

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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| CITY OF LAKELAND EMPLOYEES |) | Case No. 1:10-cv-06016 |
| PENSION PLAN, Individually and on Behalf |) | |
| of All Others Similarly Situated, |) | <u>CLASS ACTION</u> |
| |) | |
| Plaintiff, |) | Judge John J. Tharp, Jr. |
| |) | |
| vs. |) | |
| |) | |
| BAXTER INTERNATIONAL INC., et al., |) | |
| |) | |
| Defendants. |) | |
| |) | |
| _____ |) | |

ORDER PRELIMINARILY APPROVING SETTLEMENT
AND PROVIDING FOR NOTICE

WHEREAS, an action is pending before this Court styled *City of Lakeland Employees Pension Plan v. Baxter International Inc., et al.*, No. 1:10-cv-06016 (the “Action”);

WHEREAS, the Settling Parties having made application, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the settlement of this Action, in accordance with the Amended Settlement Agreement dated August 27, 2015 (the “Settlement Agreement”), which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed settlement of the Action and for dismissal of the Action with prejudice upon the terms and conditions set forth therein; and the Court having read and considered the Settlement Agreement and the Exhibits annexed thereto; and

WHEREAS, unless otherwise defined, all defined terms herein have the same meanings as set forth in the Settlement Agreement.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court does hereby preliminarily approve the Settlement Agreement and the Settlement set forth therein, subject to further consideration at the Settlement Hearing described below.

2. A hearing (the “Settlement Hearing”) shall be held before this Court on January 22, 2016, at 1:00 p.m., at the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen United States Courthouse, Courtroom 1419, 219 South Dearborn Street, Chicago, Illinois 60604, to determine whether the proposed Settlement of the Action on the terms and conditions provided for in the Settlement Agreement is fair, reasonable, and adequate to the Class and should be approved by the Court; to determine whether a Judgment as provided in ¶ 1.11 of the Settlement Agreement should be entered; to determine whether the proposed Plan of Allocation should be approved; to determine the amount of fees and expenses that should be awarded to Lead Counsel; to determine the amount of expenses to be awarded to Lead Plaintiff for its service to the

Class; to hear any objections by Class Members to the Settlement Agreement or Plan of Allocation or any award of fees and expenses to Plaintiffs' Counsel and to Lead Plaintiff; and to consider such other matters as the Court may deem appropriate.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court hereby certifies a Class, for settlement purposes only, defined as: All Persons who purchased or otherwise acquired Baxter common stock during the period from June 10, 2009 through and including May 3, 2010. Excluded from the Class are Defendants, the officers and directors of Baxter during the Class Period, members of their immediate families, and their legal representatives, heirs, successors or assigns, and any entity in which a Defendant has or had a controlling interest. Also excluded from the Class are those Persons who timely and validly exclude themselves therefrom.

4. Pursuant to Rule 23(c) of the Federal Rules of Civil Procedure, the Court appoints the firm Gilardi & Co. LLC ("Claims Administrator") to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below:

(a) Within ten (10) calendar days after execution of the Stipulation, counsel for Defendants shall provide the Claims Administrator with a list of names and addresses of record holders of Baxter common stock during the Class Period;

(b) Not later than October 9, 2015 (the "Notice Date"), Lead Counsel and/or the Claims Administrator shall commence mailing of the Notice and the Proof of Claim and Release form, substantially in the forms annexed as Exhibits A-1 and A-2 hereto, by First-Class Mail to all Class Members who can be identified with reasonable effort and post the Notice and the Proof of Claim and Release form on the Settlement website at www.baxtersecuritiessettlement.com;

(c) Not later than October 19, 2015, the Claims Administrator shall cause the Summary Notice, substantially in the form annexed as Exhibit A-3 hereto, to be published once in the national edition of *Investor's Business Daily* and transmitted once over the *PR Newswire*; and

(d) Not later than January 14, 2016, Lead Counsel shall serve on Defendants' counsel and file with the Court proof, by affidavit or declaration, of such mailing and publishing.

5. Nominees who purchased or acquired Baxter common stock for the benefit of another Person during the Class Period shall be requested to send the Notice and Proof of Claim and Release form to such beneficial owners of Baxter common stock within ten (10) calendar days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) calendar days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim and Release form to such beneficial owners.

6. Other than the cost, if any, of providing Lead Counsel and/or the Claims Administrator with a list of names and addresses of record holders of Baxter common stock during the Class Period, all fees, costs, and expenses incurred in identifying and notifying members of the Class shall be paid from the Settlement Fund and in no event shall any of the Released Persons bear any responsibility for such fees, costs, or expenses.

7. All members of the Class (except Persons who request exclusion pursuant to ¶ 10 below) shall be bound by all determinations and judgments in the litigation concerning the Settlement, including, but not limited to, the releases provided for therein, whether favorable or unfavorable to the Class, regardless of whether such Persons seek or obtain by any means, including, without limitation, by submitting a Proof of Claim and Release form or any similar document, any distribution from the Settlement Fund or the Net Settlement Fund.

8. Class Members who wish to participate in the Settlement shall complete and submit the Proofs of Claim and Release in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proofs of Claim and Release must be postmarked or submitted electronically no later than January 7, 2016. Any Class Member who does not submit a Proof of

Claim and Release within the time provided shall be barred from sharing in the distribution of the proceeds of the Net Settlement Fund, unless otherwise ordered by the Court, but shall nevertheless be bound by any final judgment entered by the Court. Notwithstanding the foregoing, Lead Counsel shall have the discretion to accept late-submitted claims for processing by the Claims Administrator so long as the distribution of the Net Settlement Fund is not materially delayed thereby.

9. Any member of the Class may enter an appearance in the Action, at his, her, or its own expense, individually or through counsel of his, her, or its own choice. If a Class Member does not enter an appearance, he, she, or it will be represented by Lead Counsel.

10. Any Person falling within the definition of the Class may, upon request, be excluded or “opt out” from the Class. Any such Person must submit to the Claims Administrator a request for exclusion (“Request for Exclusion”), postmarked no later than December 18, 2015. A Request for Exclusion must be signed and state (a) the name, address, and telephone number of the Person requesting exclusion; and (b) that the Person wishes to be excluded from the Class. The Court asks, but does not require that any Request for Exclusion include the Person’s purchases, acquisitions, and sales of Baxter common stock from June 10, 2009, through and including May 3, 2010, including the dates, the number of shares of Baxter common stock purchased, acquired or sold, and price paid or received for each such purchase, acquisition or sale. All Persons who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph shall have no rights under the Settlement Agreement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Settlement Agreement or any final judgment.

11. Lead Counsel shall cause to be provided to Defendants’ counsel copies of all Requests for Exclusion, and any written revocation of Requests for Exclusion, as expeditiously as possible and in any event not less than fourteen (14) days prior to the Settlement Hearing.

12. Any member of the Class may appear and object if he, she, or it has any reason why the proposed Settlement of the Action should not be approved as fair, reasonable and adequate, or why a judgment should not be entered thereon, why the Plan of Allocation should not be approved, why attorneys' fees and expenses should not be awarded to Plaintiffs' Counsel, or why the expenses of Lead Plaintiff should not be awarded; provided, however, that no Class Member or any other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the order approving the Plan of Allocation, or any attorneys' fees and expenses to be awarded to Plaintiffs' Counsel or Lead Plaintiff, unless written objections and copies of any papers and briefs are sent to Jeffrey D. Light, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101; and Matthew R. Kipp, Skadden, Arps, Slate, Meagher & Flom LLP, 155 North Wacker Drive, Chicago, IL 60606, postmarked on or before December 18, 2015; and said objections, papers, and briefs are sent to the Clerk of the United States District Court for the Northern District of Illinois, postmarked on or before December 18, 2015. Any member of the Class who does not make his, her, or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the proposed Settlement as incorporated in the Settlement Agreement, to the Plan of Allocation, or to the award of attorneys' fees and expenses to Plaintiffs' Counsel or expenses of Lead Plaintiff, unless otherwise ordered by the Court.

13. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis*, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Settlement Agreement and/or further order(s) of the Court.

14. All papers in support of the Settlement, Plan of Allocation, and any application by Lead Counsel for attorneys' fees and expenses or by Lead Plaintiff for its expenses shall be filed and

served no later than December 4, 2015 and any reply papers shall be filed and served no later than January 12, 2016.

15. The Released Persons shall have no responsibility for the Plan of Allocation or any application for attorneys' fees or expenses submitted by Lead Counsel or Lead Plaintiff, and such matters will be considered separately from the fairness, reasonableness, and adequacy of the Settlement.

16. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed by Lead Counsel, and any application for attorneys' fees and expenses should be approved.

17. All reasonable expenses incurred in identifying and notifying Class Members as well as administering the Settlement Fund shall be paid as set forth in the Settlement Agreement. In the event the Court does not approve the Settlement, or it otherwise fails to become effective, neither Lead Plaintiff nor any of its counsel shall have any obligation to repay any amounts actually and properly incurred or disbursed pursuant to ¶¶ 2.6 or 2.7 of the Settlement Agreement.

18. Neither the Settlement Agreement, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by any of the Released Persons of the truth of any of the allegations in the Action, or of any liability, fault, or wrongdoing of any kind.

19. All proceedings in the Action are stayed until further order of this Court, except as may be necessary to implement the Settlement or comply with the terms of the Settlement Agreement. Pending final determination of whether the Settlement should be approved, neither Lead Plaintiff nor any Class Member, either directly, representatively, or in any other capacity shall commence or prosecute against any of the Released Persons any action or proceeding in any court or tribunal asserting any of the Released Claims.

20. The Court reserves the right to alter the time or the date of the Settlement Hearing without further notice to the members of the Class, provided that the time or the date of the Settlement Hearing shall not be set at a time or date earlier than the time and date set forth in ¶ 2 above. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Class.

IT IS SO ORDERED.

DATED: 9/18/15



JOHN J. THARP, JR.
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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|--|---|--------------------------|
| CITY OF LAKELAND EMPLOYEES |) | Case No. 1:10-cv-06016 |
| PENSION PLAN, Individually and on Behalf |) | |
| of All Others Similarly Situated, |) | <u>CLASS ACTION</u> |
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| Plaintiff, |) | Judge John J. Tharp, Jr. |
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| Defendants. |) | |
| |) | |
| _____ |) | |

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT, MOTION
FOR ATTORNEYS' FEES AND SETTLEMENT FAIRNESS HEARING

EXHIBIT A-1

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED BAXTER INTERNATIONAL INC. (“BAXTER” OR THE “COMPANY”) COMMON STOCK DURING THE PERIOD FROM JUNE 10, 2009 THROUGH AND INCLUDING MAY 3, 2010

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE SETTLEMENT PROCEEDS, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM FORM”) POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE JANUARY 7, 2016.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Northern District of Illinois, Eastern Division (the “Court”). The purpose of this Notice is to inform you of the pendency of this class action and the proposed settlement of the Action (the “Settlement”) and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, as well as counsel’s application for fees and expenses. This Notice describes the rights you may have in connection with your participation in the Settlement, what steps you may take in relation to the Settlement and this class action, and, alternatively, what steps you must take if you wish to be excluded from the Settlement and this Action.

| YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT | |
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| SUBMIT A CLAIM FORM | The only way to get a payment. Proof of Claim Forms must be postmarked or submitted online on or before January 7, 2016. |
| EXCLUDE YOURSELF | Get no payment. This is the only option that allows you to ever be part of any other lawsuit against the Defendants about the legal claims in this case. Exclusions must be postmarked on or before December 18, 2015. |
| OBJECT | Write to the Court about why you do not like the Settlement. Objections must be sent to the Court and counsel postmarked on or before December 18, 2015. |
| GO TO A HEARING | Ask to speak in Court about the fairness of the Settlement. Requests to speak must be sent to the Court and counsel postmarked on or before December 18, 2015. |
| DO NOTHING | Get no payment. Give up your rights. |

SUMMARY OF THIS NOTICE

Statement of Class Recovery

Pursuant to the Settlement described herein, a \$42.5 million Settlement Fund is being provided. The Settlement Fund was negotiated based on an analysis by Lead Plaintiff and Lead Counsel of the estimated dollar value of claims likely to survive summary judgment and anticipated appeals. Lead Plaintiff estimates that there were approximately 235,140,000 million shares of Baxter common stock which may have been damaged during the Class Period based on Lead Plaintiff's estimate of the maximum amount of damages that could have been recovered.¹ Lead Plaintiff estimates that if Class Members submit claims for 100% of the shares eligible for distribution, the estimated average distribution will be approximately \$0.18 per damaged share before deduction of any taxes on the income thereof, notice and administration costs and the attorneys' fee and expense award as determined by the Court. Historically, actual claims rates are less than 100%, which result in higher distributions per share. A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's Recognized Claim as compared to the total Recognized Claims submitted. An individual Class Member may receive more or less than this average amount depending on the number of claims submitted, when during the Class Period a Class Member purchased or acquired Baxter publicly traded common stock, the purchase or acquisition price paid, and whether those shares were held at the end of the Class Period or sold during the Class Period, and, if sold, when they were sold and the amount received. *See* Plan of Allocation as set forth at pages ___ below for more information on your Recognized Claim.

Statement of Potential Outcome of Case

The parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if the Class prevailed on each claim alleged. The Defendants deny that they are liable to the Class and deny that the Class has suffered any damages.

Statement of Attorneys' Fees and Expenses Sought

Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed twenty-six percent (26%) of the Settlement Fund, plus expenses not to exceed \$1,350,000, plus interest earned on both amounts. Since the Action's inception, Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis and advanced the expenses of the litigation in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees. The requested fees and expenses amount to an average of approximately \$0.05 per damaged share.

Further Information

For further information regarding the Action, this Notice or to review the Settlement Agreement, please contact the Claims Administrator toll-free at 1-877-255-2630, or www.baxtersecuritiessettlement.com.

¹ An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the total for all purchasers of that share.

You may also contact a representative of counsel for the Class: Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 1-800-449-4900.

Reasons for the Settlement

The principal reason for the Settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or acquired Baxter publicly traded common stock during the period from June 10, 2009 through and including May 3, 2010 (“Class Period”).

The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after objections and appeals, if any, are resolved, the Claims Administrator appointed by the Court will make the payments provided for in the Settlement.

This Notice explains the class action lawsuit, the Settlement, Class Members’ legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the Action is the United States District Court for the Northern District of Illinois, and the case is known as *City of Lakeland Employees Pension Plan v. Baxter International Inc., et al.*, No. 1:10-cv-06016. The case has been assigned to the Honorable John J. Tharp, Jr. The pension fund representing the Class, National Elevator Industry Pension Fund, is the “Lead Plaintiff,” and the company and persons it sued and who have now settled are called the Defendants.

2. What is this lawsuit about?

This litigation began on September 21, 2010, when a putative class action alleging violations of federal securities laws was filed in the Court. The Court appointed the law firm of Robbins Geller Rudman & Dowd LLP as Lead Counsel.

On April 15, 2011, Lead Plaintiff filed the Amended Consolidated Class Action Complaint (the “Complaint”), that generally alleges, among other things, that during the Class Period, Defendants artificially inflate the Company’s stock price by misrepresenting and omitting material information concerning the true status of the remediation of the Company’s Colleague infusion pump devices and the state of and outlook of the Company’s plasma business. Lead Plaintiff avers that Defendants’ allegedly false and misleading statements and omissions artificially inflated the price of Baxter stock and when the truth was eventually disclosed, resulted in substantial damages to the Class.

The Complaint further alleges that Class Members purchased Baxter common stock during the Class Period at prices artificially inflated as a result of the Defendants' dissemination of materially false and misleading statements, and asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder.

Defendants moved to dismiss the Complaint, and Lead Plaintiff opposed the motion. On January 23, 2012, the Court entered an order granting in part, and denying in part, Defendants' motion to dismiss. Defendants filed their answer to the Complaint on August 27, 2012, and on January 28, 2013, Lead Plaintiff filed its motion for class certification.

The parties attended mediation on March 12, 2015, but were unable to resolve the case. The parties continued their discussions with the assistance of the mediator, and following several months of arm's-length negotiations, reached an agreement-in-principle to settle the litigation on the terms set forth herein.

Defendants deny each and all of the claims and contentions alleged by Lead Plaintiff in the litigation. Defendants contend that they did not make any false or misleading statement, that they disclosed all information required to be disclosed by the federal securities laws, and that any omitted or misstated information was not material. Defendants also contend that any losses suffered by members of the Class were not caused by any false or misleading statements by Defendants and/or were caused by intervening events.

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| 3. Why is this a class action? |
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In a class action, one or more people called the plaintiff sues on behalf of people who have similar claims. All of the people with similar claims are referred to as a class or class members. One court resolves the issues for all class members, except for those who exclude themselves from the class.

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| 4. Why is there a settlement? |
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The Court did not decide in favor of the Defendants or of the Class. Instead, both sides agreed to the Settlement to avoid the risks and cost of further litigation, and Lead Plaintiff agreed to the Settlement in order to ensure that Class Members will receive compensation. Continuing to litigate the case would require all parties to expend substantial resources. If the litigation continued, both sides would engage in extensive and time-consuming litigation concerning summary judgment. Lead Plaintiff believes much of the proof in this litigation would be highly technical, making the outcome of any trial unpredictable. Lead Plaintiff and Lead Counsel believe the Settlement is in the best interest of all Class Members in light of the possibility that continued litigation could result in no recovery at all.

WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you first have to evaluate if you are a Class Member.

5. How do I know if I am part of the Settlement?

The Court directed that everyone who fits this description is a Class Member: *all persons who purchased or otherwise acquired Baxter common stock during the period from June 10, 2009 through and including May 3, 2010*, except those persons and entities that are excluded, as described below.

6. Are there exceptions to being included?

Excluded from the Class are the Defendants, the officers and directors of Baxter during the Class Period, members of their immediate families, and their legal representatives, heirs, successors or assigns, and any entity in which a Defendant has or had a controlling interest. Also excluded from the Class are any Class Members who exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in question 13 below.

If one of your mutual funds own Baxter common stock, that alone does not make you a Class Member. You are a Class Member only if you directly purchased or acquired Baxter common stock during the Class Period. Contact your broker to see if you have purchased or acquired Baxter common stock.

If you sold Baxter common stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you *purchased or acquired* Baxter common stock, as defined above.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at 1-877-255-2630, or you can fill out and return the Proof of Claim Form enclosed with this Notice package, to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the Settlement provide?

In exchange for the Settlement and dismissal of the Action, Defendants have agreed that a payment of \$42.5 million will be made by Defendants (or on their behalf) to be divided, after taxes, fees, and expenses, among all Class Members who send in a valid Proof of Claim Form.

9. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim Forms that Class Members send in, the number of shares of Baxter common stock you purchased or acquired, how much you paid for the shares, when you purchased or acquired, and if you sold your shares and for how much.

By following the instructions in the Plan of Allocation, you can calculate what is called your Recognized Claim. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their Proof of Claim Forms, the payment you get will be a part

of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claim. See the Plan of Allocation at pages ___ hereof for more information on your Recognized Claim.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must submit a Proof of Claim Form. A Proof of Claim Form is enclosed with this Notice or it may be downloaded at www.baxtersecuritiessettlement.com. Read the instructions carefully, fill out the Proof of Claim Form, include all the documents the form asks for, sign it, and mail or submit it online so that it is postmarked or received no later than January 7, 2016. The claim form may be submitted online at www.baxtersecuritiessettlement.com.

11. When would I get my payment?

The Court will hold a Settlement Hearing on January 22, 2016, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain how these appeals will be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proof of Claim Forms to be processed. Please be patient.

12. What am I giving up to get a payment or to stay in the Class?

Unless you exclude yourself, you will remain a Class Member, and that means that, if the Settlement is approved, you will release all "Released Claims" (as defined below), including "Unknown Claims" (as defined below), against the "Released Persons" (as defined below):

- "Released Claims" means any and all claims, causes of action, rights, actions, suits, obligations, debts, demands, judgments, agreements, promises, liabilities, damages, losses, controversies, costs, expenses or attorney fees, of every nature and description whatsoever that were, may have been, or could have been asserted in the Action and whether direct or indirect, now known or unknown, suspected or unsuspected, accrued or unaccrued, in law or in equity whether having arisen or yet to arise, including, without limitation, any claims of violations of federal or state securities laws and any federal or state claims of fraud, intentional misrepresentation, negligent misrepresentation, negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, breach of fiduciary duty, or violations of any state or federal statutes, rules or regulations (including "Unknown Claims" as defined below), that have been or could have been alleged or asserted now or in the future by the Lead Plaintiff or any Class Member against Defendants or any of them or any of the Released Persons in this Action or in any other court action or before any administrative body, tribunal, arbitration panel, or other adjudicatory body, arising out of, relating to, or in connection with both a Class Member's purchase(s), acquisition(s), or sale(s) of Baxter common stock during the Class Period and from the acts, facts, transactions, events, occurrences, disclosures, statements, omissions, or failures to act that were alleged, may have been alleged, or could have been alleged in the Action.

- “Released Persons” means each and all of Defendants and each and all of their Related Persons.
- “Unknown Claims” means any Released Claims which Lead Plaintiff or any Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Persons which, if known by him, her, or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived to the fullest extent permitted by law the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those that he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, whether or not previously or currently asserted in any action. Lead Plaintiff acknowledges, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential term of the Settlement of which this release is a part.

If you remain a member of the Class, all of the Court’s orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue one or more of the Defendants and the other Released Persons, on your own, about the legal issues in this

case, then you must take steps to remove yourself from the Settlement. This is called excluding yourself – or is sometimes referred to as “opting out.”

13. How do I get out of the proposed Settlement?

To exclude yourself from the Class, you must send a letter by First-Class Mail stating that you “request exclusion from the Class in the *Baxter Securities Litigation*.” Please include in your letter the date(s), price(s), and number(s) of all purchases, acquisitions and sales of publicly traded Baxter common stock during the Class Period. In addition, you must include your name, address, telephone number, and your signature. You must submit your exclusion request **postmarked no later than December 18, 2015** to:

Baxter Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you ask to be excluded, you will not get any payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue the Defendants and the other Released Persons in the future.

14. If I do not exclude myself, can I sue the Defendants and the other Released Persons for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Persons for any and all Released Claims. If you have a pending lawsuit against the Released Persons speak to your lawyer in that case immediately. You must exclude yourself from this Action to continue your own lawsuit. Remember, the exclusion deadline is December 18, 2015.

15. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, you may not send in a Proof of Claim Form to ask for any money. But, you may sue or be part of a different lawsuit against Defendants and the other Released Persons.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court ordered that the law firm of Robbins Geller Rudman & Dowd LLP represents the Class Members, including you. These lawyers are called Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel are moving the Court to award attorneys’ fees in an amount not greater than twenty-six percent (26%) of the Settlement Fund and for expenses in an amount not to exceed

\$1,350,000, which were incurred in connection with the litigation, plus interest earned on both amounts. Such sums as may be approved by the Court will be paid from the Settlement Fund.

OBJECTING TO THE SETTLEMENT

18. How do I tell the Court that I do not like the proposed Settlement?

If you are a Class Member, you can object to the proposed Settlement. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in the *Baxter Securities Litigation*. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of Baxter publicly traded common stock you purchased, acquired and sold during the Class Period, and state the reasons why you object to the proposed Settlement. Your objection must be mailed or delivered to each of the following addresses **postmarked no later than December 18, 2015**:

| COURT | LEAD COUNSEL | DEFENDANTS' COUNSEL |
|---|---|---|
| Clerk of the Court United States District Court Northern District of Illinois Everett McKinley Dirksen United States Courthouse 219 South Dearborn Street Chicago, IL 60604 | ROBBINS GELLER RUDMAN & DOWD LLP Jeffrey D. Light 655 West Broadway, Suite 1900 San Diego, CA 92101 | SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP Matthew R. Kipp 155 North Wacker Drive Chicago, IL 60606 |

19. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend and you may ask to speak, but you do not have to.

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a settlement hearing at 1:00 p.m., on Friday, January 22, 2016, at the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen United States Courthouse, Courtroom 1419, 219 South Dearborn Street, Chicago, IL 60604 (the "Settlement Hearing"). At the hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Lead Counsel

and the Lead Plaintiff. After the Settlement Hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see question 18 above) a statement saying that it is your “Notice of Intention to Appear in the *Baxter Securities Litigation*.” Persons who intend to object to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys’ fees and expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the hearing if you excluded yourself.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit or be part of any other lawsuit against the Released Persons about the legal issues in this case, ever again.

GETTING MORE INFORMATION

24. Are there more details about the proposed Settlement?

This Notice summarizes the proposed Settlement. More details are in the Amended Settlement Agreement dated August 27, 2015 (the “Settlement Agreement”). You can get a copy of the Settlement Agreement and obtain answers to common questions regarding the proposed Settlement by contacting the Claims Administrator toll-free at 1-877-255-2630. A copy of the Settlement Agreement is also available on the Settlement website at www.baxtersecuritiessettlement.com.

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Settlement Agreement, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen United States

Courthouse, 219 South Dearborn Street, Chicago, IL 60604, during regular business hours. For a fee, all papers filed in this Action are available at www.pacer.gov.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The Settlement amount of \$42.5 million and any interest earned thereon shall be the “Settlement Fund.” The Settlement Fund, less all taxes, approved costs, fees, and expenses (the “Net Settlement Fund”) shall be distributed to Class Members who submit timely and valid Proof of Claim Forms to the Claims Administrator (“Authorized Claimants”).

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claim Forms (“Claimants”) under the Plan of Allocation (the “Plan”) described below. The Plan provides that Claimants will be eligible to participate in the distribution of the Net Settlement Fund only if Claimants purchased or acquired Baxter common stock during the “Class Period,” June 10, 2009 through and including May 3, 2010.

For purposes of determining the amount a Claimant may recover under the Plan, Lead Counsel conferred with their damage consultants and the Plan reflects an assessment of the damages that they believe could have been recovered had the Lead Plaintiff prevailed at trial. Defendants have had, and shall have, no involvement or responsibility for the terms or application of the Plan described herein. The Court may approve the Settlement and Settlement Agreement, even if it does not approve the Plan of the Settlement proceeds.

A. Recognized Claim

To the extent there are sufficient funds in the Net Settlement Fund, each Claimant will receive an amount equal to the Claimant’s “Recognized Claim,” as described below. If, however, as expected, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Claimant, then each Claimant shall be paid the percentage of the Net Settlement Fund that each Claimant’s Recognized Claim bears to the total of the Recognized Claim of all Claimants – *i.e.*, the Claimant’s *pro rata* share of the Net Settlement Fund. Payment in this manner shall be deemed conclusive against all Claimants.

The proposed Plan reflects the Lead Plaintiff’s allegations that over the course of the Class Period, the trading prices of Baxter common stock were artificially inflated as a result of the Defendants’ misrepresentations and omissions concerning this matter.

Estimated damages and the Plan were developed based on event study analysis, which determines how much artificial inflation was in the stock price on each day during the Class Period by measuring how much the stock price was inflated as a result of misrepresentations and omissions and declined as a result of disclosures that corrected the alleged misrepresentations and omissions. Because the alleged misrepresentations and omissions increased the artificial inflation over the Class Period and the alleged corrective disclosures reduced the artificial inflation in stages over the course of the Class Period, the damages suffered by any particular Claimant depends on when that Claimant purchased and sold shares, or retained shares beyond the end of the Class Period.

1. Calculation of Recognized Claim

Based on the foregoing, and for purposes of this Settlement only, Recognized Claim will be calculated as follows:

A Claimant's Recognized Gain amounts (as calculated below), if any, will be netted against that Claimant's Recognized Loss amounts (as calculated below), if any. For Baxter common stock purchased or acquired by a Claimant during the Class Period, the Recognized Loss (or Gain) for all of the Claimant's purchases or acquisitions will be totaled. Recognized Gains and Losses, in other words, will be netted or aggregated. If a Claimant has an overall net Recognized Gain on purchases, acquisitions and sales of Baxter common stock during the Class Period, the Claimant will not be eligible to receive a distribution from the Net Settlement Fund. If a Claimant has an overall net Recognized Loss on all of the Claimant's purchases, acquisitions and sales of Baxter common stock during the Class Period, the Claims Administrator will then calculate the Claimant's Recognized Claim.

Table 1 below provides the per share decline in artificial inflation for each period during the Class Period.

Each Claimant's Recognized Losses, if any, will be computed as follows:

For each share of Baxter common stock purchased or otherwise acquired during any of the periods shown in the left column of Table 1, and:

- a. sold within the same period, the Recognized Loss per share is zero.
- b. sold in a subsequent period, the Recognized Loss per share is the lesser of:
 - i. the decline in inflation per share as set forth in Table 1; or
 - ii. the purchase price per share less the sales price per share.
- c. retained beyond May 4, 2010 but sold before July 30, 2010, the Recognized Loss per share is the lesser of:
 - i. the decline in inflation per share as set forth in Table 1; or
 - ii. the difference between the purchase price and the sales price; or
 - iii. the purchase price per share less the price per share identified in Table 2 below for the date the share(s) were sold.
- d. retained on July 30, 2010, the Recognized Loss per share is the lesser of:
 - i. the decline in inflation per share shown in Table 1; or
 - ii. the difference between the purchase price per share and \$42.70 per share.

Each Claimant's Recognized Gains, if any, will be computed as follows:

For each share of Baxter common stock purchased or otherwise acquired during the period June 10, 2009 through July 15, 2009, and:

- a. sold within the same period, the Recognized Gain per share is zero.
- b. sold during the period July 16, 2009 through April 21, 2010, the Recognized Gain is the lesser of:
 - i. the increase in inflation per share of \$1.34; and
 - ii. the sale price per share less the purchase price per share.
- c. retained beyond April 21, 2010, the Recognized Gain per share is zero.

In addition, a Class Member will have recoverable damages only if he, she or it had a net loss, after all profits from the Class Member's transactions in Baxter common stock during the Class Period are subtracted from all losses incurred on the Class Member's transactions in Baxter common stock during the Class Period.

ADDITIONAL PROVISIONS

If a Class Member held Baxter common stock at the beginning of the Class Period or made multiple purchases, acquisitions or sales of Baxter common stock during or after the Class Period, the starting point for calculating a Claimant's Recognized Claim is to match the Claimant's holdings, purchases and acquisitions to their sales using the FIFO (*i.e.*, first-in-first-out) method. Under the FIFO method, Baxter common stock sold during the Class Period will be matched, in chronological order first against Baxter common stock held at the beginning of the Class Period. The remaining sales of Baxter common stock during the Class Period will then be matched, in chronological order against Baxter common stock purchased or acquired during the Class Period.

Purchases or acquisitions and sales of Baxter common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of Baxter common stock during the Class Period shall not be deemed a purchase, acquisition or sale of Baxter common stock for the calculation of Recognized Claims, unless (i) the donor or decedent purchased or otherwise acquired such shares of Baxter publicly traded common stock during the Class Period; (ii) no Proof of Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of Baxter common stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

A Claimant's Recognized Claim shall be the amount used to calculate the Claimant's *pro rata* share of the Net Settlement Fund. If the sum total of Recognized Claims of all Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Claimant's Recognized Claim divided by the total of the Recognized Claims of all Claimants, multiplied by the total amount in the Net Settlement Fund. No distribution will be made to Claimants who would otherwise receive a distribution of less than \$10.00.

Class Members who do not submit acceptable Proof of Claim Forms will not share in the Settlement proceeds. The Settlement and the Final Judgment and Order of Dismissal with Prejudice dismissing this Action will nevertheless bind Class Members who do not either submit a request for exclusion or submit an acceptable Proof of Claim Form.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim Form. If you are unsatisfied with the result, you may ask the Court, which will oversee the claims administration process, to decide the issue by submitting a written request.

Distributions will be made to Claimants after all claims have been processed and after the Court has finally approved the Settlement. If there is any balance remaining in the Net Settlement Fund after six (6) months from the date of the initial distribution of the Net Settlement Fund, Lead Counsel shall, if feasible, distribute such balance among Claimants who negotiated the checks sent to them in the initial distribution and who would otherwise receive a minimum of \$10.00. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is *de minimus* and such remaining balance shall then be donated to an appropriate non-profit organization designated by Lead Counsel and approved by the Court.

Table 1: Decline in Artificial Inflation per Share of Baxter Publicly Traded Common Stock

| Purchase Date | Sale Date | | | | Retained Beyond 5/4/2010 |
|---------------------|---------------------|---------------------|-----------|--------------------|--------------------------|
| | 6/10/2009-7/15/2009 | 7/16/2009-4/21/2010 | 4/22/2010 | 4/23/2010-5/3/2010 | |
| 6/10/2009-7/15/2009 | \$0.00 | \$0.00 | \$3.35 | \$4.78 | \$7.07 |
| 7/16/2009-4/21/2010 | | \$0.00 | \$4.69 | \$6.12 | \$8.41 |
| 4/22/2010 | | | \$0.00 | \$1.43 | \$3.72 |
| 4/23/2010-5/3/2010 | | | | \$0.00 | \$2.29 |

Table 2: Average Closing Prices for the 90 Days after the Class Period

| Sale Date | Closing Price per Share | Average Closing Price per Share |
|-----------|-------------------------|---------------------------------|
| 5/4/2010 | \$45.08 | \$45.08 |
| 5/5/2010 | \$45.65 | \$45.37 |
| 5/6/2010 | \$46.00 | \$45.58 |
| 5/7/2010 | \$45.12 | \$45.46 |

| | | |
|-----------|---------|---------|
| 5/10/2010 | \$46.29 | \$45.63 |
| 5/11/2010 | \$45.50 | \$45.61 |
| 5/12/2010 | \$44.88 | \$45.50 |
| 5/13/2010 | \$44.16 | \$45.34 |
| 5/14/2010 | \$43.53 | \$45.13 |
| 5/17/2010 | \$42.45 | \$44.87 |
| 5/18/2010 | \$43.39 | \$44.73 |
| 5/19/2010 | \$42.60 | \$44.55 |
| 5/20/2010 | \$41.55 | \$44.32 |
| 5/21/2010 | \$40.67 | \$44.06 |
| 5/24/2010 | \$41.82 | \$43.91 |
| 5/25/2010 | \$41.77 | \$43.78 |
| 5/26/2010 | \$41.50 | \$43.64 |
| 5/27/2010 | \$42.07 | \$43.56 |
| 5/28/2010 | \$42.23 | \$43.49 |
| 6/1/2010 | \$41.54 | \$43.39 |
| 6/2/2010 | \$41.81 | \$43.31 |
| 6/3/2010 | \$42.19 | \$43.26 |
| 6/4/2010 | \$41.37 | \$43.18 |
| 6/7/2010 | \$41.28 | \$43.10 |
| 6/8/2010 | \$40.98 | \$43.02 |
| 6/9/2010 | \$40.47 | \$42.92 |
| 6/10/2010 | \$41.08 | \$42.85 |
| 6/11/2010 | \$41.41 | \$42.80 |
| 6/14/2010 | \$41.46 | \$42.75 |
| 6/15/2010 | \$42.36 | \$42.74 |
| 6/16/2010 | \$42.54 | \$42.73 |
| 6/17/2010 | \$42.58 | \$42.73 |
| 6/18/2010 | \$42.01 | \$42.71 |
| 6/21/2010 | \$42.36 | \$42.70 |
| 6/22/2010 | \$41.66 | \$42.67 |
| 6/23/2010 | \$41.32 | \$42.63 |
| 6/24/2010 | \$41.13 | \$42.59 |
| 6/25/2010 | \$41.79 | \$42.57 |
| 6/28/2010 | \$42.19 | \$42.56 |
| 6/29/2010 | \$41.21 | \$42.53 |
| 6/30/2010 | \$40.64 | \$42.48 |
| 7/1/2010 | \$41.14 | \$42.45 |
| 7/2/2010 | \$41.65 | \$42.43 |
| 7/6/2010 | \$41.79 | \$42.41 |

| | | |
|-----------|---------|---------|
| 7/7/2010 | \$42.79 | \$42.42 |
| 7/8/2010 | \$43.39 | \$42.44 |
| 7/9/2010 | \$43.91 | \$42.47 |
| 7/12/2010 | \$43.71 | \$42.50 |
| 7/13/2010 | \$43.75 | \$42.53 |
| 7/14/2010 | \$43.25 | \$42.54 |
| 7/15/2010 | \$42.61 | \$42.54 |
| 7/16/2010 | \$42.45 | \$42.54 |
| 7/19/2010 | \$42.61 | \$42.54 |
| 7/20/2010 | \$42.71 | \$42.54 |
| 7/21/2010 | \$41.80 | \$42.53 |
| 7/22/2010 | \$43.25 | \$42.54 |
| 7/23/2010 | \$43.99 | \$42.57 |
| 7/26/2010 | \$44.72 | \$42.61 |
| 7/27/2010 | \$44.80 | \$42.64 |
| 7/28/2010 | \$44.12 | \$42.67 |
| 7/29/2010 | \$43.70 | \$42.68 |
| 7/30/2010 | \$43.77 | \$42.70 |

SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

If you purchased or acquired Baxter common stock during the Class Period for the beneficial interest of a person or organization other than yourself, the Court has directed that, **WITHIN TEN (10) DAYS OF YOUR RECEIPT OF THIS NOTICE**, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired such securities during such time period or (b) request additional copies of this Notice and the Proof of Claim Form, which will be provided to you free of charge, and within ten (10) days mail the Notice and Proof of Claim Form directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), the Court has requested that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Baxter Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040
(1-877-255-2630)
www.baxtersecuritiessettlement.com

Dated: _____

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

| | | |
|--|---|--------------------------|
| CITY OF LAKELAND EMPLOYEES |) | Case No. 1:10-cv-06016 |
| PENSION PLAN, Individually and on Behalf |) | |
| of All Others Similarly Situated, |) | <u>CLASS ACTION</u> |
| |) | |
| Plaintiff, |) | Judge John J. Tharp, Jr. |
| |) | |
| vs. |) | |
| |) | |
| BAXTER INTERNATIONAL INC., et al., |) | |
| |) | |
| Defendants. |) | |
| |) | |
| _____ |) | |

PROOF OF CLAIM AND RELEASE

EXHIBIT A-2

I. GENERAL INSTRUCTIONS

1. To recover as a member of the Class based on your claims in the action entitled *City of Lakeland Employees Pension Plan v. Baxter International Inc., et al.*, No. 1:10-cv-06016 (the “Action”), you must complete and, on page ___ hereof, sign this Proof of Claim and Release (“Proof of Claim Form”). If you fail to file a properly addressed (as set forth in paragraph 3 below) Proof of Claim Form, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed Settlement of the Action.

2. Submission of this Proof of Claim Form, however, does not assure that you will share in the proceeds of the Settlement of the Action.

3. YOU MUST MAIL OR SUBMIT ONLINE YOUR COMPLETED AND SIGNED PROOF OF CLAIM FORM, ACCOMPANIED BY COPIES OF THE DOCUMENTS REQUESTED HEREIN, ON OR BEFORE JANUARY 7, 2016, ADDRESSED AS FOLLOWS:

Baxter Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

Online Submissions: www.baxtersecuritiessettlement.com

If you are NOT a member of the Class, as defined in the Notice of Pendency of Class Action and Proposed Settlement, Motion for Attorneys’ Fees and Settlement Fairness Hearing (the “Notice”), DO NOT submit a Proof of Claim Form.

4. If you are a member of the Class and you do not timely request exclusion in connection with the proposed Settlement, you will be bound by the terms of any judgment entered in the Action, including the releases provided therein, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM FORM.

II. CLAIMANT IDENTIFICATION

If you purchased or otherwise acquired the common stock of Baxter International Inc. (“Baxter” or the “Company”) during the period from June 10, 2009 through and including May 3, 2010, use Part I of this form entitled “Claimant Identification” to list the claimant name, mailing address, and account information if relevant (such as for a claim submitted on behalf of an IRA, Trust, or estate account). Please list the most current claimant or account name as you would like the information to appear on the check, if eligible for payment. Please also provide a telephone number and/or e-mail address, as the Claims Administrator may need to contact you with questions about the claim submitted. If your Claimant Identification information changes, please notify the Claims Administrator in writing at the address above.

If you are acting in a representative capacity on behalf of a Class Member (for example, as an executor, administrator, trustee, or other representative), you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents or other documents which provide you with the authority to submit the claim. Please also indicate your representative capacity under your signature on page ___ of this claim form.

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. If you have a large number of transactions and wish to file your claim electronically, you must contact the Claims Administrator at 1-877-255-2630 to obtain the required file layout.

III. CLAIM FORM

Use Part II of this form entitled “Schedule of Transactions in Baxter Common Stock” to supply all required details of your transaction(s) in Baxter publicly traded common stock. If you

need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

On the schedules, provide all of the requested information with respect to *all* of your purchases or acquisitions and *all* of your sales of Baxter common stock between June 10, 2009 and July 30, 2010, inclusive, whether such transactions resulted in a profit or a loss. You must also provide all of the requested information with respect to *all* of the shares of Baxter publicly traded common stock you held at the close of trading on June 9, 2009, May 3, 2010, and July 30, 2010. Failure to report all such transactions may result in the rejection of your claim.

List these transactions separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.

The date of covering a “short sale” is deemed to be the date of purchase of Baxter common stock. The date of a “short sale” is deemed to be the date of sale of Baxter common stock.

Copies of stockbroker confirmation slips, stockbroker statements, or other documents evidencing your transactions in Baxter common stock should be attached to your claim. If any such documents are not in your possession, please obtain a copy or equivalent documents from your broker because these documents are necessary to prove and process your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

City of Lakeland Employees Pension Plan v. Baxter International Inc., et al.,

No. 1:10-cv-06016

PROOF OF CLAIM AND RELEASE

Must Be Postmarked or Submitted Online No Later Than:

January 7, 2016

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Owner's Name (First, Middle, Last)

Street Address

City

State or Province

Zip Code or Postal Code

Country

Social Security Number or
Taxpayer Identification Number

Individual
Corporation/Other

Area Code

Telephone Number (work)

Area Code

Telephone Number (home)

E-Mail Address

PART II: SCHEDULE OF TRANSACTIONS IN BAXTER COMMON STOCK

- A. Number of shares of Baxter common stock held at the close of trading on June 9, 2009: _____.
- B. Purchases or acquisitions of Baxter common stock between June 10, 2009 and May 3, 2010, inclusive:

| Trade Date Mo. Day Year | Number of Shares Purchased or Acquired | Total Purchase or Acquisition Price |
|----------------------------|---|--|
| 1. _____ | 1. _____ | 1. _____ |
| 2. _____ | 2. _____ | 2. _____ |
| 3. _____ | 3. _____ | 3. _____ |

IMPORTANT: (i) If any purchase listed covered a “short sale,” please mark Yes: Yes

(ii) If you received shares through an acquisition or merger, please identify the date, the share amount and the company acquired:

____ / ____ / _____ _____ _____
 MM DD YYYY Merger Shares Company

- C. Sales of Baxter common stock between June 10, 2009 and _____, inclusive:

| Trade Date Mo. Day Year | Number of Shares Sold | Total Sales Price |
|----------------------------|-----------------------|-------------------|
| 1. _____ | 1. _____ | 1. _____ |
| 2. _____ | 2. _____ | 2. _____ |
| 3. _____ | 3. _____ | 3. _____ |

- D. Number of shares of Baxter common stock held at the close of trading on May 3, 2010: _____.
- E. Number of shares of Baxter common stock held at the close of trading on July 30, 2010: _____.

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOUR SIGNATURE ON PAGE ___ WILL CONSTITUTE YOUR ACKNOWLEDGMENT OF THE RELEASE.

IV. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim and Release under the terms of the Amended Settlement Agreement (“Settlement Agreement”) described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Northern District of Illinois with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Action. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim in connection with the purchase or acquisition of Baxter publicly traded common stock and know of no other person having done so on my (our) behalf.

V. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Released Claims each and all of the Released Persons as provided in the Settlement Agreement.

2. “Related Persons” means, with respect to the Defendants, each and all of their respective present or former parents, subsidiaries, affiliates, successors and assigns, including, without limitation, Baxalta Incorporated, and each and all of their respective present or former officers, directors, employees, employers, attorneys, accountants, financial advisors, commercial bank lenders, insurers, reinsurers, investment bankers, representatives, general and limited partners and partnerships, heirs, executors, administrators, successors, affiliates, agents, spouses, associates, and assigns of each of them or any trust of which any Defendant and/or his or her Related Persons is the settlor or which is for the benefit of any Defendant and/or his or her Related Persons and/or member(s) of his or her family and any entity in which any such Defendant and/or his or her Related Persons has a controlling interest.

3. “Released Claims” means any and all claims, causes of action, rights, actions, suits, obligations, debts, demands, judgments, agreements, promises, liabilities, damages, losses, controversies, costs, expenses or attorney fees, of every nature and description whatsoever that were, may have been, or could have been asserted in the Action and whether direct or indirect, now known or unknown, suspected or unsuspected, accrued or unaccrued, in law or in equity whether having arisen or yet to arise, including, without limitation, any claims of violations of federal or state securities laws and any federal or state claims of fraud, intentional misrepresentation, negligent misrepresentation, negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, breach of fiduciary duty, or violations of any state or federal statutes, rules or regulations (including “Unknown Claims” as defined below), that have been or could have been alleged or asserted now or in the future by the Lead Plaintiff or any Class Member against the Defendants or any of them or any of the Released Persons in this Action or in any other court action or before any administrative body, tribunal, arbitration panel, or other adjudicatory body, arising out of, relating to, or in connection with both a Class Member’s purchase(s), acquisition(s), or sale(s) of Baxter common stock during the Class Period and from the acts, facts, transactions, events, occurrences, disclosures, statements, omissions, or failures to act that were alleged, may have been alleged, or could have been alleged in the Action.

4. “Released Persons” means each and all of Defendants and each and all of their Related Persons.

5. “Unknown Claims” means any Released Claims which Lead Plaintiffs or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Persons, or might have affected his, her, or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and

agree that, upon the Effective Date, Lead Plaintiff shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived to the fullest extent permitted by law the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, whether or not previously or currently asserted in any action. Lead Plaintiff acknowledges, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential term of the Settlement of which this release is a part.

6. This release shall be of no force or effect unless and until the Court approves the Settlement Agreement and the Settlement becomes effective on the Effective Date.

7. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

8. I (We) hereby warrant and represent that I (we) have included information about all of my (our) purchases, acquisitions and sales of Baxter publicly traded common stock between June 10, 2009 and May 3, 2010, inclusive, and the number of shares of Baxter publicly traded common stock held by me (us) at the close of trading on June 9, 2009, May 3, 2010, and July 30, 2010.

9. I (We) certify that I am (we are) not subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code.

Note: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

I declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____
(Month/Year)
in _____
(City) (State/Country)

(Sign your name here)

(Type or print your name here)

(Capacity of person(s) signing,
e.g., Purchaser or Acquirer,
Executor or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A
SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and declaration.
2. Remember to attach supporting documentation, if available.
3. Do not send original stock certificates.
4. Keep a copy of your claim form for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send your new address to the address below.

THIS PROOF OF CLAIM FORM MUST BE SUBMITTED ONLINE OR MAILED NO LATER THAN JANUARY 7, 2016, ADDRESSED AS FOLLOWS:

Baxter Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040
www.baxtersecuritiessettlement.com

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

| | | |
|--|---|--------------------------|
| CITY OF LAKELAND EMPLOYEES |) | Case No. 1:10-cv-06016 |
| PENSION PLAN, Individually and on Behalf |) | |
| of All Others Similarly Situated, |) | <u>CLASS ACTION</u> |
| |) | |
| Plaintiff, |) | Judge John J. Tharp, Jr. |
| |) | |
| vs. |) | |
| |) | |
| BAXTER INTERNATIONAL INC., et al., |) | |
| |) | |
| Defendants. |) | |
| |) | |
| _____ |) | |

SUMMARY NOTICE

EXHIBIT A-3

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OF BAXTER INTERNATIONAL INC. (“BAXTER” OR THE “COMPANY”) DURING THE PERIOD FROM JUNE 10, 2009 THROUGH AND INCLUDING MAY 3, 2010 (“CLASS PERIOD”)

YOU ARE HEREBY NOTIFIED that pursuant to an Order of the United States District Court for the Northern District of Illinois, a hearing will be held on January 22, 2016, at 1:00 p.m., before the Honorable John J. Tharp, Jr., United States District Judge, at the Everett McKinley Dirksen United States Courthouse, Courtroom 1419, 219 South Dearborn Street, Chicago, IL 60604, for the purpose of determining (1) whether the proposed settlement of the Action for the sum of Forty-Two Million Five Hundred Thousand Dollars (\$42,500,000.00) in cash should be approved by the Court as fair, reasonable, and adequate, which would result in this Action being dismissed with prejudice against the Released Persons as set forth in the Amended Settlement Agreement dated August 27, 2015; (2) whether the Plan of Allocation of settlement proceeds is fair, reasonable, and adequate and therefore should be approved; and (3) the reasonableness of the application of Lead Counsel for the payment of attorneys’ fees and expenses in connection with this Action, together with interest thereon.

If you purchased or otherwise acquired Baxter common stock, your rights may be affected by this Action and the settlement thereof. If you have not received a detailed Notice of Pendency of Class Action and Proposed Settlement, Motion for Attorneys’ Fees and Settlement Fairness Hearing and a copy of the Proof of Claim and Release form, you may obtain copies by writing to *Baxter Securities Litigation*, Claims Administrator, c/o Gilardi & Co. LLC, P.O. Box 8040, San Rafael, CA 94912-8040, or by downloading this information at www.baxtersecuritiessettlement.com. If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim and Release form postmarked or submitted online no later than January 7, 2016, establishing that you are entitled to a recovery. You will be bound by any judgment rendered in the

Action unless you request to be excluded, in writing, to the above address, postmarked by December 18, 2015.

Any objection to any aspect of the settlement must be postmarked to the Clerk of the Court and the following counsel no later than December 18, 2015:

ROBBINS GELLER RUDMAN
& DOWD LLP
JEFFREY D. LIGHT
655 West Broadway, Suite 1900
San Diego, CA 92101

Counsel for Lead Plaintiff

SKADDEN, ARPS, SLATE,
MEAGHER & FLOM LLP
MATTHEW R. KIPP
155 North Wacker Drive
Chicago, IL 60606

Counsel for Defendants

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING
THIS NOTICE.

DATED: _____, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS