DECLARATION OF LARRY CULVER

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DECLARATION OF LARRY CULVER

I, Larry Culver, hereby declare as follows:

1. I am the Chief Financial Officer of CellPro, Inc., Bothell, Washington. I have personal knowledge of the matters set forth in this Declaration and can competently testify thereto.

2. Attached to this Declaration as Exhibits A-1 through A-4, B-1 and B-2, C-1 and C-2, and D-1 and D-2 are the summary results of analyses I have done under several alternative scenarios using the computer model CellPro uses to project financial performance. Also attached as Exhibits E-1, E-2, and F are graphs drawn from data generated by me in the course of preparing these analyses.

3. Exhibits A-1 through A-4 project the performance of CellPro under an NIH ordered Bayh-Dole license providing for a royalty based on 4% of the total sales price of 12.8 antibody products. Exhibits A-1 and A-2 are based on "conservative" sales projections; whereas, Exhibits A-3 and A-4 are based on "optimistic" projections. The basic difference between the conservative and optimistic projections relates to the rate at which the model projects sales of 12.8 antibody products, which in turn depends largely on the rate at which ongoing research and clinical trials progress and FDA product approvals are granted. Exhibits A-1 and A-3 assume that CellPro will prevail on the appeal in the patent litigation; whereas, Exhibits A-2 and A-4 assume that the plaintiffs will win the appeal. I believe that Exhibits A-1 through A-4 all reflect scenarios in which CellPro would survive as a viable company. Although each of the Exhibits projects that CellPro would run out of cash before the end of the company's current product development phase, the existence of a Bayh-Dole license would enable the company to raise sufficient funds to cover the cash shortfall.

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4. Attached as Exhibits B-1 and B-2 are the results of two additional analyses done using the same computer model and the same conservative and optimistic sales projections. The purpose of these analyses was to project CellPro's performance if -- as I understand Baxter and/or its expert, Dr. Hausman, to have proposed -- CellPro (1) were to be subject to the injunction and stay conditions that have been proposed in the ongoing patent litigation. (2) were to sell in the United States the same number of products it would sell with a Bayh-Dole license but only until Baxter obtained FDA approval for its stem cell separation system, and (3) were to maintain or expand its projected R&D effort in an attempt to develop replacement products. I do not believe that CellPro in fact could sell the same number of 12.8 antibody disposable kits if it were subject to the proposed injunction as it would with a Bayh-Dole license.^V It is simply unrealistic to believe that the company would be able to maintain an effective sales force (or its R&D personnel) if its employees knew they were likely to be out of work within three months of a Baxter approval. It is also unrealistic to think that CellPro's customers would purchase the same number of 12.8 antibody products if there were no certainty that CellPro would be able to continue to provide disposable antibody kits as they would if CellPro had a Bayh-Dole license. Indeed, I understand that concerns as to future supply are already affecting our sales efforts. The fact that the injunction scenario sales projections are unrealistic, however, is of little

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 $[\]frac{1}{2}$ For purposes of these Exhibits and for Exhibits C-1 and C-2 discussed below, I have assumed (though I doubt) that Baxter's Isolex 300i product will receive PMA approval from the FDA in April 1999 -- i.e., in the average time it takes to gain approval from the FDA for new products requiring approval.

consequence given the impact of attempting to operate the company as proposed by Baxter and Dr. Hausman. Even if it could make the projected sales, CellPro would completely run out of cash by June 1998 in both the conservative and optimistic sales scenarios.²⁷ Attempting to expand R&D to develop other products would only cause the company to run out of cash earlier. Under no circumstance would the company be viable since it would be unable to finance deficit operations in light of the injunction conditions imposed.

5. Attached as Exhibits C-1 and C-2 are the results of additional analyses that attempt to modify the analyses summarized in Exhibits B-1 and B-2 to reflect more realistic sales projections for a company under the proposed injunction conditions, with a corresponding reduction in personnel and expenditures. Notwithstanding these changes, however, the company still runs out of cash under both the conservative and optimistic sales scenarios in October 1998. There is simply no viable operating strategy that the company could follow if the proposed injunction conditions were imposed.

6. Unless CellPro obtains a Bayh-Dole license or other relief from the proposed injunction, the only strategy that would be available would be one that in effect shuts down the company to await the outcome of the patent litigation appeal. Exhibits D-1 and D-2 show the results of analyses that follow such a strategy in both the case where CellPro prevails on appeal

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In fact, the proposed condition that would require payment of CellPro's "variable contribution" to plaintiffs might well result in a required payment by CellPro of more than \$2,000 per disposable antibody kit, particularly under the optimistic sales scenario, thus increasing the cash deficiencies. However, one would need to know exactly what expenses would be considered "variable" and what "fixed" in order to apply the proposed "revenues less variable cost" condition, and because of this uncertainty and the resulting complexities in the analyses, I have not attempted to refine the model to take account of this possibility.

and where it loses on appeal. Although CellPro is committed to trying to stay in business, unless there exists a viable strategy for doing so, the officers and directors of the company would have no choice but to adopt such a shutdown strategy.

7. Attached as Exhibits E-1 and E-2 are graphs showing the total number of patient treatments (commercial and clinical uses of the CEPRATE System) over the next four years depending on which of the conditions discussed above apply. Exhibit E-1 is based on conservative sales projections; Exhibit E-2 is based on optimistic sales projections. Because the company could not survive under the various injunction models, only treatments projected to occur before the company would run out of cash and have to cease operations are shown on the graphs. Because the injunction models are not viable, I believe the proper comparisons on the graph are of the treatments projected with a Bayh-Dole license and those projected under the shutdown model. That comparison shows that there would be between 49,000 and 70,000 fewer patient treatments (22,000 to 31,000 fewer in the United States) over the next four years if CellPro is subject to the injunction sought by Baxter and Johns Hopkins than if it obtains a Bayh-Dole license.

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8. Attached as Exhibit F is a graph comparing the R&D expenditures of the company under the various projection conditions. Again, it does not make sense to project R&D. expenditures under the injunction scenarios after the company began to suffer a cash deficit because the company could not sustain its R&D after that point. And again, the proper comparisons are between the expenditures projected with a Bayh-Dole license and those projected under the shutdown model. That comparison indicates that CellPro would spend more than \$60 million less on R&D directed towards the development of the CEPRATE System and

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Bayh-Dole Model
Conservative Sales Projections
Win Appeal

EXHIBIT A-1

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CellPro, Incorporated Summary

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Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	<u>1997/98</u> 19,674	<u>1998/99</u> 40,942	<u>1999/00</u> 63,330	2 <u>000/01</u> 102,842
Total Revenue	4,298	4,216	12,824	9,650	19,980	40,942	63,330	102,842
Total Margin	3,723	1,787	9,1 01	4,489	11,301	25,635	43,499	77,019
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,356 45.8%	10,995 55.9%	25,635 62.6%	43,499 68.7%	77,019 74.9%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-22,205	-13,635	8,571	18,318
Memo: Expenses			······································				-hadding of the soul	
Manufacturing & Distr.	3,575	3,682	4,208	5,617	8,965	14,195	20,637	26,386
R&D	7,637	14,164	15,970	15,776	18,200	20,842	23,003	26,100
SG&A	6,209	9,108	10,676	11,415	16,349	19,456	24,599	31,319
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,430	-116	-13,880	120
Cash Flow	-19,342	-30,855	9,495	-20,103	-41,475	-19,451	-2,464	5,542
Cash Balance	95,506	64,652	74,147	54,044	12,569	-6,883	-9,346	-3,804
Capital Expenditure	8,579	11,109	742	648	1,973	2,500	10,500	5,000
Personnel	142.5	180	156.8	168	211	252	307	367
Royalties & Fess Paid to	Johns Hopk	ins			761	1,586	1,687	0
Therapeutic 12.8 Disposa	bles (Patler	nt Treatmen	ts-Commer	cial & Clinic	al)			
US	649	906	970	1,199	2,385	4,550	6,710	9,785
ROW	345	1.041	1.455	1.972	2.817	5.365	Z.815	11.860
Total	994	1,947	2,425	3,171	5,202	9,915	14,525	21,645

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Bayh-Dole Model
Conservative Sales Projections
Win Appeal

27-May-97 EXHIBIT A-1

MAJOR ASSUMPTIONS OF Bayh-Dole Model

License granted by HHS with royalty payable to Johns Hopkins at a rate of 4% on future sales of 12.8 antibody products.

No restrictions on ability to sell or develop products world-wide due to HHS license.

Moderate expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases; no revenues projected for treatment of AIDS patients.

CellPro prevails on appeal at January 2000.

HHS license no longer necessary; royalty payments to JH stop; royalties paid to date are not refunded.

In the meantime, CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

No federal income tax liability during this time period due to extensive NOL carry-forwards. This will affect after-tax profits and cash flows after achieving break-even until NOL balances (\$95 million) are consumed.

Cash deficiency of \$22.5 million at 12/99 covered by external financing. Timing of successful appeal is important. If appeal could be concluded six months earlier cash deficiency would be reduced to \$10.5 million.

Bayh-Dole Model
Conservative Sales Projections
Lose Appeal

EXHIBIT A-2

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CellPro, Incorporated Summary

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Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	<u>1997/98</u> 19,674	<u>1998/99</u> 40,942	<u>1999/00</u> 63,330	<u>2000/01</u> 102,842
Total Revenue	4,298	4,216	12,824	9,650	19,980	40,942	63,330	102,842
Total Margin	3,723	1,787	9,101	4,489	11,301	25,635	42,727	72,999
Gross Product Margin	790	1,787	3,079	4,356	10,995	25,635	42,727	72,999
%	57.9%	42.4%	45.3%	45.8%	55.9%	62.6%	67.5%	71.0%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-22,205	-13,635	-6,202	14,297
Memo: Expenses								
Manufacturing & Distr.	3,575	3,682	4,208	5,617	8,965	14,195	21,409	30,407
R&D	7,637	14,164	15,970	15,776	18,200	20,842	23,003	26,100
SG&A	6,209	9,108	10,676	11,415	16,349	19,456	24,599	31,319
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,430	-116	120	120
Cash Flow	-19,342	-30,855	9,495	-20,103	-41,475	-19,451	-17,236	1,521
Cash Balance	95,506	64,652	74,147	54,044	12,569	-6,883	-24,119	-22,597
Capital Expenditure	8,579	11,109	742	648	1,973	2,500	10,500	5,000
Personnel	142.5	180	156.8	166	211	252	307	367
Royalties & Fess Paid to .	Johns Hopk	ins			761	1,586	2,460	4,021
Therapeutic 12.8 Disposa	bles (Patien	t Treatmen	ts-Commer	cial & Clinic	al)			
US	649	906	970	1,199	2,385	4,550	6,710	9,785
ROW	345	1.041	1.455	1.972	2.817	5.365	7.815	11.860
Total	994	1,947	2,425	3,171	5,202	9,915	14,525	21,645

Bayh-Dole Model Conservative Sales Projections Lose Appeal

27-May-97

EXHIBIT A-2

MAJOR ASSUMPTIONS OF Bayh-Dole Model

License granted by HHS with royalty payable to Johns Hopkins at a rate of 4% on future sales of 12.8 antibody products.

No restrictions on ability to sell or develop products world-wide due to HHS license.

Moderate expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases; no revenues projected for treatment of AIDS patients.

CellPro loses appeal at January 2000.

HHS license continues.

CellPro pays out \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) previously reclassified pending decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs and affect ending cash.

No federal income tax liability during this time period due to extensive NOL carry-forwards. This will affect after-tax profits and cash flows after achieving break-even until NOL balances (\$95 million) are consumed.

Cash deficiency of \$28 million at 12/00 covered by external financing.

Bayh-Dole Model Optimistic Sales Projections Win Appeal

27-May-97

EXHIBIT A-3

CellPro, Incorporated Summary

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	1993/94	1994/95	1995/96	1996/97	1997/98	<u>1998/99</u>	1999/00	2000/01
Net Product Sales	1,365	4,216	6,802	9,517	21,776	50,306	88,772	167,984
Total Revenue	4,298	4,216	12,824	9,650	22,382	50,306	88,772	167,984
Total Margin	3,723	1,787	9,101	4,489	12,784	32,785	63,427	131,064
Gross Product Margin	790	1,787	3,079	4,356	12,178	32,785	63,427	131,064
%	57.9%	42.4%	45.3%	45.8%	55.9%	65.2%	71.4%	78.0%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-20,026	-7,862	24,385	65,420
Memo: Expenses						<u></u>]
Manufacturing & Distr.	3,575	3,682	4,208	5,617	9,185	16,120	25,375	35,031
R&D	7,637	14,164	15,970	15,776	18,200	21,157	24,041	31,094
SG&A	6,209	9,108	10,676	11,415	16,349	20,755	28,252	35,994
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,427	-163	-13,880	-554
Cash Flow	-19,342	-30,855	9,495	-20,103	-41,353	-15,849	9,796	39,164
Cash Balance	95,506	64,652	74,147	54,044	12 ,691	-3,158	6,638	45,803
Capital Expenditure	8,579	11,109	742	648	1,973	2,500	10,500	5,000
Personnel	142.5	180	156.8	166	211	266	342	430
Royalties & Fees Paid to	John <mark>s Hopki</mark> i	n s	0	0	845	1,953	2,281	0
Therapeutic 12.8 Disposa	bles (Palient	Treatment	s-Commerc	ial & Clínica	(f)			
US	649	906	970	1,199	2,595	5,550	9,160	15,640
ROW	345	1.041	1.455	1.972	3.069	6.555	<u>10.765</u>	19.140
Total	994	1,947	2,425	3,171	5,664	12,105	19,925	34,780

Bayh-Dole Model Optimistic Sales Projections Win Appeal

27-May-97

EXHIBIT A-3

MAJOR ASSUMPTIONS OF Bayh-Dole Model

License granted by HHS with royalty payable to Johns Hopkins at a rate of 4% on future sales of 12.8 antibody products.

No restrictions on ability to sell or develop products world-wide due to HHS license.

Rapid expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases; no revenues projected for treatment of AIDS patients.

CellPro prevails on appeal at January 2000.

HHS license no longer necessary; royalty payments to JH stop; royalties paid to date are not refunded.

In the meantime, CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

No federal income tax liability during this time period due to extensive NOL carry-forwards. This will affect after-tax profits and cash flows after achieving break-even until NOL balances (\$95 million) are consumed.

Cash deficiency of \$11.7 million at 12/99 covered by external financing. Timing of successful appeal is important. If appeal could be concluded six months earlier cash deficiency would be reduced to \$2.6 million.

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\$000	4		CellP	ro, Incorpo Summary				
4000								
Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	<u>1997/98</u> 21,776	<u>1998/99</u> 50,306	<u>1999/00</u> 88,772	<u>2000/01</u> 167,984
Total Revenue	4,298	4,216	12,824	9,650	22,382	50,306	88,772	167,984
Total Margin	3,723	1,787	9,101	4,489	12,784	32,785	62,246	124,469
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,356 45.8%	12,178 55.9%	32,785 65.2%	62,246 70.1%	124,469 74.1%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-20,026	-7,862	9,203	58,218
Memo: Expenses				•				
Manufacturing & Distr.	3,575	3,682	4,208	6,617	9,185	16,120	26,556	41,626
R&D	7,637	14,164	15,970	15,776	18,200	21,157	24,041	31,094
SG&A	6,209	9,108	10,676	11,415	16,349	20,755	28,252	35,994
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,427	-163	120	53
Cash Flow	-19,342	-30,855	9,495	-20,103	-41,353	-15,849	-5,385	31,962
Cash Balance	95,506	64,652	74,147	54,044	12,691	-3,158	-8,543	23,420
Capital Expenditure	8,579	11,109	742	648	1,973	2,500	10,500	5,000
Personnel	142.5	180	156.8	166	211	266	342	430
Royalties & Fees Paid to	Johns Hopki	ns	0	0	845	1,953	3,462	6,595
Therapeutic 12.8 Disposa	bles (Patient	Treatments	s-Commerc	ial & Clinica	1)			
US	649	906	970	1,199	2,595	5,550	9,160	15,640
ROW	345	1.041	1.455	1.972	3.069	6.555	10.765	19.140
Total	994	1,947	2,425	3,171	5,664	12,105	19,925	34,780

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Bayh-Dole Model Optimistic Sales Projections

Lose Appeal

27-May-97

EXHIBIT A-4

Bayh-Dole Model
 Optimistic Sales Projections
 Lose Appeal

27-May-97

EXHIBIT A-4

MAJOR ASSUMPTIONS OF Bayh-Dole Model

License granted by HHS with royalty payable to Johns Hopkins at a rate of 4% on future sales of 12.8 antibody products.

No restrictions on ability to sell or develop products world-wide due to HHS license.

Rapid expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases; no revenues projected for treatment of AIDS patients.

CellPro loses appeal at January 2000.

HHS license continues.

CellPro pays out \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) previously reclassified pending decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs and affect ending cash.

No federal income tax liability during this time period due to extensive NOL carry-forwards. This will affect after-tax profits and cash flows after achieving break-even until NOL balances (\$95 million) are consumed.

Cash deficiency of \$11.7 million at 12/99 covered by external financing.

World-wide Injunction Model Baxter/Hausman Version Conservative Sales Projections

27-May-97

EXHIBIT B-1

MAJOR ASSUMPTIONS OF BAXTER/HAUSMAN INJUNCTION MODEL

No action by HHS

Court injunction as currently proposed becomes effective 7/1/97 (no stay granted pending full review in appellate court).

CellPro required to pay Baxter \$2,000 per disposable for each unit sold in US.

US sales follow model for moderate expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases until Baxter product approved for sale in US in April 1999 (except sales of LC research product is ended July 1997). All 12.8 antibody products phased down beginning April 1999 and cease in July 1999.

International sales phased down over year one and eliminated during year two; begin to ramp up again in year three. (Production of 12.8 antibody products moved to Europe during 1998; capital expenditure in Europe of \$2.0 million in 1998/99)

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

New product development and clinical trials of existing and development products continue at similar rates as anticipated under the Bayh-Dole scenario in attempt to acquire or develop other non-12.8 antibody products.

This is not a viable model. Results in major cash shortfall, beginning June 1998 with no ability to finance cash requirements.

		[Baxter/	de Injunctio Hausman \ c Sales Ass	/ersion		27-May-97 EXHIBIT	B-2
\$ 000	ر.			ro, Incorpo Summary	rated			
	<u>1993/94</u>	1994/95	<u>1995/96</u>	1996/97	1997/98	<u>1998/99</u>	<u>1999/00</u>	2000/01
Net Product Sales	1,365	4,216	6,802	9,517	16,145	21,856	9,622	15,361
Total Revenue	4,298	4,216	12,824	9,650	16,394	21,856	9,622	15,361
Total Margin	3,723	1,787	9,101	4,489	9,213	13,197	4,356	6,603
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,356 45.8%	8,964 55.5%	13,197 60.4%	4,356 45.3%	6,603 43.0%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-31,067	-32,392	-33,859	-37,042
Memo: Expenses Manufacturing & Distr. R&D SG&A Special Items & Other	3,575 7,637 8,209 1,983	3,682 14,164 9,108 -3,822	4,208 15,970 10,876 -2,477	5,617 15,776 11,415 17,741	7,069 18,188 16,320 -1,362	9,019 21,139 14,771 <u>63</u>	7,429 23,967 10,564 120	8,603 30,922 12,658 120
Cash Flow	-19,342	-30,855	9,495	-20,103	-48,665	-33,016	-28,461	-37,371
Cash Balance	95,506	64,652	74,147	54,044	5,379	-27,638	-56,099	-93,469
Capital Expenditure	8,579	11,109	742	648	1,274	2,500	70 0	1,100
Personnel	142.5	180	156.8	166	211	231	179	236
Incremental Profit Paid to	o Baxter	0	0	0	7,148	9,196	1,342	0
Therapeutic 12.8 Dispos	ables (Patie							
US	649	906	970	1,199	2,595	5,550	671	0
ROW	345	1.041	1.455	1.972	1.739	123	1.176	3.042
Total	994	1,947	2;425	3,171	4,334	5,673	1,847	3,042
Reduction in Disposable	s (Patient T	reatments-C	Commercial	& Clinical)		_	a 496	
110					~	~ ~		
US					0	0	-8,489	-15,640
ROW					0 <u>-1.330</u> -1,330	0 <u>-6.432</u> -6,432	-8,489 <u>-9,589</u> -18,078	-15,640 <u>-16.098</u> -31,738

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World-wide Injunction Model Baxter/Hausman Version Optimistic Sales Assumption 27-May-97

EXHIBIT B-2

MAJOR ASSUMPTIONS OF BAXTER/HAUSMAN INJUNCTION MODEL

No action by HHS

Court injunction as currently proposed becomes effective 7/1/97 (no stay granted pending full review in appellate court).

CellPro required to pay Baxter \$2,000 per disposable for each unit sold in US.

US sales follow model for rapid expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases until Baxter product approved for sale in US in April 1999 (except sales of LC research product is ended July 1997). All 12.8 antibody products phased down beginning April 1999 and cease in July 1999.

International sales phased down over year one and eliminated during year two; begin to ramp up again in year three. (Production of 12.8 antibody products moved to Europe during 1998; capital expenditure in Europe of \$2.0 million in 1998/99)

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

New product development and clinical trials of existing and development products continue at similar rates as anticipated under the Bayh-Dole scenario in attempt to acquire or develop other non-12.8 antibody products.

This is not a viable model. Results in major cash shortfall, beginning June 1998 with no ability to finance cash requirements.

				de Injunctio dified Versi	1			27-May-97
		l	Conservat	ive Sales A	sumplion			EXHIBIT C
				ro, Incorpo Summary	rated			
\$000				Summary				
Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	<u>1997/98</u> 10,276	<u>1998/99</u> 6,685	<u>1999/00</u> 7,015	<u>2000/01</u> 14,574
Total Revenue	4,298	4,216	12,824	9,650	10,525	6,685	7,015	14,574
Total Margin	3,723	1,787	9,101	4,489	5,049	3,218	3,120	6,453
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,35 6 45.8%	4,800 46.7%	3,218 48.1%	3,120 44.5%	6,453 44.3%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-30,263	-18,803	-15,914	-16,068
Memo: Expenses Manufacturing & Distr. R&D SG&A Special Items & Other	3,575 7,637 6,209 1,983	3,682 14,164 9,108 -3,822	4,208 15,970 10,676 -2,477	5,617 15,776 11,415 17,741	6,494 15,880 15,221 -1,425	5,382 7,697 9,634 -72	5,595 7,542 9,233 120	8,426 9,483 12,513 120
Cash Flow	-19,342	-30,855	9,495	-20,103	-43,804	-19,868	-14,642	-16,745
Cash Balance	95,506	64,652	74,147	54,044	10,240	-9,629	-24,271	-41,016
Capital Expenditure	8,579	11,109	742	648	803	2,200	700	1,100
Personnel	142.5	180	156.8	166	164	83	106	149
Incremental Profit Paid to	o Baxter	0	0	0	4,518	2,786	380	0
Therapeutic 12.8 Dispos US	ables (Patien 649	t Treatmen 906	ts-Commer 970	cial & Clinic 1,199	al)) 950	1,270	190	0
ROW	345	1.041	1.455	1.972	1.739	123	1.176	3.042
Total	994	1,947	2,425	3,171	2,689	1,393	1,366	3,042
Reduction in Disposable US	s (Patient Tre	atments-C	ommercial (& Clinical)	-1,435	-3,280	-6,520	-9,785
ROW					-1.078	-5.242	-6.639	<u>-8.818</u>
Total					-2,513	-8,522	-13,159	-18,603

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World-wide Injunction Model Modified Version Conservative Sales Assumption 28-May-97

EXHIBIT C-1

MAJOR ASSUMPTIONS OF MODIFIED INJUNCTION MODEL

No action by HHS

Court injunction as currently proposed becomes effective 7/1/97 (no stay granted pending full review in appellate court).

CellPro required to pay Baxter \$2,000 per disposable for each unit sold in US.

US sales at 40% of level for moderate expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases until Baxter product approved for sale in US in April 1999 (except sales of LC research product is ended July 1997. All 12.8 antibody products phased down beginning April 1999 and cease in July 1999.

International sales phased down over year one and eliminated during year two; begin to ramp up again in year three. (Production of 12.8 antibody products moved to Europe during 1998; capital expenditure in Europe of \$2.0 million in 1998/99)

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

No sales of new products; discontinuation of clinical trials; discontinuation of all new product development. (Sales of CD4/CD8 included because product development complete; clinical development still needs to be completed).

Major down-sizing of company implemented December 1997 effective March 1998. (Timing coincides with time for resolution by appellate court of request for expedited stay pending appeal.) Includes 2/3 R&D, 1/3 manufacturing, 1/2 administration, and phase-down in sales/marketing of 2/3. These functions begin to expand again in July 1999 when ex-US sales begin again.

This is not a viable model. Results in major cash shortfall, beginning October 1998 with no ability to finance cash requirements.

Page 1

		[de Injunctio dified Versi			27-May-97	
		Į	Optimist	ic Sales Pro	jections		EXHIBIT	C-2
\$000	~			ro, Incorpo Summary	rated			
\$000	1993/94	<u>1994/95</u>	<u>1995/96</u>	<u> 1996/97</u>	1997/98	1998/99	1999/00	2000/01
Net Product Sales	1,365	4,216	6,802	9,617	10,645	8,036	7,588	15,361
Total Revenue	4,298	4,216	12,824	9,650	10,894	8,036	7,588	15,361
Total Margin	3,723	1,787	9,101	4,489	5,229	3,864	3,295	6,603
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,356 45.8%	4,980 46.8%	3,864 48.1%	3,295 43.4%	6,603 43.0%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-30,110	-18,146	-15,503	-15,453
Memo: Expenses					<u></u>			·····
Manufacturing & Distr.	3,575	3,682	4,208	5,617	6,548	5,487	5,669	8,599
R&D	7,637	14,164	15,970	15,776	15,880	7,697	7,542	9,483
SG&A	6,209	9,108	10,676	11,415	15,221	9,634	9,233	12,513
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,423	-62	120	120
Cash Flow	-19,342	-30,855	8,495	-20,103	-44,323	-20,289	-12,860	-16,256
Cash Balance	95,506	64,652	74,147	54,044	9,721	-10,568	-23,428	-39,684
Capital Expenditure	8,579	11,109	742	648	803	2,200	700	1,100
Personnel	142.5	180	156.8	166	164	83	106	149
Incremental Profit Paid to	Baxter	Ő	0	0	4,678	3,366	468	0
Therapeutic 12.8 Disposa	ibles (Patier	nt Treatmen	ts-Commer	cial & Clinic	al))			
US	649	906	970	1,199	1,030	1,560	234	0
ROW	345	1.041	1.455	1.972	1.739	123	1.176	3.042
Total	994	1,947	2,425	3,171	2,769	1,683	1,410	3,042
Reduction in Disposables	(Palient Tre	atments-Co	ommercial 8	Clinical)				
US		· . ·			-1,565	-3,990	-8,926	-15,640
ROW				· .	-1.330	<u>-6.432</u>	<u>-9.589</u>	-16.098
Total				Ne di Ta	-2,895	-10,422	-18,515	-31,738

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World-wide Injunction Model Modified Version Optimistic Sales Projections

28-May-97

EXHIBIT C-2

MAJOR ASSUMPTIONS OF MODIFIED INJUNCTION MODEL

No action by HHS

Court injunction as currently proposed becomes effective 7/1/97 (no stay granted pending full review in appellate court).

CellPro required to pay Baxter \$2,000 per disposable for each unit sold in US.

US sales at 40% of level for rapid expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases until Baxter product approved for sale in US in April 1999 (except sales of LC research product is ended July 1997. All 12.8 antibody products phased down beginning April 1999 and cease in July 1999.

International sales phased down over year one and eliminated during year two; begin to ramp up again in year three. (Production of 12.8 antibody products moved to Europe during 1998; capital expenditure in Europe of \$2.0 million in 1998/99)

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

No sales of new products; discontinuation of clinical trials; discontinuation of all new product development. (Sales of CD4/CD8 included because product development complete; clinical development still needs to be completed).

Major down-sizing of company implemented December 1997 effective March 1998. (Timing coincides with time for resolution by appellate court of request for expedited stay pending appeal.) Includes 2/3 R&D, 1/3 manufacturing, 1/2 administration, and phase-down in sales/marketing of 2/3. These functions begin to expand again in July 1999 when ex-US sales begin again.

This is not a viable model. Results in major cash shortfall, beginning October 1998 with no ability to finance cash requirements.

Page 1

				utdown Moo Win Appeal				27-May-97
		·	<u></u>	ro, incorpo Summary				EXHIBIT
\$000	<u>1993/94</u>	1994/95	<u>1995/96</u>	1996/97	1997/98	<u>1998/99</u>	1999/00	2000/01
Net Product Sales	1,365	4,216	6,802	<u>1550/57</u> 9,517	8,361	<u>1990/99</u> 0	1999(00	(
Total Revenue	4,298	4,216	12,824	9,650	8,610	0	0	(
Total Margin	3,723	1,787	9,101	4,489	4,158	0	0	(
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,350 45.8%	3,909 46.8%	0 0.0%	0 0.0%	(0.0%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-28,836	-2,973	14,672	-2,05
Memo: Expenses								
Manufacturing & Distr.	3,575	3,682	4,208	5,617	5,956	704	579	51
R&D	7,637	14,164	15,970	15,776	14,883	1,750 954	1,357 1,406	1,17
SG&A Special Items & Other	6,209 1,983	9,108 -3,822	10,676 -2,477	11,415 17,741	14,252 -1,413	-436	-14,345	1,38
Cash Flow	-19,342	-30,855	9,495	-20,103	-42,469	-2,581	15,504	-1,22
Cash Balance	95,506	64,652	74,147	54,044	11,575	8,994	24,498	23,27
Capital Expenditure	8,579	11,109	742	648	803	0	0	
Personnel	142.5	180	156.8	166	164	3	3	
Incremental Profit Paid t	o Baxter	0	0	0	3,668	0	-3,668	
Therapeutic 12.8 Dispos	ables (Patie	ent Trealme	nts-Comme	rcial & Clini	cal))			
US	649	906	970	1,199	770	0	0	
ROW	345	1.041	1.455	1.972	1.479	Q	Q	
Total	994	1,947	2,425	3,171	2,249	0	0	
Reduction in Disposable	s (Pallent T	reatments-(Commercial	& Clinical)				
US					-1,615	-4,550	-6,710	-9.78
ROW					<u>-1.338</u> -2,953	<u>-5.365</u> -9,915	<u>-7.815</u> -14,525	<u>-11.86</u> -21,64
Total					-2,803	-9,919	- 14,020	-21,0

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Shutdown Model	
Win Appeal	

EXHIBIT D-1

MAJOR ASSUMPTIONS OF SHUTDOWN MODEL

No action by HHS.

Court injunction as currently proposed becomes effective 7/1/97.

CellPro required to pay \$2,000 per disposable for each unit sold in US.

No stay granted prior to review of appeals case.

CellPro goes into complete shutdown beginning January 1998 upon decision by appellate court not to grant stay. Shutdown designed to conserve cash while funding appeal. Limited staff of 3 people retained to coordinate litigation efforts and attempt to preserve value of technology. Some immaterial sales of product lines and other assets likely but not modelled.

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would affect cash balances prior to January 2000.

CellPro prevails on appeal at January 2000.

Reclassified cash returned to cash balance. Baxter required to return amounts paid on account of 1997 sales at \$2,000 per unit. Cash balance as of January 2000 is \$24.5 million. Decision whether to (a) dividend out cash to shareholders (b) attempt to raise new capital (\$30-\$50 million) combined with current cash to restart company, or (c) attempt to find buyer for company to complete future commercialization programs.

Shutdown Model 27-May-97 Lose Appeal **EXHIBIT D-2 CellPro, Incorporated** Summary \$000 1993/94 1994/95 1995/96 1996/97 1997/98 1998/99 1999/00 2000/01 1,365 4,216 8,361 0 0 Net Product Sales 6,802 9,517 0 4,216 8,610 0 0 **Total Revenue** 4,298 12,824 9,650 0 1,787 Total Margin 3,723 9,101 4,489 4,158 0 0 0 **Gross Product Margin** 790 1,787 3,079 4.356 3,909 0 0 0 57.9% 42.4% 45.3% 0.0% 45.8% 46.8% 0.0% 0.0% % -18,986 -15,121 -15,652 -40,914 -28,836 -2,973 -2,996 -2,816 Net Income (Loss) Memo: Expenses 5,956 704 579 512 Manufacturing & Distr. 3,575 3,682 4.208 5,617 14,883 7,637 14,164 15,970 15,776 1,750 1,357 1,179 R&D 10,676 11,415 14,252 954 1,406 1,384 9,108 SG&A 6.209 -3,822 -2,477 17,741 -1,413 -436 -345 -259 Special Items & Other 1.983 -42,469 -2,164 -1,991 -30,855 9,495 -20,103 -2,581 -19,342 **Cash Flow** 6,830 4,839 95,506 64,652 74,147 54,044 11,575 8,994 **Cash Balance** 803 0 0 0 742 648 **Capital Expenditure** 8,579 11,109 3 3 3 180 156.8 166 164 142.5 Personnel 0 3,668 0 Incremental Profit Paid to Baxter Ũ Q Ö 0 Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)) 0 970 1,199 770 0 0 US 649 906 Q Q 345 1.041 1.455 1.972 1.479 Q ROW 2,249 994 1,947 2,425 3,171 0 0 0 Total Reduction In Disposables (Patient Trealments-Commercial & Clinical) -1.615 -4,550 -6,710 -9,785 US -1.338 -5.365 -7.815 -11.860 ROW -2,953 -9,915 -14,525 -21,645 Total

Shutdown Model	
Lose Appeal	

EXHIBIT D-2

MAJOR ASSUMPTIONS OF SHUTDOWN MODEL

No action by HHS.

Court injunction as currently proposed becomes effective 7/1/97.

CellPro required to pay \$2,000 per disposable for each unit sold in US.

No stay granted prior to review of appeals case.

CellPro goes into complete shutdown beginning January 1998 upon decision by appellate court not to grant stay. Shutdown designed to conserve cash while funding appeal. Limited staff of 3 people retained to coordinate litigation efforts and attempt to preserve value of technology. Some immaterial sales of product lines and other assets likely but not modelled.

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would affect cash balances prior to January 2000.

CellPro loses appeal at January 2000.

Cash balance available to dividend out to shareholders as of January 2000 is \$7.2 million (greater if court makes lower award for past damages and/or denies fees sought by plaintiffs in infringement litigation).

CellPro, Inc. Patient Treatments Conservative Sales Projections

Exhibit E-1

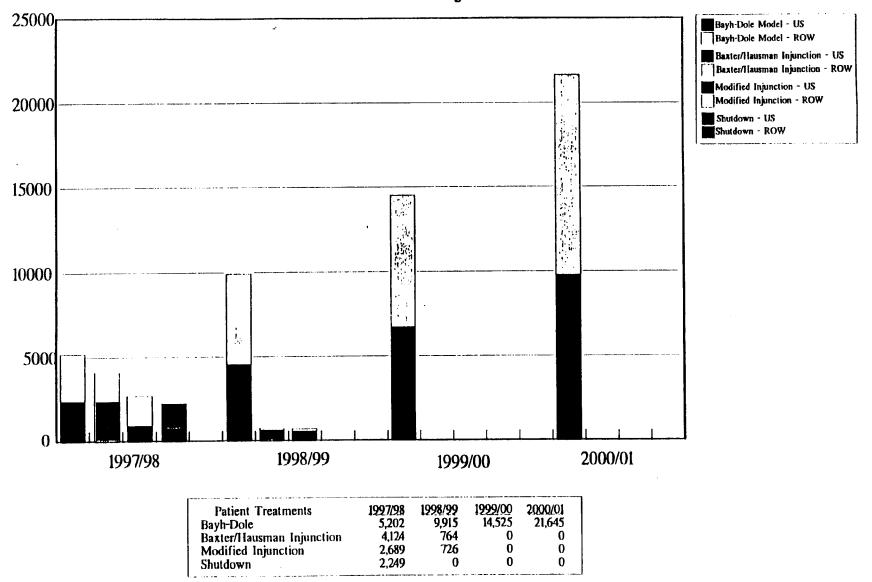
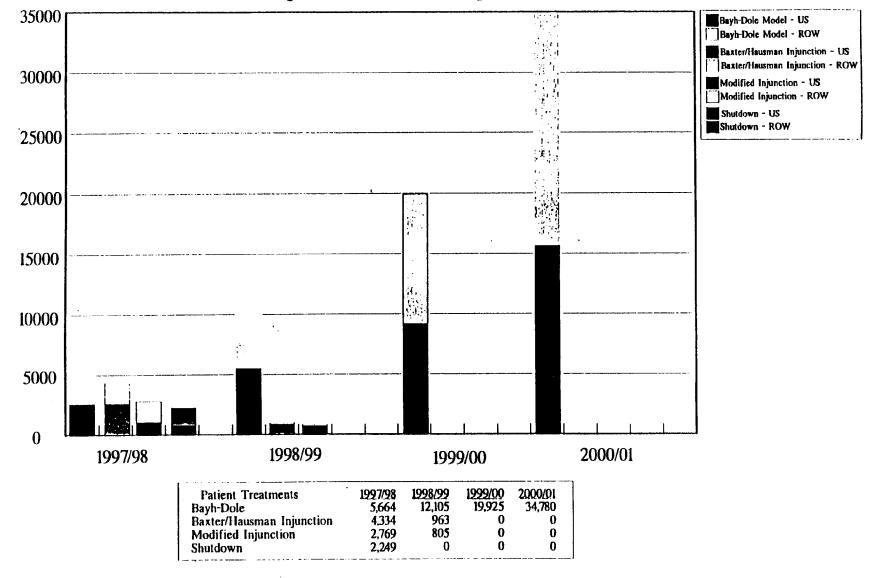
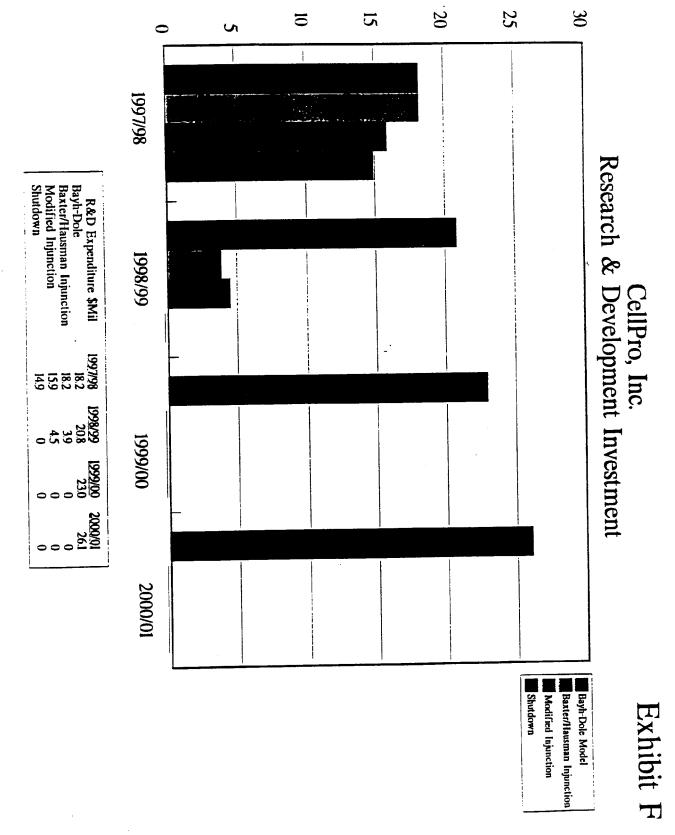


Exhibit E-2

CellPro, Inc. Patient Treatments Optimistic Sales Projections





second generation stem cell products if the proposed injunction were to issue than would be the case with a Bayh-Dole license.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Washington, D.C., this 28th Day of May, 1997.

Bayh-Dole Model					
Conservative Sales Projections					
Win Appeal					

EXHIBIT A-1

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CellPro, Incorporated Summary

	1000101	4004/05	4005/08	4006/07	<u>1997/98</u>	1998/99	1999/00	2000/01
Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	19,674	40,942	63,330	102,842
Net Floudel Sales			•	-		40,942	63,330	102,842
Total Revenue	4,298	4,216	12,824	9,650	19,980	40,942	03,330	
Total Margin	3,723	1,787	9,101	4,489	11,301	25,635	43,499	77,019
Gross Product Margin	790	1,787	3,079	4,356	10,995	25,635	43,499	77,019
%	57.9%	42.4%	45.3%	45.8%	55.9%	62.6%	68.7%	74.9%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-22,205	-13,635	8,571	18,318
Memo: Expenses]
Manufacturing & Distr.	3,575	3,682	4,208	5,617	8,965	14,195	20,637	26,386
R&D	7,637	14,164	15,970	15,776	18,200	20,842	23,003	26,100
SG&A	6,209	9,108	10,676	11,415	16,349	19,456	24,599	31,319
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,430	-116	-13,880	120
Cash Flow	-19,342	-30,855	9,495	-20,103	-41,475	-19,451	-2,464	5,542
Cash Balance	95,506	64,652	74,147	54,044	12,569	-6,883	-9,346	-3,804
Capital Expenditure	8,579	11,109	742	648	1,973	2,500	10,500	5,000
Personnel	142.5	180	156.8	166	211	252	307	367
Royalties & Fess Paid to	Johns Hopk	ins			761	1,586	1,687	0
Therapeutic 12.8 Disposa	ables (Patier	nt Treatmen	its-Commer	cial & Clinic	al)			
US	649	906	970	1,199	2,385	4,550	6,710	9,785
ROW	<u>345</u>	1.041	<u>1,455</u>	1.972	<u>2.817</u>	<u>5.365</u>	<u>7.815</u>	11.860
Total	994	1,947	2,425	3,171	5,202	9,915	14,525	21,645

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Bayh-Dole Model
Conservative Sales Projections
Win Appeal

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EXHIBIT A-1

MAJOR ASSUMPTIONS OF Bayh-Dole Model

License granted by HHS with royalty payable to Johns Hopkins at a rate of 4% on future sales of 12.8 antibody products.

No restrictions on ability to sell or develop products world-wide due to HHS license.

Moderate expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases; no revenues projected for treatment of AIDS patients.

CellPro prevails on appeal at January 2000.

HHS license no longer necessary; royalty payments to JH stop; royalties paid to date are not refunded.

In the meantime, CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

No federal income tax liability during this time period due to extensive NOL carry-forwards. This will affect after-tax profits and cash flows after achieving break-even until NOL balances (\$95 million) are consumed.

Cash deficiency of \$22.5 million at 12/99 covered by external financing. Timing of successful appeal is important. If appeal could be concluded six months earlier cash deficiency would be reduced to \$10.5 million.

Bayh-Dole Model					
Conservative Sales Projections					
Lose Appeal					

EXHIBIT A-2

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CellPro, Incorporated Summary

Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	<u>1997/98</u> 19,674	<u>1998/99</u> 40,942	<u>1999/00</u> 63,330	<u>2000/01</u> 102,842
Total Revenue	4,298	4,216	12,824	9,650	19,980	40,942	63,330	102,842
	·		-		11,301	25,635	42,727	72,999
Total Margin	3,723	1,787	9,101	4,489	11,301	20,000	72,121	12,999
Gross Product Margin	790	1,787	3,079	4,356	10,995	25,635	42,727	72,999
%	57.9%	42.4%	45.3%	45.8%	55.9%	62.6%	67.5%	71.0%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-22,205	-13,635	-6,202	14,297
Memo: Expenses								
Manufacturing & Distr.	3,575	3,682	4,208	5,617	8,965	14,195	21,409	30,407
R&D	7,637	14,164	15,970	15,776	18,200	20,842	23,003	26,100
SG&A	6,209	9,108	10,676	11,415	16,349	19,456	24,599	31,319
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,430	-116	120	120
	40.040	20.055	0.405	20 102	A1 A75	-19,451	-17,236	1,521
Cash Flow	-19,342	-30,855	9,495	-20,103	-41,475	-19,401	-17,230	1,521
Cash Balance	95,506	64,652	74,147	54,044	12,569	-6,883	-24,119	-22,597
Capital Expenditure	8,579	11,109	742	648	1,973	2,500	10,500	5,000
Personnel	142.5	180	156.8	166	211	252	307	367
Royalties & Fess Paid to	Johns Hopk	ins			761	1,586	2,460	4,021
Therapeutic 12.8 Disposa	bles (Patier	nt Treatmen	ts-Commer	cial & Clinic	al)			
US	649	906	970	1,199	2,385	4,550	6,710	9,785
ROW	345	1.041	1.455	1.972	2.817	5.365	7.815	<u>11.860</u>
Total	994	1,947	2,425	3,171	5,202	9,915	14,525	21,645

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Bayh-Dole Model
Conservative Sales Projections
Lose Appeal

EXHIBIT A-2

MAJOR ASSUMPTIONS OF Bayh-Dole Model

License granted by HHS with royalty payable to Johns Hopkins at a rate of 4% on future sales of 12.8 antibody products.

No restrictions on ability to sell or develop products world-wide due to HHS license.

Moderate expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases; no revenues projected for treatment of AIDS patients.

CellPro loses appeal at January 2000.

HHS license continues.

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CellPro pays out \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) previously reclassified pending decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs and affect ending cash.

No federal income tax liability during this time period due to extensive NOL carry-forwards. This will affect after-tax profits and cash flows after achieving break-even until NOL balances (\$95 million) are consumed.

Cash deficiency of \$28 million at 12/00 covered by external financing.

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Bayh-Dole Model	
Optimistic Sales Projections	
Win Appeal	

EXHIBIT A-3

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CellPro, incorporated Summary

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Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	<u>1997/98</u> 21,776	<u>1998/99</u> 50,306	<u>1999/00</u> 88,772	<u>2000/01</u> 167,984
Total Revenue	4,298	4,216	12,824	9,650	22,382	50,306	88,772	167,984
Total Margin	3,723	1,787	9,101	4,489	12,784	32,785	63,427	131,064
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,356 45.8%	12,178 55.9%	32,785 65.2%	63,427 71.4%	131,064 78.0%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-20,026	-7,862	24,385	65,420
Memo: Expenses	3,575	3.682	4,208	5,617	9,185	16,120	25,375	35,031
Manufacturing & Distr. R&D	7,637	14,164	15,970	15,776	18,200	21,157	24,041	31,094
SG&A	6,209	9,108	10,676	11,415	16,349	20,755	28,252	35,994
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,427	-163	-13,880	-554
Cash Flow	-19,342	-30,855	9,495	-20,103	-41,353	-15,849	9,796	39,164
Cash Balance	95,506	64,652	74,147	54,044	12,691	-3,158	6,638	45,803
Capital Expenditure	8,579	11,109	742	648	1,973	2,500	10,500	5,000
Personnel	142.5	180	156.8	166	211	266	342	430
Royalties & Fees Paid to J	lohns Hopki	ns	0	0	845	1,953	2,281	0
Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)								
US	649	906	970	1,199	2,595	5,550	9,160	15,640
ROW	345	1.041	<u>1.455</u>	<u>1.972</u>	3.069	<u>6.555</u>	<u>10.765</u>	<u>19.140</u>
Total	994	1,947	2,425	3,171	5,664	12,105	19,925	34,780

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Bayh-Dole Model	27-May-97
Optimistic Sales Projections	
Win Appeal	EXHIBIT A-3

MAJOR ASSUMPTIONS OF Bayh-Dole Model

License granted by HHS with royalty payable to Johns Hopkins at a rate of 4% on future sales of 12.8 antibody products.

No restrictions on ability to sell or develop products world-wide due to HHS license.

Rapid expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases; no revenues projected for treatment of AIDS patients.

CellPro prevails on appeal at January 2000.

HHS license no longer necessary; royalty payments to JH stop; royalties paid to date are not refunded.

In the meantime, CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

No federal income tax liability during this time period due to extensive NOL carry-forwards. This will affect after-tax profits and cash flows after achieving break-even until NOL balances (\$95 million) are consumed.

Cash deficiency of \$11.7 million at 12/99 covered by external financing. Timing of successful appeal is important. If appeal could be concluded six months earlier cash deficiency would be reduced to \$2.6 million.

Page 1

		Γ	Bayh-Dole Model		27-May-97 EXHIBIT A-4			
			Optimistic Sales Projections Lose Appeal					
		L	,		<u> </u>			
	CellPro, Incorporated Summary							
\$000								
	<u>1993/94</u>	<u>1994/95</u>	1995/96	1996/97	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	2000/01
Net Product Sales	1,365	4,216	6,802	9,517	21,776	50,306	88,772	167,984
Total Revenue	4,298	4,216	12,824	9,650	22,382	50,306	88,772	167,984
Total Margin	3,723	1,787	9,101	4,489	12,784	32,785	62,246	124,469
Gross Product Margin	790	1,787	3,079	4,356	12,178	32,785	62,246	124,469
%	57.9%	42.4%	45.3%	45.8%	55.9%	65.2%	70.1%	74.1%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-20,026	-7,862	9,203	58,218
Memo: Expenses					د میں بیر اور اور اور اور اور اور اور اور اور او			
Manufacturing & Distr.	3,575	3,682	4,208	5,617	9,185	16,120	26,556 24,041	41,626 31,094
R&D	7,637	14,164 9,108	15,970 10,676	15,776 11,415	18,200 16,349	21,157 20,755	28,252	35,994
SG&A Special Items & Other	6,209 1,983	-3,822	-2,477	17,741	-1,427	-163	120	53
Special items & Other	1,500	0,022					للاجلد والمجتمع المحا	
Cash Flow	-19,342	-30,855	9,495	-20,103	-41,353	-15,849	-5,385	31,962
Cash Balance	95,506	64,652	74,147	54,044	12,691	-3,158	-8,543	23,420
Capital Expenditure	8,579	11,109	742	648	1,973	2,500	10,500	5,000
Personnel	142.5	180	156.8	166	211	266	342	430
Royalties & Fees Paid to	Johns Hopki	ns	0	0	845	1,953	3,462	6,595
Therapeutic 12.8 Dispos	ables (Patien	t Treatment	s-Commerc	ial & Clinica	al)			
US	649	906	970	1,199	2,595		9,160	
ROW	345	1.041		1.972	<u>3.069</u>		<u>10.765</u>	
Total	994	1,947	2,425	3,171	5,664	12,105	19,925	34,780

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Bayh-Dole Model
Optimistic Sales Projections
Lose Appeal

EXHIBIT A-4

MAJOR ASSUMPTIONS OF Bayh-Dole Model

License granted by HHS with royalty payable to Johns Hopkins at a rate of 4% on future sales of 12.8 antibody products.

No restrictions on ability to sell or develop products world-wide due to HHS license.

Rapid expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases; no revenues projected for treatment of AIDS patients.

CellPro loses appeal at January 2000.

HHS license continues.

CellPro pays out \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) previously reclassified pending decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs and affect ending cash.

No federal income tax liability during this time period due to extensive NOL carry-forwards. This will affect after-tax profits and cash flows after achieving break-even until NOL balances (\$95 million) are consumed.

Cash deficiency of \$11.7 million at 12/99 covered by external financing.

World-w.ue Injunction Model Baxter/Hausman Version Conservative Sales Projections

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27-May-97

EXHIBIT B-1

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CellPro, Incorporated Summary

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\$000		400405	4005/00	4000/07	4007/09	4009/00	1000/00	2000/01
	<u>1993/94</u>	<u>1994/95</u>	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u> 8,666	14,574
Net Product Sales	1,365	4,216	6,802	9,517	15,198	17,934	0,000	14,074
Total Revenue	4,298	4,216	12,824	9,650	15,447	17,934	8,666	14,574
Total Margin	3,723	1,787	9,101	4,489	8,671	10,825	3,983	6,458
Gross Product Margin	790	1,787	3,079	4,356	8,422	10,825	3,983	6,458
%	57.9%	42.4%	45.3%	45.8%	55.4%	60.4%	46.0%	44.3%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-31,733	-32,442	-32,191	-32,659
Memo: Expenses								
Manufacturing & Distr.	3,575	3,682	4,208	5,617	7,193	7,136	6,094	8,426
R&D	7,637	14,164	15,970	15,776	18,188	20,824	22,929	25,928
SG&A	6,209	9,108	10,676	11,415	16,320	14,771	10,564	12,658
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,348	67	120	120
Cash Flow	-19,342	-30,855	9,495	-20,103	-49,081	-33,455	-26,997	-33,853
Cash Balance	95,506	64,652	74,147	54,044	4,962	-28,492	-55,489	-89,342
Capital Expenditure	8,579	11,109	742	648	1,274	2,500	700	1,100
Personnel	142.5	180	156.8	166	211	203	169	211
Incremental Profit Paid t	o Baxter	0	0	0	6,728	7,516	1,090	0
Therapeutic 12.8 Dispos		ent Treatme	ents-Comme	ercial & Clini	ical))			
US	649	906	970	1,199	2,385	4,550	545	0
ROW	345	1.041	1.455	1.972	1,739	<u>123</u>	<u>1.176</u>	3.042
Total	994	1,947	2,425	3,171	4,124	4,673	1,721	3,042
Reduction in Disposable	s (Patient T	reatments-	Commercia	& Clinical)				
US	a li anain i				0	0	-6,165	-9,785
ROW					<u>-1.078</u>	-5.242	<u>-6.639</u>	<u>-8.818</u>
Total					-1,078	-5,242	-12,804	-18,603
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World-wide Injunction Model
Baxter/Hausman Version
Conservative Sales Projections

EXHIBIT B-1

MAJOR ASSUMPTIONS OF BAXTER/HAUSMAN INJUNCTION MODEL

No action by HHS

Court injunction as currently proposed becomes effective 7/1/97 (no stay granted pending full review in appellate court).

CellPro required to pay Baxter \$2,000 per disposable for each unit sold in US.

US sales follow model for moderate expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases until Baxter product approved for sale in US in April 1999 (except sales of LC research product is ended July 1997). All 12.8 antibody products phased down beginning April 1999 and cease in July 1999.

International sales phased down over year one and eliminated during year two; begin to ramp up again in year three. (Production of 12.8 antibody products moved to Europe during 1998; capital expenditure in Europe of \$2.0 million in 1998/99)

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

New product development and clinical trials of existing and development products continue at similar rates as anticipated under the Bayh-Dole scenario in attempt to acquire or develop other non-12.8 antibody products.

This is not a viable model. Results in major cash shortfall, beginning June 1998 with no ability to finance cash requirements.

		ļ		Je Injunction Hausman V			27-May-97		
				c Sales Ass	1	ł	EXHIBIT I	B-2	
				o, Incorpo Summary	rated				
\$000				4000/07	4007/00	4009/00	<u>1999/00</u>	2000/01	
Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	<u>1997/98</u> 16,145	<u>1998/99</u> 21,856	<u>1999/00</u> 9,622	15,361	
Total Revenue	4,298	4,216	12,824	9,650	16,394	21,856	9,622	15,361	
Total Margin	3,723	1,787	9,101	4,489	9,213	13,197	4,356	6,603	
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,356 45.8%	8,964 55.5%	13,197 60.4%	4,356 45.3%	6,603 43.0%	
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-31,067	-32,392	-33,859	-37,042	
Memo: Expenses		2 602	4,208	5,617	7,069	9,019	7,429	8,603	
Manufacturing & Distr. R&D	3,575 7,637	3,682 14,164	4,200	15,776	18,188	21,139	23,967	30,922	
SG&A	6,209	9,108	10,676	11,415	16,320	14,771	10,564	12,658	
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,362	63	120	120	
Cash Flow	-19,342	-30,855	9,495	-20,103	-48,665	-33,016	-28,461	-37,371	
Cash Balance	95,506	64,652	74,147	54,044	5,379	-27,638	-56,099	-93,469	
Capital Expenditure	8,579	11,109	742	648	1,274	2,500	700	1,100	
Personnel	142.5	180	156.8	166	211	231	179		
Incremental Profit Paid to	Baxter	0	0	0	7,148	9,196	1,342	0	
Therapeutic 12.8 Dispos	ables (Pati	ent Treatme	ents-Comme	ercial & Clin	ical))				
US	649	906	970	1,199	2,595		671		
ROW	<u>345</u>	1.041	1.455		1.739		1.176		
Total	994	1,947	2,425	3,171	4,334	5,673	1,847	3,042	
Reduction in Disposable	s (Patient 1	reatments-	Commercia	l & Clinical)		_			
US					0 <u>-1.330</u>		-8,489 <u>-9,589</u>		

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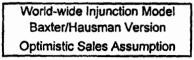


EXHIBIT B-2

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MAJOR ASSUMPTIONS OF BAXTER/HAUSMAN INJUNCTION MODEL

No action by HHS

Court injunction as currently proposed becomes effective 7/1/97 (no stay granted pending full review in appellate court).

CellPro required to pay Baxter \$2,000 per disposable for each unit sold in US.

US sales follow model for rapid expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases until Baxter product approved for sale in US in April 1999 (except sales of LC research product is ended July 1997). All 12.8 antibody products phased down beginning April 1999 and cease in July 1999.

International sales phased down over year one and eliminated during year two; begin to ramp up again in year three. (Production of 12.8 antibody products moved to Europe during 1998; capital expenditure in Europe of \$2.0 million in 1998/99)

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

New product development and clinical trials of existing and development products continue at similar rates as anticipated under the Bayh-Dole scenario in attempt to acquire or develop other non-12.8 antibody products.

This is not a viable model. Results in major cash shortfall, beginning June 1998 with no ability to finance cash requirements.

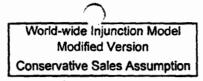


EXHIBIT C-1

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CellPro, Incorporated Summary

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••••	1993/94	1994/95	1995/96	1996/97	1997/98	<u>1998/99</u>	1999/00	2000/01
Net Product Sales	1,365	4,216	6,802	9,517	10,276	6,685	7,015	14,574
Total Revenue	4,298	4,216	12,824	9,650	10,525	6,685	7,015	14,574
Total Margin	3,723	1,787	9,101	4,489	5,049	3,218	3,120	6,453
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,356 45.8%	4,800 46.7%	3,218 48.1%	3,120 44.5%	6,453 44.3%
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-30,263	-18,803	-15,914	-16,068
Memo: Expenses								
Manufacturing & Distr.	3,575	3,682	4,208	5,617	6,494	5,382	5,595	8,426
R&D	7,637	14,164	15,970	15,776	15,880	7,697	7,542	9,483
SG&A	6,209	9,108	10,676	11,415	15,221	9,634	9,233	12,513
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,425	-72	120	120
Cash Flow	-19,342	-30,855	9,495	-20,103	-43,804	-19,868	-14,642	-16,745
Cash Balance	95,506	64,652	74,147	54,044	10,240	-9,629	-24,271	-41,016
Capital Expenditure	8,579	11,109	742	648	803	2,200	700	1,100
Personnel	142.5	180	156.8	166	164	83	106	149
Incremental Profit Paid to	Baxter	0	0	0	4,518	2,786	380	0
Therapeutic 12.8 Disposa	bles (Patier	nt Treatmen	ts-Commer	cial & Clinic	al))			
US	649	906	970	1,199	950	1,270	190	0
ROW	<u>345</u>	<u>1.041</u>	1.455	1.972	<u>1.739</u>	<u>123</u>	1.176	3.042
Total	994	1,947	2,425	3,171	2,689	1,393	1,366	3,042
Reduction in Disposables	(Patient Tr	eatments-C	ommercial	& Clinical)				
US					-1,435	-3,280	-6,520	-9,785
ROW					-1.078	<u>-5.242</u>	<u>-6.639</u>	<u>-8.818</u>
Total					-2,513	-8,522	-13,159	-18,603

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Uver de ligunction Model Modified Version Optimistic Sales Projections 27-May-97 EXHIBIT C-2 EXHIBIT C-2 Colopy: Colspan="2">Colspan="2"Colspan="2">Colspan="2"Colspan="2"Colspan="2"Colspan="2"Co						· · · · · · · · · · · · · · · · · · ·	and an and an an an and an and a second s	anna) a' shine chananan a shine an		
Summay \$000 1993/94 1994/95 1995/96 1996/97 1997/98 1998/99 1999/00 2000/01 Net Product Sales 1,365 4,216 12,824 9,650 10,894 8,036 7,588 15,361 Total Revenue 4,298 4,216 12,824 9,650 10,894 8,036 7,588 15,361 Total Margin 3,723 1,787 9,101 4,489 5,229 3,864 3,295 6,603 Gross Product Margin 790 1,787 3,079 4,356 4,980 3,864 3,295 6,603 % 57.9% 42.4% 45.3% 45.8% 46.8% 48.1% 43.4% 43.0% Net Income (Loss) -15,121 -18,986 -15,652 -40,914 -30,110 -18,146 -15,503 -15,453 SG&A 6,209 9,108 10,676 11,415 15,221 9,684 9,233 12,513 SG&A 6,209 9,108 10,6				Мо	dified Versi	on		-	C-2	
1993/941994/951995/961995/961995/971997/981998/991998/991998/902000/01Net Product Sales1,3654,2166,8029,51710,6458,0367,58815,361Total Revenue4,2984,21612,8249,65010,8948,0367,58815,361Total Margin3,7231,7879,1014,4895,2293,8643,2956,603Gross Product Margin7901,7873,0794,3564,9803,8643,2956,603%57.9%42.4%45.3%45.8%46.8%48.1%43.4%43.0%Net Income (Loss)-15,121-18,986-15,652-40,914-30,110-18,146-15,503-15,453Merro: ExpensesManufacturing & Distr.3,5753,6824,2085,6176,5485,4875,6698,599R&D7,63714,16415,97015,77615,8807,6977,5429,483SG&A6,2099,10810,67611,41515,2219,6349,23312,513Special Items & Other1,9342-30,8559,495-20,103-44,323-20,289-12,860-16,256Cash Flow-19,342-30,8559,495-20,103-44,323-20,289-12,860-16,256Cash Balance95,50664,65274,14754,0449,721-10,668-23,428-39,684Capital Expenditure8,57911,109742<						rated				
Net Product Sales 1.365 4.216 6.802 9.517 10.645 8.036 7.588 15.361 Total Revenue 4.298 4.216 12.824 9.650 10.894 8.036 7.588 15.361 Total Margin 3.723 1.787 9.101 4.489 5.229 3.864 3.295 6.603 Gross Product Margin 790 1.787 3.079 4.356 4.980 3.864 3.295 6.603 % 57.9% 42.4% 45.3% 46.8% 48.1% 43.4% 43.0% Net Income (Loss) -15,121 -18,986 -15,652 -40,914 -30,110 -18,146 -15,503 -15,453 Merno: Expenses Manufacturing & Distr. 3,575 3,682 4,208 5,617 6,548 5,487 5,669 8,599 R&D 7,637 14,164 15,970 15,776 15,880 7,697 7,542 9,483 SG&A 6,209 9,108 10,676 11,415 15,221 9,634 9,233 12,513 Special Items & Other 1,983	\$000									
Net Houde Gailes 1,200 1,210 1,282 1,282 9,650 10,894 8,036 7,588 15,361 Total Revenue 4,298 4,216 12,824 9,650 10,894 8,036 7,588 15,361 Total Margin 3,723 1,787 9,101 4,489 5,229 3,864 3,295 6,603 Gross Product Margin 790 1,787 3,079 4,356 4,980 3,864 3,295 6,603 % 57.9% 42.4% 45.3% 45.8% 46.8% 48.1% 43.4% 43.0% Net Income (Loss) -15,121 -18,986 -15,652 -40,914 -30,110 -18,146 -15,503 -15,453 Manufacturing & Distr. 3,575 3,682 4,208 5,617 6,548 5,487 5,669 8,599 SG&A 6,209 9,108 10,676 11,415 15,221 9,634 9,233 12,513 Special Items & Other 1,983 -3,822 -2,477 17,741 -1,423 -62 120 120 Cash Flow										
Total Nevenue 1,787 9,101 4,489 5,229 3,864 3,295 6,603 Gross Product Margin 790 1,787 3,079 4,356 4,980 3,864 3,295 6,603 % 57.9% 42.4% 45.3% 45.8% 46.8% 48.1% 43.4% 43.0% Net Income (Loss) -15,121 -18,986 -15,652 -40,914 -30,110 -18,146 -15,503 -15,453 Memo: Expenses Manufacturing & Distr. 3,575 3,682 4,208 5,617 6,548 5,487 5,669 8,599 R&D 7,637 14,164 15,970 15,776 15,880 7,697 7,542 9,483 SG&A 6,209 9,108 10,676 11,415 15,221 9,634 9,233 12,513 Special Items & Other 1,983 -3,822 -2,477 17,741 -1,423 -62 120 120 Cash Flow -19,342 -30,855 9,495 -20,103 -44,323 -20,289 -12,860 -16,256 Cash Balance 95,506<			in de la segu			-				
Oran Margin Crice Hist	Total Revenue									
Choss Product Margin 57.9% 42.4% 45.3% 45.8% 46.8% 48.1% 43.4% 43.0% Net Income (Loss) -15,121 -18,986 -15,652 -40,914 -30,110 -18,146 -15,503 -15,453 Mermo: Expenses Manufacturing & Distr. 3,575 3,682 4,208 5,617 6,548 5,487 5,669 8,599 SG&A 6,209 9,108 10,676 11,415 15,221 9,634 9,233 12,513 SG&A 6,209 9,108 10,676 11,415 15,221 9,634 9,233 12,513 Special Items & Other 1,983 -3,822 -2,477 17,741 -1,423 -62 120 120 Cash Flow -19,342 -30,855 9,495 -20,103 -44,323 -20,289 -12,860 -16,256 Cash Balance 95,506 64,652 74,147 54,044 9,721 -10,568 -23,428 -39,684 Capital Expenditure 8,579 11,109 742 648 803 2,200 700 1,100	Total Margin	3,723	1,787	9,101	4,489	5,229	3,864			
Net Income (Loss) -15,121 -18,986 -15,652 -40,914 -30,110 -18,146 -15,503 -15,453 Merno: Expenses Manufacturing & Distr. 3,575 3,682 4,208 5,617 6,548 5,487 5,669 8,599 R&D 7,637 14,164 15,970 15,776 15,880 7,697 7,542 9,483 SG&A 6,209 9,108 10,676 11,415 15,221 9,634 9,233 12,513 Special Items & Other 1,983 -3,822 -2,477 17,741 -1,423 -62 120 120 Cash Flow -19,342 -30,855 9,495 -20,103 -44,323 -20,289 -12,860 -16,256 Cash Balance 95,506 64,652 74,147 54,044 9,721 -10,568 -23,428 -39,684 Capital Expenditure 8,579 11,109 742 648 803 2,200 700 1,100 Personnel 142.5 180 156.8 166 164 83 106 149 1.026 0	-			1997 - L		-	-			
Mermic (LOS)IGHENIGHENIGHENIGHENIGHENMermic Expenses Manufacturing & Distr. $3,575$ $3,682$ $4,208$ $5,617$ $6,548$ $5,487$ $5,669$ $8,599$ R&D $7,637$ $14,164$ $15,970$ $15,776$ $15,880$ $7,697$ $7,542$ $9,483$ SG&A $6,209$ $9,108$ $10,676$ $11,415$ $15,221$ $9,634$ $9,233$ $12,513$ Special Items & Other $1,983$ $-3,822$ $-2,477$ $17,741$ $-1,423$ -62 120 Cash Flow $-19,342$ $-30,855$ $9,495$ $-20,103$ $-44,323$ $-20,289$ $-12,860$ $-16,256$ Cash Balance $95,506$ $64,652$ $74,147$ $54,044$ $9,721$ $-10,568$ $-23,428$ $-39,684$ Capital Expenditure $8,579$ $11,109$ 742 648 803 $2,200$ 700 $1,100$ Personnel 142.5 180 156.8 166 164 83 106 149 Incremental Profit Paid to Baxter000 $4,678$ $3,366$ 468 0Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical))US 649 906 970 $1,199$ $1,030$ $1,560$ 234 0 ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042	%	57.9%			1					
Manufacturing & Distr. 3,575 3,682 4,208 5,617 6,548 5,487 5,669 8,599 R&D 7,637 14,164 15,970 15,776 15,880 7,697 7,542 9,483 SG&A 6,209 9,108 10,676 11,415 15,221 9,634 9,233 12,513 Special Items & Other 1,983 -3,822 -2,477 17,741 -1,423 -62 120 120 Cash Flow -19,342 -30,855 9,495 -20,103 -44,323 -20,289 -12,860 -16,256 Cash Balance 95,506 64,652 74,147 54,044 9,721 -10,568 -23,428 -39,684 Capital Expenditure 8,579 11,109 742 648 803 2,200 700 1,100 Personnel 142.5 180 156.8 166 164 83 106 149 Incremental Profit Paid to Baxter 0 0 0 4,678 3,366 468 0 US 649 906 970 1,199	Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-30,110	-18,146	-15,503	-15,453	
Maintacturing & Distr. 0,070 1,064 15,970 15,776 15,880 7,697 7,542 9,483 SG&A 6,209 9,108 10,676 11,415 15,221 9,634 9,233 12,513 Special Items & Other 1,983 -3,822 -2,477 17,741 -1,423 -62 120 120 Cash Flow -19,342 -30,855 9,495 -20,103 -44,323 -20,289 -12,860 -16,256 Cash Balance 95,506 64,652 74,147 54,044 9,721 -10,568 -23,428 -39,684 Capital Expenditure 8,579 11,109 742 648 803 2,200 700 1,100 Personnel 142.5 180 156.8 166 164 83 106 149 Incremental Profit Paid to Baxter 0 0 0 4,678 3,366 468 0 US 649 906 970 1,199 1,030 1,560 234 0 ROW 345 1,041 1,455 1,972 <t< td=""><td></td><td></td><td></td><td></td><td></td><td>0.540</td><td>£ 407</td><td>5 660</td><td>9 500</td><td></td></t<>						0.540	£ 407	5 660	9 500	
Number House House <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>										
Source Source 1,983 -3,822 -2,477 17,741 -1,423 -62 120 120 Cash Flow -19,342 -30,855 9,495 -20,103 -44,323 -20,289 -12,860 -16,256 Cash Balance 95,506 64,652 74,147 54,044 9,721 -10,568 -23,428 -39,684 Capital Expenditure 8,579 11,109 742 648 803 2,200 700 1,100 Personnel 142.5 180 156.8 166 164 83 106 149 Incremental Profit Paid to Baxter 0 0 0 4,678 3,366 468 0 Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)) US 649 906 970 1,199 1,030 1,560 234 0 ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042	1				-					
Special items & Otter 1,000 0,000 1,00										
Cash Prow 10,612 cd,612 cd,614 9,721 -10,568 -23,428 -39,684 Capital Expenditure 8,579 11,109 742 648 803 2,200 700 1,100 Personnel 142.5 180 156.8 166 164 83 106 149 Incremental Profit Paid to Baxter 0 0 0 4,678 3,366 468 0 Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)) US 649 906 970 1,199 1,030 1,560 234 0 ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042	Special items & Other	1,000	-0,022	4-1-1-1					i history and the second s	
Capital Expenditure 8,579 11,109 742 648 803 2,200 700 1,100 Personnel 142.5 180 156.8 166 164 83 106 149 Incremental Profit Paid to Baxter 0 0 0 4,678 3,366 468 0 Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)) US 649 906 970 1,199 1,030 1,560 234 0 ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042	Cash Flow	-19,342	-30,855	9,495	-20,103	-44,323	-20,289	-12,860	-16,256	
Capital Expenditure 8,579 11,109 742 648 803 2,200 700 1,100 Personnel 142.5 180 156.8 166 164 83 106 149 Incremental Profit Paid to Baxter 0 0 0 4,678 3,366 468 0 Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)) US 649 906 970 1,199 1,030 1,560 234 0 ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042	Cash Balance	95,506	64,652	74,147	54,044	9,721	-10,568	-23,428	-39,684	
Personnel 142.5 180 156.8 166 164 83 106 149 Incremental Profit Paid to Baxter 0 0 0 4,678 3,366 468 0 Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)) US 649 906 970 1,199 1,030 1,560 234 0 ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042	Capital Expenditure	8,579	11,109	742	648	803	2,200	700	1,100	
Incremental Front up to Server Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)) US 649 906 970 1,199 1,030 1,560 234 0 ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042	•	142.5	180	156.8	166	164	83	106	149	
Therapeutic 12.8 Disposables (Patient Treatments-Commercial & Clinical)) US 649 906 970 1,199 1,030 1,560 234 0 ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042	Incremental Profit Paid	o Baxter	0	0	Ō	4,678	3,366	468	0	
US 649 906 970 1,199 1,030 1,560 234 0 ROW <u>345 1.041 1.455 1.972 1.739 123 1.176 3.042</u>										
ROW 345 1.041 1.455 1.972 1.739 123 1.176 3.042			nt Treatmer	ts-Commer	cial & Clinic	al)) 1 000	4 560	224	0	
Total 994 1,947 2,425 3,171 2,769 1,003 1,410 3,042										
	Incremental Profit Paid Therapeutic 12.8 Dispos US	o Baxter sables (Patier 649 <u>345</u>	0 nt Treatmer 906 <u>1.041</u>	0 hts-Commer 970 <u>1.455</u>	0 cial & Clinic 1,199 <u>1,972</u>	4,678 (al)) 1,030 <u>1,739</u>	3,366 1,560 <u>123</u>	468 234 1.176	3.0	0 0 42
		es (Patient Tr	eatments-C	ommercial	s Clinical)	-1 565	-3 990	-8 926	-15,640	
Reduction in Disposables (Patient Treatments-Commercial & Clinical)										
US -1,565 -3,990 -8,926 -15,640										
US -1,565 -3,990 -8,926 -15,640 ROW - <u>1.330 -6,432 -9,589 -16,098</u>	Total					-2,090		- 10,010	01,100	

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World-wide Injunction Mode. Modified Version Optimistic Sales Projections

28-May-97

EXHIBIT C-2

MAJOR ASSUMPTIONS OF MODIFIED INJUNCTION MODEL

No action by HHS

Court injunction as currently proposed becomes effective 7/1/97 (no stay granted pending full review in appellate court).

CellPro required to pay Baxter \$2,000 per disposable for each unit sold in US.

US sales at 40% of level for rapid expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases until Baxter product approved for sale in US in April 1999 (except sales of LC research product is ended July 1997. All 12.8 antibody products phased down beginning April 1999 and cease in July 1999.

International sales phased down over year one and eliminated during year two; begin to ramp up again in year three. (Production of 12.8 antibody products moved to Europe during 1998; capital expenditure in Europe of \$2.0 million in 1998/99)

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

No sales of new products; discontinuation of clinical trials; discontinuation of all new product development. (Sales of CD4/CD8 included because product development complete; clinical development still needs to be completed).

Major down-sizing of company implemented December 1997 effective March 1998. (Timing coincides with time for resolution by appellate court of request for expedited stay pending appeal.) Includes 2/3 R&D, 1/3 manufacturing, 1/2 administration, and phase-down in sales/marketing of 2/3. These functions begin to expand again in July 1999 when ex-US sales begin again.

This is not a viable model. Results in major cash shortfall, beginning October 1998 with no ability to finance cash requirements.

Page 1

				\bigcirc					\bigcirc	
		ſ		utdown Mod				27-May-97	~~~~	
		ł		Win Appeal				EXHIBIT D-1		
			CellPr	o, incorpo	rated					
				Summary						
\$000				-						
	1993/94	<u>1994/95</u>	1995/96	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	2000/01		
Net Product Sales	1,365	4,216	6,802	9,517	8,361	0	0	0		
Total Revenue	4,298	4,216	12,824	9,650	8,610	0	0	0		
Total Margin	3,723	1,787	9,101	4,489	4,158	0	0	0		
Gross Product Margin	790	1,787	3,079	4,356	3,909	0	0	0		
%	57.9%	42.4%	45.3%	45.8%	46.8%	0.0%	0.0%	0.0%		
Net Income (Loss)	-15,121	-18,986	-15,652	-40,914	-28,836	-2,973	14,672	-2,053		
Memo: Expenses]		
Manufacturing & Distr.	3,575	3,682	4,208	5,617	5,956	704	579	512		
R&D	7,637	14,164	15,970	15,776	14,883	1,750	1,357	1,179		
SG&A	6,209	9,108	10,676	11,415	14,252	954	1,406	1,384		
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,413	-436	-14,345	-1,022		
Cash Flow	-19,342	-30,855	9,495	-20,103	-42,469	-2,581	15,504	-1,228		
Cash Balance	95,506	64,652	74,147	54,044	11,575	8,994	24,498	23,270		
Capital Expenditure	8,579	11,109	742	648	803	0	0	0		
Personnel	142.5	180	156.8	166	164	3	3	3		
Incremental Profit Paid t	o Baxter	0	0	0	3,668	0	-3,668	0		
		. .	-1-0							
Therapeutic 12.8 Dispos US	ables (Pau 649	ent i reatme 906	ents-Comme 970	1,199	(Cal)) 770	0	0	0		
ROW	<u>345</u>		<u>1.455</u>	1.972	<u>1.479</u>	Q	Q	Q		
Total	<u>994</u>	1,947	2,425	3,171	2,249	ō	ō	ō		
Reduction in Disposable	s (Patient T	reatments-	Commercial	& Clinical)	-1,615	-4,550	-6,710	-9,785		
US					<u>-1.338</u>		<u>-7.815</u>			
ROW										
Total				I	-2,953	-9,915	-14,525	-21,645		

Shutdown Model	
Win Appeal	

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EXHIBIT D-1

MAJOR ASSUMPTIONS OF SHUTDOWN MODEL

No action by HHS.

Court injunction as currently proposed becomes effective 7/1/97.

CellPro required to pay \$2,000 per disposable for each unit sold in US.

No stay granted prior to review of appeals case.

CellPro goes into complete shutdown beginning January 1998 upon decision by appellate court not to grant stay. Shutdown designed to conserve cash while funding appeal. Limited staff of 3 people retained to coordinate litigation efforts and attempt to preserve value of technology. Some immaterial sales of product lines and other assets likely but not modelled.

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would affect cash balances prior to January 2000.

CellPro prevails on appeal at January 2000.

Reclassified cash returned to cash balance. Baxter required to return amounts paid on account of 1997 sales at \$2,000 per unit. Cash balance as of January 2000 is \$24.5 million. Decision whether to (a) dividend out cash to shareholders (b) attempt to raise new capital (\$30-\$50 million) combined with current cash to restart company, or (c) attempt to find buyer for company to complete future commercialization programs.

		ſ	Shi	Jtdown Moo			27-May-97	
				Lose Appea			2. may 01	
		L					EXHIBIT I	D-2
				o, Incorpo Summ <mark>ary</mark>	rated			
\$000					(•	4000100	0000/04
Net Product Sales	<u>1993/94</u> 1,365	<u>1994/95</u> 4,216	<u>1995/96</u> 6,802	<u>1996/97</u> 9,517	<u>1997/98</u> 8,361	<u>1998/99</u> 0	<u>1999/00</u> 0	<u>2000/01</u> 0
Total Revenue	4,298	4,216	12,824	9,650	8,610	0	0	0
Total Margin	3,723	1,787	9,101	4,489	4,158	0	0	0
Gross Product Margin %	790 57.9%	1,787 42.4%	3,079 45.3%	4,356 45.8%	3,909 46.8%	0 0.0%	0 0.0%	0 0.0%
Net Income (Loss)	-15,121	-1 8 ,986	-15,652	-40,914	-28,836	-2,973	-2,996	-2,816
Memo: Expenses			4 000	5,617	5,956	704	579	512
Manufacturing & Distr.	3,575 7,637	3,682 14,164	4,208 15,970	15,776	14,883	1,750	1,357	1,179
R&D SG&A	6,209	9,108	10,676	11,415	14,252	954	1,406	1,384
Special Items & Other	1,983	-3,822	-2,477	17,741	-1,413	-436	-345	-259
Cash Flow	-19,342	-30,855	9,495	-20,103	-42,469	-2,581	-2,164	-1,991
Cash Balance	95,506	64,652	74,147	54,044	11,575	8,994	6,830	4,839
Capital Expenditure	8,579	11,109	742	648	803	0	0	0
Personnel	142.5	180	156.8	166	164	3	3	3
Incremental Profit Paid t	to Baxter	0	0	0	3,668	0	0	0
Therapeutic 12.8 Dispos		ont Traatme	ots-Comme	arcial & Clin	ical))			
US	649	906 since	970	1,199	770	0	0	0
ROW	<u>345</u>	<u>1.041</u>	1.455	1.972	1.479	Q	Q	Q
Total	994	1,947	2,425	3,171	2,249	Ō	0	0
Reduction in Disposable	s (Patient T	reatments-	Commercial	& Clinical)				
US				,	-1,615	-4,550	-6,710	-9,785
ROW					-1.338	<u>-5.365</u>	<u>-7.815</u>	<u>-11.860</u>
Total					-2,953	-9,915	-14,525	-21,645

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Shutdown Model	-
Lose Appeal	

EXHIBIT D-2

MAJOR ASSUMPTIONS OF SHUTDOWN MODEL

No action by HHS.

Court injunction as currently proposed becomes effective 7/1/97.

CellPro required to pay \$2,000 per disposable for each unit sold in US.

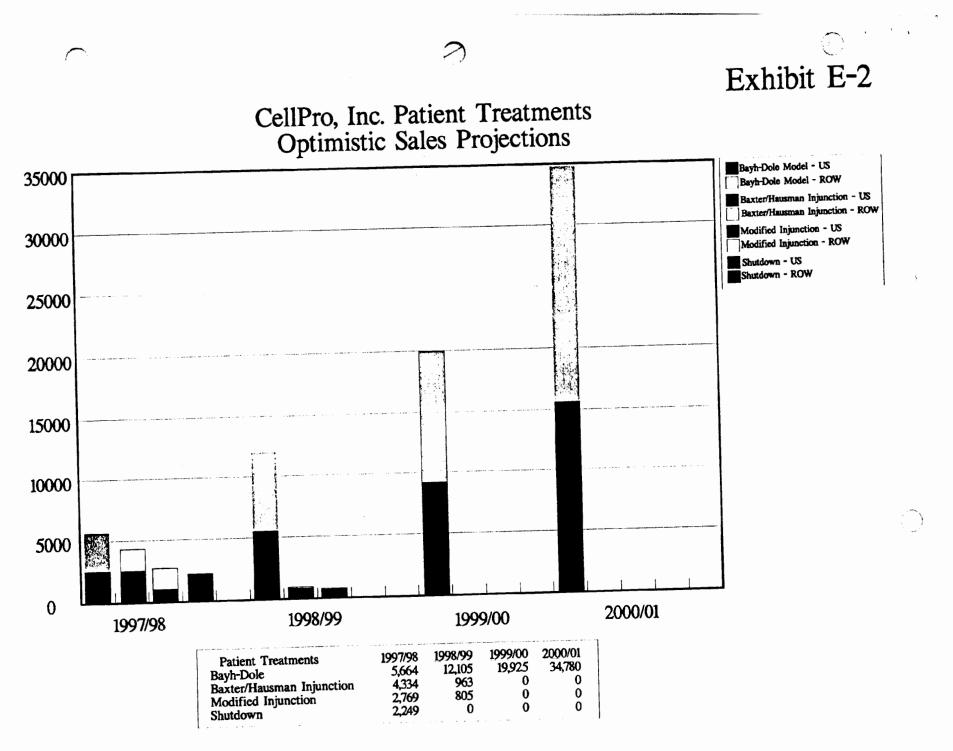
No stay granted prior to review of appeals case.

CellPro goes into complete shutdown beginning January 1998 upon decision by appellate court not to grant stay. Shutdown designed to conserve cash while funding appeal. Limited staff of 3 people retained to coordinate litigation efforts and attempt to preserve value of technology. Some immaterial sales of product lines and other assets likely but not modelled.

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would affect cash balances prior to January 2000.

CellPro loses appeal at January 2000.

Cash balance available to dividend out to shareholders as of January 2000 is \$7.2 million (greater if court makes lower award for past damages and/or denies fees sought by plaintiffs in infringement litigation).



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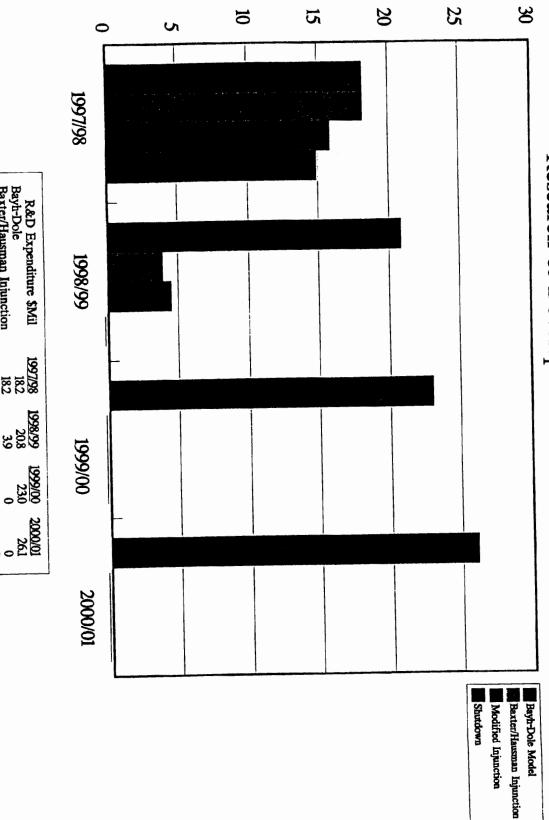
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CellPro, Inc. Research & Development Investment

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 R&D Expenditure \$Mil
 1997/98
 1998/99
 1999/00
 2000/01

 Bayh-Dole
 18.2
 20.8
 23.0
 26.1

 Baxter/Hausman Injunction
 18.2
 3.9
 0
 0

 Modified Injunction
 15.9
 4.5
 0
 0

 Shutdown
 14.9
 0
 0
 0
 0

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World-wide Injunction Model
Modified Version
Conservative Sales Assumption

EXHIBIT C-1

MAJOR ASSUMPTIONS OF MODIFIED INJUNCTION MODEL

No action by HHS

Court injunction as currently proposed becomes effective 7/1/97 (no stay granted pending full review in appellate court).

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US sales at 40% of level for moderate expansion into new market opportunities including transplants for mismatched donors and autoimmune diseases until Baxter product approved for sale in US in April 1999 (except sales of LC research product is ended July 1997. All 12.8 antibody products phased down beginning April 1999 and cease in July 1999.

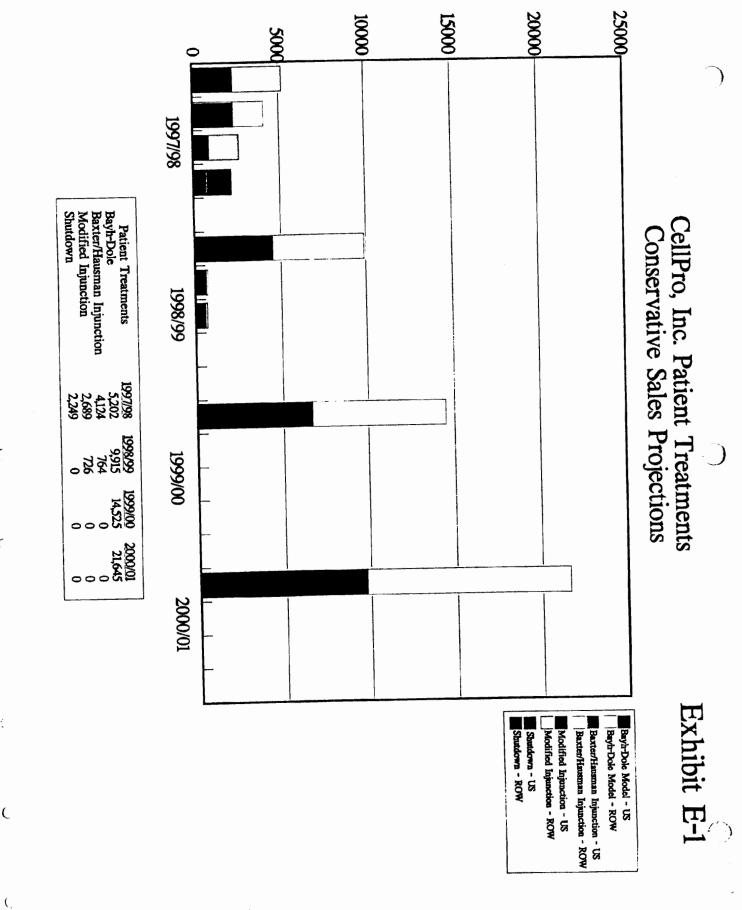
International sales phased down over year one and eliminated during year two; begin to ramp up again in year three. (Production of 12.8 antibody products moved to Europe during 1998; capital expenditure in Europe of \$2.0 million in 1998/99)

CellPro required to reclassify (but not pay-out) \$14 million of cash balance (amount of damages and attorneys fees sought by plaintiffs in the district court infringement litigation) until decision on appeal of judgement. Lower award on claim for damages and fees would free additional cash and extend the time before which cash deficiency occurs.

No sales of new products; discontinuation of clinical trials; discontinuation of all new product development. (Sales of CD4/CD8 included because product development complete; clinical development still needs to be completed).

Major down-sizing of company implemented December 1997 effective March 1998. (Timing coincides with time for resolution by appellate court of request for expedited stay pending appeal.) Includes 2/3 R&D, 1/3 manufacturing, 1/2 administration, and phase-down in sales/marketing of 2/3. These functions begin to expand again in July 1999 when ex-US sales begin again.

This is not a viable model. Results in major cash shortfall, beginning October 1998 with no ability to finance cash requirements.



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CONSEQUENCES OF CELLPRO SHUTDOWN

- TECHNOLOGY AVAILABLE TO SMALL FRACTION OF VICTIMS OF BREAST CANCER, LYMPHOMA, MULTIPLE MYELOMA AND OTHER ILLNESSES.
 - PATIENT TREATMENTS WITH CEPRATE SYSTEM IN 1998/99 WILL DROP FROM AN ESTIMATED 4,500-5,500 TO 0 IN THE U.S.
 - BAXTER TECHNOLOGY AVAILABLE IN U.S. ONLY AT ABOUT 40 TRANSPLANT CENTERS OUT OF MORE THAN 300.
 - BAXTER TECHNOLOGY AVAILABLE ONLY TO PATIENTS FALLING WITHIN PROTOCOLS DESIGNED FOR NARROWLY FOCUSED CLINICAL TRIALS.
- More Than 60 CLINICAL TRIALS UTILIZING CELLPRO TECHNOLOGY WILL HALT.
 - CLINICAL TRIALS INCLUDE STUDIES IN REGARD TO:
 - LEUKEMIA
 - MULTIPLE SCLEROSIS AND AUTOIMMUNE DISEASES
 - Solid Organ Transplantation

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- HIV
- GENE THERAPY (INCLUDING SICKLE CELL ANEMIA)
- FRUITS OF PAST RESEARCH WILL BE LOST AS RESEARCHERS WILL BE REQUIRED TO START OVER WITH BAXTER TECHNOLOGY (IF APPROPRIATE AND IF POSSIBLE).

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• PREPARING APPLICATIONS FOR IDE'S TO USE BAXTER SYSTEM AND OBTAINING IRB AND FDA APPROVALS WILL TAKE A TREMENDOUS AMOUNT OF EFFORT AND TIME. MANY PROMISING STUDIES MAY NOT RECEIVE BAXTER SUPPORT AND NEVER BE RESUMED.

CELLPRO SCENARIOS

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- BAYH-DOLE LICENSE
 - COMPANY CONTINUES PRODUCT DEVELOPMENT PLANS
 - COVERS CASH DEFICIT
 - PROVIDES TREATMENT TO BETWEEN 23,000 to 32,000 U.S. PATIENTS OVER FOUR YEARS.

BAXTER/HAUSMAN INJUNCTION

- COMPANY RUNS OUT OF CASH IN JUNE 1998
- CANNOT FINANCE DEFICIT
- NOT A VIABLE SCENARIO
- MODIFIED INJUNCTION Modified Erhavier
 - COMPANY RUNS OUT OF CASH IN OCTOBER 1998
 - CANNOT FINANCE DEFICIT
 - NOT A VIABLE SCENARIO

SHUTDOWN

- COMPANY CEASES OPERATIONS
- CASH AFTER APPEAL AT LEAST \$5 MILLION TO \$23 MILLION
- TREATMENT PROVIDED TO FEWER THAN 1,000 U.S. PATIENTS