

BAXTER INTERNATIONAL INC
Form 11-K
June 28, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

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

For the year ended December 31, 2015

OR

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

For the transition period from _____ to _____

Commission file number 1-4448

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
Baxter Healthcare of Puerto Rico Savings and 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.

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Deerfield, IL 60015

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Baxter Healthcare of Puerto Rico

Savings and Investment Plan

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December 31, 2015 and 2014

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrative Committee of

the Baxter Healthcare of Puerto Rico Savings and Investment Plan

Deerfield, Illinois

We have audited the accompanying statements of net assets available for benefits of the Baxter Healthcare of Puerto Rico Savings and Investment Plan (the Plan) as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

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

/s/ Crowe Horwath LLP

Oak Brook, Illinois

June 28, 2016

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Statements of Net Assets Available for Benefits**

December 31, 2015 and 2014 (in thousands)

	2015	2014
Assets		
Investments		
Cash and cash equivalents	\$ 1,049	\$ 926
Common stock (including securities on loan of \$5 in 2015 and \$46 in 2014)	12,080	11,377
U.S. government and government agency issues (including securities on loan of \$160 in 2015 and \$81 in 2014)	434	469
Corporate and other obligations (including securities on loan of \$20 in 2015 and \$44 in 2014)	443	528
Commingled funds	20,191	19,137
Synthetic guaranteed investment contracts	21,948	21,773
Collateral held on loaned securities	188	175
Total investments at fair value	56,333	54,385
Receivables		
Note receivables from participants	4,132	3,853
Sponsor contributions	975	698
Accrued interest and dividends	33	72
Due from brokers for securities sold	78	5
Total receivables	5,218	4,628
Total assets	61,551	59,013
Liabilities		
Accounts payable	503	448
Due to brokers for securities purchased	157	101
Collateral to be paid on loaned securities	188	175
Total liabilities	848	724
Net assets available for benefits, reflecting investments at fair value	60,703	58,289
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(799)	(1,279)
Net assets available for benefits	\$ 59,904	\$ 57,010

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

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Statements of Changes in Net Assets Available for Benefits**

For the Years Ended December 31, 2015 and 2014 (in thousands)

	2015	2014
Additions to net assets attributed to		
Investment income		
Net appreciation in fair value of investments	\$ 455	\$ 2,153
Interest	620	615
Dividends	149	271
Net investment income	1,224	3,039
Participant loan interest	162	160
Contributions		
Sponsor	2,690	2,234
Participant	3,957	3,533
	6,647	5,767
Total additions	8,033	8,966
Deductions from net assets attributed to		
Benefits paid	4,686	3,313
Plan expenses	453	423
Total deductions	5,139	3,736
Net increase	2,894	5,230
Net assets available for benefits		
Beginning of year	57,010	51,780
End of year	\$ 59,904	\$ 57,010

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

Baxter Healthcare of Puerto Rico

Savings and Investment Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. General Description of the Plan

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

The Plan is a defined contribution plan which became effective on January 1, 1998. The Plan was created for the purpose of providing retirement benefits to Puerto Rico employees of Baxter Healthcare S.A. (the Sponsor or the Company) a subsidiary of Baxter International Inc. (Baxter) and to encourage and assist employees in adopting a regular savings program by means of payroll deductions through a plan that qualifies under the applicable laws of both the Puerto Rico and the United States Internal Revenue Codes. Plan participants may authorize the Company to make payroll deductions under the Plan ranging from 1% to 50% of their pre-tax monthly compensation, limited to a maximum of \$15,000 a year in both 2015 and 2014. Participants who have attained the age of 50 by the end of the year may contribute up to an additional \$1,500 per year in catch-up contributions. Newly hired employees are deemed to have elected to contribute 3% of compensation unless they make a contrary election. The Company matches a participant's savings contributions at the rate of 50 cents for each dollar of a participant's pre-tax contribution, up to a maximum of 6% of a participant's compensation, so that the maximum matching contribution for participants who contribute at least 6% of their compensation is 3% of compensation. The Company also contributes an additional non-matching 3% of compensation for employees that are not eligible to participate in the Company's Puerto Rico defined benefit pension plan, which includes all new employees hired on or after January 1, 2008. Participants are immediately vested in their elective contributions plus actual earnings thereon. Vesting in the Company's matching and non-matching contributions plus actual earnings thereon is based on years of service. The matching contributions vest in accordance with the following vesting schedule:

Years of Service	Vesting%
1	20%
2	40%
3	60%
4	80%
5 or more	100%

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

Participants may borrow from their vested accounts a minimum of \$500 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at the prime rate at the last day of the month prior to loan request, plus one percent.

Participants or their beneficiaries may elect lump-sum benefit payments, or benefits may be paid in installments. Shares of Baxter common stock may also be distributed in kind at the participant's election. Subject to certain provisions specified in the Plan agreement, employed participants may withdraw their pre-tax contributions (but not the earnings on the contributions) in cases of financial hardship. In the case of a participant termination by reason of death or disability, the entire vested amount is paid to the person or persons legally entitled thereto.

Baxter Healthcare of Puerto Rico

Savings and Investment Plan

Notes to Financial Statements

December 31, 2015 and 2014

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 into any of 17 investment options: Stable Income Fund, Baxter Common Stock Fund, State Street S&P 500 Index Non-Lending Series Fund, State Street International Index Non-Lending Series Fund, State Street Russell Small Cap Index Non-Lending Series Fund, Northern Trust Domestic Mid Cap Fund, State Street Global Advisors Emerging Markets Fund (SSgA Emerging Markets Fund) and ten different Target Date Retirement Funds. However, non-matching contributions may not be invested in the Baxter Common Stock Fund. In addition, certain participants maintain shares in Edwards Lifesciences Corporation. These shares were placed into the Edwards Lifesciences Common Stock Fund in connection with Baxter's 2000 spin-off of its cardiovascular business. Certain participants obtained shares in Baxalta Incorporated (Baxalta), in connection with the spin (as discussed below). These shares were placed into the Baxalta Common Stock Fund in connection with Baxter's 2015 spin-off of its BioScience business. See Note 11 for a discussion of the conversion of the Baxalta Common Stock Fund into the Shire Common Stock Fund in June 2016, in connection with the merger of a wholly-owned subsidiary of Shire plc (Shire) with and into Baxalta, with Baxalta as the surviving company (the Merger). Participants are not able to make contributions or transfer existing account balances to the Edwards Lifesciences Common Stock Fund or the Shire Common Stock Fund (f/k/a the Baxalta Common Stock Fund), but may make transfers out of these funds at any time. Starting in 2013, participants are no longer able to make contributions to the Composite Fund and General Equity Fund, but may make transfers out of these funds at any time.

On July 1, 2015, Baxter completed the distribution of approximately 80.5% of the outstanding common stock of Baxalta to Baxter stockholders in connection with the separation of its biopharmaceutical business (the spin). The distribution was made to Baxter's stockholders of record as of the close of business on June 17, 2015, who received one share of Baxalta common stock for each Baxter common share held as of such date. The Plan received 112,500 shares of Baxalta common stock on July 1, 2015 as a result of the distribution. The distribution was intended to take the form of a tax-free distribution for federal income tax purposes in the United States. As a result of the distribution, Baxalta became an independent public company whose shares trade on the New York Stock Exchange under the symbol **BXLT**.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

New Accounting Standards

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

In July 2015, the FASB issued new guidance impacting benefit plan accounting and reporting (ASU 2015-12). ASU 2015-12 requires an employee benefit plan to use contract value as the only measurement amount for fully benefit-responsive investment contracts. It also simplifies and increases the effectiveness of plan investment disclosure requirements for employee benefit plans, and provides employee benefit plans with

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a measurement-date practical expedient for asset fair value. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015. The Plan Sponsor has chosen not to early adopt this standard and is currently evaluating the impact of this standard on the Plan's financial statements.

Baxter Healthcare of Puerto Rico

Savings and Investment Plan

Notes to Financial Statements

December 31, 2015 and 2014

Valuation of Investments and Collateral

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

Cash and cash equivalents	These largely consist of a short-term investment fund and a money market fund, the fair value of which is based on the net asset value. The investment objectives for these funds are to provide safety for principal, daily liquidity and a competitive yield by investing in high quality instruments.
Common stock	Value based on closing prices on the valuation date in an active market on national securities exchanges.
U.S. government and government agency issues	Value based on reputable pricing vendors that typically use pricing matrices or models.
Corporate and other obligations	Value based on reputable pricing vendors that typically use pricing matrices or models.
Commingled funds	Value based on net asset values reported by the fund managers as of the Plan's financial statement dates and recent transaction prices. The investment objectives of certain funds are to track the performances of the S&P 500, Europe, Australasia and the Far East (EAFE), or Russell 2000 indexes. In addition, these funds include target date retirement funds, whose objective is to provide investors, who have a specific date in mind for retirement with a portfolio of investments. The underlying investments for all funds vary, with some holding diversified portfolios of domestic stocks, government agency and corporate bonds, and others holding collective investment funds. Each fund provides for daily redemptions by the Plan at reported net asset values per share, with no advance notice requirement.
Registered investment companies	Value based upon the closing price from a national security exchange on the valuation date.
Synthetic guaranteed investment contracts	Value based on the fair value of the underlying securities in the contract on the valuation date plus the fair value of the wrapper contracts, which is calculated using a replacement cost approach. The underlying securities are valued based upon the methodologies described above. In addition, this investment includes an individual separate account with Metropolitan Life Insurance Company (MetLife). The value of this separate account is based upon the unit value provided by MetLife as of the Plan's financial statement date plus the fair value of the wrapper contracts, which is calculated using a replacement cost approach. The underlying securities primarily of the account, managed by a sub-advisor of the insurance company, consist of fixed income securities. See below for more information.

Baxter Healthcare of Puerto Rico

Savings and Investment Plan

Notes to Financial Statements

December 31, 2015 and 2014

Collateral held on loaned securities	Value based upon the net asset value per unit of the short-term investment funds where the collateral is invested. Refer to Note 7 for more information on the securities lending program.
Collateral to be paid on loaned securities	Value based on the fair value of the underlying securities loaned on the valuation date, plus an incremental margin.

Income Recognition

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

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

Synthetic Guaranteed Investment Contracts

The Plan holds synthetic guaranteed investment contracts (GICs) as part of the Stable Income Fund. The synthetic GICs provide for a fixed return on principal over a specified time through fully benefit-responsive contracts issued by Transamerica, Prudential and MetLife. During 2014, the GIC with Bank of America was terminated and the Plan entered into a new GIC with Prudential. The portfolio of assets underlying the synthetic GICs primarily includes cash and cash equivalents, U.S. government and government agency issues, and corporate and other obligations.

The fair value of the synthetic GICs equals the total of the fair value of the underlying assets plus the fair value of the wrapper contracts. The fair value of the wrapper contracts is computed using a replacement cost approach that incorporates a comparison of the current fee rate on similar wrapper contracts to the fee being paid by the Plan. Using this approach, the fair value of the wrapper contracts were a loss of \$14 thousand and a loss of \$13 thousand at December 31, 2015 and 2014, respectively.

While Plan investments are presented at fair value in the Statement 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 \$21.1 million and \$20.5 million at December 31, 2015 and 2014, respectively.

The crediting interest rate, which is reset quarterly, can never fall below zero. The crediting rate formula smoothes the impact of interest rate changes on participant returns by amortizing any difference between market value and book value over a period of years equal to the duration of the portfolio benchmark. The average yield on the synthetic GICs was approximately 2.3% and 1.9% at December 31, 2015 and 2014, respectively. The average interest rate credited to participants on the synthetic GICs was approximately 2.7% and 2.8% for the years ended December 31, 2015 and 2014. The credit ratings for Transamerica, Prudential and MetLife were AA- at both December 31, 2015 and 2014.

Baxter Healthcare of Puerto Rico

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Notes to Financial Statements

December 31, 2015 and 2014

Events that lead to market value withdrawals that exceed 15 percent of the contract value of the GICs of Prudential and Transamerica or 10 percent of the contract value of the GIC of MetLife would limit the ability of the Plan to transact at contract value with participants. These events include restructurings, early retirement plans, divestitures, bankruptcies, or legal, tax or regulatory changes. The Plan sponsor believes that the occurrence of any such event is remote.

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

Notes Receivables from Participants

Participant loans are reported at their unpaid principal balance plus any accrued but unpaid interest, with no allowance for credit losses, as repayments of principal and interest are received through payroll deductions and the notes are collateralized by the participant's account balances.

Payment of Benefits and Fees

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

Use of Estimates

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

Other

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

Risks and Uncertainties

The Plan provides for various investment options which invest in any combination of registered investment companies, U.S. government and government agency issues, corporate and other obligations, common stock, commingled funds, synthetic guaranteed investment contracts and short-term investments. Investment securities are exposed to various risks, such as interest rate, market, liquidity and credit risks. Due to the 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 (corporate and other obligations). The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies and/or defaults, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest

rates.

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Notes to Financial Statements

December 31, 2015 and 2014

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. Puerto Rico employees of the Puerto Rico Branch, or the Company, both subsidiaries of Baxter;
- B. Puerto Rico employees not covered by a collective bargaining agreement unless the agreement provides for coverage under the Plan; and
- C. Puerto Rico employees who are not leased employees.

4. Administration of the Plan

Banco Popular de Puerto Rico (the Trustee) and State Street Bank and Trust Company (the Custodian) serve as trustee and custodian, respectively, for the Plan. Voya Financial serves as recordkeeper for the Plan.

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

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

5. Fair Value of 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 Healthcare of Puerto Rico

Savings and Investment Plan

Notes to Financial Statements

December 31, 2015 and 2014

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

(in thousands)	Balance at December 31, 2015	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	\$ 1,049	\$	\$ 1,049	\$
Common stock:				
Healthcare	9,560	9,560		
Consumer products	994	994		
Information technology	1,110	1,110		
Financial services	184	184		
Industrial services and materials	164	164		
Energy	61	61		
Other	7	7		
Total common stock	12,080	12,080		
U.S. government and government agency issues	434		434	
Corporate and other obligations	443		443	
Commingled funds:				
State Street S&P 500 Index Non-Lending Series Fund	7,961		7,961	
State Street International Index Non-Lending Series Fund	2,365		2,365	
State Street Russell Small Cap Index Non-Lending Series Fund	2,700		2,700	
Target date retirement funds	6,625		6,625	
Other	540		540	
Total commingled funds	20,191		20,191	
Synthetic guaranteed investment contracts:				
Corporate and other obligations	6,773		6,773	
U.S. government and government agency issues	9,052		9,052	
Individual separate account	5,171		5,171	
Cash and cash equivalents	966		966	
Wrapper contracts	(14)			(14)
Total synthetic guaranteed investment contracts	21,948		21,962	(14)

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Collateral held on loaned securities		188		188	
Total assets	\$	56,333	\$ 12,080	\$ 44,267	\$ (14)
Liability					
Collateral to be paid on loaned securities	\$	188	\$ 5	\$ 183	\$

Baxter Healthcare of Puerto Rico

Savings and Investment Plan

Notes to Financial Statements

December 31, 2015 and 2014

(in thousands)	Basis of Fair Value Measurement			
	Balance at December 31, 2014	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	\$ 926	\$	\$ 926	\$
Common stock:				
Healthcare	8,739	8,739		
Consumer products	866	866		
Information technology	970	970		
Financial services	296	296		
Industrial services and materials	331	331		
Energy	143	143		
Other	32	32		
Total common stock	11,377	11,377		
U.S. government and government agency issues	469		469	
Corporate and other obligations	528		528	
Commingled funds:				
SSgA S&P 500 Fund	7,777		7,777	
SSgA EAFE Equity Fund	2,387		2,387	
SSgA Small Cap Fund	2,848		2,848	
Target date retirement funds	5,762		5,762	
Other	363		363	
Total commingled funds	19,137		19,137	
Synthetic guaranteed investment contracts:				
Corporate and other obligations	6,524		6,524	
U.S. government and government agency issues	9,398		9,398	
Individual separate account	5,121		5,121	
Cash and cash equivalents	743		743	
Wrapper contracts	(13)			(13)
Total synthetic guaranteed investment contracts	21,773		21,786	(13)
Collateral held on loaned securities	175		175	
Total assets	\$ 54,385	\$ 11,377	\$ 43,021	\$ (13)

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Liability

Collateral to be paid on loaned securities	\$	175	\$	47	\$	128	\$
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Transfers between hierarchy measurement levels are recognized by the Plan as of the beginning of the reporting period. The fair value of commingled funds is valued based upon the net asset value of the underlying securities and is classified as Level 2. The Plan did not have any transfers between Levels 1 and 2 during 2015 and 2014.

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Notes to Financial Statements****December 31, 2015 and 2014**

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

(in thousands)	Wrapper Contracts
Balance at December 31, 2013	\$ (4)
Additions	(3)
Settlements	(2)
Unrealized losses (relating to assets held at end of year)	(4)
Balance at December 31, 2014	(13)
Unrealized losses (relating to assets held at end of year)	(1)
Balance at December 31, 2015	\$ (14)

The unrealized losses from the wrapper contracts are excluded from the net appreciation reported for the Plan, but are instead reflected in the change in adjustment from fair value to contract value for fully benefit responsive contracts reported on the statements of net assets available for benefits. In 2014, the additions are due to the new contract with Prudential and the settlements are due to termination of the contract with Bank of America as detailed in Note 2.

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

6. Investments

Investments representing five percent or more of the Plan's net assets available for benefits at December 31, 2015 and 2014 are summarized as follows:

(values in thousands, except per share)	2015	2014
Baxter common stock, 127,753 shares and 108,705 shares at December 31, 2015 and 2014, respectively	\$ 4,874	\$ 7,967
Baxalta common stock, 102,705 shares at December 31, 2015	4,009	*
State Street S&P 500 Index Non-Lending Series Fund	7,961	*
SSgA S&P 500 Fund	*	7,777
MetLife Individual Separate Account	5,171	5,121
SSgA Small Cap Fund	*	2,848

* Does not meet 5% threshold

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Notes to Financial Statements****December 31, 2015 and 2014**

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

(in thousands)	2015	2014
Cash (available for investment)	\$ 140	\$ 171
Stable Income Fund	22,609	22,358
Baxter Common Stock Fund	4,936	8,021
Baxalta Fund	4,048	
Composite Fund	2,024	2,202
General Equity Fund	2,061	2,206
State Street S&P 500 Index Non-Lending Series Fund	7,961	
SSgA S&P 500 Fund		7,777
State Street International Index Non-Lending Series Fund	2,365	
SSgA EAFE Equity Fund		2,387
Edwards Lifesciences Common Stock Fund	136	114
State Street Russell Small Cap Index Non-Lending Series Fund	2,700	
SSgA Small Cap Fund		2,849
Northern Trust Domestic Mid Cap Fund	453	323
SSgA Emerging Markets Fund	87	40
Target Date Retirement Funds	6,625	5,762
Collateral held on loaned securities	188	175
Total investments at fair value	56,333	54,385
Adjustment from fair value to contract value for Stable Income Fund	(799)	(1,279)
Total investments	\$ 55,534	\$ 53,106

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

(in thousands)	2015	2014
Baxter common stock	\$ (359)	\$ 419
Other common stock	1,036	327
U.S. government and government agency issues	(13)	23
Corporate and other obligations	(43)	7
Commingled funds	(166)	1,377
	\$ 455	\$ 2,153

7. Securities Lending Transactions

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

The Custodian 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 Custodian shall indemnify the Plan by purchasing replacement securities equal to the number of unreturned loaned securities, to the extent that such replacement securities are available on the open market and if to the extent that such proceeds are insufficient or the collateral is unavailable, the purchase of replacement securities shall be made at Trustee expense or, if replacement securities are not able to be purchased, the Custodian shall credit the Plan for the market value of the unreturned securities. In each case, the Custodian would apply the proceeds from the collateral for such a loan to make the Plan whole.

Baxter Healthcare of Puerto Rico

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Notes to Financial Statements

December 31, 2015 and 2014

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

As of December 31, 2015 and 2014, the Plan had securities on loan with a fair market of \$185 thousand and \$171 thousand, respectively, with cash collateral received of \$188 thousand and \$175 thousand, respectively, which was invested in the State Street Quality D Short-Term Investment Fund. Investments underlying this fund primarily consisted of cash and cash equivalents and asset-backed securities as of both December 31, 2015 and 2014, and the net asset value of this fund was approximately \$1.00 per unit. As of December 31, 2015 and 2014 the cash collateral received is reflected at its fair value of \$188 thousand and \$175 thousand in the 2015 and 2014 Statements of Net Assets Available for Benefits, respectively.

Non-cash collateral of \$23 thousand and \$6 thousand received for securities on loan at December 31, 2015 and December 31, 2014, respectively, consisted of U.S. government and government agency issues, equity securities, and corporate and other obligations held by the Custodian on behalf of the Plan. Non-cash collateral is not included with the collateral balance on the 2015 and 2014 Statements of Net Assets Available for Benefits because it may not be sold or repledged. A portion of the income generated upon investment of cash collateral is remitted to the Borrowers, and the remainder is allocated between the Plan and the Custodian in its capacity as a security agent. Securities lending income allocated to the Plan amounted to \$361 and \$326 for 2015 and 2014, respectively. Securities lending income is classified as interest income in the Statements of Changes in Net Assets Available for Benefits.

8. Plan Termination

Although it has not expressed any intent to do so, the Plan sponsor has the right under the Plan to reduce, suspend or discontinue its contributions at any time and to terminate the Plan subject to the provisions of 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

As of August 13, 2012, the Puerto Rico Treasury Department has determined and informed the Plan sponsor that the Plan and the related trust are designed in accordance with applicable sections entitling exemption from income taxes. The Plan sponsor has also obtained a favorable determination letter dated October 22, 2011, from the Internal Revenue Service (IRS) stating that the Plan is in compliance with IRS regulations. A Form 5300 Application for Determination for Employee Benefit Plan was filed with the IRS on January 21, 2016 to request an updated favorable determination letter for the Plan.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015 and 2014, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2012.

Baxter Healthcare of Puerto Rico

Savings and Investment Plan

Notes to Financial Statements

December 31, 2015 and 2014

10. Parties-in-Interest Transactions

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

At December 31, 2015 and 2014, the Plan held shares of common stock of State Street Corporation and participation units in commingled funds and short-term investment funds of State Street Bank and Trust Company, the Plan Custodian; shares of common stock and bonds of Baxter, the Plan sponsor; shares of common stock of Baxalta, spin-off company; loans with participants; shares of common stock and units of commingled funds managed by Northern Trust Corporation and Vanguard, investment managers for the Plan; shares of common stock, bonds, individual separate accounts or interest rate wrapper contracts of Prudential, Transamerica, and Metlife, issuers of the Plan's fully benefit-responsive contracts; and shares of common stock of Edward Lifesciences Corporation and Cardinal, entities the Company has previously spun off. These transactions are allowable party-in-interest transactions under ERISA and the regulations promulgated thereunder.

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

11. Subsequent Event

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

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

SUPPLEMENTAL SCHEDULE

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 66-0678126 and Plan Number 024****December 31, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Cash & Cash Equivalents:			
US Dollar	Cash		(18,615)
CAD Dollar	Cash		89
* State Street Bank & Trust Co	Short-Term Investment Fund		659,806
* State Street Bank & Trust Co	Short-Term Investment Fund		86,712
* State Street Bank & Trust Co	Short-Term Investment Fund		131,022
* State Street Bank & Trust Co	Short-Term Investment Fund		50,845
* State Street Bank & Trust Co	Short-Term Investment Fund		31,677
* State Street Bank & Trust Co	Short-Term Investment Fund		61,587
* State Street Bank & Trust Co	Short-Term Investment Fund		39,887
* State Street Bank & Trust Co	Short-Term Investment Fund		3,492
* State Street Bank & Trust Co	Short-Term Investment Fund		1,110
* State Street Bank & Trust Co	Short-Term Investment Fund		1,223
Cash & Cash Equivalents			1,048,835
** Common Stock:			
Abbott Laboratories	Common Stock		41,902
Adobe Systems Inc	Common Stock		59,321
Aercap Holdings Nv Common Stock Eur.01	Common Stock		700
Agilent Technologies Inc	Common Stock		904
Alexion Pharmaceuticals Inc	Common Stock		52,770
Alibaba Group Holding Sp Adr	Common Stock		45,391
Allergan Plc Common Stock Usd.0033	Common Stock		47,448
Allergan Plc Common Stock Usd.0033	Common Stock		9,561
Ally Financial Inc Common Stock Usd.1	Common Stock		5,934
Alphabet Inc Cl A Common Stock Usd.001	Common Stock		80,665
Alphabet Inc Cl A Common Stock Usd.001	Common Stock		893
Alphabet Inc Cl C Common Stock Usd.001	Common Stock		82,331
Amazon.Com Inc	Common Stock		145,824
American Express Co Common Stock Usd.2	Common Stock		6,351
American International Group	Common Stock		837
American Tower Corp	Common Stock		32,180
American Tower Corp	Common Stock		4,937
Ameriprise Financial Inc	Common Stock		6,224
Analog Devices Inc Common Stock Usd.167	Common Stock		747
Aon Plc	Common Stock		1,246
Apple Inc	Common Stock		138,897
Apple Inc	Common Stock		6,938
Applied Materials Inc	Common Stock		1,135
Arm Holdings Plc Spons Adr	Common Stock		26,468
Atlassian Corp Plc Class A Common Stock Usd.1	Common Stock		1,196

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	Bank of America	Common Stock	1,046
*	Baxalta Inc Common Stock Usd.01	Common Stock	4,008,572
*	Baxter International Inc	Common Stock	4,873,776

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 66-0678126 and Plan Number 024****December 31, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Biogen Idec Inc	Common Stock		41,930
Biomarin Pharmaceutical Inc Common Stock Usd.001	Common Stock		6,900
Boeing Co	Common Stock		54,665
Boeing Co	Common Stock		6,015
Bp Plc Spons Adr	Common Stock		1,013
Bristol Myers Squibb Co	Common Stock		63,342
Capital One Financial Corp	Common Stock		1,072
* Cardinal Health Inc	Common Stock		
CBS Corp	Common Stock		955
Celgene Corp	Common Stock		62,358
Chevron Corp Common Stock Usd.75	Common Stock		9,612
Cit Group Inc	Common Stock		1,019
Citigroup Inc	Common Stock		25,544
Citigroup Inc	Common Stock		5,704
Citigroup Inc	Common Stock		1,048
Citizens Financial Group	Common Stock		1,026
Comcast Corp	Common Stock		6,037
Comcast Corp	Common Stock		915
Concho Resources Inc	Common Stock		20,457
Costco Wholesale Corp	Common Stock		50,005
Crown Castle Intl Corp Reit Usd.01	Common Stock		4,566
Delta Air Lines Inc Common Stock Usd.0001	Common Stock		3,684
Discovery Communications	Common Stock		3,740
Dollar General Corp Common Stock Usd.875	Common Stock		3,009
* Edwards Lifesciences Corp	Common Stock		134,361
Eog Resources Inc	Common Stock		11,720
Eqt Corp Common Stock	Common Stock		915
Exelon Corp	Common Stock		900
Express Scripts Holding Co	Common Stock		3,778
Facebook Inc	Common Stock		124,088
Flextronics Intl Ltd	Common Stock		939
General Electric Co	Common Stock		29,015
General Electric Co	Common Stock		5,689
General Electric Co	Common Stock		926
Goldman Sachs Group	Common Stock		5,015
Grupo Televisa Sa Spon Adr Adr	Common Stock		3,175
Home Depot Inc Common Stock Usd.05	Common Stock		20,305
Honeywell International Inc	Common Stock		6,239
Hp Inc Common Stock Usd.01	Common Stock		2,412
Illumina Inc	Common Stock		40,539
Inditex Unspn Adr	Common Stock		54,604
Intel Corp Common Stock Usd.001	Common Stock		3,560
Intercontinental Exchange	Common Stock		6,750
International Paper Co	Common Stock		968

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Invesco Ltd	Common Stock	950
Jd.Com Inc Adr Adr Usd.00002	Common Stock	17,667
Johnson Controls Inc	Common Stock	5,745
Keysight Technologies	Common Stock	899
Kroger Co Common Stock Usd1.	Common Stock	48,028
Las Vegas Sands Corp	Common Stock	4,950

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 66-0678126 and Plan Number 024****December 31, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Liberty Global Plc Series C Common Stock Usd.01	Common Stock		991
Liberty Media Corp	Common Stock		2,608
Linkedin Corp	Common Stock		49,315
Lowes	Common Stock		719
Mallinckrodt Plc Common Stock Usd.2	Common Stock		4,385
Marriott International	Common Stock		42,904
Marsh & McLennan Cos	Common Stock		899
Mastercard Inc	Common Stock		86,324
Mcdonald S Corp Common Stock Usd.01	Common Stock		30,479
Mcgraw Hill Financial Inc	Common Stock		31,860
Mckesson Corp Common Stock Usd.01	Common Stock		7,273
Medtronic Plc Common Stock Usd.1	Common Stock		6,440
Merck & Co. Inc.	Common Stock		999
Microsoft Corp	Common Stock		40,116
Microsoft Corp	Common Stock		1,049
Monsanto Co	Common Stock		24,052
Monsanto Co	Common Stock		7,386
Monster Beverage Corp Common Stock	Common Stock		26,018
Morgan Stanley	Common Stock		26,973
Mosaic Co	Common Stock		3,156
Netflix Inc	Common Stock		71,603
Nike Inc	Common Stock		83,970
* Northern Trust Corp	Common Stock		6,173
Novartis Ag Adr	Common Stock		6,938
Novo Nordisk A/S Spons Adr	Common Stock		30,657
Nxp Semiconductors Nv Common Stock	Common Stock		21,014
O Reilly Automotive Inc	Common Stock		49,623
Occidental Petroleum Corp	Common Stock		5,041
Omnicom Group	Common Stock		6,898
Oracle Corp	Common Stock		6,908
Oracle Corp	Common Stock		987
Palo Alto Networks Inc Common Stock Usd.0001	Common Stock		12,593
Pentair Plc	Common Stock		5,459
Pnc Financial Services Group	Common Stock		5,780
Priceline.Com Inc	Common Stock		48,959
Procter & Gamble Co	Common Stock		858
Realogy Holdings Corp	Common Stock		842
Red Hat Inc	Common Stock		46,711
Regeneron Pharmaceuticals Common Stock Usd.001	Common Stock		41,349
Salesforce.Com Inc	Common Stock		62,440
Sanofi Adr	Common Stock		1,037
Schlumberger Ltd	Common Stock		11,993
Sherwin Williams Co/The Common Stock Usd1.	Common Stock		15,776
Shire Plc Adr	Common Stock		51,201

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Splunk Inc	Common Stock	27,296
Starbucks Corp	Common Stock	62,705
Tencent Holdings Ltd	Common Stock	55,065
Tesla Motors Inc	Common Stock	34,357
Teva Pharmaceutical Sp Adr Adr	Common Stock	4,602
Texas Instruments Inc	Common Stock	2,532

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 66-0678126 and Plan Number 024****December 31, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Texas Instruments Inc	Common Stock		814
Thermo Fisher Scientific Inc	Common Stock		958
Time Warner Inc	Common Stock		28,373
Time Warner Inc	Common Stock		611
Tjx Companies Inc	Common Stock		36,161
Under Armour Inc	Common Stock		42,033
Vertex Pharmaceuticals Inc	Common Stock		16,015
Visa Inc	Common Stock		90,207
Vodafone Group Plc Sp Adr	Common Stock		4,863
Vodafone Group Plc Sp Adr	Common Stock		784
Walt Disney Co	Common Stock		53,468
Whirlpool Corp Common Stock Usd1.	Common Stock		5,961
Workday Inc	Common Stock		31,206
Common Stock			12,079,714

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

Fannie Mae	6.625% 15 Nov 2030		2,023
Fed HM LN PC Pool C48827	6.0% 01 Mar 2031		40,501
Fed HM LN PC Pool G12334	5.0% 01 Sep 2021		34,888
FNMA Pool 256398	6.0% 01 Sep 2021		6,453
FNMA Pool 581043	6.0% 01 May 2016		679
FNMA Pool 615005	6.0% 01 Dec 2016		53
FNMA Pool 725690	6.0% 01 Aug 2034		851
FNMA Pool 748115	6.0% 01 Oct 2033		156
FNMA Pool 815316	5.5% 01 May 2035		4
FNMA Pool 885504	6.0% 01 Aug 2021		29
FNMA Pool 902793	6.5% 01 Nov 2036		3,363
FNMA Pool AH3979	4.0% 01 Feb 2041		4,747
FNMA Pool AH4008	4.0% 01 Mar 2041		9,336
FNMA Pool AP6604	3.0% 01 Sep 2042		11,239
FNMA Pool AT2032	3.5% 01 Apr 2043		1,126
FNMA Pool MA0734	4.5% 01 May 2031		332
FNMA Pool MA1437	3.5% 01 May 2043		1,884
Fnma Tba 30 Yr 3 Single Family Mortgage	3% 11 Feb 2046		561
FNMA Tba 30Yr Single Family Ja	3.5% 01 Dec 2099		911
FNMA Tba Single Family Mortgag	4.0% 01 Dec 2099		2,987
GNMA II Pool 710082	4.698% 20 Jul 2061		3,458
GNMA II Pool 710089	4.7% 20 Oct 2061		730
GNMA II Pool 751415	4.616% 20 Aug 2061		1,292
GNMA II Pool 756731	4.673% 20 Mar 2062		907
GNMA II Pool 766519	4.668% 20 May 2062		891

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GNMA II Pool 766522	4.538% 20 Nov 2062	1,912
GNMA II Pool 766544	4.499% 20 Dec 2062	1,191
GNMA II Pool 766549	4.616% 20 Jul 2062	1,883
Gnma Ii Pool 767659 G2 09/63 Fixed 4.66	4.66% 20 Sep 2063	1,549
GNMA II Pool 771800	4.627% 20 Jan 2064	3,352

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 66-0678126 and Plan Number 024****December 31, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Gnma Ii Pool 798510 G2 01/64 Fixed 4.661	4.661% 20 Jan 2064		4,189
Gnma Ii Pool Aa1698 G2 02/63 Fixed 4.394	4.394% 20 Feb 2063		651
Gnma Ii Pool Aa7548 G2 04/64 Fixed 4.629	4.629% 20 Apr 2064		518
GNMA II Pool AB8466	1.0% 20 Sep 2063		561
GNMA II Pool AC0988	4.423% 20 July 2063		1,072
GNMA II Pool AC9906	4.323% 20 May 2063		3,153
GNMA II Pool AC9910	4.515% 20 Jul 2063		518
Gnma Ii Pool Ah1430 G2 04/65 Fixed 4.575	4.575% 20 Apr 2065		295
Gnma Ii Pool An4723 G2 05/65 Fixed 4.49	4.49% 20 May 2065		800
Mex Bonos Desarr	6.5% 10 Jun 2021		556
Republic Of Colombia Sr Unsecured 01/26 4.5	4.5% 28 Jan 2026		2,780
Republic Of Indonesia Sr Unsecured 144A 01/42 5.25	5.25% 17 Jan 2042		3,067
Republic Of Philippines	3.9% 26 Nov 2022		1,411
Tenn Valley Authority	3.5% 15 Dec 2042		2,075
Tenn Valley Authority Sr Unsecured 01/48 4.875	4.875% 15 Jan 2048		5,269
Tenn Valley Authority Sr Unsecured 09/39 5.25	5.25% 15 Sep 2039		2,860
Tenn Valley Authority Sr Unsecured 09/65 4.25	4.25% 15 Sep 2065		14,008
Tsy Infl Ix N/B 01/25 0.25	0.25% 15 Jan 2025		7,854
Tsy Infl Ix N/B 02/44 1.375	1.375% 15 Feb 2044		25,886
Tsy Infl Ix N/B 02/45 0.75	0.75% 15 Feb 2045		1,886
Tsy Infl Ix N/B 07/24 0.125	0.125% 15 Jul 2024		7,406
US Treasury N/B	3.75% 15 Nov 2043		2,018
US Treasury N/B	0.5% 30 Sep 2016		19,905
US Treasury N/B	0.375% 31 Oct 2016		58,634
US Treasury N/B	1.875% 31 Aug 2017		12,442
US Treasury N/B	1.0% 30 Jun 2019		6,511
Us Treasury N/B 02/44 3.625	3.625% 15 Feb 2044		5,756
Us Treasury N/B 02/45 2.5	2.5% 15 Feb 2045		1,106
Us Treasury N/B 03/16 0.375	0.375% 31 Mar 2016		8,904
Us Treasury N/B 03/16 0.375	0.375% 31 Mar 2016		20,304
Us Treasury N/B 05/25 2.125	2.125% 15 May 2025		13,427
Us Treasury N/B 05/45 3	3.0% 15 May 2045		6,049
Us Treasury N/B 08/17 0.625	0.625% 31 Aug 2017		15,243
Us Treasury N/B 08/45 2.875	2.875% 15 Aug 2045		16,640
Us Treasury N/B 10/17 0.75	0.75% 31 Oct 2017		2,075
Us Treasury N/B 10/20 1.375	1.375% 31 Oct 2020		19,066
U.S Government and Government Agency Issues			434,183

**** Corporate and Other Obligations:**

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Actavis Funding Scs Company Guar 03/35 4.55	4.55% 15 Mar 2035	1,678
Actavis Funding Scs Company Guar 03/45 4.75	4.75% 15 Mar 2045	2,196
AES Corp	1.0% 01 Jun 2019	827
American Tower Corp	4.5% 15 Jan 2018	2,584
Americredit Automobile Receiva Amcar 2015 4 B	2.11% 08 Jan 2021	1,418
Americredit Automobile Receiva Amcar 2015 4 C	2.88% 08 Jul 2021	970
Americredit Automobile Receivables	1.19% 08 May 2018	1,500
Americredit Automobile Receivables	1.79% 08 Mar 2019	1,202
Anadarko Petroleum Corp	6.375% 15 Sep 2017	3,385

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 66-0678126 and Plan Number 024****December 31, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Anglo American Capital Company Guar 144A 05/25 4.875	4.875% 14 May 2025		3,709
Arcelormittal	7.25% 01 Mar 2041		2,335
Asbury Automotive Group Company Guar 12/24 6	6.0% 15 Dec 2024		1,550
At+T Inc Sr Unsecured 05/46 4.75	4.75% 15 May 2046		2,337
At+T Inc Sr Unsecured 08/41 5.55	5.55% 15 Aug 2041		226
Banc Of America Commercial Mortgage	1.0% 10 Apr 2049		2,279
Banco Santander Bras Ci	4.625% 13 Feb 2017		3,028
Banco Santander Chile	3.875% 20 Sep 2022		2,989
Bank of America	6.4% 28 Aug 2017		2,895
Bank of America	5.625% 01 Jul 2020		4,336
Bank of America	5.0% 13 May 2021		2,215
Barclays Plc Sr Unsecured 06/20 2.875	2.875% 08 Jun 2020		6,892
Bear Stearns Commercial Mortgage	1.0% 11 Jun 2040		2,123
Biogen Inc Sr Unsecured 09/20 2.9	2.9% 15 Sep 2020		1,348
Braskem America Finance	7.125% 22 Jul 2041		3,691
Bunge Limited Finance Co	4.1% 15 Mar 2016		1,132
California Republic Auto Recei Crart 2015 4 A3 144A	2.04% 15 Jan 2020		824
CBRE Services Inc	5.0% 15 Mar 2023		528
CCO Hldgs LLC	5.25% 15 Mar 2021		3,665
CCO Hldgs LLC/Cap Corp	6.5% 30 Apr 2021		859
Cco Safari Ii Llc Sr Secured 144A 10/45 6.484	6.484% 23 Oct 2045		2,557
CD Commercial Mortgage Trust	5.322% 28 Jun 2016		1,909
Celgene Corp Sr Unsecured 08/45 5	5.0% 15 Aug 2045		2,186
Celulosa Arauco	5.0% 21 Jan 2021		2,739
Centurylink Inc	5.625% 01 Apr 2020		1,039
Centurylink Inc Sr Unsecured 03/22 5.8	5.8% 15 Mar 2022		206
Cielo Sa/Cielo Usa Inc	3.75% 16 Nov 2022		2,478
Citigroup Inc	4.05% 30 Jul 2022		2,534
Citigroup Inc Sr Unsecured 10/20 2.65	2.65% 26 Oct 2020		2,011
Citigroup Inc Sr Unsecured 12/18 2.05	2.05% 07 Dec 2018		1,942
CNPC General Capital	3.95% 19 Apr 2022		3,067
Colony American Finance Ltd Cafi 2015 1 A 144A	2.896% 15 Oct 2047		2,802
Colony American Homes	1.0% 17 May 2031		3,455
Comm Mortgage Trust	1.0% 10 Dec 2049		778
Contl Airlines	4.0% 29 Apr 2026		2,347
Contl Airlines	5.983% 19 Oct 2023		3,931
Cps Auto Trust Cps 2015 C C 144A	3.42% 16 Aug 2021		2,238
Cvs Health Corp Sr Unsecured 07/25 3.875	3.875% 20 Jul 2025		2,299
Cvs Health Corp Sr Unsecured 07/45 5.125	5.125% 20 Jul 2045		1,503
Cvs Health Corp Sr Unsecured 144A 12/22 4.75	4.75% 01 Dec 2022		724
Cvs Health Corp Sr Unsecured 144A 12/24 5	5.0% 01 Dec 2024		406
Db Master Finance Llc Dnkn 2015 1A A2I 144A	3.262% 20 Feb 2045		737
Delphi Automotive Plc Company Guar 11/20 3.15	3.15% 19 Nov 2020		600
Deluxe Corp	6.0% 15 Nov 2020		2,967

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Dolphin Energy Ltd	5.5% 15 Dec 2021	3,302
Dun & Bradstreet Corp	3.25% 01 Dec 2017	1,664
Dynegy Inc Company Guar 11/19 6.75	6.75% 01 Nov 2019	2,258
Ecopetrol Sa Sr Unsecured 06/26 5.375	5.375% 26 Jun 2026	2,688
Embarq Corp	7.995% 01 Jun 2036	6,650
Embraer Netherlands Fina Company Guar 06/25 5.05	5.05% 15 Jun 2025	3,689

Baxter Healthcare of Puerto Rico**Savings and Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Employer Identification Number: 66-0678126 and Plan Number 024****December 31, 2015**

Identity of Issue	Description of Investment	Cost ⁽¹⁾	Current Value
Energy Transfer Partners	6.05% 01 Jun 2041		5,038
Energy Transfer Partners	5.2% 01 Feb 2022		1,192
Ensco Plc	4.5% 01 Oct 2024		620
Ensco Plc	5.75% 01 Oct 2044		792
Equifax Inc	7.0% 01 Jul 2037		2,536
Firstenergy Corp	2.75% 15 Mar 2018		2,187
Flextronics Intl Ltd Company Guar 144A 06/25 4.75	4.75% 15 Jun 2025		950
Ford Motor	7.45% 16 Jul 2031		1,668
Ford Motor Credit Co LLC	5.75% 01 Feb 2021		4,976
Ford Motor Credit Co LLC	5.0% 15 May 2018		6,151
Freeport McMoran	2.375% 15 Mar 2018		1,288
Frontier Communications	7.875% 15 Jan 2027		1,354
Frontier Communications	8.5% 15 Apr 2020		