stock	9,251
Sigma Designs	Common Stock	13,910
Silicon Image Inc	Common Stock	774
Silicon Motion Technology Corp Spons Adr	Common Stock	8,525
Silver Wheaton Corp Com	Common Stock	18,400
Silvercorp Metals Inc Com Npv	Common Stock	19,800
Simulations Plus Inc	Common Stock	552
Sino-Global Shipping Amer Ltd Com	Common Stock	1,655
Sinovac Biotech Ltd Shs	Common Stock	3,165
Sirius Xm Radio Inc Com	Common Stock	58,228
Skyworks Solutions Inc Com	Common Stock	497
SLM Corp Com N/C From 90390u102	Common Stock	4,508
Smith & Wesson Hldg Corp	Common Stock	2,045
Smith Intl Inc	Common Stock	1,109,579
Smithfield Foods Inc	Common Stock	285,384
Smurfit Stone Container Corp	Common Stock	275

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Sociedad Quimica Minera De Chile S A Spons	Common Stock	187,850
Socket Mobile Inc Com New	Common Stock	155
Solarfun Pwr Hldgs Co Ltd Sponsored Adr	Common Stock	144,512
Sonosite Inc	Common Stock	2,363
Sonus Networks Inc	Common Stock	844
Sothebys Hldgs Inc Delaware	Common Stock	1,419
Sourcefire Inc	Common Stock	15,108
South Finl Group Inc	Common Stock	645

**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, 2009

Schedule I

Southern Co	Common Stock	79,968
Southern Copper Corp Del Com	Common Stock	44,005
Southwest Airlines Co	Common Stock	8,579
Southwest Aircls Co	Common Stock	909,831
Spectra Energy Corp Com	Common Stock	12,767
Spectranetics Corp	Common Stock	16,147
Spectrum Pharmaceuticals Inc	Common Stock	1,332
Spirit Aerosystems Hldgs Inc Cl A	Common Stock	1,490
Spongetech Delivery Sys Inc Com	Common Stock	750
Sprint Corp	Common Stock	19,307
Sprint Nextel Corp	Common Stock	1,218,186
SPX Corp	Common Stock	584,157
St Jude Medical Inc	Common Stock	21,001
Standard Pkg Corp	Common Stock	4,764
Star Bulk Carriers Corp Shs	Common Stock	713
Starbucks Corp	Common Stock	12,660
* State Street Corporation	Common Stock	1,654
* State Street Corporation	Common Stock	981,616
Statoil Asa Spon Adr	Common Stock	2,491
Steak N Shake Co Com New	Common Stock	16,530
Steel Dynamics Inc	Common Stock	219,024
Steel Dynamics Inc	Common Stock	17,807
Stein Mart Inc	Common Stock	5,330
Stem Cell Innovations Inc Com	Common Stock	50
Stemcells Inc N/C From 232923102	Common Stock	2,268
Sterlite Inds India Ltd Ads	Common Stock	1,312
Stryker Corp	Common Stock	9,819
Sulphco Inc Com	Common Stock	5,524
Sun Microsystems Inc Com New	Common Stock	6,784
Suncor Energy Inc New	Common Stock	1,916,852
Sunesis Pharmaceuticals Inc Com	Common Stock	1,980
Suntech Pwr Hldgs Co Ltd Adr	Common Stock	8,265
Suntrust Banks Inc	Common Stock	4,520
Supervalu Inc	Common Stock	598,234
Surewest Communications	Common Stock	543
Symantec Corp	Common Stock	960,569
Symantec Corp	Common Stock	1,195,847
Synaptics Inc	Common Stock	2,161
Syneron Medical Ltd Ord Shs	Common Stock	1,045
Sysco Corp	Common Stock	11,632
Taiwan Semiconductor Manufacturing Ads	Common Stock	4,599

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Talbots Inc	Common Stock	891
Talisman Energy Inc Com	Common Stock	3,728
Target Corp	Common Stock	2,651,182
Target Corp	Common Stock	62
Targeted Genetics Corp Com New	Common Stock	6
Taseko Mines Ltd	Common Stock	64,300
Taser International Inc	Common Stock	10,512
Tata Mtrs Ltd Sponsored Adr	Common Stock	17,243

**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, 2009

Schedule I

Teck Cominco Ltd Cl B Sub Vtg	Common Stock	3,497
Teekay Tankers Ltd Cl A	Common Stock	1,024
Tellabs Inc	Common Stock	6,248
Tenet Healthcare Corp	Common Stock	2,695
Teradyne Inc	Common Stock	1,073
Terex Corp New	Common Stock	10,995
Terra Inds Inc	Common Stock	8,404
Terra Nitrogen Co L P Com Unit	Common Stock	10,899
Tesoro Pete Corp	Common Stock	434
Teva Pharmaceutical Inds L	Common Stock	2,972,036
Teva Pharmaceutical Inds Ltd Adr	Common Stock	19,382
Texas Instrs Inc	Common Stock	1,489,432
Textron Inc	Common Stock	275,276
Theragenics Corp	Common Stock	2,144
Thompson Creek Metals Co IncCom	Common Stock	11,720
Threshold Pharmaceuticals Inc Com New	Common Stock	90
Tianyin Pharmaceutical Co Inc	Common Stock	6,300
Ticketmaster Entmt Inc Com	Common Stock	147
Time Warner Cable Inc	Common Stock	1,493,849
Time Warner Cable Inc Com	Common Stock	5,050
Time Warner Inc	Common Stock	1,530,039
Time Warner Inc	Common Stock	878,836
Time Warner Inc New Com New	Common Stock	14,308
Titanium Metals Corp Com New	Common Stock	6,260
Tongjitang Chinese Medicines Co Sponsored Adr	Common Stock	3,800
Toro Co	Common Stock	10,749
Tousa Inc	Common Stock	32
Toyota Mtrs Corp Spon Adr	Common Stock	16,832
Transcanada Corp	Common Stock	6,874
Transmeridian Expl Inc	Common Stock	1
Transocean Ltd Zug Namen -Akt	Common Stock	26,191
Transwitch Corp Com New	Common Stock	2,100
Travelers Cos Inc	Common Stock	527,539
Travelers Cos Inc Com	Common Stock	1,147
Tree Com Inc Com	Common Stock	18
Tri Isthmus Group Inc Com	Common Stock	6
Triangle Cap Corp	Common Stock	2,962
Trimedyne Inc	Common Stock	4,400
Trinity Inds Inc Del Frmly Texas	Common Stock	891
Tronox Inc Com Cl B	Common Stock	15
Trueblue Inc Com	Common Stock	1,481

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Turkcell Iletisim Hizmetleri AS Spon Adr New	Common Stock	953
Turkish Invt Fd Inc	Common Stock	24,066
Tyco Electronics Ltd Com Chf2.60	Common Stock	540
Tyco Electronics Ltd Switz	Common Stock	1,502,660
Tyco International Ltd Shs	Common Stock	11,592
Tyson Foods Inc Cl A	Common Stock	2,454
U S Awys Group Inc Com	Common Stock	2,420
U S Gold Corp	Common Stock	744

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, 2009

Schedule I

Ultra Petroleum Corp	Common Stock	5,983
Umpqua Holdings Corp	Common Stock	2,012
Under Armour Inc Cl A	Common Stock	14,453
Unilever N V	Common Stock	840,775
United Amern Healthcare Corp	Common Stock	5,170
United Finl Bancorp Inc Md Com	Common Stock	1,325
United Parcel Svc Inc Cl B	Common Stock	9,360
United States Steel Corp	Common Stock	85,281
United Technologies Corp	Common Stock	6,941
Unitedhealth Group Inc	Common Stock	1,036,793
Unitedhealth Group Inc	Common Stock	16,855
Universal Display Corp	Common Stock	2,843
Unum Group	Common Stock	270,226
Uranerz Energy Corp Com	Common Stock	585
Uranium One Inc	Common Stock	331
Us Bancorp Del	Common Stock	821,335
Us Bancorp Del Com New	Common Stock	5,020
Us Global Investors Inc CL A	Common Stock	6,155
Usec Inc	Common Stock	1,155
Usg Corp Com New	Common Stock	20,373
Vale SA Adr	Common Stock	20,321
Vale SA	Common Stock	2,399,782
Valero Energy Corp	Common Stock	1,008,674
Valero Energy Corp	Common Stock	1,101,425
Valero Energy Corp	Common Stock	48,743
Varian Semiconductor Equip Assoc Inc	Common Stock	1,650
Vasco Data Security Intl	Common Stock	220
Vaso Active Pharmaceuticals Inc Cl A	Common Stock	60
Verasun Energy Corp Com	Common Stock	2
Verenium Corp Com New	Common Stock	185
Verifone Hldgs Inc Com	Common Stock	1,638
Verisign Inc	Common Stock	242
Verizon Communications	Common Stock	112,266
Vertex Pharmaceutcls Inc	Common Stock	39,422
Vertex Pharmaceuticals Inc	Common Stock	584,721
Via Networks Inc	Common Stock	539
Via Pharmaceuticals Inc	Common Stock	3
Viacom Inc New	Common Stock	173,446
Viral Genetics Inc Del	Common Stock	490
Viropharma Inc	Common Stock	839
Visa Inc	Common Stock	726,453

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Visa Inc Com Cl A	Common Stock	54,663
Visionchina Media Inc Sponsored Adr	Common Stock	10,920
Vivus Inc	Common Stock	4,600
Vmware Inc CL A Com	Common Stock	7,205
Vodafone Group Plc New	Common Stock	632,444
Vodafone Group Plc New Sponsored Adr New	Common Stock	23,090
Vulcan Materials Co	Common Stock	1,843
Wal-Mart Stores Inc	Common Stock	1,189,183

**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, 2009

Schedule I

Wal-Mart Stores Inc	Common Stock	70,101
Walgreen Company	Common Stock	127,589
Warner Chilcott Plc Com Class A Usd0.01	Common Stock	4,470
Washington Mutual Inc	Common Stock	17,659
Washington Post Co	Common Stock	1,062,809
Washington Real Estate Invt Tr Maryland	Common Stock	9,938
Waste Management Inc of Delaware	Common Stock	29,700
Waytronx Inc Com	Common Stock	43
Weingarten Rlty Invs Sh Ben Int	Common Stock	9,921
Wellcare Health Plans Inc	Common Stock	1,838
Wells Fargo & Co New	Common Stock	29,924
Wells Fargo & Co	Common Stock	80,065
Wells Fargo & Co	Common Stock	1,513,228
Wendys Arbys Group Inc Com	Common Stock	4,104
Wesco International Inc	Common Stock	810
Westell Technologies Inc Cl A	Common Stock	1,200
Western Cap Res Inc Com	Common Stock	1
Western Digital Corp	Common Stock	777,085
Western Digital Corp	Common Stock	33,111
Western Union Co Com	Common Stock	1,884
Westfield Finl Inc New Com	Common Stock	1,650
Whole Foods Mkt Inc	Common Stock	138,222
Willbros Group Inc Del Com	Common Stock	2,698
Williams Cos Inc	Common Stock	4,295
Wimm Bill Dann Foods Ojse Spons Adr	Common Stock	2,382
Windstream Corp Com	Common Stock	32,969
Wintrust Financial Corp	Common Stock	30,789
Wms Inds Inc	Common Stock	3,998
Women First Healthcare Inc	Common Stock	1
Wuxi Pharmatech Cayman Inc Sponsored	Common Stock	6,382
Wyndham Worldwide Corp Com	Common Stock	2,109
Wynn Resorts Ltd	Common Stock	8,735
Xenacare Hldgs Inc Com	Common Stock	450
Xilinx Inc	Common Stock	10,651
Xinyuan Real Estate Co Ltd Sponsored Adr	Common Stock	671
XL Capital Ltd	Common Stock	732,255
Xoma Ltd	Common Stock	14,817
XTO Energy Inc	Common Stock	40,312
Yahoo Inc	Common Stock	44,920
Yamana Gold Inc	Common Stock	20,635
Yingli Green Energy Hldg Co Ltd Adr	Common Stock	290,904

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YTB Intl Inc Cl A	Common Stock	120
Yum! Brands Inc	Common Stock	60,688
Zagg Inc	Common Stock	1,686
Zale Corp New	Common Stock	2,720
Zap Com New	Common Stock	1,662
Zimmer Holdings Inc	Common Stock	59
Zion Oil & Gas Inc Com Issue	Common Stock	4,404

**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, 2009

Schedule I

Zoltek Cos Inc	Common Stock	17,100
Common Stock		\$ 437,851,778

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

Fed Hm Ln Pc Pool A37176	5.0% 01 SEP 2035	769,923
Fed Hm Ln Pc Pool A46049	5.0% 01 JUL 2035	682,026
Fed Hm Ln Pc Pool C48827	6.0% 01 MAR 2031	21,764
Fed Hm Ln Pc Pool G12334	5.0% 01 SEP 2021	433,381
Federal Home Ln Mtg corp	5.0% 15 JAN 2030	210,887
Federal Home Ln Mtg Corp	5.0% 15 DEC 2023	32,964
Federal Home Ln Mtg Corp	5.0% 15 MAR 2019	155,891
Federal Home Ln Mtg Corp	5.0% 15 SEP 2018	62,504
FNMA Pool 256398	6.0% 01 SEP 2021	89,476
FNMA Pool 323887	6.0% 01 DEC 2013	60,693
FNMA Pool 581043	6.0% 01 MAY 2016	27,884
FNMA Pool 615005	6.0% 01 DEC 2016	52,545
FNMA Pool 694448	5.5% 01 APR 2033	558,434
FNMA Pool 725690	6.0% 01 AUG 2034	402,544
FNMA Pool 745418	5.5% 01 APR 2036	261,687
FNMA Pool 748115	6.0% 01 OCT 2033	122,814
FNMA Pool 815316	5.5% 01 MAY 2035	657,021
FNMA Pool 822979	5.5% 01 APR 2035	664,247
FNMA Pool 885504	6.0% 01 JUN 2021	227,494
FNMA Pool 888102	5.5% 01 MAY 2036	40,081
FNMA Pool 902793	6.5% 01 NOV 2036	524,093
Mexico Utd Mex St	8.0% 17 DEC 2015	107,848
United States Treas Notes	2.125% 30 APR 2010	1,223,465
United States Treas Notes	1.125% 15 DEC 2011	4,206,771
United States Treas Notes	0.875% 28 FEB 2011	2,219,193
US Treasury	1.375% 15 SEP 2012	890,235

U.S. Government and Government Agency Issues \$ 14,705,865

**** Corporate and Other Obligations:**

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Abu Dhabi Natl Energy	7.25% 01 AUG 2018	322,431
Aes Corp	8.0% 15 OCT 2017	172,424
Aes Corp	7.75% 15 OCT 2015	150,471
Agilent Technologies	6.5% 01 NOV 2017	486,336
Albertsons Inc	6.625% 01 JUN 2028	18,809
Albertsons Inc	7.5% 15 FEB 2011	262,744
Altria Group Inc	9.95% 10 NOV 2038	450,899
Altria Group Inc	9.25% 06 AUG 2019	66,242
American Tower Corp	4.625% 01 APR 2015	143,948
Anheuser Busch Cos Inc	6.5% 01 MAY 2042	131,996
Anheuser Busch Cos Inc	4.95% 15 JAN 2014	20,391
Anheuser Busch Inbev	4.125% 15 JAN 2015	546,902
Apache Corp	6.0% 15 JAN 2037	21,032

**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, 2009

Schedule I

AT&T Corp	6.5% 15 MAR 2029	19,676
AT&T Inc Sr Nt	6.3750% 15 FEB 2056	2,669
BA Cr Card Tr	1.0% 15 JAN 2016	68,147
BA Cr Card Tr	1.0% 15 JUN 2014	86,893
* Banc Amer Coml Mtg Tr	1.0% 10 APR 2049	127,758
* Bank Corp Amer	4.75% 15 AUG 2013	215,955
Bank One Issuance	4.77% 16 FEB 2016	103,938
Barclays Bank Plc	5.2% 10 JUL 2014	209,525
Barclays Bank Plc	5.0% 22 SEP 2016	201,975
Bear Stearns Coml Mtg Secs Tr	1.0% 11 JUN 2040	157,211
Bell Canada	6.1% 16 MAR 2035	152,242
Bell CDA	6.55% 01 MAY 2029	72,959
Bell CDA	7.3% 23 FEB 2032	99,304
Bemis Company	5.56% 01 AUG 2019	56,805
Boston Scientific Corp	4.5% 15 JAN 2015	153,502
Bottling Group LLC	5.125% 15 JAN 0219	154,053
Cameron Intl Corp	6.375% 15 JUL 2018	11,596
Cameron Intl Corp	7.0% 15 JUL 2038	40,822
Canadian Pacific RR Co	7.25% 15 MAY 2019	95,478
Capital One Multi Asset Exe	1.0% 15 JUL 2020	99,418
Caterpillar Financial	5.45% 15 APR 2018	15,441
CD	5.322% 11 DEC 2049	471,704
CD Mtg Tr	5.617% 15 OCT 2048	362,477
Cellco Part/Veri Wireless	8.5% 15 NOV 2018	42,906
Cellco Part/Veri Wireless	5.55% 01 FEB 2014	300,328
Chesapeake Energy Corp	6.5% 15 AUG 2017	14,528
Chesapeake Energy Corp	7.625% 15 JUL 2013	289,874
Chevron Phillips Chemical	7.0% 15 JUN 2014	182,645
Cigna Corp	8.5% 01 MAY 2019	5,615
Cit Equip Coll	6.59% 22 DEC 2014	339,802
Citibank Cr Card	6.3% 20 JUN 2014	653,027
Citigroup Coml Mtg Tr	5.431% 15 OCT 2049	45,889
Citigroup Inc	5.0% 15 SEP 2014	404,924
Citizens Communications	7.875% 15 JAN 2027	263,683
Colorado Intst Gas Co	5.95% 15 MAR 2015	21,797
Colorado Intst Gas Co	6.8% 15 NOV 2015	16,368
Columbia/HCA Healthcare	7.58% 15 SEP025	8,796
Columbia/HCA Healthcare	7.69% 15 JN 2025	40,725
Columbia/HCA Healthcare	7.5% 15 DEC 2023	22,577
Comcast Corp New	5.65% 15 JUN 2035	114,552

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Comcast Corp New	6.45% 15 MAR 2037	96,807
Comcast Corp New	6.95% 15 AUG 2037	471,796
Comcast Corp New	6.4% 15 MAY 2038	193,231
Comm Mtg Tr	1.0% 10 DEC 2049	44,814
Commercial Mtg Tr	5.736% 10 DEC 2049	201,778
ConocoPhillips	4.75% 01 FEB 2014	382,013
Corning Inc	6.85% 01 MAR 2029	14,807
Corning Inc	7.25% 15 AUG 2036	60,421
Covidien Intl Fin	6.0% 15 OCT 2017	247,830

**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

Schedule I

December 31, 2009

Credit Suisse	6.0% 15 FEB 2018	310,234
CSC Holdings Inc	7.875% 15 FEB 2018	158,551
CSC Holdings Inc	8.5% 15 APR 2014	131,570
Delta Airlines Inc	1.0% 10 FEB 2024	231,335
Deutsche Telekom Int	4.875% 08 JUL 2014	233,189
Discover Card	1.0% 16 OCT 2014	271,464
Duke Energy	6.25% 15 JAN 2012	32,055
Embarq Corp	7.995% 01 JUN 2036	839,874
Enel Fin Intl	6.25% 15 SEP 2017	361,848
Enron Cap Res L P Pfd Ser A	9% MIP	15
Eqst Corp	8.125% 01 JUN 0219	95,918
Equifax Inc	7.0% 01 JUL 2037	150,620
Erac Finc Co	6.375% 15 OCT 2017	603,951
Erac Finc Co	7.0% 15 OCT 2037	9,674
Eurofima	11.0% 05 FEB 2010	89,488
Express Scripts	7.25% 15 JUN 2019	33,687
Florida Gas Transmission Co	7.9% 15 MAY 2019	52,054
Ford Mtr Co	7.25% 25 OCT 2011	324,381
GCCFC 2006 GG7	1.0% 10 JUL 2038	112,636
General Electric	3.75% 14 NOV 2014	419,302
General Mtrs Accep Corp	6.875% 28 AUG 2012	178,918
Georgia Pac Corp	7.375% 01 DEC 2025	113,261
Georgia Pac Corp	7.25% 01 JUN 2028	170,040
Georgia Pac Corp	7.75% 15 NOV 2029	180,553
Georgia Pac Corp	8.875% 15 MAY 2031	5,238
Georgia Pac Corp	8.0% 15 JAN 2024	10,081
GMAC LLC	6.875% 28 AUG 2012	70,704
GMAC LLC	7.25% 02 MAR 2011	27,396
GMAC LLC	6.625% 15 MAY 2012	116,226
GMAC LLC	6.875% 15 SEP 2011	54,516
GMAC LLC	6.0% 15 DEC 2011	186,930
Goldman Sachs Group Inc	6.125% 15 FEB 2033	29,775
Goldman Sachs Group Inc	4.75% 15 JUL 2013	31,020
Goldman Sachs Group Inc	5.125% 15 JAN 2015	290,774
Goldman Sachs Group Inc	5.625% 15 JAN 2017	317,970
Goldman Sachs Group Inc	6.75% 01 OCT 2037	401,272
Goldman Sachs Group Inc	5.95% 18 JAN 2018	182,636
Goldman Sachs Group Inc	6.15% 01 APR 2018	111,089
Greenwich Capital Comm		720,409

	5.444% 10 MAR 2039	
Hasbro Inc	6.3% 15 SEP 2017	99,360
Hasbro Inc	6.125% 15 MAY 2014	64,562
HCA Inc	6.5% 15 FEB 2016	272,281
Hertz	4.26% 25 MAR 2014	295,470
Hess Corp	7.0% 15 FEB 014	83,394
Hewlett Packard	4.75% 02 JUN 2014	274,399
Home Depot	5.4% 01 MAR 2016	25,866
Home Depot	5.87% 16 DEC 2036	459,819
Hospira Inc	6.05% 30 MAR 2017	175,846
Incitec Pivot Fin LLC	6.0% 10 DEC 2019	97,787

**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, 2009

Schedule I

Ingersoll Rand Global	6.875% 15 AUG 2018	191,703
International Paper	7.975% 15 JUN 2018	256,485
JC Penny Corporation	6.375% 15 OCT 2036	140,420
JC Penny Corporation	6.875% 15 OCT 2015	104,267
JP Morgan Chase Coml Mtg Secs	1.0% 15 APR 2045	114,286
JP Morgan Chase Coml Mtg Secs	5.44% 12 JUN 2047	107,624
JP Morgan Chase Coml Mtg Secs	5.42% 15 JAN 2049	1,158,845
JP Morgan Chase Coml Mtg Secs	1.0% 12 FEB 2049	56,210
JP Morgan Chase Coml Mtg Secs	1.0% 15 JUN 2049	107,585
Kraft Foods	6.5% 01 NOV 2031	64,531
Kraft Foods	6.5 11 AUG 2017	246,647
Kreditanst Fur Wie	10.75% 01 FEB 2010	9,497
LB UBS Coml Mtg	1.0% 15 MAR 2039	352,486
Lilly Eli & Co	4.2% 06 MAR 2014	274,729
Macys Retail Holdings	5.35% 15 MAR 2012	146,351
Marathon Oil	6.5% 15 FEB 2014	185,851
MBNA Cr Card Master Nt	1.0% 16 AUG 2021	214,566
McDonalds Corp	5.0% 01 FEB 2019	61,979
McKesson Corp	6.15% 15 FEB 2018	109,324
Merril Lynch & Co	6.4% 28 AUG 2017	369,230
Merril Lynch & Co	5.45% 05 FEB 2013	20,800
Merril Lynch & Co	6.875% 25 APR 2018	69,215
Merril Lynch & Co	5.0% 15 JAN 2015	427,187
Merril Lynch & Co	6.05% 16 MAY 2016	14,958
Merril Lynch & Co	6.11% 29 JAN 2037	154,896
Merrill Lynch Mtg Invs Inc	1.0% 25 FEB 2035	212,050
ML CFC Coml Mgt	5.172% 12 DEC 2049	152,880
ML CFC Coml Mtg Tr	1.0% 12 MAR 2051	20,099
Morgan Stanley Group Inc	5.45% 09 JAN 2017	139,847
Morgan Stanley Group Inc	5.55% 27 APR 2017	248,173
Morgan Stanley Group Inc	5.375% 15 OCT 2015	168,496
Morgan Stanley Group Inc	4.75% 01 APR 2014	641,128
Morgan Stanley Cap I	5.569% 15 DEC 2044	60,609
Nabors Inds Inc	6.15% 15 FEB 2018	15,408
Nabors Inds Inc	9.25% 15 JAN 2019	557,998
Newmont Mng Corp	5.875% 01 APR 2035	107,751
News Amer Inc	6.15% 01 MAR 2037	280,231
Nextel Communications	7.375% 01 AUG 2015	52,863
Nextel Communications	6.875% 31 OCT 2013	158,180
Nextel Communications	5.95% 15 MAR 2014	198,411
Nisource Finance Corp		141,208

	6.125% 01 MAR 2022	
Norfolk Southern Corp	5.75% 15 JAN 2016	289,146
Northstar Rlty Fin Corp	Pfd Ser B 8.25%	4,785
Oneok Partners LLP	8.625% 01 MAR 2019	262,393
Oracle Corp	5.0% 08 JUL 2019	392,410
Owens Corning	7.0% 01 DEC 2036	92,175
Petrobras Intl Fin Co	5.875% 01 MAR 2018	742,489
Petroplus Fin Ltd	6.75% 01 MAY 2014	69,676
Petroplus Fin Ltd	7.0% 01 MAY 2017	66,711

**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, 2009

Schedule I

Quest Diagnostics Inc	4.75% 30 JAN 220	110,088
Qwest Corp	6.5% 01 JUN 2017	695,252
Reed Elsevier Cap Inc	7.75% 15 JAN 2014	315,063
Reynolds American Inc	7.25% 15 JUN 2037	298,594
Rio Tinto Fin	6.5% 15 JUL 2018	358,264
Royal Bk Scotland Group Plc Sponsored Adr	Preferred Stock	4,946
Rpm International	6.125% 15 OCT 2019	143,183
Simon Property Group	6.75% 15 MAY 2014	121,121
Smith Intl	8.625% 15 MAR 2014	239,984
Southern Nat Gas	7.35% 15 FEB 2031	145,670
Sprint Cap Corp	6.875% 15 NOV 2028	538,108
Standard Chartered Bank	6.4% 26 SEP 2017	122,643
Tailsman Energy Inc	5.85% 01 FEB 2037	61,378
Tailsman Energy Inc	6.25% 01 FEB 2038	148,415
Tailsman Energy Inc	7.75% 01 JUN 2019	34,821
Teck Corporation	9.75% 15 MAY 2014	232,615
Telecom Italia Cap	5.25% 15 NOV 2013	20,790
Telecom Italia Cap	6.375% 15 NOV 2033	164,674
Telecom Italia Cap	6.0% 30 SEP 2034	56,078
Telefonica	4.949% 15 JAN 2015	237,702
Telus Corp	4.95% 15 MAR 2017	281,967
Tennessee Gas Pipeline Co	7.0% 15 OCT 2028	57,940
Time Warner Inc	6.625% 15 MAY 2029	376,140
Time Warner Inc	5.85% 01 MAY 2017	93,456
Time Warner Inc	6.55% 01 MAY 2037	151,064
Tyco International	4.125% 15 OCT 2014	146,491
United Parcel Service	3.875% 01 APR 2014	231,038
United Sts Steel Corp	6.65% 01 JUN 2037	234,550
UnitedHealth Group	6.0% 15 FEB 2018	275,638
USG Corp	1.0% 15 JAN 2018	330,839
Vaelero Energy	6.625% 15 JUN 2037	565,696
Vale Overseas Ltd	6.875% 21 NOV 2036	167,873
Verizon Communications Inc	8.75% 01 NOV 2018	327,123
Vodafone Group Plc	6.15% 27 FEB 2037	339,753
WAMU 2005 AR3	1.0% 25 MAR 2035	102,032
Waster Management Inc	6.375% 11 MAR 2015	120,471
Wellpoint Inc	6.0% 15 FEB 2014	289,392
Wells Fargo Mtg Bkd Secs	1.0% 25 OCT 2035	426,042

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Western Un Co	5.93% 01 OCT 2016	266,530
Willis North America Inc	7.0% 29 SEP 2019	36,229
Xerox Corp	6.4% 15 MAR 2016	170,212
Corporate and Other Obligations		\$ 38,839,798

**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, 2009

Schedule I

**** Synthetic Guaranteed Investment Contracts:**

Cash & Cash Equivalents

Barclays Capital Repo	US Dollar Cash Collateral	9,878,816
JP Morgan Term Repo	US Dollar Cash Collateral	13,302,168
Lehman Bankruptcy State Street Bank & Trust Co	Cash Collateral Short Term	(31,420)
* State Street Bank & Trust Co.	Investment Fund Short Term	547,688
* State Street Bank & Trust Co.	Investment Fund Short Term	1,779,534
* State Street Bank & Trust Co.	Investment Fund Short Term	2,367,078
* State Street Bank & Trust Co	Investment Fund Short Term	14,743,077
* State Street Bank & Trust Co	Investment Fund Short Term	180,677
Swap Cash Collateral	US Dollar Cash Collateral	(489,050)
Swap Cash Collateral	US Dollar Cash Collateral	(449,926)
		41,828,642

U.S. Government and Government Agency Issues

California St	7.55% 01 APR 2039	620,840
Canada Govt	3.75% 01 JUN 2019	3,820,176
Erie Ctny NY	6.0% 01 JUN 2028	206,480
Fannie Mae	5.375% 12 JUN 2017	2,873,869
Fannie Mae	5.375% 12 JUN 2017	3,204,635
Fannie Mae	4.272% 16 NOV 2026	6,041,465
Fed Hm Ln Pc Pool 1N1417	1.0% 01 FEB 2037	450,216
Fed Hm Ln Pc Pool 1Q0669	1.0% 01 NOV 2037	325,377
Fed Hm Ln Pc Pool A34902	5.5% 01 MAY 2035	1,717,955
Fed Hm Ln Pc Pool A46675	4.5% 01 AUG 2035	462,462
Fed Hm Ln Pc Pool A47055	4.5% 01 SEP 2035	596,656

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Fed Hm Ln Pc Pool B16497	1.0% 15 DEC 2029	372,327
Fed Hm Ln Pc Pool E01343	5.0% 01 ARP2018	574,234
Fed Hm Ln Pc Pool E01377	4.5% 01 MAY 2018	1,112,018
Fed Hm Ln Pc Pool G01843	6.0% 01 JUN 2035	1,875,918
Fed Hm Ln Pc Pool G01953	4.5% 01 OCT 2035	669,282
Fed Hm Ln Pc Pool G03205	5.5% 01 JLU 2035	356,450
Fed Hm Ln Pc Pool G12743	5.5% 01 AUG 2022	685,052
Fed Hm Ln Pc Pool G18268	5.0% 01 AUG 2023	2,781,799
Fed Hm Ln Pc Pool M80844	3.5% 01 SEP 2010	43,997
Fed Hm Ln Pc Pool M90966	4.0% 01 JAN 2010	113,213
Fed Hm Ln Pool 1J1214	5.5% 01 SEP 2019	44,069
Fed Hm Ln Pool E96852	4.5% 01 JUN 2013	246,389
Fed Hm Ln Pool G11441	4.0% 01 AUG 2013	155,966
Fed Hm Ln Pool G12021	4.0% 01 MAY 2014	399,176
Fed Hm Ln Pool G12022	4.5% 01 NOV 2013	93,062
Fed Hm Ln Pool G12024	4.5% 01 AUG 2018	777,657
Fed Hm Ln Pool G13235	4.5% 01 AUG 2020	998,823
Fed Hm Ln Pool M80817	4.0% 01 MAY 2010	352,698

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, 2009

Schedule I

Fed Hm Ln Pool M80845	4.5% 01 SEP 2010	174,362
Fed Republic Of Brazil	8.25% 20 JAN 2034	487,314
Fed Republic Of Brazil	6.0% 17 JAN 2017	813,388
Federal Home Ln Mtg	5.0% 15 JUL 2025	234,718
Federal Home Ln Mtg	5.0% 15 SEP 2027	694,020
Federal Home Ln Mtg	5.0% 15 DEC 2027	1,305,761
Federal Home Ln Mtg	1.0% 15 FEB 2019	340,509
Federal Home Ln Mtg Corp	6.0% 15 FEB 2011	1,830
Federal Home Ln Mtg Corp	4.125% 21 DEC 2012	1,565,519
Federal Natl Mtg Assn	5.503% 25 SEP 2011	451,471
Federal Natl Mtg Assn	4.0% 01 DEC 2099	4,720,861
Federal Natl Mtg Assn	1.0% 25 MAY 2030	2,262,763
Federal Natl Mtg Assn	3.25% 09 APR 2013	1,532,818
Federal Natl Mtg Assn	5.375% 15 NOV 2011	2,056,042
Federal Natl Mtg Assn	5.703% 25 MAY 2011	253,812
Federal Natl Mtg Assn	5.139% 25 DEC 2011	248,549
Federal Natl Mtg Assn	4.768% 25 APR 2012	252,156
Federal Natl Mtg Assn	2.625% 20 NOV 2014	6,956,873
FICO Strip Cpn	0.01% 08 AUG 2015	347,511
Financing Corp	10.7% 06 OCT 2017	332,927
Financing Corp	9.8% 06 APR 2018	473,614
Financing Corp	0.01% 27 DEC 2018	212,763
Financing Corp	0.01% 07 MAR 2019	225,797
Financing Corp	0.01% 06 OCT 2015	156,307
Financing Corp	0.01% 03 FEB 2017	2,076,688
Financing Corp	0.01% 26 SEP 2014	602,411
Financing Corp	0.01% 26 SEP 2019	261,045
Financing Corp	0.1% 11 MAY 2013	714,997
Financing Corp	0.01% 27 DEC 2012	1,672,074
Financing Corp	0.01% 06 JUN 2013	809,008
Financing Corp	0.01% 30 NOV 2017	2,081,415
FNMA Pool 125420	5.5% 01 MAY 2011	4,343
FNMA Pool 254088	5.5% 01 DEC 2016	87,941
FNMA Pool 254140	5.5% 01 JAN 2017	262,004
FNMA Pool 254693	5.5% 01 APR 2033	743,105
FNMA Pool 254722	5.5% 01 MAY 2018	656,273
FNMA Pool 254763	4.0% 01 MAY 2010	140,442
FNMA Pool 254836	4.0% 01 JUL 2010	189,298
FNMA Pool 255276	4.0% 01 JUN 2011	190,039
FNMA Pool 255364	6.0% 01 SEP 2034	628,538

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FNMA Pool 255765	5.0% 01 JUL 2020	199,512
FNMA Pool 256101	5.5% 01 FEB 2036	2,262,112
FNMA Pool 256269	5.5% 01 JUN 2036	1,885,612
FNMA Pool 256270	4.5% 01 FEB 2039	164,011
FNMA Pool 323348	8.5% 01 JUN 2012	2,342
FNMA Pool 343347	5.5% 01 APR 2011	47,895
FNMA Pool 357585	4.5% 01 MAY 2011	214,039
FNMA Pool 386255	3.530% 01 JUL 2010	497,519
FNMA Pool 456654	5.5% 01 FEB 2014	52,448

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, 2009

Schedule I

FNMA Pool 545696	6.0% 01 JUN 2022	494,343
FNMA Pool 545904	5.5% 01 SEPT 2017	471,211
FNMA Pool 555541	1.0% 01 APR 2033	93,271
FNMA Pool 623505	6.0% 01 DEC 2011	125,209
FNMA Pool 722999	5.0% 01 JUL 2018	1,336,937
FNMA Pool 725027	5.0% 01 NOV 2033	380,487
FNMA Pool 725222	5.5% 01 FEB 2034	895,284
FNMA Pool 725423	5.5% 01 MAY 2034	644,429
FNMA Pool 725424	5.5% 01 APR 2034	330,049
FNMA Pool 725690	6.0% 01 AUG 2034	239,432
FNMA Pool 725946	5.5% 01 NOV 2034	862,576
FNMA Pool 735224	5.5% 01 FEB 2035	1,639,954
FNMA Pool 735654	1.0% 01 OCT 2044	136,190
FNMA Pool 743132	5.0% 01 OCT 2018	1,245,557
FNMA Pool 745275	5.0% 01 FEB 2036	2,985,356
FNMA Pool 745327	6.0% 01 MAR 2036	483,411
FNMA Pool 745569	4.0% 01 NOV 2013	275,834
FNMA Pool 745571	4.0% 01 JAN 2019	1,467,977
FNMA Pool 756363	1.0% 01 DEC 2033	293,798
FNMA Pool 759866	5.5% 01 FEB 2034	351,580
FNMA Pool 831540	6.0% 01 JUN 2036	1,472,868
FNMA Pool 837220	4.5% 01 AUG 2020	4,074,120
FNMA Pool 841068	5.5% 01 AUG 2035	561,021
FNMA Pool 844444	5.0% 01 DEC 2035	2,125,923
FNMA Pool 848647	5.5% 01 JAN 2036	1,431,292
FNMA Pool 871117	5.5% 01 DEC 2036	2,039,728
FNMA Pool 871288	6.0% 01 MAY 2036	836,457
FNMA Pool 880611	5.5% 01 MAR 2036	993,479
FNMA Pool 880611	5.5% 01 MAR 2036	2,233,104
FNMA Pool 880626	5.5% 01 APR 2036	4,066,358
FNMA Pool 881655	1.0% 01 MAR 2036	263,255
FNMA Pool 887049	6.0% 01 AUG 2036	258,534
FNMA Pool 888021	6.0% 01 DEC 2036	350,677
FNMA Pool 888521	1.0% 01 MAR 2034	511,388
FNMA Pool 888789	5.0% 01 JUL 2036	409,979
FNMA Pool 889004	5.073% 01 AUG 2037	962,553
FNMA Pool 889040	5.0% 01 JUN 2037	1,030,803
FNMA Pool 893537	5.5% 01 SEP 2021	40,545
FNMA Pool 902397	1.0% 01 NOV 2036	339,815
FNMA Pool 918353	6.0% 01 MAY 2037	2,304,997
FNMA Pool 920602	6.5% 01 NOV 2037	3,308,706

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FNMA Pool 922328	5.5% 01 FEB 2022	44,424
FNMA Pool 928373	4.5% 01 MAR 2036	743,434
FNMA Pool 931745	5.0% 01 AUG 2024	7,174,268
FNMA Pool 947052	6.0% 01 SEP 2038	5,811,715
FNMA Pool 965616	6.0% 01 DEC 2037	33,521
FNMA Pool 966476	6.0% 01 01 2038	276,208
FNMA Pool 988457	5.5% 01 OCT 2023	832,923
FNMA Pool 995051	6.0% 01 MAR 2037	3,252,700

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, 2009

Schedule I

FNMA Pool AD0245	5.0% 01 AUG 2038	5,803,609
FNMA Pool AD0248	5.5% 01 NOV 2037	975,655
FNMA TBA JAN 30	5.0% 01 DEC 2099	(14,050,724)
FNMA TBA JAN 30	5.5% 01 DEC 2099	(1,023,796)
FNMA TBA JAN 30	6.0% 01 DEC 2099	(10,328,136)
FNMA TBA JAN 30 Single Fam	6.5% 01 DEC 2099	6,101,601
Freddie Mac	6.0% 01 JUN 2036	53,199
GNMA I TBA JAN 30	6.5% 01 DEC 2099	(519,922)
GNMA I TBA JAN 30 Single Fam	5.5% 01 DEC 2099	1,178,244
GNMA I TBA JAN 30 Single Fam	6.0% 01 DEC 2099	387,534
GNMA Pool 677228	6.0% 15 AUG 2038	630,805
GNMA Pool 688098	6.0% 15 NOV 2038	55,981
GNMA Pool 782469	6.0% 15 NOV 2038	689,019
Government Natl Mtg Assn	3.022% 16 JAN 2019	645,698
Government Natl Mtg Assn	4.241% 16 JUL 2029	112,451
Government Natl Mtg Assn	4.201% 16 AUG 2026	323,602
Government Natl Mtg Assn	2.712% 16 FEB 2020	264,622
Government Natl Mtg Assn	3.206% 16 APR 2018	106,382
Government Natl Mtg Assn	3.11% 16 JAN 2019	170,444
Government Natl Mtg Assn	2.946% 16 MAR 2019	194,905
Government Natl Mtg Assn	3.084% 16 APR 2022	255,714
Italy Rep	5.375% 12 JUN 2017	511,770
Michigan Tob Settlement	7.309% 01 JUN 2034	758,076
Ontario Prov CDA	4.15% 16 JUN 2014	1,240,224
Ontario Prov CDA	4.5% 03 FEB 2015	1,239,408
Peru Rep	9.875% 06 FEB 2015	544,411
Peru Rep	8.375% 03 MAY 2016	236,211
Quebec Prov CDA	4.60% 26 MAY 2016	1,231,972
Republic Of Croatia	6.75% 05 NOV 2019	416,128
Republic Of Lithuania	6.75% 15 JAN 2015	393,348
Republic Of Poland	6.375% 15 JUL 2019	329,798
Resolution FDG PBE CPN Strips	0.01% 15 APR 2015	716,423
Resolution FDG PBE CPN Strips	0.01% 15 JAN 2014	332,358
Resolution FDG PBE CPN Strips	0.01% 15 JAN 2017	1,451,057
Resolution FDG PBE CPN Strips	0.01% 15 JUL 2017	518,700
Russian Fedn	1.0% 31 MAR 2030	506,726
Small Business Admin	7.19% 01 DEC 2019	292,770
Small Business Admin	5.68% 01 JUN 2028	1,100,167
Small Business Admin	7.06% 01 NOV 2019	162,452

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Tobacco Settlement Fin Auth	7.467% 01 JUN 2047	429,697
Tobacco Settlement Fin Iowa	6.5% 01 JUN 2023	78,368
United Mexican Sts	5.625% 15 JAN 2017	489,442
United States N/B	1.125% 30 JUN 2011	11,028,687
United States Treas Bds	8.875% 15 AUG 2017	1,019,954
United States Treas Bds	8.875% 15 AUG 2017	5,733,075
United States Treas Bds	9.125% 15 MAY 2018	686,504
United States Treas Bds	8.5% 15 FEB 2020	271,087
United States Treas Bds	7.875% 15 FEB 2021	2,234,867
United States Treas Bds	8.125% 15 MAY 2021	669,006

**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, 2009

Schedule I

United States Treas Bds	8.0% 15 NOV 2021	399,569
United States Treas Bds	7.625% 15 NOV 2022	1,565,633
United States Treas Nts	1.125% 15 JAN 2012	1,499,976
United States Treas Nts	2.375% 31 AUG 2014	5,718,704
United States Treas Nts	4.0% 15 AUG 2018	3,895,950
United States Treas Nts	1.125% 15 JAN 2012	4,788,197
United States Treas Nts	3.0% 31 AUG 2016	1,250,571
United States Treas Nts	4.875% 31 JUL 2011	1,350,355
United States Treas Nts	2.75% 15 FEB 2019	2,958,024
United States Treas Nts	3.0% 15 JUL 2012	1,593,056
United States Treas Nts	3.625% 31 DEC 2012	2,632,205
United States Treas Nts	3.75% 15 NOV 2018	5,822,374
United States Treas Nts	1.75% 15 NOV 2011	3,001,037
United States Treas Nts	1.75% 31 JAN 2014	8,894,865
United States Treas Nts	2.375% 31 AUG 2014	8,359,599
United States Treas Nts	4.875% 31 MAY 2011	8,995,623
United States Treas Nts	3.5% 15 FEB 2018	10,792,109
US Treasury	4.25% 15 MAY 2039	660,658
US Treasury	2.5% 31 MAR 2013	4,359,467
US Treasury	0.875% 30 APR 2011	14,250,263
US Treasury	1.0% 31 AUG 2011	10,294,845
US Treasury N/B	2.375% 30 SEP 2014	96,986
US Treasury N/B	3.25% 31 DEC 2016	2,036,680
WI Treasury N/B	1.125% 15 DEC 2012	4,191,390
WI Treasury N/B	2.75% 30 NOV 2016	2,165,798
WI Treasury Sec	0.875% 31 MAY 2011	10,512,625
		285,792,869

Corporate and Other Obligations

317U175B7 IRO USD Swaption	JUN10 5Y 5.0 PUT	(1,790)
317U186B4 IRO USD Swaption	AUG10 5Y 5.5 PUT	(5,055)
317U219B5 IRO USD Swaption	AUG10 10Y 6.0 PUT	(12,606)

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317U299B8 IRO USD Swaption	APR10 4.25 PUT	(39,386)
317U324B7 Swaption BOA 10Y	APR10 3.25 CALL	(3,685)
317U326B5 Swaption DUB 10Y	APR10 3.25 CALL	(8,950)
317U366B6 IRO USD Swaption	APR10 5.0 PUT	(23,885)
317U374B6 IRO USD Swaption	JUL12 10.0 PUT	(9,393)
317U392B4 IRO USD 10Y	FEB10 4 PUT	(19,659)
317U393B3 IRO USD 10Y	FEB10 3.25 CALL	(367)
317U395B1 IRO USD 7Y	FEB10 3.5 PUT	(64,431)
317U428B2 IRO USD 10Y	JUL12 10.0 PUT	(447)
Ace Ina Hldg Inc	5.7% 15 FEB 2017	316,604
Ace Ina Hldg Inc	5.6% 15 MAY 2015	194,178
Aep Tex Cent Transition	4.98% 01 JUL 2015	310,916
American Gen Fin Corp	4.875% 15 JUL 2012	152,327
Aetna Inc	6.0% 15 JUN 2016	128,361
Agilent Technologies Inc	6.5% 01 NOV 2017	522,711

**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, 2009

Schedule I

Alcoa Inc	6.75% 15 JUL 2018	124,716
Allied Waste	7.25% 15 MAR 2015	214,644
Allied Waste	7.125% 15 MAT 2016	145,835
Allied World Assurn	7.5% 01 AUG 2016	172,336
Allstate Corp	6.125% 15 MAY 2067	306,341
Allstate Life Gbl Fdg	6.375% 30 APR 2013	558,592
Altria Group Inc	9.7% 10 NOV 2018	755,685
Altria Group Inc	9.7% 10 NOV 2018	1,154,686
Amer Express Credit	5.125% 25 AUG 2014	401,956
Ameren Corporation	8.875% 15 MAY 2014	230,711
American Express Bk	5.55% 17 OCT 2012	418,404
American Express Bk	1.0% 12 JUN 2012	664,245
American Express Centurion	5.55% 17 OCT 2012	862,958
American Express Co	5.5% 12 SEP 2016	354,749
American Express Co	6.15% 28 AUG 2017	557,108
American Express Co	7.25% 20 MAY 2014	270,397
American Express Co	8.125% 20 MAY 2019	417,279
American Express Corp	1.0% 04 OCT 2010	292,665
American Express Cr Corp	1.0% 02 DEC 2010	292,342
American Express Cr Corp	7.3% 20 AUG 2013	500,167
American Gen Fin Corp	4.875% 15 MAY 2010	868,114
American Honda Fin Corp	4.625% 02 APR 2013	552,722
American Honda Fin Corp	7.625% 01 OCT 2018	229,243
American Transmission	5.25% 15 JAN 2022	173,849
Americredit Automobile	3.43% 06 JUL 2011	76,149
Americredit Automobile Receiv	4.47% 12 JAN 2012	52,934
Americredit Prime Automobile	5.35% 09 SEP 2013	105,316
Ameriprise Finl Inc	5.65% 15 NOV 2015	92,819
Amgen Inc	4.85% 18 NOV 2014	642,333
Amgen Inc	6.4% 01 FEB 2039	134,155
Amvescap Plc	5.375% 15 DEC 2014	148,655
Anadarko Pete Corp	5.95% 15 SEP 2016	81,467
Anadrako Pete Corp	8.7% 15 MAR 2019	358,919
Anheuser Busch Cos	6.45% 01 SEP 2037	832,624
Anheuser Busch Inbev	5.375% 15 NOV 2014	1,190,905
Apache Corp	5.25% 15 APR 2013	209,642

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Arcelor Mittal USA Inc	6.5% 15 APR 2014	208,784
Arcelormittal	6.125% 01 JUN 2018	373,419
Assurant Inc	5.625% 15 FEB 2014	205,587
AT&T Corp	7.3% 15 NOV 2011	484,631
AT&T Inc	4.85% 15 FEB 2014	1,419,613
AT&T Wireless	7.875% 01 MAR 2011	189,156
Autozone Inc	5.75% 15 JAN 2015	540,982
Avalonbay Cmnty Inc	5.5% 15 JAN 2012	169,626
BA Cr Card Tr	1.0% 16 DEC 2013	997,345
BA Cr Card Tr	1.0% 15 SEP 2012	550,282
Baker Hughes Inc	6.5% 15 NOV 2013	193,210
* Banc Amer Coml Mtg	5.334% 10 SEP 2045	667,573
* Banc Amer Coml Mtg	5.492% 10 FEB 2051	528,099

**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, 2009

Schedule I

* Bank Amer Corp	5.42% 15 MAR 2017	289,646
* Bank Amer Corp	5.49% 15 MAR 2019	831,707
Bank Amer Corp	7.375% 15 MAY	
*	2014	338,509
* Bank Amer Corp	5.75% 01 DEC 2017	1,101,752
* Bank Amer Corp	4.5% 01 AUG 2010	654,057
Bank Amer Fdg Corp	1.000% 25 MAY	
*	2035	278,241
* Bank Amer Fdg Corp	5.65% 01 MAY 2018	928,802
Bank New York Inc	4.95% 01 NOV 2012	379,222
Bank New York Inc	4.5% 01 APR 2013	573,257
Bank of America Corp	7.375% 15 MAY	
*	2014	144,282
Barclays Bank	5.2% 10 JUL 2014	679,100
Barclays Bank Plc	6.75% 22 MAY 2019	169,106
Barclays Bank Plc	5.0% 22 SEP 2016	319,819
Bayview Finl Secs	1.0% 28 DEC 2035	145,586
Bayview Finl Secs	5.208% 28 APR 2039	317,784
Bear Stearns Alt A	1.0% 25 FEB 2036	234,871
Bear Stearns Alt A	1.0% 25 MAY 2036	86,783
Bear Stearns Alt A	1.0% 25 JAN 2047	138,611
Bear Stearns Arm Tr	1.000% 25 AUG 2033	188,279
Bear Stearns Coml Mtg	1.0% 11 JUN 2040	902,400
Bear Stearns Coml Mtg	4.24% 13 AUG 2039	364,456
Bear Stearns Coml Mtg	4.484% 11 JUN 2041	244,822
Bear Stearns Coml Mtg	1.0% 11 SEP 2038	225,583
Bear Stearns Coml Mtg	5.5 18% 11 SEP 2041	126,884
Bear Stearns Coml Mtg	5.533% 12 OCT 2041	200,787
Bear Stearns Coml Mtg Secs	1.0% 11 SEP 2038	253,266
Bear Stearns Cos Inc	5.3% 30 OCT 2015	827,598
Bear Stearns Cos Inc	5.35% 01 FEB 2012	540,438
Bear Stearns Cos Inc	5.55% 22 JAN 2017	327,760
Bear Stearns Tr	5.54% 11 SEP 2041	652,539
Berkshire Hathaway	5.4% 15 MAY 2018	592,708
Berkshire Hathaway Fin Corp	4.2% 15 DEC 2010	278,467
BHP Fin USA Ltd	7.25% 01 MAR 2016	266,421
BK Cap Mkts Plc	3.875% 10 MAR	
	2015	1,014,963
Boeing Co	5.125% 15 FEB 2013	475,679
Boeing Co	6.0% 15 MAR 2019	366,183
Boston Pptys Ltd Partnership	6.25% 15 JAN 2013	312,721

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Boston Pptys Ltd Partnership	5.0% 01 JUN 2015	166,039
Boston Pptys Ltd Partnership	5.625% 15 APR 2015	130,887
Boston Scientific	4.5% 15 JAN 2015	416,541
Bottling Group LLC	6.95% 15 MAR 2014	517,689
Bottling Group LLC	6.95% 15 MAR 2014	343,250
British Telecommunications	1.0% 15 DEC 2010	654,912
British Telecommunications	1.0% 15 DEC 2010	151,940
Bunge Ltd Fin Corp	5.875% 15 MAY 2013	117,085
Bunge Ltd Fin Corp	8.5% 15 JUN 2019	279,851
Burlington Northern	7.0% 01 FEB 2014	327,462
Burlington Rs Fin	6.5% 01 DEC 2011	224,802
California St	5.0% 01 NOV 2037	440,889

**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, 2009

Schedule I

Campbell Soup Co	6.75% 15 FEB 2011	307,002
Canadian Nat Res Ltd	5.15% 01 FEB 2013	98,894
Canadian Pac Ry Co	6.5% 15 MAY 2018	64,473
Capital Auto Receivables	5.42% 15 DEC 2014	601,137
Capital One Auto Fin Tr	5.13% 16 APR 2012	287,409
Capital One Bank	8.8% 15 JUL 2019	589,452
Capital One Multi Asset	5.05% 15 FEB 2016	761,032
Capital One Multi Asset	1.0% 15 MAR 2017	543,044
Carolina Power & Lt Co	6.5% 15 JUL 2012	686,316
Carolina Pwr & Lt Co	6.5% 15 JUL 2012	144,770
Caterpillar Financial	7.05% 01 OCT 2018	319,097
Caterpillar Financial	6.125% 17 FEB 2014	316,989
Caterpillar Financial	6.125% 17 FEB 2014	765,147
Caterpillar Financial	7.15% 15 FEB 2019	486,356
CCCIT 2009	2.25% 23 DEC 2014	475,286
CCCIT 2009 A5	2.25% 23 DEC 2014	484,985
CDP Financial	3.0% 25 NOV 2014	691,969
Cellco Part/Veri Wireless	5.55% 01 FEB 2014	647,522
Centerpoint Energy	5.09% 01 AUG 2014	1,419,334
Centerpoint Energy	5.17% 01 AUG 2019	376,900
CHAIT 2009 A8	1.0% 17 SEP 2012	1,272,046
Chase Issuance	1.0% 16 JUN 2014	1,252,564
Chesapeake Energy	7.5% 15 JUN 2014	59,860
Chesapeake Energy	9.5% 15 FEB 2015	348,876
Cincinnati Finl Corp	6.125% 01 NOV 2034	41,447
Cisco Sys Inc	5.25% 22 FEB 2011	338,695
Cisco Systems Inc	2.9% 17 NOV 2014	1,493,767
Citibank Cr Card Issuance	5.35% 07 FEB 2020	492,286
Citibank Cr Card Issuance	6.3% 20 JUN 2014	1,014,855
Citibank Cr Card Issuance	1.0% 09 JAN 2012	293,357
Citifinancial Mtg Secs	3.36% 25 JAN 2033	81,314
Citigroup Coml Mtg	5.431% 15 OCT 2049	208,908
Citigroup Inc	6.625% 15 JUN 2032	88,944
Citigroup Inc	6.0% 31 OCT 2033	424,998
Citigroup Inc	5.85% 11 DEC 2034	241,625
Citigroup Inc	6.125% 25 AUG 2036	289,391
Citigroup Inc	5.5% 15 FEB 2017	509,084
Citigroup Inc	8.125% 15 JUL 2039	275,983
Citigroup Inc	6.125% 21 NOV 2017	2,563,342
Citigroup Inc	5.5% 11 APR 2013	202,812
Citigroup Inc	5.3% 17 OCT 2012	1,054,592

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Citigroup Inc	6.5% 18 JAN 2011	639,259
Citigroup Inc	4.625% 03 AUG 2010	124,749
Citigroup Inc	6.5% 19 AUG 2013	291,722
Citigroup Inc	1.0% 05 MAY 2011	2,404,648
Citigroup Inc	5.85% 02 JUL 2013	1,077,350
Citigroup Inc	5.5% 11 APR 2013	517,171
Citigroup Mtg	1.0% 25 MAY 2035	316,814
Citigroup Mtg	1.0% 25 MAR 2036	347,189

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, 2009

Schedule I

Citigroup Mtg Ln Tr	1.0% 25 MAY 2037	32,573
Citigroup Mtg Ln Tr	1.0% 25 AUG 2035	356,845
Citigroup Residential Mtg Tr	1.0% 25 JUN 2037	47,427
City Natl Corp	5.125% 15 FEB 2013	240,213
Cleveland Elec	5.7% 01 APR 2017	398,321
Clorox Co	5.95% 15 OCT 2017	499,533
CNH Equip Tr	5.4% 17 OCT 2011	109,412
CNH Equip Tr	5.42% 17 MAR 2014	361,139
Coca Cola Co	5.35% 15 NOV 2017	347,699
Comcast Corp	4.95% 15 JUN 2016	356,593
Comcast Corp	4.95% 15 JUN 2016	647,894
Comcast Corp	5.85% 15 NOV 2015	1,010,282
Comcast Corp	6.3% 15NOV 2017	503,020
Comm 2001 J2	5.447% 16 JUL 2034	352,707
Comm Mtg Tr	1.0% 10 DEC 2049	651,954
Comm Mtg Tr	1.0% 10 DEC 2049	660,824
Commercial Mtg Asset Tr	1.0% 17 NOV 2032	263,232
Commercial Mtg Asset Tr	1.0% 17 NOV 2032	35,460
Commercial Mtg Tr	5.736% 10 DEC 2049	173,645
Commercial Net Lease	6.15% 15 DEC 2015	172,674
Conagra Inc	7.875% 15 SEP 2010	11,263
Conoco Fdg Co	6.35% 15 OCT 2011	276,675
ConocoPhillips	5.75% 01 FEB 2019	727,992
ConocoPhillips Australia Fdg	5.5% 15 APR 2013	504,530
Consolidated Edison Co NY	5.3% 01 DEC 2016	814,854
Consumers Energy	5.375% 15 APR 2013	325,569
Corning Inc	6.2% 15 MAR 2016	176,470
Countrywide Alternative Ln Tr	1.000% 25 JUN 2037	1,334
Countrywide Finl Corp	6.25% 15 MAY 2016	72,627
Countrywide Finl Corp	5.8% 07 JUN 2012	140,166
Countrywide Home Loans Inc	4.0% 22 MAR 2011	263,716
Coventry Health Care Inc	6.125% 15 JAN 2015	28,029
Coventry Health Care Inc	5.95% 15 MAR 2017	75,388
Coventry Health Care Inc	6.3% 15 AUG 2014	248,737
Cox Communications	5.45% 15 DEC 2014	1,021,693
CPL Transition	5.96% 15 JUL 2015	344,725
Credit Suisse USA	5.5% 16 AUG 2011	722,208
Credit Suisse NY	6.0% 15 FEB 2018	445,189
Credit Suisse Coml Mtg	5.3 11% 15 DEC 2039	277,422
Credit Suisse Coml Mtg	5.467% 15 SEP 2039	636,702

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Credit Suisse First Boston	5.5% 15 AUG 2013	148,759
Credit Suisse First Boston	1.0% 15 JAN 2037	309,052
Credit Suisse First Boston	1.0% 15 FEB 2038	287,977
Credit Suisse First Boston	1.0% 15 FEB 2039	619,045
Credit Suisse First Boston Mtg	6.38% 18 DEC 2035	690,748
Credit Suisse First Boston Mtg	1.0% 25 JAN 2036	4,298
CSMC 2006 C3 A3	1.0% 15 JUN 2038	487,515
CSX Corp	6.15% 01 MAY 2037	133,784
CWABS Inc	4.615% 25 FEB 2035	316,780

**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, 2009

Schedule I

Cwalt Alternative Ln Tr	1.0% 25 JUL 2021	397,792
Cwalt Inc	1.0% 25 DEC 2035	86,974
Cweq Home Equity Ln Tr	1.0% 25 JUN 2035	37,099
DaimlerChrysler Auto	4.71% 10 SEP 2012	251,102
DB Master Fin LLC	6.75% 05 NOV 2019	94,304
Deere John Cap Corp	5.25% 01 OCT 2012	369,700
Delhaize Group	6.5% 15 JUN 2017	286,807
Dell Inc	5.625% 15 APR 2014	234,428
Delta Air Lines	7.75% 17 DEC 2019	758,224
Detroit Edison	6.19% 01 MAR 2013	438,489
Deutsche Bank	5.375% 12 OCT 2012	728,580
Deutsche Telekom	8.5% 15 JUN 2010	404,318
Devon Energy	5.625% 15 JAN 2014	707,947
Diaego Cap Plc	7.375% 15 JAN 2014	475,221
Diageo Cap	7.375% 15 JAN 2014	752,434
Diageo Cap Plc	7.375% 15 JAN 2014	350,759
Directv Holding Fing	4.75% 01 OCT 2014	144,567
Discover Card	1.0% 16 OCT 2014	570,897
Discover Financial	10.25% 15 JUL 2019	686,256
Discovery Communications	5.625% 15 AUG 2019	222,182
Disney Walt Co	5.5% 15 MAR 2019	293,428
DLJ Coml Mtg Corp	7.18% 10 NOV 2033	499,036
Dominion Re Sinc Del	5.7% 17 SEP 2012	465,056
Donnelley RR & Sons	4.95% 01 APR 2014	88,056
Donnelley RR & Sons	5.5% 15 MAY 2015	326,720
Dow Chem Co	8.55% 15 MAY 2019	857,757
Dr Pepper Snapple Group	2.35% 21 DEC 2012	279,056
Du Pont	5.875% 15 JAN 2014	220,411
Du Pont E I	5.0% 15 JAN 2013	288,057
Duke Cap Corp	8.0% 01 OCT 2019	400,642
Duke Cap LLC	5.668% 15 AUG 2014	714,644
Duke Energy	5.1% 15 APR 2018	505,925
Duke Energy Corp	5.65% 15 JUN 2013	734,453
Duke Energy Corp	5.65% 15 JUN 2013	577,070
Duke Energy Field Svcs LLC	7.875% 16 AUG 2010	81,349
Dule Weks Realty	6.95% 15 MAR 2011	16,863
Echostar Dbs Corp	7.75% 31 MAY 2015	368,842
Edison Mission Energy	7.0% 15 MAY 2017	84,997
El Paso Corp	7.75% 15 JUN 2010	395,343
El Paso Corp	8.25% 15 FEB 2016	344,560
Electronic Data Syst Corp	6.0% 01 AUG 2013	508,170

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Embarq Corp	7.995% 01 JUN 2036	668,109
Embarq Corp	7.082% 01 JUN 2016	405,146
Encana Corp	6.5% 15 MAY 2019	465,009
Enel Finance Intl	3.875% 07 OCT 2014	509,856
Energy Transfer Partners	6.0% 01 JUL 2013	705,894
Energy Transfer Partners LP	6.7% 01 JUL 2018	248,199
Energy Transfer Partners LP	7.5% 01 JUL 2038	248,631
Entergy Gulf	5.51% 01 OCT 2013	173,186

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, 2009

Schedule I

Enterprise Prods	5.6% 15 OCT 2014	135,396
Enterprise Prods	5.6% 15 OCT 2014	499,925
EQT Corp	8.125% 01 JUN 2019	237,315
EQT Corp	8.125% 01 JUN 2019	152,560
Equifax Inc	7.0% 01 JUL 2037	235,616
ERP Oper Ltd Partnership	5.25% 15 SEP 2014	412,832
European Investment Bank	5.125% 30 MAY 2017	337,341
Express Scripts Inc	6.25% 15 JUN 2014	101,387
Federal Rlty Invt	5.65% 01 JUN 2016	263,979
Federal Rlty Invt	6.0% 15 JUL 2012	127,574
Federal Rlty Invt Tr	5.4% 01 DEC 2013	639,565
First Energy Corp	6.45% 15 NOV 2011	10,488
First Nationwide Trust	1.0% 25 AUG 2032	36,776
First Un Natl Bk	6.663% 12 JAN 2043	262,527
Ford Cr Auto	5.4% 15 AUG 2011	386,763
Ford Cr Auto Tr	5.8% 15 FEB 2013	103,025
Fortune Brands Inc	4.875% 01 DEC 2013	171,839
Fortune Brands Inc	5.375% 15 JAN 2016	170,372
Four Times Square Tr	7.795% 15 APR 2015	324,143
FPL Group Cap Inc	5.625% 01 SEP 2011	624,260
FPL Group Inc	1.0% 09 NOV 2012	751,856
France Telecom Sa	8.5% 01 MAR 2031	494,635
Freeport McMoran	8.375% 01 APR 2017	406,988
Gaz Capital Sa	6.212% 22 NOV 2016	605,640
GCCFC 2006 GG7	1.0% 10 JUL 2038	780,303
GE Coml Mtg Corp	3.915% 10 NOV 2038	242,099
General Mills Inc	5.65% 10 SEP 2012	351,138
General Dynamics Corp	5.25% 01 FEB 2014	877,917
General Elec Cap	5.875% 14 JAN 2038	2,232,321
General Elec Cap Corp	6.15% 07 AUG 2037	1,108,373
General Elec Cap Corp	5.875% 14 JAN 2038	543,364
General Elec Cap Corp	4.875% 04 MAR 2015	1,839,054
General Elec Cap Corp	5.875% 14 JAN 2038	67,921
General Elec Cap Corp	4.8% 01 MAY 2013	1,262,638
General Elec Cap Corp	5.875% 14 JAN 2038	1,326,714
General Mills	5.65% 10 SEP 2012	973,609
Genworth Finl Inc	6.5 15% 22 MAY 2018	308,793
Georgia Pwr Co	6.0% 01 NOV 2013	320,723

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Glaxosmithkline Cap	6.375% 15 MAY 2038	270,904
Goldman Sachs Group	5.7% 01 SEP 2012	762,777
Goldman Sachs Group	6.75% 01 OCT 2037	527,823
Goldman Sachs Group	6.15% 01 APR 2018	1,444,937
Goldman Sachs Group	5.625% 15 JAN 2017	189,809
Goldman Sachs Group	6.75% 01 OCT 2037	261,398
Goldman Sachs Group Inc	6.75% 01 OCT 2037	603,226
Goldman Sachs Group Inc	6.25% 01 SEP 2017	944,036
Goldman Sachs Group Inc	7.5% 15 FEB 2019	456,987
Goldman Sachs Group Inc	4.75% 15 JUL 2013	649,811
Goodrich Corp	4.875% 01 MAR 2020	744,954

**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, 2009

Schedule I

Greenwich Cap Coml	4.883% 10 JUN 2036	381,250
Greenwich Cap Coml Fdg	4.022% 05 JAN 2036	95,578
Greenwich Capital Comm Fund	5.444% 10 MAR 2039	976,541
Greenwich Capital Fnd	5.444% 10 MAR 2039	401,851
GS Mtg Secs	1.0% 03 MAY 2018	755,556
GS Mtg Secs	1.0% 03 MAY 2018	489,370
GS Mtg Secs Corp	1.0% 25 DEC 2035	205,606
GS Mtg Secs Corp	1.0% 06 MAR 2020	133,448
GS Mtg Secs Corp II	4.751% 10 JUL 2039	710,223
GS Mtg Secs TR	5.479% 10 NOV 2039	1,293,933
GSMS 2004 GG2	1.0% 10 AUG 2038	350,822
Guardian Life Insurance	7.375% 30 SEP 2039	195,072
Hanover Ins Group	7.625% 15 OCT 2025	122,140
Harley Davidson Motorcycle	5.52% 15 NOV 2013	246,485
Hasbro Inc	6.125% 15 MAY 2014	287,525
Health Care Ppty Invs Inc	5.95% 15 SEP 2011	338,057
Healthcare Rlty	8.125% 01 MAY 2011	297,982
Healthcare Rlty	5.125% 01 APR 2014	226,501
Healthcare Rlty Tr Inc	5.125% 01 APR 2014	167,045
Heinz HJ Fin	6.0% 15 MAR 2012	346,234
Hess Corp	7.0% 15 FEB 2014	214,582
Home Dept Inc	5.875% 16 DEC 2036	472,059
Home Equity Asset Tr	1.0% 25 JUL 2035	135,185
Hospira Inc	5.55% 30 MAR 2012	1,016,461
Household Fin Corp	7.0% 15 MAY 2012	164,850
Hrpt Pptys Tr	1.0% 16 MAR 2011	125,358
HSBC Fin Corp	6.75% 15 MAY 2011	852,830
HSBC Hldgs Plc	6.8% 01 JUN 2038	371,526
HSI Asset Securitization Corp	1.0% 25 JAN 2036	53,818
Humana Inc	7.2% 15 JUN 2018	190,065
Huntington Natl Bk	4.375% 15 JAN 2010	244,551
Husky Energy	7.25% 15 DEC 2019	559,495
Hyundai Receivables Tr	5.25% 15 MAY 2013	318,448
Indymac Mbs Inc	1.0% 25 MAY 2036	129,842
International Paper	5.3% 01 APR 2015	302,498
International Paper	7.95% 15 JUN 2018	236,912
Intl Bk Recon & Develop	9.25% 15 JUL 2017	164,877

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Intl Lease Fin Corp	5.75% 15 JUN 2011	89,868
Intl Lease Fin Corp	5.4% 15 FEB 2012	510,306
Jefferies Group Inc	7.75% 15 MAR 2012	71,939
Jefferies Group Inc	6.25% 15 JAN 2036	272,805
Johnson & Johnson	5.55% 15 AUG 2017	339,838
JP Morgan Chase	6.75% 01 FEB 2011	252,779
JP Morgan Chase & Co	5.75% 02 JAN 2013	542,429
JP Morgan Chase & Co	6.0% 15 JAN 2018	872,706
JP Morgan Chase Bank	6.0% 01 OCT 2017	523,613
JP Morgan Chase Coml Mtg	4.184% 12 JAN 2037	502,664
JP Morgan Chase Coml Mtg	4.625% 15 MAR	
	2046	258,366
JP Morgan Chase Coml Mtg	6.26% 15 MAR 2033	668,210

**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, 2009

Schedule I

JP Morgan Chase Coml Mtg	1.0% 15 APR 2045	1,147,819
JP Morgan Chase Coml Mtg	1.0% 12 FEB 2049	363,725
JP Morgan Chase Coml Mtg	1.0% 12 DEC 2044	221,398
JP Morgan Chase Coml Mtg	1.0% 12 JUN 2043	654,180
JP Morgan Chase Coml Mtg	5.552% 12 MAY 2045	488,093
JP Morgan Chase Coml Mtg	5.429% 12 DEC 2043	586,713
JP Morgan Chase Coml Mtg	1.0% 15 JUN 2049	753,825
JP Morgan Chase Coml Mtg	4.302% 15 JAN 2038	422,752
JP Morgan Chase Coml Mtg	5.198% 15 DEC 2044	418,774
JP Morgan Chase Coml Mtg	5.437% 12 DEC 2044	547,251
JP Morgan Chase & Co	5.125% 15 SEP 2014	717,007
JP Morgan Chase & Co	4.75% 01 MAY 2013	366,504
Kellogg Co	5.125% 03 DEC 2012	705,895
Kinder Morgan Energy	6.85% 15 FEB 2020	672,690
Kinder Morgan Energy Partners	5.0% 15 DEC 2013	729,042
Kraft Foods Inc	7.0% 11 AUG 2037	406,258
Kraft Foods Inc	6.5% 11 AUG 2017	265,323
Kraft Foods Inc	6.75% 19 FEB 2014	719,275
Kraft Foods Inc	6.0% 11 FEB 2013	125,871
Kraft Foods Inc	6.125% 01 FEB 2018	879,379
Kreditanstalt Fur	4.875% 17 JAN 2017	292,594
Kreditanstalt Fur Wiederaufbau	3.5% 10 MAR 2014	1,889,708
Kroger Co	6.4% 15 AUG 2017	122,878
Kroger Co	6.75% 15 APR 2012	411,290
Kroger Co	6.2% 15 JUN 2012	282,369
Kroger Co	6.4% 15 AUG 2017	154,933
L 3 Communications	6.375% 15 OCT 2015	196,354
Lafarge Sa	6.15% 15 JUL 2011	170,217
LB UBS	5.372% 15 SEP 2039	666,650
LB UBS Coml Mtg	5.3% 15 NOV 2038	646,411
LB UBS Coml Mtg	4.647% 15 JUL 2030	835,129
LB UBS Coml Mtg	5.424% 15 FEB 2040	336,148
LB UBS Coml Mtg Mtg	6.365% 15 DEC 2028	398,346
LB UBS Coml Mtg Tr	1.0% 15 APR 2041	321,401
LB UBS Coml Mtg Tr	1.0% 15 JUN 2029	180,287
LB UBS Coml Mtg Tr	1.0% 15 JU 2038	652,765
Liberty Ppty Ltd	5.5% 15 DEC 2016	63,206
Liberty Ppty Ltd	6.625% 01 OCT 2017	37,941
Lilly Eli & Co	4.2% 06 MAR 2014	836,187
Limited Inc	5.25% 01 NOV 2014	302,037

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Limited Inc	6.9% 15 JUL 2017	42,983
Lincoln Natl Corp	8.75% 01 JUL 2019	113,993
Lincoln Natl Corp	1.0% 12 MAR 2020	263,660
Lincoln Natl Corp	6.25% 15 FEB 2020	231,336
LSI Open Position Net Asset	0.01% 31 DEC 2060	16,695
Lubrizol Corp	8.875% 01 FEB 2019	328,335
M & I Marshall & Ilsley Bk	6.375% 01 SEP 2011	300,047
M&T Bank Corp	5.375% 24 MAY 2012	224,376
Mack Cali Rlty	5.125% 15 JAN 2015	186,969

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, 2009

Schedule I

Mack Cali Rlty	5.05% 15 APR 2010	137,756
Mack Cali Rlty	5.25% 15 JAN 2012	200,224
Macys Retail Hldgs	5.35% 15 MAR 2012	799,108
Manufacturers & Traders	1.0% 28 DEC 2020	217,541
Marathon Oil Corp	6.5% 15 FEB 2014	210,978
Marathon Oil Corp	7.5% 15 FEB 2019	558,777
Masco Corp	1.0% 12 MAR 2010	150,987
Masco Corp	6.125% 03 OCT 2016	410,112
Mass Mutual Global	3.625% 16 JUL 2012	219,129
Mass Mutual Life Ins	8.875% 01 JUN 2039	389,867
Master Asset Backed Secs	1.0% 25 AUG 2036	326,381
MBNA Corp	6.125% 01 MAR 2013	103,766
MBNA Corp ST Mtn	7.5% 15 MAR 2012	379,144
MBNA Cr Card Master Nt	1.0% 16 AUG 2021	486,630
MBNA Cr Card Master Nt	4.45% 15 AUG 2016	544,839
McGraw Hill	6.55% 15 NOV 2037	177,748
McKesson Corp	6.5% 15 FEB 2014	259,666
Medco Health Solutions	6.125% 15 MAR 2013	701,093
Medco Health Solutions	7.25% 15 AUG 2013	92,363
Merril Lynch Mtg	1.0% 25 AUG 2036	200,126
Merril Lynch Mtg	1.0% 12 NOV 2037	329,195
Merril Lynch Mtg Tr	5.403% 12 JUL 2034	207,687
Merril Lynch Mtg Tr	1.0% 12 NOV 2037	197,364
Merrill Lynch & Co	6.875% 25 APR 2018	1,264,611
Merrill Lynch & Co Inc	5.45% 05 FEB 2013	1,039,519
Merrill Lynch & Co Inc	6.875% 25 APR 2018	790,382
Merrill Lynch & Co Inc	6.050% 16 MAY 2016	498,385
Met Life Global Funding	5.125% 10 JUN 2014	310,536
Metlife Inc	6.75% 01 JUN 2016	334,072
Metlife Inc	7.717% 15 FEB 2019	135,629
Metlife Inc	5.0% 15 JUN 2015	977,308
Mid St Tr IV	8.33% 01 APR 2030	444,088
MidAmerican Fdg LLV	6.75% 01 MAR 2011	459,710
MidAmerican Energy	6.5% 15 SEP 2037	410,214
ML CFC Coml Mtg	1.0% 12 FEB 2039	2,589,392
ML CFC Coml Mtg	5.7% 12 SEP 2049	614,213
ML CFC Coml Mtg	1.0% 12 JUN 2046	364,882
Mohawk Inds Inc	1.0% 15 JAN 2016	374,686

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Morgan Stanley	5.95% 28 DEC 2017	701,152
Morgan Stanley	5.25% 02 NOV 2012	322,602
Morgan Stanley	5.45% 09 JAN 2017	430,033
Morgan Stanley	5.3% 01 MAR 2013	381,438
Morgan Stanley	5.75% 18 OCT 2016	334,897
Morgan Stanley Cap I	1.0% 11 JUN 2042	500,496
Morgan Stanley Cap I	5.569% 15 DEC 2044	295,913
Morgan Stanley Cap I	4.89% 12 JUN 2047	1,187,857
Morgan Stanley Cap I	4.989% 13 AUG 2042	994,116
Morgan Stanley Cap I	1.0% 12 AUG 2041	661,087
Morgan Stanley Cap I	4.809% 14 JAN 2042	49,848

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, 2009

Schedule I

Morgan Stanley Cap I	5.090% 12 OCT 2052	325,606
Morgan Stanley Cap I	5.325% 15 DEC 2043	243,673
Morgan Stanley Cap I TR	1.0% 11 JUN 2042	396,619
Morgan Stanley Cap I TR	5.569% 15 DEC 2044	491,855
Morgan Stanley Dean Witter Cap	1.0% 03 SEP 2015	594,142
Morgan Stanley Group	6.25% 28 AUG 2017	102,073
Morgan Stanley Group	6.625% 01 APR 2018	1,374,738
Morgan Stanley Group	1.0% 15 OCT 2015	1,284,136
Morgan Stanley Group	6.75% 15 APR 2011	476,689
Morgan Stanley Group	5.75% 18 OCT 2016	309,526
Morgan Stanley Group Inc	5.3% 01 MAR 2013	685,557
Motorola Inc	7.625% 15 NOV 2010	26,347
Nabors Inds Inc	9.25% 15 JAN 2019	431,242
National Grid Plc	6.3% 01 AUG 2016	531,868
Nationwide Health Pptys Inc	6.5% 15 JUL 2011	320,350
Natl City Bank	6.25% 15 MAR 2011	285,992
Natl City Bk	1.0% 18 JUN 2010	292,984
Nevada Pwr Co	6.75% 01 JUL 2037	172,116
Nevada Pwr Co	6.5% 01 AUG 2018	262,027
New York Life Global	5.25% 16 OCT 2012	398,603
New York Life Global	4.65% 09 MAY 2013	693,472
News Amer Hldgs	7.7% 30 OCT 2025	398,414
News Amer Hldgs	6.65% 15 NOV 2037	1,415,449
News Amer Hldgs Inc	9.25% 01 FEB 2013	233,945
News Amer Inc	6.4% 15 DEC 2035	85,370
News America Inc	7.85% 01 MAR 2039	491,968
Niagara Mohawk Pwr Corp	3.553% 01 OCT 2014	365,665
Nisource Fin Corp	7.875% 15 NOV 2010	205,080
Nisource Fin Corp	6.8% 15 JAN 2019	387,030
Nisource Fin Corp	5.25% 15 SEP 2011	336,713
Nisource Finance Corp	6.125% 01 MAR 2022	364,343
Nissan Auto Receivables	5.05% 17 NOV 2014	283,637
Noble Energy Inc	8.25% 01 MAR 2019	406,053
Nomura Asset Accep Corp	1.0% 25 FEB 2035	157,789
Norfolk Southn Corp	6.75% 15 FEB 2011	149,845
Norfolk Southn Corp	5.75% 01 APR 2018	201,757
Northern Trust	4.625% 01 MAY 2014	333,531
Northrop Gruman Corp	7.125% 15 FEB 2011	160,486
Nucor Corp	5.0% 01 DEC 2012	373,641

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Oracle Corp	4.95% 15 APR 2013	225,656
Oracle Corp	4.95% 15 APR 2013	341,108
Oracle Corp	4.95% 15 APR 2013	164,781
Oracle Corp	5.0% 15 JAN 2011	172,912
Owens Brockway Glass	6.75% 01 DEC 2014	300,032
Owens Corning	6.5% 01 DEC 2016	209,344
Pacific Bell	6.625% 15 OCT 2034	363,431
Pacific Gas & Elec	4.2% 01 MAR 2011	277,565
Pacific Gas & Elec	5.625% 30 NOV 2017	574,365
Pacific Gas & Elec	8.25% 15 OCT 2018	179,146

**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, 2009

Schedule I

Packaging Corp Amer	5.75% 01 AUG 2013	36,688
Peco Energy Transitiion	6.52% 31 DEC 2010	421,055
Penny JC Inc	7.95% 01 APR 2017	251,115
Pepisco Onc	4.65% 15 FEB 2013	344,775
Petorbras Intl Fin Co	5.75% 20 JAN 2020	820,882
Petra Cre Cdo	1.0% 25 FEB 2047	2,445
Petro Cda	9.25% 15 OCT 2021	583,080
Petrobras Intl Fin Co	5.75% 20 JAN 2020	597,005
Pfizer Inc	7.2% 15 MAR 2039	304,770
Pfizer Inc	5.35% 15 MAR 2015	374,140
PG&E Receovery Fdg	4.14% 25 SEP 2012	483,402
PG&E Receovery Fdg	5.03% 25 MAR 2014	96,840
Philip Morris Intl	5.65% 16 MAY 2018	678,844
Pitney Bowes Inc	5.25% 15 JAN 2037	289,253
Plains All Amer Pipeline	5.75% 15 JAN 2020	420,897
PNC Funding Corp	5.4% 10 JUN 2014	533,486
PPG Inds Inc	5.75% 15 MAR 2013	308,071
Praxair Inc	4.625% 30 MAR 2015	551,339
Praxair Inc	6.375% 01 APR 2012	456,787
Premcor Refng Group Inc	7.5% 15 UN 2015	150,491
President & Fellows Harvard	5.0% 15 JAN 2014	914,011
Principal Financial Group	7.875% 15 MAY 2014	307,664
Proctor & Gamble	4.7% 15 FEB 2019	343,435
Progress Energy Inc	7.1% 01 MAR 2011	99,384
Prologis	5.5% 01 APR 2012	787,205
Prologis	6.625% 15 MAY 2018	454,526
Protcer & Gamble Profit	9.36% 01 JAN 2021	313,202
Prudential Finl Inc	5.15% 15 JAN 2013	205,788
Prudential Finl Inc	5.1% 14 DEC 2011	224,596
Prudential Finl Inc	6.625% 01 DEC 2037	110,287
Prudential Finl Inc	4.75% 17 SEP 2015	550,454
PSE&G Transition Fdg	6.45% 15 MAR 2013	494,699
PSE&G Transition Fdg	6.61% 15 JUN 2015	357,922
Public Svs Co	7.875% 01 OCT 2012	168,340
Quest Diagnostic Inc	4.75% 30 JAN 2020	286,710
Qwest Corp	8.875% 15 MAR 2012	136,690
Qwest Corp	7.5% 01 OCT 2014	314,961

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RAAC	1.0% 25 AUG 2036	10,812
Range Resources Corp	8.0% 15 MAY 2019	209,314
Raytheon Co	6.4% 15 DEC 2018	250,144
Reed Elsevier Cap	7.75% 15 JAN 2014	734,971
Reed Elsevier Cap Inc	8.625% 15 JAN 2019	184,469
Reed Elsevier Cap Inc	8.625% 15 JAN 2019	737,876
Regency Ctrs LP	5.25% 01 AUG 2015	57,126
Regency Ctrs LP	5.875% 15 JUN 2017	131,244
Regions Finl Corp	6.375% 15 MAY 2012	298,093
Reliant Energy	5.63% 15 SEP 2015	236,699
Renaissance Home Equity Ln	1.0% 25 NOV 2034	276,884
Republic Svcs Inc	6.75% 15 AUG 2011	350,812

**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, 2009

Schedule I

Residential Asset Sec Mtg	1.0% 25 MAY 2033	7,803
Reynolds Amern Inc	7.625% 01 JUN 2016	319,891
Reynolds Amern Inc	7.25% 01 JUN 2012	112,900
Rio Tinto Fin USA	5.875% 15 JUL 2013	343,007
Rio Tinto Fin USA Ltd	6.5% 15 JUL 2018	419,025
Roche Hldgs Inc	7.0% 01 MAR 2039	443,762
Rohm & Hass Co	5.6% 15 MAR 2013	237,432
Royal Bk of Scotland	1.0% 23 APR 2012	1,384,216
Royal Bk Scotland	2.625% 11 MAY 2012	773,841
Royal Bk Scotland	1.45% 20 OCT 2011	1,166,214
Royal Bk Scotland	5.0% 01 OCT 2014	311,188
Royal Bk Scotland Group	5.0% 01 OCT 2014	518,647
Rpm International Inc	6.125% 15 OCT 2019	373,937
RSB Bondco LLC	5.47% 01 OCT 2014	1,235,481
RSHB Cap SA	7.75% 29 MAY 2018	780,417
Salomon Brost Mtg Secs	1.0% 25 JAN 2033	212,274
Saxon Asset Secs	1.0% 25 AUG 2032	1,949
Seariver Maritime Finl	.01% 01 SEP 2012	1,012,423
Sempra Energy	6.5% 01 JUN 2016	387,177
Sempra Energy	6.5% 01 JUN 2016	312,924
Sierra Pac Power	6.75% 01 JUL 2037	88,098
Simon Pty Group	5.3% 30 MAY 2013	666,078
Simon Pty Group	5.625% 15 AUG 2014	255,877
Simon Pty Group	5.0% 01 MAR 2012	242,635
Simon Pty Group	5.75% 01 MAY 2012	282,560
Simon Pty Group	5.0% 01 MAR 2012	347,776
SLH Open Position Net Asset	0.01% 31 DEC 2060	2,980
SLM Corp	5.0% 01 OCT 2013	89,979
SLM Corp	8.45% 15 JUN 2018	386,057
SLM Corp	5.125% 27 AUG 2012	165,050
SLM Corp	5.375% 15 JAN 2013	378,295
Southern CA Edison	5.75% 15 MAR 2014	470,457
Southern CA Edison Co	5.75% 15 MAR 2014	735,428
Southern Co	1.0% 21 OCT 2011	598,248
Southern Co	5.3% 15 JAN 2014	140,426
Southwest Airlines	5.25% 01 OCT 2014	183,277
Southwest Airlines	5.75% 15 DEC 2016	145,001
Southwestern Elec Pwr	5.875% 01 MAR 2018	779,296
Sovereign Bankcorp Inc	1.0% 01 SEP 2010	474,367

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Sovereign Bk	5.125% 15 MAR 2013	345,436
Sprint Cap Corp	6.875% 15 NOV 2028	187,001
Sprint Nextel Corp	6.0% 01 DEC 2016	401,633
Staples Inc	9.75% 15 JAN 0214	327,736
Starwood Hotels & Resorts	1.0% 01 MAY 2012	268,002
Statiolhydro ASA	2.9% 15 OCT 2014	365,271
Steel Capital	9.75% 29 JUL 2013	137,961
Suncor Energy	6.1% 01 JUN 2018	781,902
SWU0067M9 IRS USD	3.45% 05 AUG 2011	2,840,017
SWU0067M9 IRS USD	1.0% 05 AUG 2011	(2,738,682)

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, 2009

Schedule I

SWU0071M3 IRS USD	3.45% 05 AUG 2011	2,130,013
SWU0071M3 IRS USD	1.0% 05 AUG 2011	(2,054,011)
SWU0540L8 IRS USD	4.0% 16 DEC 2014	102,583
SWU0540L8 IRS USD	1.0% 16 DEC 2014	(97,810)
SWU0609K8 IRS USD	3.45% 05 AUG 2011	6,390,038
SWU0609K8 IRS USD	1.0% 05 AUG 2011	(6,162,034)
SWU0715J2 IRS USD	3.0% 04 FEB 2011	4,209,301
SWU0715J2 IRS USD	1.0% 04 FEB 2011	(4,108,022)
SWU0849L5IRS USD	3.6% 07 JUL 2011	1,828,259
SWU0849L6 IRS USD	1.0% 07 JUL 2011	(1,760,581)
Talisman Energy Inc	5.85% 01 FEB 2037	46,726
Talisman Energy Inc	6.25% 01 FEB 2038	230,113
Talisman Energy Inc	7.75% 01 JUN 2019	143,586
Teachers Incur & Annuity	6.85% 16 DEC 2039	369,051
Teck Industries Ltd	10.75% 15 MAY	
	2019	134,415
Telcom Italia	4.95% 30 SEP 2014	319,340
Telecom Italia Cap	4.95% 30 SEP 2014	729,921
Telecom Italia Cap	5.25% 15 NOV 2013	308,627
Telecom Italia Cap	5.25% 01 OCT 2015	260,776
Telecom Italia Cap	7.721% 04 JUN 2038	174,548
Telecom Italia Capital	6.175% 18 JUN 2014	344,551
Telefonica Emisiones	5.984% 20 JUN 2011	724,140
Telefonica Emisiones	7.045% 20 JUN 2036	145,196
Telefonica Emisiones	5.984% 20 JUN 2011	336,208
Telefonica Sa	4.949% 15 JAN 2015	716,189
Thermo Fisher Scientific	3.25% 18 NOV 2014	210,965
Thomson Reuters Corp	5.95% 15 JUL 2013	733,455
Tiaa Global Mkts	5.125% 10 OCT 2012	310,921
Tiaa Seasoned Coml Mtg	1.0% 15 AUG 2039	212,975
Time Warner Cable	7.5% 01 APR 2014	383,162
Time Warner Cable Inc	7.3% 01 JUL 2038	650,604
Time Warner Cable Inc	6.2% 01 JUL 2013	714,476
Time Warner Cable Inc	5.85% 01 MAY 2017	184,980
Time Warner Cable Inc	6.75% 01 JUL 2018	656,523
Time Warner Inc	9.125% 15 JAN 2013	453,969
Time Warner Inc	6.625% 15 MAY	
	2029	1,330,926
Time Warner Inc	6.5% 15 NOV 2036	132,766
Time Warner Inc	5.875% 15 NOV 2016	1,372,628
Tobacco Settlement Fing Corp		269,134

	5.875% 15 MAY 2039	
Toll Bros Fin Corp	6.875% 15 NOV 2012	10,245
Transcapitalinvest Ltd	8.7% 07 AUG 2018	448,327
Transocean Inc	6.0% 15 MAR 2018	318,291
Travelers Cos	5.75% 15 DEC 2017	383,677
Travelers Cos	6.25% 15 JUN 2037	206,790
TXU Australia Hldgs Pty	6.15% 15 NOV 2013	255,195
TXU Elec Delivery	5.29% 15 MAY 2018	169,523
Tyco International	4.125% 15 OCT 2014	339,946
Tyco Intl Finance	8.5% 15 JAN 2019	189,008
Tyco Intl Group	6.0% 15 NOV 2013	192,851

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, 2009

Schedule I

UBS Ag Stamford	5.875% 20 DEC 2017	502,593
UBS Age Stamford	5.75% 25 APR 2018	497,858
UFJ Fin Aruba	6.75% 15 JUL 2013	168,791
Union Bk Calif	5.95% 11 MAY 2016	281,734
Union Elec Co	6.7% 01 FEB 2019	43,195
Union Pac Corp	5.45% 31 JAN 2013	478,894
Union Pac Corp	5.75% 15 NOV 2017	717,233
Union Pac Corp	3.625% 01 JUN 2010	133,648
Union Planters Corp	7.75% 01 MAR 2011	205,192
United Health Group	5.375% 15 MAR 2016	251,650
United Health Group Inc	6.0% 15 FEB 2018	303,098
United Health Group Inc	6.875% 15 FEB 2038	101,092
United Health Group Inc	5.25% 15 MAR 2011	380,068
United Parcel Service	3.875% 01 APR 2014	299,785
United States Cellular	6.7% 15 DEC 2033	389,574
United Sts Stl Corp	5.65% 01 JUN 2013	225,787
United Technologies Corp	5.375% 15 DEC 2017	307,482
United Technologies Corp	4.875% 01 MAY 2015	223,626
USA Waste Svcs Inc	7.0% 15 JUL 2028	63,206
Vale Overseas Ltd	6.25% 23 JAN 2017	306,082
Vale Overseas Ltd	6.25% 23 JAN 2017	627,468
Valero Energy Corp	9.375% 15 MAR 2019	779,445
Valero Energy Corp	6.875% 15 APR 2012	336,410
Valero Energy Corp	9.375% 15 MAR 2019	343,189
Veolia Environment	6.0% 01 JUN 2018	242,710
Veolia Environment	5.25% 03 JUN 2013	506,872
Verizon Communications	6.35% 01 APR 2019	809,302
Verizon Communications	6.35% 01 APR 2019	426,233
Verizon Communications Inc	5.25% 15 APR 2013	200,329
Verizon Global Fdg	6.875% 15 JUN 2012	427,737
Verizon Global Fdg Corp	4.9% 15 SEP 2015	181,677
Verizon New Jersey	5.875% 17 JAN 2012	208,422
Viacom Inc	6.875% 30 APR 2036	893,694
Virginia Elec & Pwr	5.95% 15 SEP 2017	370,972
Virginia Elec & Pwr	5.1% 30 NOV 2012	316,903
Virginia Elec & Pwr Co	5.1% 30 NOV 2012	707,750
Virginia Elec & Pwr Co	5.4% 30 APR 2018	164,031

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Vodafone Airtouch Plc	7.75% 15 FEB 2010	354,806
Vodafone Group Plc	5.5% 15 JUN 2011	288,838
Vodafone Group Plc New	5.35% 27 FEB 2012	662,662
Volkswagen Auto Ln	4.5% 20 JUL 2012	235,564
Vulcan Mats Co	5.6% 30 NOV 2012	332,885
Wachovia Bk Coml Mtg	1.0% 15 JUL 2045	642,283
Wachovia Bk Coml Mtg	5.509% 15 APR 2047	580,814
Wachovia Bk Coml Mtg	1.0% 15 JUN 2049	586,979
Wachovia Bk Natl	4.875% 01 FEB 2015	584,367
Wachovia Bk Natl Assn	4.8% 01 NOV 2014	399,956
Wachovia Bk Natl Assn	1.0% 15 MAR 2016	263,278
Wachovia Corp	5.3% 15 OCT 2011	519,137

**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, 2009

Schedule I

Wachovia Corp	5.3% 15 OCT 2011	706,026
Wachovia Corp	5.5% 01 MAY 2013	348,088
Wachovia Corp	5.5% 01 MAY 2013	613,050
Wachovia Corp	4.875% 15 FEB 2014	109,421
Wachovia Corp	5.35% 15 MAR 2011	305,964
Walt Disney Co	5.7% 15 JUL 2011	1,011,211
Wamu Mtg Pass Thru	1.0% 25 OCT 2045	18,303
Waste Management Inc	6.375% 11 MAR 2015	233,031
Waste Mgmt Inc	7.375% 15 MAY 2029	54,498
Waste Mgmt Inc	7.375% 01 AUG 2010	101,318
Waste Mgmt Inc	7.375% 11 MAR 2019	344,237
Weatherford Intl Ltd	5.15% 15 MAR 2013	133,158
Weatherford Intl Ltd	6.0% 15 MAR 2018	54,170
Wellpoint Inc	6.0% 15 FEB 2014	758,429
Wellpoint Inc	5.875% 16 JUN 2017	35,268
Wellpoint Inc	7.0% 15 FEB 2019	92,983
Wells Fargo & Co	4.95% 16 OCT 2013	307,118
Wells Fargo & Co	5.625% 11 DEC 2017	366,255
Wells Fargo Bank	6.45% 01 FEB 2011	289,217
Wells Fargo Bank	4.75% 09 FEB 2015	498,680
Williams Cos Inc	7.875% 01 SEP 2021	299,547
Willis North America Inc	6.2% 28 MAR 2017	305,428
Willis North America Inc	7.0% 29 SEP 2019	184,251
Willis North Maerica Inc	7.0% 29 SEP 2019	79,676
World Svgs Bk	1.0% 22 MAR 2011	1,170,120
Wpp Fin UK	5.875% 15 JUN 2014	176,764
Wyeth	5.5% 01 FEB 2014	240,828
Wyeth	5.5% 01 FEB 2014	245,091
Wyndham Worldwide Corp	6.0% 01 DEC 2016	373,589
Xerox Corp	6.4% 15 MAR 2016	301,553
Xerox Corp	4.25% 15 FEB 2015	752,744
Xerox Corp	7.625% 15 JUN 2013	59,857
Xerox Corp	8.25% 15 MAY 2014	347,821
Xerox Corp	5.5% 15 MAY 2012	129,209
Xerox Corp	5.65% 15 MAY 2013	183,445
Xerox Corp	8.25% 15 MAY 2014	246,839
XL Cap Ltd	5.25% 15 SEP 2014	320,887

XTO Energy Inc	4.9% 01 FEB 2014	730,516
Yum! Brands Inc	6.875% 15 NOV 2037	100,399
Zions Bancorp	5.5% 16 NOV 2015	89,894
		300,626,613

Registered Investment Companies

*	Pimco Fds Invt Mgmt	Short Term Portfolio Instl CL	13,913,192
*	Pimco Fds Invt Mgmt	US Govt Sector Port Instl	3,654,880
*	Pimco Fds Invt Mgmt	Private Acct Portfolio	6,713,529
*	Pimco Fds Invt Mgmt	Emerging Mkts Portfolio	557,342

**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, 2009

Schedule I

*	Pimco Fds Invt Mgmt	Intl Portfolio Instl CL	5,644,643
			30,483,586

Benefit Responsive Interest Rate Wrapper Contracts

*	Aegon Institutional Markets	Open Ended Maturity	830,506
*	Bank of America NT & SA	Open Ended Maturity	837,512
			1,668,018

Synthetic Guaranteed Investment Contracts (contract value equals \$655,200,609)	\$ 660,399,728
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Commingled Investments:

*	SSgA Daily EAFE Fund	Commingled Investments	93,424,087
*	SSgA S&P 500 Flagship Fund	Commingled Investments	152,285,488
*	SSgA US Small Cap Index Futures FD CMT4	Commingled Investments	60,430,537
	Commingled Investments		\$ 306,140,112

Registered Investment Companies:

Aberdeen Asia Pacific Income Fd Inc	Registered Investment Company	19,114
Absolute Strategies Institutional	Registered Investment Company	10,919
Acadian Emerging Markets Port Instl	Registered Investment Company	6,338
Aegis Value Fund Inc		6,928

	Registered	
	Investment Company	
Aim European Growth Investors	Registered	
	Investment Company	712
Alliancebernstein Greater China 97-ADV	Registered	
	Investment Company	41,161
Allianz CCM Mid-Cap L D	Registered	
	Investment Company	3,620
Allianz NFJ Large Cap Value Instl	Registered	
	Investment Company	209
Alpine Global Premier Pptys FD Com Shs of Ben	Registered	
	Investment Company	6,232
Alpine International Real Estate Equity Y	Registered	
	Investment Company	6,357
Alpine Total Dynamic Divid Fd Com Sh Ben Int	Registered	
	Investment Company	53,520
Amer Century Target Maturities Tr 2010	Registered	
	Investment Company	17,827
Amer Century Target Maturities Tr 2020	Registered	
	Investment Company	11,398
American Capital Income Builder CI F	Registered	
	Investment Company	29,936
American Capital Income Builder CL R2	Registered	
	Investment Company	14,154
American Capital World Gr & Inc R2	Registered	
	Investment Company	10,669
American Capital World Grth & Inc A	Registered	
	Investment Company	8,030
American Capital World Grwth & Inc F1	Registered	
	Investment Company	17,762
American Capital World Grwth & Inc R5	Registered	
	Investment Company	13,098
American Century Equity Income	Registered	
	Investment Company	29,146
American Century Inflation Adj Treas	Registered	
	Investment Company	52,886
American Europacific Growth Class A	Registered	
	Investment Company	20,440
American Europacific Growth Class F	Registered	
	Investment Company	75,018
American Fundamental Investors CL F	Registered	
	Investment Company	13,394
American Growth Fund Of America CL R5	Registered	
	Investment Company	9,632
American Growth Fund Of America Class F	Registered	
	Investment Company	14,858

**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, 2009

Schedule I

American High-Income Class F	Registered Investment Company	21,230
American Income Fund Of America Class F	Registered Investment Company	26,149
American Investment Co. Of America R5	Registered Investment Company	12,744
American Investment Co Of America CL A	Registered Investment Company	13,103
American New Perspective Class A	Registered Investment Company	16,825
American New Perspective R2	Registered Investment Company	5,972
American New World Fund Class A	Registered Investment Company	7,860
American New World Fund R2	Registered Investment Company	22,481
American Smallcap World Class F1	Registered Investment Company	8,636
American Washington Mutual Invest R5	Registered Investment Company	9,437
Ariel Appreciation	Registered Investment Company	15,262
Ariel Growth Class A	Registered Investment Company	18,099
Arrow Dwa Balanced Fund Class C	Registered Investment Company	12,729
Artio International Equity Fund II CL A	Registered Investment Company	2,012
Artisan Internat'l	Registered Investment Company	85,443
Artisan Intl Value Fund	Registered Investment Company	12,830
Barclays Bk Plc Ipath Etns Lkd Msci India	Registered Investment Company	13,517
Barclays Bk Plc Ipath Index Lkd Secs	Registered Investment Company	4,141
Barclays Bk Plc Ipath Index Lkd Secs	Registered Investment Company	11,241
Baron Asset	Registered Investment Company	8,334
Baron Partners Fund		39,834

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	Registered Investment Company	
Blackrock Internat'l Opport Class C	Registered Investment Company	17,133
Blackrock Latin America FD CL C	Registered Investment Company	9,322
Bldrs Emerging Mkts 50 Adr Index Fd	Registered Investment Company	13,239
Boulder Growth & Income FD Inc	Registered Investment Company	11,500
Brandywine Blue	Registered Investment Company	17,649
Bridgeway Aggressive Investor 1	Registered Investment Company	588
Bridgeway Aggressive Investor 2	Registered Investment Company	114,819
Bridgeway Small Cap Growth CI N	Registered Investment Company	14,558
Brown Capital Mgmt Small Company Inst.	Registered Investment Company	3,883
Buffalo Balanced Fund	Registered Investment Company	78,676
Buffalo Mid Cap Fund	Registered Investment Company	4,947
Buffalo Small Cap Growth	Registered Investment Company	21,511
Calamos Conv & High Income Fd Com Shs	Registered Investment Company	4,617
Calamos Global Dynamic Income FD	Registered Investment Company	7,860
Calamos Growth Class A	Registered Investment Company	49,658
Calamos Growth Fund Class C	Registered Investment Company	61,486
California Invst Tr S & P Mid Cap	Registered Investment Company	8,461
Calvert Social Invst Managed Growth CI A	Registered Investment Company	29,148
China Fd Inc	Registered Investment Company	7,309
Clipper	Registered Investment Company	27,767
Cohen & Steers Asia Pacific Realty CL A	Registered Investment Company	3,933
Columbia Acorn Class Z N/C	Registered Investment Company	20,961
Columbia Greater China FD CL Z	Registered Investment Company	20,343
Columbia High Yield Opportunity Z	Registered Investment Company	21,689
Columbia Marsico 21st Century CI Z		15,153

Columbia Marsico Intl Opp Prim Z	Registered Investment Company	
	Registered Investment Company	4,028
Columbia Mid Cap Value Primary Z	Registered Investment Company	2,677
Columbia Real Estate Equity Cl Z	Registered Investment Company	38,826

**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, 2009

Schedule I

Columbia Value And Restructuring Cl Z	Registered Investment Company	61,874
CRM Mid Cap Value Investor Shares	Registered Investment Company	25,761
CRM Mid-Cap Value Fd-Institutional	Registered Investment Company	6,741
Direxion Daily Technology Bear 3x Shs	Registered Investment Company	10,707
Direxion Latin America Bull 2x Inv	Registered Investment Company	1
Direxion Shs Etf Tr Daily Finl Bear 3x SHS	Registered Investment Company	6,801
Direxion Shs Etf Tr Small Cap Bear 3X SHS	Registered Investment Company	2,958
Dodge & Cox Balance	Registered Investment Company	13,554
Dodge & Cox Global Stock Fund	Registered Investment Company	22,856
Dodge & Cox Income	Registered Investment Company	84,628
Dodge & Cox Internatl Stock Fund	Registered Investment Company	130,487
Dodge & Cox Stock	Registered Investment Company	156,150
Dreyfus Inter-Term Inc CL I	Registered Investment Company	3,974
Dreyfus Midcap Value Fund	Registered Investment Company	8,748
Dreyfus Premier Greater China CL A	Registered Investment Company	11,407
Dreyfus Premier Greater China CL R	Registered Investment Company	22,956
Driehaus Internatl Discovery	Registered Investment Company	6,352
Eaton Vance Ltd Duration Income FD	Registered Investment Company	7,450
Eaton Vance Tax Managed Global Diversified Eq.	Registered Investment Company	12,330
Eaton Vance Worldwide Health Sciences Class A	Registered Investment Company	1,682
Fairholme Fund		98,226

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	Registered Investment Company	
Fam Value	Registered Investment Company	51,883
FBR Small Cap Class A N/C	Registered Investment Company	4,618
Federated Prudent Bear Fund Class A	Registered Investment Company	1,655
Federated Prudent Global Inc	Registered Investment Company	38,227
Fidelity Advisor Fl Rate High Inc CL I	Registered Investment Company	7,153
Fidelity Canada	Registered Investment Company	14,026
Fidelity Capital Appreciation	Registered Investment Company	18,898
Fidelity Capital & Income	Registered Investment Company	44,954
Fidelity China Region	Registered Investment Company	29,520
Fidelity Contrafund	Registered Investment Company	123,291
Fidelity Diversified International	Registered Investment Company	104,129
Fidelity Dividend Growth	Registered Investment Company	31,410
Fidelity Emerging Markets	Registered Investment Company	34,774
Fidelity Europe Capital Appreciation	Registered Investment Company	8,312
Fidelity Four-In-One Index	Registered Investment Company	8,973
Fidelity Freedom 2025	Registered Investment Company	5,619
Fidelity GNMA Fund	Registered Investment Company	14,283
Fidelity High Income	Registered Investment Company	28,390
Fidelity Internat'l Real Estate Fund	Registered Investment Company	11,885
Fidelity Int'l Discovery	Registered Investment Company	51,728
Fidelity Intl Small Cap Opp Fund	Registered Investment Company	7,640
Fidelity Large Capital Stock	Registered Investment Company	25,817
Fidelity Latin America	Registered Investment Company	40,704
Fidelity Leveraged Company Stock	Registered Investment Company	23,416
Fidelity Low Priced Stock		23,503

	Registered Investment Company	
Fidelity Mid Cap Growth	Registered Investment Company	7,728
Fidelity Mid Cap Stock	Registered Investment Company	36,859
Fidelity New Markets Income	Registered Investment Company	15,173

65

**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, 2009

Schedule I

Fidelity Real Estate Investment	Registered Investment Company	20,265
Fidelity Select Automotive	Registered Investment Company	4,092
Fidelity Select Brokerage & Invs Mgt	Registered Investment Company	6,303
Fidelity Select Chemicals	Registered Investment Company	5,700
Fidelity Select Energy Service	Registered Investment Company	6,566
Fidelity Select Natural Resources	Registered Investment Company	19,728
Fidelity Select Technology	Registered Investment Company	2,157
Fidelity Small Cap Stock	Registered Investment Company	17,898
Fidelity Small Cap Value	Registered Investment Company	2,556
Fidelity Southeast Asia	Registered Investment Company	13,805
Fidelity Strategic Income	Registered Investment Company	13,412
Fidelity Strategic Real Return	Registered Investment Company	5,386
Fidelity Us Bond Index	Registered Investment Company	7,602
Fidelity Value	Registered Investment Company	4,933
Fidelity Worldwide	Registered Investment Company	11,186
First Eagle Global Class A	Registered Investment Company	37,145
First Eagle Global Class C	Registered Investment Company	7,145
Irst Tr Exchange Traded Fd Dow Jones Internet	Registered Investment Company	10,052
FMI Large Cap Fund	Registered Investment Company	5,167
Forward Global Emerg Markets Instl CL	Registered Investment Company	1,526
Forward Internationl Equity Fund		35,899

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	Registered Investment Company	
Franklin Real Estate Securities Class C	Registered Investment Company	31,200
Fundamental Investors	Registered Investment Company	34,728
Fundx Aggressive Upgrader Fund	Registered Investment Company	6,828
Fundx Etf Upgrader Fund	Registered Investment Company	1,464
Fundx Upgrader Fund	Registered Investment Company	32,077
Gabelli Asset Fund	Registered Investment Company	1,405
Gabelli Equity Income Fund	Registered Investment Company	64,774
Gabelli Utilities Fund Class C	Registered Investment Company	8,029
Gamco Growth Fund	Registered Investment Company	9,140
Gamco Westwood Equity Fd Aaa	Registered Investment Company	87,144
Goldman Sachs Asset Alloc Growth Strat C	Registered Investment Company	12,733
Greenspring Fund	Registered Investment Company	16,359
Growth Fund of America	Registered Investment Company	42,643
Grubb & Ellis Aga Internatl Realty A	Registered Investment Company	2,538
Guinness Atkinson China & Hong Kong	Registered Investment Company	4,272
Hancock Horizon Burkenroad Fund CI D	Registered Investment Company	40,809
Hancock John Pfd Equity Income Fd Sh Ben Int	Registered Investment Company	3,420
Harbor Bond Inst.	Registered Investment Company	149,368
Harbor International	Registered Investment Company	98,677
Harbor International Investor Shares	Registered Investment Company	38,600
Heartland Value	Registered Investment Company	17,358
Hennessy Cornerstone Value	Registered Investment Company	1,024
Hodges Fund	Registered Investment Company	6,172
Hussman Strategic Growth	Registered Investment Company	38,496
Hussman Strategic Total Return		30,828

Icon Energy	Registered Investment Company	14,418
Icon Healthcare	Registered Investment Company	7,341
Icon Materials	Registered Investment Company	6,538

**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, 2009

Schedule I

* ING Prime Rate Tr Sh Ben Int	Registered Investment Company	5,756
Ishares Barclays 1-3 Year Treasury Bd Fd	Registered Investment Company	10,086
Ishares Barclays U S Aggregate Bd Fd	Registered Investment Company	19,798
Ishares Comex Gold Trust Ishares Etf	Registered Investment Company	429
Ishares Iboxx \$ Investop Inv. Grade Corp Bd Fund	Registered Investment Company	31,306
Ishares Inc Msci Bric Index Fd	Registered Investment Company	17,802
Ishares Inc Msci Australia Index Fund	Registered Investment Company	11,420
Ishares Inc Msci Brazil Free Index Fu Nd	Registered Investment Company	74,307
Ishares Inc Msci Hong Kong Index Fd	Registered Investment Company	8,613
Ishares Inc Msci Malaysia Free Index Fd	Registered Investment Company	9,133
Ishares Inc Msci Singapore Index Fd	Registered Investment Company	38,918
Ishares Inc Msci South Korea Index Fd	Registered Investment Company	4,764
Ishares Inc Msci Spain Index Fd	Registered Investment Company	4,804
Ishares Inc Msci Switzerland Index Fd	Registered Investment Company	4,452
Ishares Inc Msci Taiwan Index Fd	Registered Investment Company	9,728
Ishares S&P Gsci Commodity Indexed Tr	Registered Investment Company	6,364
Ishares S&P Gsti Software Index Fund	Registered Investment Company	9,374
Ishares S&P N. American Nat. Res. Sector Index	Registered Investment Company	6,862
Ishares Silver Tr Ishares	Registered Investment Company	38,040
Ishares Tr Cohen & Steers Realty Majors Index	Registered Investment Company	33,554
Ishares Tr Dow Jones Select Divid Index		13,173

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	Registered Investment Company	
Ishares Tr Dow Jones U S Aerospace & Def Ind.	Registered Investment Company	20,384
Ishares Tr Dow Jones U S Basic Mat. Sec. Ind.	Registered Investment Company	8,387
Ishares Tr Dow Jones U S Con. Goods Sec. Ind.	Registered Investment Company	11,106
Ishares Tr Dow Jones U S Energy Sector Ind.	Registered Investment Company	13,296
Ishares Tr Dow Jones U S Finl Svcs Comp. Ind.	Registered Investment Company	10,742
Ishares Tr Dow Jones U S Healthcare Sec. Ind.	Registered Investment Company	6,382
Ishares Tr Dow Jones US Medical Devices Ind.	Registered Investment Company	10,596
Ishares Tr Dow Jones US Oil & Gas Expl Ind.	Registered Investment Company	28,848
Ishares Tr Dow Jones US Techn. Sector Ind.	Registered Investment Company	28,770
Ishares Tr Ftse Nareit Mtg Plus Capped Ind.	Registered Investment Company	5,691
Ishares Tr Ftse Xinhua Hk China 25 Ind.	Registered Investment Company	10,565
Ishares Tr Msci Eafe Index Fd	Registered Investment Company	16,584
Ishares Tr Msci Emerging Mkts Index Fd	Registered Investment Company	76,989
Ishares Tr Nasdaq Biotechnology Index Fd	Registered Investment Company	8,183
Ishares Tr Russell 1000 Growth Index Fd	Registered Investment Company	32,471
Ishares Tr Russell 1000 Index Fd	Registered Investment Company	26,057
Ishares Tr Russell 1000 Value Index Fd	Registered Investment Company	30,442
Ishares Tr Russell Midcap Index Fd	Registered Investment Company	2,310
Ishares Tr S&P 500 Index Fd	Registered Investment Company	49,677
Ishares Tr S&P 500/ Value Index Fd	Registered Investment Company	15,651
Ishares Tr S&P Global Infrastructure Index	Registered Investment Company	10,679
Ishares Tr S&P Latin Amer 40 Index Fd	Registered Investment Company	75,342
Ishares Tr S&P Micap 400/Growth Index Fund	Registered Investment Company	7,771
Ishares Tr S&P Midcap 400 Index Fd	Registered Investment Company	30,774
Ishares Tr S&P Midcap 400/Value Index Fd	Registered Investment Company	54,167

	Registered Investment Company	
Ishares Tr S&P U S Pfd Stk Index Fd	Registered Investment Company	29,360
Ishares Tr U S Treas Inflation Protected Secs Fd	Registered Investment Company	143,313
Ishares Trust S&P Smallcap 600 Index Fd	Registered Investment Company	23,256

**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, 2009

Schedule I

Ivy Asset Strategy CL Y	Registered Investment Company	18,372
Ivy Global Nat Resources CL Y	Registered Investment Company	1,177
Ivy Global Natural Resources Class C	Registered Investment Company	26,888
Janus Balanced	Registered Investment Company	19,879
Janus Enterprise	Registered Investment Company	1,894
Janus Mercury	Registered Investment Company	8,892
Janus Orion Fund	Registered Investment Company	19,175
Janus Overseas	Registered Investment Company	66,164
Janus Triton Fund Class T Shares	Registered Investment Company	28,458
John Hancock Patriot Prem Divid FD II	Registered Investment Company	14,940
JP Morgan Mid Cap Value Instl	Registered Investment Company	20,516
JP Morgan Market Neutral-Institl	Registered Investment Company	10,634
JP Morgan Small Cap Equity Fnd Select CL	Registered Investment Company	14,163
Kinetics Paradigm Fund	Registered Investment Company	744
Kinetics Small Cap Opportunities	Registered Investment Company	18,559
Korea Equity Fd Inc	Registered Investment Company	1,858
Korea Fd Inc Com New	Registered Investment Company	2,524
Laudus International Marketmasters Inv Cl	Registered Investment Company	21,500
Legg Mason Wa Sh Duration Muni Inc C	Registered Investment Company	29,941
Liberty All Star Equity Fd Sbi	Registered Investment Company	95
Lodgian Inc Com Par \$.01		116,328

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	Registered Investment Company	
* Loomis Sayles Bond Retail Shares	Registered Investment Company	2,236
* Loomis Sayles Global Bond Retail	Registered Investment Company	5,752
Lord Abbett Short Duration Income CL A	Registered Investment Company	33,406
Mainstay Icap Select Equity Fd Cl I	Registered Investment Company	7,449
Managers Fremont Micro-Cap Fund N/C	Registered Investment Company	33,042
Managers Intermediat Duration Government	Registered Investment Company	20,206
Manning & Napier Equity Series	Registered Investment Company	43,067
Manning & Napier Pro Blend Max Term Ser	Registered Investment Company	805
Market Vectors Etf Tr Agribusiness Etf	Registered Investment Company	13,137
Market Vectors Etf Tr Nuclear Energy Etf	Registered Investment Company	11,538
Marshall Mid Cap Value Cl Y	Registered Investment Company	4,259
Marsico 21st Century Fund	Registered Investment Company	97,146
Marsico Focus	Registered Investment Company	16,331
Marsico Growth And Income	Registered Investment Company	80,586
Marsico Internat'l Opportunities	Registered Investment Company	28,311
Masters Select Equity	Registered Investment Company	53,489
Matrix Advisors Value	Registered Investment Company	17,541
Matthews Asia Dividend Fund	Registered Investment Company	25,221
Matthews Dragon Century China	Registered Investment Company	10,622
Matthews India Fund	Registered Investment Company	16,451
Matthews Pacific Tiger	Registered Investment Company	62,634
Meridian Fund	Registered Investment Company	75,327
Meridian Value Fund	Registered Investment Company	5,286
Metropolitan West Tot Return Bond CL M	Registered Investment Company	145,339
Morgan Stanley China A Share Fund Inc		3,070

	Registered Investment Company	
Nasdaq Prem Income & Growth Fd Inc	Registered Investment Company	7,205
Needham Growth Fund	Registered Investment Company	1,025
Neuberger Berman Genesis Trust Class	Registered Investment Company	2,907

**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, 2009

Schedule I

Neuberger Berman Int'l Trust Class	Registered Investment Company	9,687
Neuberger Berman Partners Investor	Registered Investment Company	13,469
Neuberger Berman Real Estate Trust Cl	Registered Investment Company	12,205
Neuberger Berman Regency Trust Class	Registered Investment Company	520
New Alternatives Fd	Registered Investment Company	18,489
Nfj Divid Int & Prem Strategy Fd Com Shs	Registered Investment Company	5,900
Nuveen Insd Mun Oppty Fd Inc Com	Registered Investment Company	12,096
Nuveen Multi Currency Short Term Govt Inc. Fd	Registered Investment Company	9,890
Nuveen Mun Value Fd	Registered Investment Company	9,690
Nuveen Quality Pfd Income Fd 2	Registered Investment Company	112,391
Oakmark Equity & Income Fd	Registered Investment Company	195,042
Oakmark Fund	Registered Investment Company	62,883
Oakmark Internat'l	Registered Investment Company	4,044
Oakmark Internat'l Small Cap	Registered Investment Company	6,356
Oakmark Select	Registered Investment Company	926
Oil Svc Holdrs Tr Oil Svc Holders Depository	Registered Investment Company	83,216
Permanent Portfolio Family Of Fds	Registered Investment Company	94,329
Perritt Microcap Opportunities	Registered Investment Company	3,237
Pimco All Asset Inst Class	Registered Investment Company	107,375
* Pimco Commodity Real Return Inst	Registered Investment Company	99,757
* Pimco Real Return Class D		136,400

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	Registered Investment Company	
* Pimco Short Term Institutional	Registered Investment Company	36,330
* Pimco Stocks Plus Short Strategy CL A	Registered Investment Company	11,753
* Pimco Total Return Class A	Registered Investment Company	22,248
* Pimco Total Return Class D	Registered Investment Company	231,013
* Pimco Unconstrained Bond Fund CI D	Registered Investment Company	96,524
Powershares Db Comm. Ind. Tracking Fd	Registered Investment Company	2,019
Powershares Db Multi Sector Commodity Tr	Registered Investment Company	6,145
Powershares Exch. Dynamic Sector Port	Registered Investment Company	3,125
Powershares Exch. Finl Pfd Portfolio	Registered Investment Company	19,584
Powershares Exch. Golden Dragon China Portf.	Registered Investment Company	5,849
Powershares Qqq Tr Unit Ser 1	Registered Investment Company	88,622
Powerwave Technologies Inc.	Registered Investment Company	630
Proshares Tr Ii Proshares Ultrashort Euro	Registered Investment Company	14,960
Proshares Tr Ultra Qqq Proshares	Registered Investment Company	20,818
Proshares Tr Ultra Short 100 Fd	Registered Investment Company	38,080
Proshares Tr Ultra Short 500 Fd	Registered Investment Company	91,481
Proshares Ultra Finls Proshares	Registered Investment Company	23,825
Proshares Ultra Gas Proshares	Registered Investment Company	34,530
Proshares Ultra S&P 500 Proshares	Registered Investment Company	19,236
Proshares Ultra Short 30 Fd	Registered Investment Company	147
Proshares Ultra Short Finls Proshares	Registered Investment Company	6,324
Proshares Ultra Short Real Estate Proshares	Registered Investment Company	7,950
Putnam High Income Conv & Bd Fd S B I	Registered Investment Company	18,025
Rainier Small Mid Cap Equity	Registered Investment Company	5,546
Reaves Util Income Fd Com Sh Ben Int	Registered Investment Company	9,313

Royce Low Priced Stock Fund	Registered Investment Company	
	Registered Investment Company	186,271
Royce Microcap	Registered Investment Company	73,584
Royce Opportunity Fund	Registered Investment Company	16,706

**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, 2009

Schedule I

Royce Pa Mutual	Registered Investment Company	131,009
Royce Premier Series	Registered Investment Company	40,050
Royce Special Equity	Registered Investment Company	16,771
Royce Total Return Fund	Registered Investment Company	25,206
Royce Value Plus Service Class	Registered Investment Company	4,265
Rydex Energy Investor Class	Registered Investment Company	1,980
Rydex Energy Svcs Investor Class	Registered Investment Company	1,751
Rydex Sector Rotation Class H	Registered Investment Company	2,162
Rydex Sgi Managed Futures Strat Cl H	Registered Investment Company	3,556
S & P500 Covered Call Fd Inc	Registered Investment Company	5,142
S & P500 Depository Receipt	Registered Investment Company	105,810
Schroder Emerging Market Equity Adv Cl	Registered Investment Company	28,417
Schwab Fundamental Emg Mkts Index Instl	Registered Investment Company	5,282
Scout International Fund	Registered Investment Company	882
Sector Spdr Tr Shs Ben Int Consumer Services	Registered Investment Company	23,094
Sector Spdr Tr Shs Ben Int Financial	Registered Investment Company	12,658
Sector Spdr Tr Shs Ben Int Utilities	Registered Investment Company	12,281
Select Energy	Registered Investment Company	9,807
Select Medical Delivery	Registered Investment Company	40,056
Select Natural Gas	Registered Investment Company	2,182
Selected American Shares		71,059

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	Registered Investment Company	
Skyline Special Equities N/C	Registered Investment Company	5,924
Sound Shore Fd Inc	Registered Investment Company	3,057
Spartan 500 Index Fid Advantage Class	Registered Investment Company	82,236
Spartan Market Index	Registered Investment Company	27,398
Spartan Total Market Index	Registered Investment Company	34,039
Spdr Gold Tr Gold Shs	Registered Investment Company	236,726
Spdr Index Shs Fds Dj Wilshire Glob Real Estate	Registered Investment Company	19,278
Spdr Index Shs Fds Dj Wilshire Intl Real Estate	Registered Investment Company	12,333
Spdr Ser Tr Dj Wilshire Large Growth Etf	Registered Investment Company	4,926
Spdr Ser Tr Dj Wilshire Mid Cap Growth Etf	Registered Investment Company	5,922
Spdr Ser Tr Dj Wilshire Reit Etf	Registered Investment Company	25,722
Spdr Ser Tr Kbw Ins Etf	Registered Investment Company	4,266
Spdr Ser Tr S&P Pharmaceuticals Etf	Registered Investment Company	5,864
Spdr Ser Tr S&P Semiconductor Etf	Registered Investment Company	4,760
* SSGA Emerging Markets	Registered Investment Company	47,848
* SSGA International Stock Selection	Registered Investment Company	6,695
* SSGA Life Solutions Growth Fund	Registered Investment Company	9,519
T Rowe Price Cap Appreciation	Registered Investment Company	149,096
T Rowe Price Corporate Income	Registered Investment Company	92,746
T Rowe Price Emerg Euro & Mediterranean	Registered Investment Company	45,905
T Rowe Price Emerging Mkts Stock	Registered Investment Company	70,422
T Rowe Price Equity Income	Registered Investment Company	11,620
T Rowe Price Growth Stock	Registered Investment Company	33,499
T Rowe Price Growth Stock Advisor Cl	Registered Investment Company	2,333
T Rowe Price Health Sciences		22,032

T Rowe Price International Bond	Registered Investment Company	
	Registered Investment Company	4
T Rowe Price Intl Discovery Fund	Registered Investment Company	64,075
T Rowe Price Int'l Emerging Market Bond	Registered Investment Company	6,180
		70

**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, 2009

Schedule I

T Rowe Price Int'l Japan	Registered Investment Company	1,662
T Rowe Price Latin America Fund	Registered Investment Company	19,061
T Rowe Price Media & Telecommunications	Registered Investment Company	2,208
T Rowe Price Mid Cap Growth	Registered Investment Company	9,443
T Rowe Price Mid Cap Value	Registered Investment Company	48,385
T Rowe Price New Asia	Registered Investment Company	22,942
T Rowe Price New Era	Registered Investment Company	14,518
T Rowe Price New Horizons Fd Inc	Registered Investment Company	7
T Rowe Price Ret 2040 Fd	Registered Investment Company	3,931
T Rowe Price Ret. 2030 Fd	Registered Investment company	5,106
T Rowe Price Retirement 2025 Fd	Registered Investment Company	3,552
T Rowe Price Rtmt 2015 Advisor Class	Registered Investment Company	18,691
T Rowe Price Rtmt 2025 Fund Adv Shrs	Registered Investment Company	19,071
T Rowe Price Rtmt Fund 2040 Adv Shrs	Registered Investment Company	3,978
T Rowe Price Small Cap Value Fund	Registered Investment Company	804
Target Moderate Allocation C1 C N/C	Registered Investment Company	14,296
Target Retirement 2010 Fd	Registered Investment Company	6,911,221
Target Retirement 2015 Fd	Registered Investment Company	10,681,827
Target Retirement 2020 Fd	Registered Investment Company	13,313,127
Target Retirement 2025 Fd	Registered Investment Company	13,300,565
Target Retirement 2030 Fd		14,539,872

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	Registered Investment Company	
Target Retirement 2035 Fd	Registered Investment Company	13,987,316
Target Retirement 2040 Fd	Registered Investment Company	10,592,917
Target Retirement 2045 Fd	Registered Investment Company	9,488,669
Target Retirement 2050 Fd	Registered Investment Company	7,789,096
Target Retirement Income Fd	Registered Investment Company	6,848,151
TCW Total Return Bond Class I	Registered Investment Company	45,787
Templeton Developing Markets Advisor Cl	Registered Investment Company	21,919
Templeton Emerging Mrtks Small Cap A	Registered Investment Company	5,179
The Contrarian Fund N/C	Registered Investment Company	17,314
The Delafield Fund	Registered Investment Company	2,121
The Osterweis Fund	Registered Investment Company	16,004
The Osterweis Strategic Income Fd	Registered Investment Company	13,280
Third Ave Small Cap Value Fd	Registered Investment Company	17,907
Third Avenue Intl Value	Registered Investment Company	861
Third Avenue Real Estate Value	Registered Investment Company	6,021
Third Avenue Value	Registered Investment Company	56,360
Thompson Plumb Growth Fund	Registered Investment Company	234
Timothy Plan Conserv Growth Cl C	Registered Investment Company	17,063
Timothy Plan Fixed Income Class C	Registered Investment Company	3,688
Timothy Plan Strateg Ic Growth Cl C	Registered Investment Company	8,866
Tocqueville Fund	Registered Investment Company	16,008
Tocqueville Gold Fund	Registered Investment Company	127,593
Touchstone Small Cap Value Opport Cl Z	Registered Investment Company	7,317
Tweedy Brown Global Value Fund	Registered Investment Company	79,686
Undiscovered Mgrs Behavior Value Instl		11,501

	Registered Investment Company	
United Sts Nat Gas Fd Lp Unit	Registered Investment Company	131,040
United Sts Oil Fd Lp Units	Registered Investment Company	196,400
US Global Region East European	Registered Investment Company	11,681

**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, 2009

Schedule I

US Global Resources	Registered Investment Company	11,695
US World Precious Minerals	Registered Investment Company	869
Value Line Small Cap Growth	Registered Investment Company	20,798
Van Eck Global Hard Assets Class C	Registered Investment Company	8,535
Van Kampen Amern Cap Sr Income Tr	Registered Investment Company	10,539
Van Kampen Equity And Income Class C	Registered Investment Company	15,409
Vanguard Mid Cap Value Index Fd	Registered Investment Company	4,879
Vanguard Balanced Index	Registered Investment Company	5,579
Vanguard Capital Value	Registered Investment Company	25,675
Vanguard Developed Mrkts Index Inv	Registered Investment Company	14,841
Vanguard Diversified Equity Fd Inv Cl Shs	Registered Investment Company	81,895
Vanguard Emerging Mkts Vipers	Registered Investment Company	32,800
Vanguard Equity Income	Registered Investment Company	7,921
Vanguard Extended Market Index Trust	Registered Investment Company	3,245
Vanguard Fixed Inc High Yield Corp	Registered Investment Company	4,775
Vanguard Global Equity	Registered Investment Company	35,785
Vanguard GNMA	Registered Investment Company	1,287
Vanguard Growth Index	Registered Investment Company	5,657
Vanguard Index Fds Mid-Cap Grow. Ind. Viper	Registered Investment Company	4,849
Vanguard Index Fds Vanguard Growth Vipers	Registered Investment Company	7,959
Vanguard Index Trust S&P 500 Port		224,062

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	Registered Investment Company	
Vanguard Index Trust Small Cap Growth	Registered Investment Company	40,293
Vanguard Inflation Protected Secs	Registered Investment Company	33,598
Vanguard Intermed Trm Invst Gr Invest	Registered Investment Company	87,453
Vanguard Internatl Value Portfolio	Registered Investment Company	1,852
Vanguard Inter-Term Bond Index Port	Registered Investment Company	61,972
Vanguard Intl Equityeuropean	Registered Investment Company	71,238
Vanguard Intl Equitypacific	Registered Investment Company	58,085
Vanguard Long Term US Treasury	Registered Investment Company	11,831
Vanguard Mid Cap Index	Registered Investment Company	133,481
Vanguard Mid-Cap Growth Fund	Registered Investment Company	5,532
Vanguard Muni Bond Intermediate Tm Port	Registered Investment Company	1,191
Vanguard Sector Index Fds Consumer Staples	Registered Investment Company	1,348
Vanguard Sector Index Fds Energy	Registered Investment Company	20,009
Vanguard Sector Index Fds Information Tech	Registered Investment Company	10,974
Vanguard Short Term Bond Index	Registered Investment Company	155,430
Vanguard Small Cap Stock Index Trust	Registered Investment Company	54,909
Vanguard Specialized Energy Port	Registered Investment Company	166,406
Vanguard Specialized Reit Index Fund	Registered Investment Company	73,485
Vanguard Strategic Equity	Registered Investment Company	8,281
Vanguard Target Ret 2025 Fd Investor Cl	Registered Investment Company	171,896
Vanguard Target Ret 2035 Fd Investor Cl	Registered Investment Company	103,080
Vanguard Target Retirement 2040 Fd	Registered Investment Company	3,932
Vanguard Total Intl Stock Index Fund	Registered Investment Company	30,446
Vanguard Total Stock Market	Registered Investment Company	16,550
Vanguard Utilities Income		31,763

Vanguard Value Index	Registered Investment Company	
	Registered Investment Company	9,255
Vanguard Wellington Fund	Registered Investment Company	54,898
Vanguard Whitehall Fds High Div. Yield Etf Shs	Registered Investment Company	23,940

**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, 2009

Schedule I

Vanguard Windsor Ii	Registered Investment Company	64,240
Vanguard Windsor Ii Admiral	Registered Investment Company	112,789
Wasatch Micro-Cap Value Fund	Registered Investment Company	151,186
Wasatch Small Cap Value	Registered Investment Company	25,725
Weitz Partners Value	Registered Investment Company	29,951
Wells Fargo Asia Pacific Fd- Investor	Registered Investment Company	12,667
Wells Fargo C&B Mid Cap Value Fd Cl D N/C	Registered Investment Company	113
Western Asset Claymore Inf. Securities & Inc. Fd	Registered Investment Company	8,093
Western Asset Inflation Mgmt Fd Inc Com	Registered Investment Company	7,565
William Blair Int'l Growth Fund	Registered Investment Company	4,781
William Blair Small Cap Growth Class N	Registered Investment Company	22,668
Wisdomtree Tr Chinese Yuan Fd	Registered Investment Company	3,783
Wisdomtree Tr Defa High Yielding Equity Fd	Registered Investment Company	6,526
Yacktman Fund	Registered Investment Company	30,107
Registered Investment Companies		\$ 121,035,667
* Participant Loans	Interest rates range from 4.25% to 10.59%	\$ 35,784,824
Collateral Held On Loaned Securities		
* Quality D Short-Term Investment Fund	Short-Term Investment Fund	\$ 220,811,947

Total Investments

\$ 1,883,119,217

* 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.

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 25, 2010

By: /s/ Robert M. Davis
Robert M. Davis
Member of the Administrative Committee