

October 27, 2017

Dear Valued Baxter Customer,

We wanted to provide you with an update on our recovery efforts in Puerto Rico and also share with you actions we've taken to support supply of intravenous (IV) solutions in the United States.

### **Update on Puerto Rico Recovery**

Baxter's three manufacturing sites sustained minimal structural damage from Hurricane Maria and limited production has resumed. Production lines are running, and Baxter is committed to ramping up to full production as quickly as possible. However, the damage to Puerto Rico's electrical, communications and transportation systems continues to present challenges.

Baxter is aggressively managing the challenges to the infrastructure and progress is being made in restoring some of our operations to the electric power grid. We must continue to maintain diesel generation backup because grid power can be intermittent.

We have restored communications at all of our facilities and we have contingencies in place to keep these systems running, including generator maintenance programs, and we have installed back up satellite communications to support plant operations.

The speed of recovery is impacted by the severe damage to the roads and bridges and the ongoing heavy rains that have continued to impact the island's transportation system. We are managing these challenges by utilizing smaller transport vehicles to efficiently transport supplies and materials on the island.

### **Supporting Product Supply**

Baxter remains focused on helping ensure patients have continued access to the products and therapies they need. We have seen first-hand the clinical need and operational impact of product shortages and understand the inventory effect on our customers and patients; restoring reliable supply remains our collective priority.

Baxter activated a global response to support recovery from the devastating impact of the hurricanes in Puerto Rico and to support the supply of IV solutions for the U.S. To this end, we have been working with FDA and have recently been granted regulatory discretion for temporary special importation of certain products from Baxter facilities in Ireland, Australia, Canada, Mexico, and England to help support product supply for the U.S. market. These products include our MINI-BAG Plus Container Systems, small

volume parenteral solutions (SVPs), amino acids, and certain pre-mixed products. The first products from these special importations have been shipped to a customer this week and additional product will be coming through the supply pipeline going forward. Please be aware that not all customers will receive special import products. For those customers who do, these imported products will not be incremental to existing allocations.

While these actions will help mitigate some of the projected shortfall in supply, they unfortunately will not fully bridge the gap to meet our customers' needs in the near term. Baxter will continue in its commitment to ramp up production in Puerto Rico, and elsewhere around the globe, to help address product demand in the U.S. We currently expect that we will return to normal supply levels by the end of the year for several product categories produced in Puerto Rico.

In addition, Baxter is creating other solutions to help mitigate supply constraints. We have increased production of our Frozen Premix portfolio of products as a potential substitute for certain products currently manufactured in Puerto Rico. Baxter's Clinical Center of Excellence offers clinical and product expertise and remains ready to provide partnership to help customers manage supply challenges. Please contact your sales representative if you would like to explore these options further.

Contrary to some prior media reports, we do not make large volume sterile solutions in Puerto Rico. Production of our large volume sterile solutions was not impacted by the hurricanes, and we continue to manufacture large volume solutions at capacity today. We are also starting to bring additional units to the U.S. market through a recent permanent approval from FDA for IVs produced in one of our Americas plants. This incremental volume will not only help supply current customers but will also provide an opportunity to serve other customers in the future.

### **Supporting our Employees and Communities in Puerto Rico**

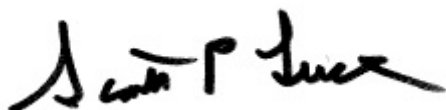
The safety of Baxter's employees, their families and the community has been paramount. Baxter has confirmed the well-being of all of our more than 2,000 Puerto Rico-based employees. Despite the devastating impact of the hurricane to their families and communities, a majority of employees have returned to work making products to support healthcare providers and meet the needs of patients.

Baxter is helping employees procure necessities such as gas, food, water and toiletries, and coordinated multiple daily flights in the hurricane's immediate aftermath to transport ~25,000 pounds of needed supplies for employees. The need continues: we are distributing gas-powered generators and propane cooktops, and we've installed laundry facilities at our manufacturing facilities to support employees' personal needs. We are continuing to provide access to potable water for our employees and the communities around our manufacturing facilities.

Additionally, the company has established the Baxter Employee Disaster Relief Fund, where 100% of all employee contributions will go to assisting colleagues in need. Between the Baxter International Foundation and the generosity of Baxter employees, approximately \$3.5 million has been contributed to disaster relief efforts generally over the last several weeks, supporting those impacted by all of the recent natural disasters affecting the Caribbean islands, Mexico and the southern U.S.

As the leading manufacturer of IV solutions, Baxter remains dedicated to our mission to save and sustain lives by ensuring patients have continued access to the products and therapies they need. We are resolute in our commitment to do everything in our power to support you as we work through this unprecedented situation together. We thank you for your continued patience as we continue to prioritize the recovery efforts in Puerto Rico.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott P. Luce". The signature is fluid and cursive, with the first name "Scott" being the most prominent.

Scott P. Luce  
General Manager  
US Hospital Products  
Baxter Healthcare Corporation