

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS**

IN RE BAXTER INTERNATIONAL INC.  
SECURITIES LITIGATION

Case No. 1:19-cv-07786

District Judge Sara L. Ellis

Magistrate Judge Jeffrey I. Cummings

**NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT;  
(II) SETTLEMENT HEARING; AND (III) MOTION FOR ATTORNEYS' FEES  
AND LITIGATION EXPENSES**

**A Federal Court authorized this Notice. This is not a solicitation from a lawyer.**

**NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be affected by the above-captioned securities class action ("Action") pending in the United States District Court for the Northern District of Illinois ("Court") if, during the period from February 21, 2019 through October 23, 2019, inclusive ("Class Period"), you purchased or otherwise acquired Baxter International Inc. ("Baxter") common stock, and were damaged thereby.<sup>1</sup>

**NOTICE OF SETTLEMENT:** Please also be advised that the Court-appointed Lead Plaintiffs Louisiana Municipal Police Employees' Retirement System and Varma Mutual Pension Insurance Company (together "Lead Plaintiffs"), on behalf of themselves and the Settlement Class (as defined in ¶ 22 below), have reached a proposed settlement of the Action with defendants Baxter, José E. Almeida, and James K. Saccaro (collectively, "Defendants") for \$16,000,000 in cash that, if approved, will resolve all claims in the Action ("Settlement").

**PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.**

**If you have questions about this Notice, the Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, the Clerk's Office, Defendants, or Defendants' Counsel. All questions should be directed to Lead Counsel or the Claims Administrator (see ¶ 66 below).**

**Additional information about the Settlement is available on the website,  
[www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com).**

1. **Description of the Action and the Settlement Class:** This Notice relates to the proposed Settlement of claims in a pending putative securities class action brought by Baxter investors alleging, among other things, that Defendants violated the federal securities laws by making false and misleading statements and omissions concerning Baxter's financials. A more detailed description of the Action is set forth in ¶¶ 11-21 below. The Settlement, if approved by the Court, will settle the claims of the Settlement Class, as defined in ¶ 22 below.

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval, Lead Plaintiffs, on behalf of themselves and the Settlement Class, have agreed to settle the Action in exchange for a settlement payment of \$16,000,000 in cash ("Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (i.e., the Settlement Amount plus any and all interest earned thereon ("Settlement Fund") less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; (iv) any attorneys' fees awarded by the Court; and (v) any other costs or fees approved by the Court) will be distributed in accordance with a plan of allocation approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation ("Plan of Allocation") is attached hereto as Appendix A.

<sup>1</sup> All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated April 1, 2021 ("Stipulation"), which is available at [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com).

**Questions? Visit [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com)  
or call 1-855-654-0873.**

3. **Estimate of Average Amount of Recovery Per Share:** Based on Lead Plaintiffs' damages consultant's estimate of the number of shares of Baxter common stock purchased or otherwise acquired during the Class Period that may have been affected by the alleged conduct at issue in the Action, and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery per eligible share of Baxter common stock (before the deduction of any Court-approved fees, expenses, and costs as described herein) is approximately \$0.33. **Settlement Class Members should note, however, that the foregoing average recovery per eligible share is only an estimate.** Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors: (i) when and the price at which they purchased/acquired shares of Baxter common stock; (ii) whether they sold their shares of Baxter common stock and, if so, when; (iii) the total number and value of valid Claims submitted to participate in the Settlement; (iv) the amount of Notice and Administration Costs; and (v) the amount of attorneys' fees and Litigation Expenses awarded by the Court. Distributions to Settlement Class Members will be made based on the Plan of Allocation attached hereto as Appendix A or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the amount of damages per share of Baxter common stock that would be recoverable if Lead Plaintiffs were to prevail in the Action. Among other things, Defendants do not agree that they violated the federal securities laws or that, even if liability could be established, any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought:** Lead Counsel have not received any payment of attorneys' fees for their representation of the Settlement Class in the Action and have advanced the funds to pay expenses incurred to prosecute this Action with the expectation that if they were successful in recovering money for the Settlement Class, they would receive fees and be paid for their expenses from the Settlement Fund, as is customary in this type of litigation. Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP, will apply to the Court for an award of attorneys' fees in an amount not to exceed 22% of the Settlement Fund. In addition, Lead Counsel will apply for reimbursement or payment of Litigation Expenses incurred by Lead Counsel in connection with the institution, prosecution, and resolution of the claims against Defendants, in an amount not to exceed \$200,000, plus interest, which amount may include a request for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Settlement Class in accordance with 15 U.S.C. § 78u-4(a)(4). Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The estimated average cost per eligible share of Baxter common stock, if the Court approves Lead Counsel's fee and expense application, is approximately \$0.08 per share. **Please note that this amount is only an estimate.**

6. **Identification of Attorneys' Representatives:** Lead Plaintiffs and the Settlement Class are represented by James A. Harrod, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, New York, NY 10020, 1-800-380-8496, [settlements@blbglaw.com](mailto:settlements@blbglaw.com), [www.blbglaw.com](http://www.blbglaw.com) and Sharan Nirmul, Esq. of Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087, 1-610-667-7706, [info@ktmc.com](mailto:info@ktmc.com), [www.ktmc.com](http://www.ktmc.com). Further information regarding the Action, the Settlement, and this Notice may be obtained by contacting Lead Counsel or the Claims Administrator at: *Baxter International Inc. Securities Litigation*, c/o Epiq Class Action & Claims Solutions, Inc., P.O. Box 5594, Portland, OR 97228-5594, 1-855-654-0873, [info@BaxterSecuritiesLitigation.com](mailto:info@BaxterSecuritiesLitigation.com), [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com). **Please do not contact the Court regarding this notice.**

7. **Reasons for the Settlement:** Lead Plaintiffs' principal reason for entering into the Settlement is the immediate cash benefit for the Settlement Class without the risk or the delays and costs inherent in further litigation. Moreover, the cash benefit provided under the Settlement must be considered against the risk that a smaller recovery—or, indeed, no recovery at all—might be achieved after a second motion to dismiss, full discovery, contested motions, a trial of the Action, and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, have determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions of the Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

#### YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:

**SUBMIT A CLAIM FORM  
POSTMARKED (IF  
MAILED), OR ONLINE,  
NO LATER THAN  
SEPTEMBER 16, 2021.**

This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined in ¶ 31 below) that you have against Defendants and the other Defendants' Releasees (defined in ¶ 32 below), so it is in your interest to submit a Claim Form.

**Questions? Visit [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com)  
or call 1-855-654-0873.**

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| <b>EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN JULY 20, 2021.</b>    | Get no payment. If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that may allow you to ever be part of any other lawsuit against Defendants concerning the claims that were, or could have been, asserted in this Action.   |
| <b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN JULY 20, 2021.</b>                                  | If you do not like the proposed Settlement, the proposed Plan of Allocation, and/or the requested attorneys' fees and Litigation Expenses, you may object by writing to the Court and explaining why you do not like them. You cannot object unless you are a member of the Settlement Class and do not exclude yourself from the Settlement Class.   |
| <b>ATTEND A HEARING ON AUGUST 10, 2021 AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN JULY 20, 2021.</b> | If you have filed a written objection and wish to appear at the hearing, you must also file a notice of intention to appear by July 20, 2021, which allows you to speak in Court, at the discretion of the Court, about the fairness of the Settlement, the Plan of Allocation, and/or the request for attorneys' fees and Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing. |
| <b>DO NOTHING.</b>   | If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.                    |

These rights and options – and the deadlines to exercise them – are further explained in this Notice. **Please Note:** The date and time of the Settlement Hearing – currently scheduled for August 10, 2021 at 10:00 a.m. – is subject to change without further notice to the Settlement Class. It is also within the Court's discretion to hold the hearing in person or telephonically. If you plan to attend the hearing, you should check the Settlement website, [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com), or with Lead Counsel as set forth above to confirm that no change to the date and/or time of the hearing has been made.

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## WHY DID I GET THIS NOTICE?

8. The Court authorized that this Notice be sent to you because you or someone in your family or an investment account for which you serve as custodian may have purchased or otherwise acquired shares of Baxter common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), the Claims Administrator selected by Lead Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you (if you are a Settlement Class Member) might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses ("Settlement Hearing"). See ¶¶ 56-57 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time.

## WHAT IS THIS CASE ABOUT?

11. This is a securities class action against Baxter and certain of its executive officers. Lead Plaintiffs allege that, during the Class Period, Defendants made materially false and misleading statements and omissions concerning: (i) Baxter's income related to foreign exchange fluctuations, as well as other financial metrics reflecting that income item; (ii) Baxter's compliance with generally accepted accounting principles; and (iii) Baxter's internal controls over financial reporting. Lead Plaintiffs further allege that the price of Baxter common stock was artificially inflated during the Class Period as a result of Defendants' allegedly false and misleading statements, and declined when the truth was revealed on October 24, 2019.

12. The Action was commenced on November 25, 2019, with the filing of a putative securities class action complaint in this Court.

13. Pursuant to the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended ("PSLRA"), notice to the public was issued setting forth the deadline by which putative class members could move the Court to be appointed to act as lead plaintiff. By Order dated January 31, 2020, this Court appointed Louisiana Municipal Police Employees' Retirement System and Varma Mutual Pension Insurance Company as Lead Plaintiffs and approved Lead Plaintiffs' selection of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP as Lead Counsel for the class.

14. Thereafter, on June 25, 2020, Lead Plaintiffs filed a Class Action Complaint and Demand for Jury Trial ("Complaint"). The Complaint asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder against Defendants.

15. On August 24, 2020, Defendants moved to dismiss the Complaint. On October 8, 2020, Lead Plaintiffs opposed Defendants' motion to dismiss, and on November 9, 2020, Defendants filed their reply in support of their motion.

16. On January 12, 2021, the Court issued an Opinion and Order granting Defendants' motion to dismiss the Complaint ("MTD Order"). By the MTD Order, the Court provided Lead Plaintiffs twenty-one (21) days to amend the Complaint. The Court subsequently extended this deadline to February 26, 2021.



17. Beginning in December 2020, the Parties discussed the possibility of resolving the Action through settlement and agreed to mediate before Greg Lindstrom of Phillips ADR. A mediation session with Mr. Lindstrom was scheduled for February 17, 2021. In advance of the mediation, the Parties exchanged detailed mediation statements addressing liability and damages issues.

18. The Parties reached an agreement in principle to settle the Action at the February 17, 2021 mediation and memorialized their agreement in a term sheet executed on February 25, 2021. Lead Plaintiffs and Defendants ultimately agreed, subject to the Due Diligence Discovery described below and the other terms and conditions to be set forth in the Stipulation, to settle and release all claims asserted against Defendants in the Action for \$16,000,000.

19. On February 25, 2021, the Parties filed the Joint Motion Requesting a Stay of Deadlines Pending Motion for Preliminary Approval of Settlement, which the Court granted on March 1, 2021.

20. After additional weeks of negotiations regarding the specific terms of their agreement, the Parties entered into the Stipulation on April 1, 2021. The Stipulation can be viewed at [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com). The Stipulation sets forth the final terms and conditions of the Settlement, including the condition that the Settlement is not final until the completion of Due Diligence Discovery to the satisfaction of Lead Plaintiffs and Lead Counsel. In connection with the Due Diligence Discovery, Defendants are producing documents and information regarding the allegations and claims asserted in the Complaint, and have agreed to make an individual knowledgeable concerning the subjects of Lead Plaintiffs' allegations available for an interview. Pursuant to the Stipulation, if at any time prior to filing their motion in support of final approval of the Settlement, Lead Plaintiffs believe that the documents and information produced during Due Diligence Discovery render the proposed Settlement inadequate, they shall submit their concerns to the mediator, Mr. Lindstrom. Pursuant to the Stipulation, Defendants shall have the opportunity to respond to those concerns and the Parties shall use their best efforts to resolve any disagreements. If, following these discussions, Lead Plaintiffs continue to believe the proposed Settlement is inadequate, they shall have the right to withdraw from and terminate the Settlement.

21. On April 20, 2021, the Court preliminarily approved the Settlement, authorized notice of the Settlement to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

## **HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?**

22. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded from the Settlement Class. The Settlement Class certified by the Court for purposes of effectuating the Settlement consists of:

**All persons and entities who purchased or otherwise acquired Baxter common stock during the period from February 21, 2019 through October 23, 2019, inclusive, and were damaged thereby.**

Excluded from the Settlement Class are Defendants, any person who was an executive officer or director of Baxter during the Class Period, their Immediate Family members, any affiliates of Baxter, and any persons or entities who or which exclude themselves by submitting a timely and valid request for exclusion that is accepted by the Court. *See* "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," on page 9 below.

**PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.**

**IF YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION POSTMARKED (IF MAILED), OR ONLINE, NO LATER THAN SEPTEMBER 16, 2021.**

## **WHAT ARE LEAD PLAINTIFFS' REASONS FOR THE SETTLEMENT?**

23. Lead Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of the continued proceedings that would be necessary to pursue their claims against Defendants through a second motion to dismiss, full discovery, certification of the class, summary judgment, trial, and appeals, as well as the substantial risks they would face in establishing liability and

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damages. As noted above, Lead Plaintiffs' Complaint was dismissed in its entirety. Even if Lead Plaintiffs amended their Complaint to address the deficiencies identified in the Court's MTD Order and were able to successfully defeat a second motion to dismiss, Lead Plaintiffs would still face challenges to proving, at summary judgment and trial, that Defendants made material misrepresentations and omissions to the market during the Class Period and that Defendants Almeida and Saccaro knew or recklessly disregarded material facts undermining their alleged misrepresentations at the time they made such statements. There were also risks related to proving that Defendants' alleged misrepresentations and omissions caused the alleged losses suffered by Lead Plaintiffs and the Settlement Class, and in establishing damages. Thus, there were very significant risks attendant to the continued prosecution of the Action, including the risk of zero recovery. The Settlement eliminates these risks.

24. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Settlement Class, and subject to the satisfactory completion of Due Diligence Discovery, Lead Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class. Lead Plaintiffs and Lead Counsel believe that the Settlement provides a favorable result for the Settlement Class, namely \$16,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no, recovery after a second motion to dismiss, full discovery, summary judgment, trial, and appeals, possibly years in the future.

25. Defendants have denied and continue to deny the claims and allegations asserted against them in the Action, including that: they made false and misleading statements, they knew or recklessly disregarded material facts undermining their statements at the time they made them, and Lead Plaintiffs or Settlement Class Members suffered any damages or harm by the conduct alleged in the Action. Defendants have nonetheless agreed to the Settlement solely to eliminate the uncertainty, burden, and expense of continued litigation. The Settlement may not be construed as an admission of any wrongdoing by Defendants in this or any other action or proceeding.

#### **WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?**

26. If there were no Settlement, Lead Plaintiffs would have amended the Complaint and faced a second motion to dismiss. If Lead Plaintiffs failed to establish any essential legal or factual element of their claims against Defendants, neither Lead Plaintiffs nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in establishing any of their defenses on a second motion to dismiss, at summary judgment, at trial, or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

#### **HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?**

27. As a Settlement Class Member, you are represented by Lead Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice and at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," on page 10 below.

28. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you must exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," on page 9 below.

29. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's application for attorneys' fees and Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," on page 10 below.

30. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment ("Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiffs and each of the other Settlement Class Members and Plaintiffs' Releasees shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs' Claim (as defined in ¶ 31 below) against Defendants and the other Defendants' Releasees (as defined in ¶ 32 below), and shall permanently and forever be barred and enjoined from prosecuting, attempting to prosecute, or assisting others in the prosecution of any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

31. “Released Plaintiffs’ Claims” means all claims, rights, remedies, demands, liabilities, and causes of action of every nature and description, whether known or Unknown Claims, whether arising under federal, state, common, or foreign law, that Lead Plaintiffs or any other member of the Settlement Class (a) asserted in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters, or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that relate to the purchase or acquisition of Baxter common stock during the Class Period. For the avoidance of doubt, Released Plaintiffs’ Claims include any claims under the Securities Act of 1933 or the Securities Exchange Act of 1934, or the securities laws of any state or territory. The following claims are not included as Released Plaintiffs’ Claims: (i) any claims relating to the enforcement of the Settlement; and (ii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court.

32. “Defendants’ Releasees” means Defendants and all of their respective past, present and future parent companies, subsidiaries, affiliates, divisions, joint ventures, subcontractors, agents, assigns, auditors, accountants, attorneys, financial or investment advisors or consultants, banks or investment bankers, insurers, subrogates, co-insurers, and reinsurers, and all of their respective past, present and future officers, directors, fiduciaries, employees, members, partners, principals, shareholders, and owners, in their capacities as such; any entity in which a Defendant has a controlling interest; and any member of an Individual Defendant’s Immediate Family, or any trust of which any Individual Defendant is a settlor or which is for the benefit of any Defendant and/or member(s) of his or her Immediate Family, and each of the heirs, executors, administrators, predecessors, successors, and assigns of the foregoing, in their capacities as such.

33. “Unknown Claims” means any Released Plaintiffs’ Claims which any Lead Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Defendants’ Claims that any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it, might have materially affected his, her, or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, 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 or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

Lead Plaintiffs, other Settlement Class Members, or Defendants may hereafter discover facts, legal theories, or authorities in addition to or different from those which any of them now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiffs and Defendants shall expressly, fully, finally, and forever waive, compromise, settle, discharge, extinguish, and release, and each Settlement Class Member shall be deemed to have waived, compromised, settled, discharged, extinguished, and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have waived, compromised, settled, discharged, extinguished, and released, fully, finally, and forever, any and all Released Claims as applicable, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore existed, or may hereafter exist, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

34. Pursuant to the Judgment (or the Alternate Judgment, if applicable), without further action by anyone, upon the Effective Date of the Settlement, Defendants and Defendants’ Releasees shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Defendants’ Claim (as defined in ¶ 35 below) against Lead Plaintiffs and the other Plaintiffs’ Releasees (as defined in ¶ 36 below), and shall permanently and forever be barred and enjoined from prosecuting, attempting to prosecute, or assisting others in the prosecution of any or all of the Released Defendants’ Claims against any of the Plaintiffs’ Releasees. This release shall not apply to any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

35. “Released Defendants’ Claims” means all claims and causes of action of every nature and description, whether known or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against Defendants. Released Defendants’ Claims do not include: (i) any claims relating to the enforcement of the Settlement; or (ii) any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

36. “Plaintiffs’ Releasees” means (i) Lead Plaintiffs, their attorneys, and all other Settlement Class Members; (ii) the current and former parents, affiliates, subsidiaries, successors, predecessors, assigns, and assignees of each of the foregoing in (i); and (iii) the current and former officers, directors, Immediate Family members, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, agents, affiliates, insurers, reinsurers, predecessors, successors, assigns, and advisors of each of the persons or entities listed in (i) and (ii), in their capacities as such.

## HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

37. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation *postmarked (if mailed), or submitted online at [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com), no later than September 16, 2021*. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator, [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com), or on Lead Counsel’s websites, [www.blbglaw.com](http://www.blbglaw.com) and [www.ktmc.com](http://www.ktmc.com), or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-855-654-0873, or by emailing the Claims Administrator at [info@BaxterSecuritiesLitigation.com](mailto:info@BaxterSecuritiesLitigation.com). **Please retain all records of your ownership of and transactions in Baxter common stock, as they may be needed to document your Claim.** If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

## HOW MUCH WILL MY PAYMENT BE?

38. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

39. Pursuant to the Settlement, Defendants shall pay or cause to be paid \$16,000,000 in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the “Settlement Fund.” If the Settlement is approved by the Court and the Effective Date occurs, the Net Settlement Fund will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

40. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a Plan of Allocation and that decision is affirmed on appeal (if any) and/or the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

41. Neither Defendants, Defendants’ Releasees, nor any other person or entity (including Defendants’ insurance carriers) who or which paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court’s order or Judgment approving the Settlement becomes Final. Defendants and the other Defendants’ Releasees shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund, or the Plan of Allocation.

42. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked (if mailed), or online, on or before September 16, 2021 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the Releases given. This means that each Settlement Class Member releases the Released Plaintiffs’ Claims (as defined in ¶ 31 above) against the Defendants’ Releasees (as defined in ¶ 32 above) and will be enjoined and prohibited from prosecuting any of the Released Plaintiffs’ Claims against any of the Defendants’ Releasees whether or not such Settlement Class Member submits a Claim Form.

43. Participants in and beneficiaries of any employee retirement and/or benefit plan (“Employee Plan”) should NOT include any information relating to shares of Baxter common stock purchased/acquired through an Employee Plan in any Claim Form they submit in this Action. They should include ONLY those eligible shares of Baxter common stock purchased/acquired during the Class Period outside of an Employee Plan. Claims based on any Employee Plan(s)’ purchases/acquisitions of eligible Baxter common stock during the Class Period may be made by the Employee Plan(s)’ trustees.

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or call 1-855-654-0873.**



44. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Settlement Class Member.

45. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

46. Only Settlement Class Members will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities who are excluded from the Settlement Class by definition or who exclude themselves from the Settlement Class pursuant to an exclusion request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

47. **Appendix A to this Notice sets forth the Plan of Allocation for allocating the Net Settlement Fund among Authorized Claimants, as proposed by Lead Plaintiffs. At the Settlement Hearing, Lead Counsel will request the Court approve the Plan of Allocation. The Court may modify the Plan of Allocation, or approve a different plan of allocation, without further notice to the Settlement Class.**

#### **WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?**

48. Lead Counsel will apply to the Court for an award of attorneys' fees and reimbursement or payment of Litigation Expenses. Lead Counsel's motion for attorneys' fees will not exceed 22% of the Settlement Fund and their motion for Litigation Expenses will not exceed \$200,000 in expenses incurred in connection with the prosecution and resolution of this Action. Lead Counsel's motion for attorneys' fees and Litigation Expenses, which may include a request for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Settlement Class in accordance with 15 U.S.C. § 78u-4(a)(4), will be filed by July 6, 2021, and the Court will consider Lead Counsel's motion at the Settlement Hearing. A copy of Lead Counsel's motion for attorneys' fees and Litigation Expenses will be available for review at [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com) once it is filed. Any award of attorneys' fees and reimbursement or payment of Litigation Expenses, including any reimbursement of costs and expenses to Lead Plaintiffs, will be paid from the Settlement Fund prior to allocation and payment to Authorized Claimants. ***Settlement Class Members are not personally liable for any such attorneys' fees or expenses.***

#### **WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?**

49. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written request for exclusion addressed to: *Baxter International Inc. Securities Litigation*, EXCLUSIONS, c/o Epiq Class Action & Claims Solutions, Inc., P.O. Box 5594, Portland, OR 97228-5594. The request for exclusion must be ***received no later than July 20, 2021***. You will not be able to exclude yourself from the Settlement Class after that date.

50. Each request for exclusion must: (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity "requests exclusion from the Settlement Class in *In re Baxter International Inc. Securities Litigation*, Case No. 1:19-cv-07786 (N.D. Ill.)"; (iii) state the number of shares of Baxter common stock that the person or entity requesting exclusion (A) owned as of the opening of trading on February 21, 2019 and (B) purchased/acquired and/or sold during the Class Period (from February 21, 2019 through October 23, 2019, inclusive), as well as the dates, number of shares, and prices of each such purchase/acquisition and sale; and (iv) be signed by the person or entity requesting exclusion or an authorized representative.

51. A request for exclusion shall not be valid and effective unless it provides all the information called for in ¶ 50 and is received within the time stated above, or is otherwise accepted by the Court.

52. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Defendants' Releasees. Excluding yourself from the Settlement Class is the only option that allows you to be part of any other current or future lawsuit against Defendants or any of the other Defendants' Releasees concerning the Released Plaintiffs' Claims. **Please note:** If you decide to exclude yourself from the Settlement Class, Defendants and the other Defendants' Releasees will have the right to assert any and all defenses they may have to any claims that you may seek to assert.

53. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

**Questions? Visit [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com)  
or call 1-855-654-0873.**

54. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiffs and Defendants.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?  
DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING  
IF I DON'T LIKE THE SETTLEMENT?**

55. Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.

56. Please Note: The date and time of the Settlement Hearing may change without further written notice to the Settlement Class. In addition, the COVID-19 pandemic is a fluid situation that creates the possibility that the Court may decide to conduct the Settlement Hearing by video or telephonic conference, or otherwise allow Settlement Class Members to appear at the hearing by phone, without further written notice to the Settlement Class. **In order to determine whether the date and time of the Settlement Hearing have changed, or whether Settlement Class Members must or may participate by phone or video, it is important that you monitor the Court's docket and the Settlement website, [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com), before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or telephonic appearances at the hearing, will be posted to the Settlement website, [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com). Also, if the Court requires or allows Settlement Class Members to participate in the Settlement Hearing by telephone, the phone number for accessing the telephonic conference will be posted to the Settlement website, [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com).**

57. The Settlement Hearing will be held on **August 10, 2021 at 10:00 a.m.**, before the Honorable Sara L. Ellis either in person at the Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, IL 60604, Courtroom 1403, or by telephone or videoconference (in the discretion of the Court). The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

58. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Northern District of Illinois at the address set forth below as well as serve copies on Lead Counsel and Defendants' Counsel at the addresses set forth below **on or before July 20, 2021**.

| <u><b>Clerk's Office</b></u>  | <u><b>Lead Counsel</b></u>   | <u><b>Defendants' Counsel</b></u>   |
|---|--|---|
| United States District Court<br>Northern District of Illinois<br>Everett McKinley Dirksen<br>United States Courthouse<br>219 South Dearborn Street<br>Chicago, IL 60604 | James A. Harrod, Esq.<br>Bernstein Litowitz Berger &<br>Grossmann LLP<br>1251 Avenue of the Americas<br>New York, NY 10020<br><br>Sharan Nirmul, Esq.<br>Kessler Topaz Meltzer &<br>Check, LLP<br>280 King of Prussia Road<br>Radnor, PA 19087 | Sean M. Berkowitz, Esq.<br>Latham & Watkins LLP<br>330 North Wabash Avenue<br>Suite 2800<br>Chicago, IL 60611 |

59. Any objections, filings, and other submissions by the objecting Settlement Class Member: (a) must identify the case name and docket number, *In re Baxter International Inc. Sec. Litig.*, Case No. 1:19-cv-07786 (N.D. Ill.); (b) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (c) must state with specificity the grounds for the Settlement Class Member's objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention and whether the objection applies only to the objector, to a specific subset of the Settlement Class, or to the entire Settlement Class; and (d) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of Baxter common stock that the objecting Settlement Class Member (A) owned as of the opening of trading on February 21, 2019 and (B) purchased/acquired and/or sold during the Class Period (from February 21, 2019 through

**Questions? Visit [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com)  
or call 1-855-654-0873.**

October 23, 2019, inclusive), as well as the dates, number of shares, and prices of each such purchase/acquisition and sale. The objecting Settlement Class Member shall provide documentation establishing membership in the Settlement Class through copies of brokerage confirmation slips or monthly brokerage account statements, or an authorized statement from the objector's broker containing the transactional and holding information found in a broker confirmation slip or account statement.

**60. You may not object to the Settlement, Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.**

61. You may submit an objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless (1) you first submit a written objection in accordance with the procedures described above, (2) you first submit your notice of appearance in accordance with the procedures described below, or (3) the Court orders otherwise.

62. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses, and if you timely submit a written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 58 above so that it is **received on or before July 20, 2021**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

63. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 58 above so that the notice is **received on or before July 20, 2021**.

**64. Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

#### **WHAT IF I BOUGHT SHARES OF BAXTER COMMON STOCK ON SOMEONE ELSE'S BEHALF?**

65. If you purchased or otherwise acquired Baxter common stock during the period from February 21, 2019 through October 23, 2019, inclusive, for the beneficial interest of a person or entity other than yourself, you must either (i) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form ("Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names, mailing addresses, and, if available, email addresses, of all such beneficial owners to *Baxter International Inc. Securities Litigation*, c/o Epiq Class Action & Claims Solutions, Inc., P.O. Box 5594, Portland, OR 97228-5594. If you choose the second option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may be obtained from the Settlement website, [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com), or from Lead Counsel's websites, [www.blbglaw.com](http://www.blbglaw.com) and [www.ktmc.com](http://www.ktmc.com), by calling the Claims Administrator toll-free at 1-855-654-0873, or by emailing the Claims Administrator at [info@BaxterSecuritiesLitigation.com](mailto:info@BaxterSecuritiesLitigation.com).

#### **CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

66. This Notice contains only a summary of the terms of the Settlement. For the full terms and conditions of the Settlement, please see the Stipulation available at [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com). More detailed information about the matters involved in this Action can be obtained by accessing the Court docket in this case, for a fee, through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.ilnd.uscourts.gov>, or by visiting, during regular office hours, the Office of the Clerk, United States District Court for the Northern District of Illinois, Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, IL 60604.

**Questions? Visit [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com)  
or call 1-855-654-0873.**

Additionally, copies of any related orders entered by the Court and certain other filings in this Action will be posted on the Settlement website, [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com).

All inquiries concerning this Notice and the Claim Form should be directed to:

*Baxter International Inc. Securities Litigation*  
c/o Epiq Class Action & Claims Solutions, Inc.  
P.O. Box 5594  
Portland, OR 97228-5594  
1-855-654-0873  
[info@BaxterSecuritiesLitigation.com](mailto:info@BaxterSecuritiesLitigation.com)  
[www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com)

and/or

James A. Harrod, Esq.  
Bernstein Litowitz Berger & Grossmann LLP  
1251 Avenue of the Americas  
New York, NY 10020

Sharan Nirmul, Esq.  
Kessler Topaz Meltzer & Check, LLP  
280 King of Prussia Road  
Radnor, PA 19087

**PLEASE DO NOT CALL OR WRITE THE COURT, THE CLERK'S OFFICE,  
DEFENDANTS, OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE.**

Dated: May 19, 2021

By Order of the Court  
United States District Court  
Northern District of Illinois



## APPENDIX A

### **Proposed Plan of Allocation of Net Settlement Fund Among Authorized Claimants**

1. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for approval by Lead Plaintiffs after consultation with their damages consultant. The Court may approve the Plan of Allocation with or without modification, or approve another plan of allocation, without further notice to the Settlement Class. Any Orders regarding a modification to the Plan of Allocation will be posted on the website [www.BaxterSecuritiesLitigation.com](http://www.BaxterSecuritiesLitigation.com). Defendants have had, and will have, no involvement or responsibility for the terms or application of the Plan of Allocation.

2. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among those Settlement Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws set forth in the Class Action Complaint and Demand for Jury Trial filed on June 25, 2020, as opposed to economic losses caused by market or industry factors or company-specific factors unrelated thereto. To that end, Lead Plaintiffs' damages consultant calculated the estimated amount of alleged artificial inflation in the per share price of Baxter common stock over the course of the Class Period that was allegedly proximately caused by Defendants' alleged materially false and misleading misrepresentations and omissions.

3. Calculations made pursuant to the Plan of Allocation do not represent a formal damages analysis that has been adjudicated in the Action and are not intended to measure the amounts that Settlement Class Members would recover after a trial. Nor are these calculations intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

4. For losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of the security. Accordingly, to have a "Recognized Loss Amount" pursuant to the Plan of Allocation, a person or entity must have purchased or otherwise acquired Baxter common stock during the Class Period (*i.e.*, from February 21, 2019 through October 23, 2019, inclusive) and ***held such Baxter common stock through*** the alleged corrective disclosure on October 24, 2019 that removed the alleged artificial inflation related to that information.

### **CALCULATION OF RECOGNIZED LOSS AMOUNTS**

5. For purposes of calculating a Claimant's "Recognized Claim" under the Plan of Allocation, purchases, acquisitions, and sales of Baxter common stock will first be matched on a First In, First Out ("FIFO") basis as set forth in ¶ 9 below.

6. A "Recognized Loss Amount" will be calculated as set forth below for each share of Baxter common stock purchased or otherwise acquired from February 21, 2019 through October 23, 2019, inclusive, that is listed in the Claim Form and for which adequate documentation is provided. To the extent that the calculation of a Claimant's Recognized Loss Amount results in a negative number, that number shall be set to zero. The sum of a Claimant's Recognized Loss Amounts for all purchases or acquisitions of Baxter common stock during the Class Period will be the Claimant's "Recognized Claim."

7. A Claimant's Recognized Loss Amount will be calculated as follows:

- a. For each share of Baxter common stock purchased or otherwise acquired during the Class Period and subsequently sold prior to the opening of trading on October 24, 2019 (the date of the alleged corrective disclosure), the Recognized Loss Amount is \$0.
- b. For each share of Baxter common stock purchased or otherwise acquired during the Class Period and subsequently sold after the opening of trading on October 24, 2019, and prior to the opening of trading on October 25, 2019, the Recognized Loss Amount shall be ***the lesser of***:
  - i. \$8.72 per share (the amount of alleged artificial inflation removed from the price of Baxter common stock on October 24, 2019);
  - ii. the actual purchase/acquisition price of each share (excluding taxes, commissions, and fees) ***minus*** \$79.08, the closing price of Baxter common stock on October 24, 2019; or the Out of Pocket Loss, calculated as the actual purchase/acquisition price per share (excluding taxes, commissions, and fees) ***minus*** the actual sale price per share (excluding taxes, commissions, and fees).<sup>2</sup>

<sup>2</sup> To the extent that the calculation of an Out of Pocket Loss results in a negative number reflecting a gain on the transaction, that number shall be set to zero.

- c. For each share of Baxter common stock purchased or otherwise acquired during the Class Period and subsequently sold after the opening of trading on October 25, 2019, and before the close of trading on January 21, 2020,<sup>3</sup> the Recognized Loss Amount shall be *the lesser of*:
  - i. \$10.81 per share (the amount of alleged artificial inflation removed from the price of Baxter common stock on October 24 and October 25, 2019);
  - ii. the actual purchase/acquisition price of each share (excluding taxes, commissions, and fees) *minus* the 90-day Look-Back Value on the date of the sale as set forth in **Table 1** below; or
  - iii. the Out of Pocket Loss, calculated as the actual purchase/acquisition price per share (excluding taxes, commissions, and fees) *minus* the actual sale price per share (excluding taxes, commissions, and fees).
- d. For each share of Baxter common stock purchased or otherwise acquired during the Class Period and held as of the close of trading on January 21, 2020 (*i.e.*, the last day of the 90-day Look-Back Period), the Recognized Loss Amount shall be *the lesser of*:
  - i. \$10.81 per share (the dollar amount of alleged artificial inflation); or
  - ii. the actual purchase/acquisition price of each share (excluding taxes, commissions, and fees) *minus* \$82.65 (the average closing price of Baxter common stock during the 90-day Look-Back Period, as shown on the last line in **Table 1** below).

### **ADDITIONAL PROVISIONS**

8. The Net Settlement Fund will be allocated among all Authorized Claimants whose Distribution Amount (defined in ¶ 13 below) is \$10.00 or greater.

9. If a Settlement Class Member has more than one purchase/acquisition or sale of Baxter common stock during the Class Period, all purchases/acquisitions and sales shall be matched on a FIFO basis. Class Period sales will be matched first against any holdings of Baxter common stock at the beginning of the Class Period, and then against purchases/acquisitions of Baxter common stock, in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

10. Purchases/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 the Baxter common stock for the calculation of an Authorized Claimant’s Recognized Claim, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Baxter common stock unless (i) the donor or decedent purchased or otherwise acquired such Baxter common stock during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Baxter common stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

<sup>3</sup> January 21, 2020 represents the last day of the 90-day period following the end of the Class Period, *i.e.*, the period of October 24, 2019 through January 21, 2020 (the “90-day Look-Back Period”). The PSLRA imposes a statutory limitation on recoverable damages using the 90-day Look-Back Period. This limitation is incorporated into the calculation of a Settlement Class Member’s Recognized Loss Amount. Specifically, a Settlement Class Member’s Recognized Loss Amount cannot exceed the difference between the purchase price paid for the Baxter common stock and the average price of Baxter common stock during the 90-day Look-Back Period if the Baxter common stock was held through January 21, 2020, the end of this period. Losses on Baxter common stock purchased/acquired during the period from February 21, 2019 through October 23, 2019, inclusive, and sold during the 90-day Look-Back Period cannot exceed the difference between the purchase price paid for the Baxter common stock and the average price of Baxter common stock during the portion of the 90-day Look-Back Period elapsed as of the date of sale (the “90-day Look-Back Value”), as set forth in **Table 1** below.

11. The date of covering a “short sale” is deemed to be the date of purchase or acquisition of the Baxter common stock. The date of a “short sale” is deemed to be the date of sale of the Baxter common stock. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on “short sales” is zero. In the event that a Claimant has an opening short position in Baxter common stock, the earliest purchases or acquisitions during the Class Period shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.

12. Baxter common stock is the only security eligible for recovery under the Plan of Allocation. Option contracts to purchase or sell Baxter common stock also are not securities eligible to participate in the Settlement. With respect to Baxter common stock purchased or sold through the exercise of an option, the purchase/sale date of the Baxter common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option. Any Recognized Loss Amount arising from purchases of Baxter common stock acquired during the Class Period through the exercise of an option on Baxter common stock<sup>4</sup> shall be computed as provided for other purchases of Baxter common stock in the Plan of Allocation.

13. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a “Distribution Amount” will be calculated for each Authorized Claimant, which will be the Authorized Claimant’s Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant’s Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

14. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the Net Settlement Fund after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determine that it is cost-effective to do so, the Claims Administrator, no less than seven (7) months after the initial distribution, will conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least \$10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determine that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance will be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s), to be recommended by Lead Counsel and approved by the Court.

15. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, will be conclusive against all Claimants. No person shall have any claim against Lead Plaintiffs, Plaintiffs’ Counsel, Lead Plaintiffs’ damages consultant, Defendants, Defendants’ Counsel, or any of the other Releasees, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders.

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<sup>4</sup> This includes (1) purchases of Baxter common stock as the result of the exercise of a call option, and (2) purchases of Baxter common stock by the seller of a put option as a result of the buyer of such put option exercising that put option.

**Table 1**  
**Baxter Common Stock 90-Day Look-Back Value**  
**by Sale/Disposition Date**

| <b>Sale Date</b> | <b>90-Day<br/>Look-Back Value</b> |  | <b>Sale Date</b> | <b>90-Day<br/>Look-Back Value</b> |
|------------------|-----------------------------------|--|------------------|-----------------------------------|
| 10/24/2019       | \$79.08                           |  | 12/6/2019        | \$80.14                           |
| 10/25/2019       | \$78.18                           |  | 12/9/2019        | \$80.18                           |
| 10/28/2019       | \$78.07                           |  | 12/10/2019       | \$80.25                           |
| 10/29/2019       | \$78.02                           |  | 12/11/2019       | \$80.33                           |
| 10/30/2019       | \$77.79                           |  | 12/12/2019       | \$80.42                           |
| 10/31/2019       | \$77.61                           |  | 12/13/2019       | \$80.52                           |
| 11/1/2019        | \$77.65                           |  | 12/16/2019       | \$80.61                           |
| 11/4/2019        | \$77.67                           |  | 12/17/2019       | \$80.68                           |
| 11/5/2019        | \$77.65                           |  | 12/18/2019       | \$80.75                           |
| 11/6/2019        | \$77.72                           |  | 12/19/2019       | \$80.79                           |
| 11/7/2019        | \$77.75                           |  | 12/20/2019       | \$80.83                           |
| 11/8/2019        | \$77.81                           |  | 12/23/2019       | \$80.92                           |
| 11/11/2019       | \$77.89                           |  | 12/24/2019       | \$81.01                           |
| 11/12/2019       | \$78.05                           |  | 12/26/2019       | \$81.08                           |
| 11/13/2019       | \$78.24                           |  | 12/27/2019       | \$81.15                           |
| 11/14/2019       | \$78.40                           |  | 12/30/2019       | \$81.20                           |
| 11/15/2019       | \$78.57                           |  | 12/31/2019       | \$81.25                           |
| 11/18/2019       | \$78.72                           |  | 1/2/2020         | \$81.35                           |
| 11/19/2019       | \$78.87                           |  | 1/3/2020         | \$81.43                           |
| 11/20/2019       | \$79.03                           |  | 1/6/2020         | \$81.51                           |
| 11/21/2019       | \$79.18                           |  | 1/7/2020         | \$81.59                           |
| 11/22/2019       | \$79.31                           |  | 1/8/2020         | \$81.68                           |
| 11/25/2019       | \$79.43                           |  | 1/9/2020         | \$81.78                           |
| 11/26/2019       | \$79.54                           |  | 1/10/2020        | \$81.85                           |
| 11/27/2019       | \$79.65                           |  | 1/13/2020        | \$81.99                           |
| 11/29/2019       | \$79.74                           |  | 1/14/2020        | \$82.12                           |
| 12/2/2019        | \$79.82                           |  | 1/15/2020        | \$82.25                           |
| 12/3/2019        | \$79.86                           |  | 1/16/2020        | \$82.38                           |
| 12/4/2019        | \$79.95                           |  | 1/17/2020        | \$82.51                           |
| 12/5/2019        | \$80.04                           |  | 1/21/2020        | \$82.65                           |