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June 20, 1997

Gary D. Wilson, Esq.
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037

Re: Petition of CellPro, Inc.

Dear Gary:

I am writing in response to your letter dated June 6, 1997 proposing the terms on which CellPro would be willing to take a license under Johns Hopkins' patents. I have reviewed CellPro's proposal with each of Hopkins, Becton Dickinson, and Baxter.

As we understand it, CellPro's proposal does not include terminating the federal court litigation. Under the proposal, CellPro would have the benefit of a license for the life of the patents, but CellPro would be free to continue its attempt through litigation to invalidate the patents and avoid paying any compensation to Hopkins and its licensees. Even CellPro's obligation to make the payments specified in the proposed license would be contingent on the outcome of future litigation.

We had been hopeful that the parties would be able to move forward in a manner that would bring the litigation to a close. Spending millions of research dollars on litigation, lobbying and public relations can only reduce the funds available for patient care. Our goal is to end the litigation so that all parties in the case can redirect their energies and resources to research and development of new technologies that will further the diagnosis and treatment of cancer and other diseases.

CellPro's proposal does not seem to be a good faith effort to negotiate a genuine licensing arrangement. A true license agreement would involve the establishment of an ongoing business relationship, in effect, a partnership. CellPro seeks to obtain a license while it continues

to conduct aggressive and hostile litigation against its licensor. CellPro's adversarial approach is not consistent with that of a successful partnership.

CellPro's proposal would result in the continued expenditure of vast sums of money by all parties on litigation that the federal court has determined was initiated by CellPro in bad faith. The litigation would proceed under circumstances in which CellPro would have a strong incentive to carry on the litigation aggressively and without regard to cost. If it won, CellPro would be freed of any obligation to pay compensation to Hopkins and its licensees for its use of Hopkins' patented stem cell technology. If it lost, CellPro's only downside would be having to pay the damages awarded by the federal court. Any such payment in the future would have no effect on *CellPro's income statement, since CellPro took the maximum amount of potential damages, plus* an extra $3 million litigation reserve, as a charge to earnings in fiscal 1997. CellPro would no longer face any risk of an injunction if it lost, because it would have available to it a long-term license at a favorable rate. This "heads-I-win, tails-you-lose" proposal is simply not a basis for an agreement.

We encourage CellPro to rethink its position. It is our expectation that the parties will receive a decision from the federal court within a matter of days, and we hope that the court's decision will help guide the parties toward final resolution of this dispute.

Sincerely,

Donald R. Ware