

September 2, 2016

Robert Ringa III
LLISA President
Long Lake Improvement and Sanitation Association
PO Box 175
Ingleside, IL 60041

Dear Robert,

Thank you for your recent letter to me and others at Baxter. We appreciate the ongoing dialogue we have had with you and other members of the Long Lake Association over the years, and hope that I can address a number of questions and points you raised on behalf of the association in this response. Rest assured, Baxter continues to strive to be a leader in environmental compliance and we place high priority on our sustainability initiatives, including partnerships with the communities in which we do business.

On a regular basis, Baxter evaluates its Round Lake campus wastewater treatment facility to assess its performance, remaining capacity and available options. Most recently, we initiated an evaluation in late 2015 that is nearing completion. Our most recent assessment identified that connecting to the municipal sewer, while still a very costly project, was now more feasible given recent system changes by nearby neighboring municipalities. As a result, we are now seriously evaluating this option and I will keep you informed as to our progress.

As you may recall, at a past permit renewal period, we agreed to perform an assessment of the Squaw Creek Watershed (of which Long Lake is a part) to show where the major lake loadings originate. The data demonstrated that, for all parameters included, Baxter's treatment plant contributed approximately less than 1% of the overall loading to Long Lake. The vast majority was from agriculture and developed areas in the watershed. It is important to note that these calculations presumed our discharge went directly into the lake. But in reality, our discharge flows through about 4 miles of streams and cleansing wetlands that are known to remove minerals and biodegradables, so the quantities of those materials in our discharge reaching Long Lake actually would be far less. It is important to note that the treated wastewater we discharge helps sustain downstream wetlands and Squaw Creek during times of drought.

For clarification, Baxter has self-reported monthly permit exceedances for 4 quarters (Q2-2014, Q1-2015, Q1-2016, Q2-2016) over the past 10 quarters and only two of those were consecutive. All other reporting quarters were within permit limits. In addition, Baxter's permit is based on daily and monthly limits and we self-report any permit deviations. We do not have an annual limit, but our actual Biological Oxygen Demand (BOD) discharge level would be 65% of an annual permit level if we had one. While Round Lake reported average phosphorous levels of 0.10 ppm in 2015 and 0.17 ppm year to date 2016, it is important to note our permit limit of 1.0 ppm. It is also worth noting that even with the algae blooms that were prevalent in Long Lake during the July through November 2015 time period, Baxter was within permitted phosphorous limits with no reported exceedances.

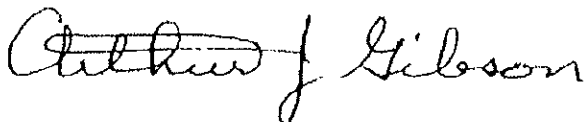
In addition, Baxter has invested in a water re-use system to irrigate landscaping plants at the nursery operating on property (75+ acres), leased from Baxter. A portion of our water discharge has been available for this purpose since 2004.

While our treatment plant has generally performed well in the past as compared to applicable legal and regulatory requirements, treatment facilities such as ours have the risk of exceeding limits from time-to-time under unpredictable circumstances. On the occurrence of such events, we immediately trigger steps to adjust process operations and to restore permit compliance, including the use of increased monitoring, sampling, and analysis with related process adjustments.

Over the past two years, we have invested over \$1,000,000 in treatment plant improvements. Specific improvement projects included: removing treatment lagoon sediments so the available water capacity and treatment capacity was improved, more efficient filtration technology and changes to how the filter backwash is managed. Baxter is committed to invest in continuous improvement of its wastewater treatment plant operations to help assure the protection of our community.

Baxter and our employees in Northern Illinois are proud of what we have accomplished over the years in collaboration with the watershed residents, the neighboring landscape nursery, the Forest Preserve District and other officials and neighbors to improve our community and the environment. These collaborative efforts include completion of a watershed study, the expansion and improvement of the Millennium Trail and various efforts to restore the natural habitat along this corridor. I will continue to update you on our progress and hope that we can continue our dialogue as questions or ideas arise.

Very Best Regards,

A handwritten signature in cursive script that reads "Arthur J. Gibson".

Arthur J. Gibson
Vice President, Environmental, Health, Safety and Sustainability

CC: Bonnie Thomson Carter, Lake County Board, District 5
Valery Gallagher, Baxter Healthcare
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