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CONFIDENTIAL COMMUNICATION - FOR SETTLEMENT PURPOSES ONLY

Re: Cutter/Bayer AHF Shipped to Taiwan

Dear Geoff:

We represent 35 Taiwanese individuals or families of individuals who contracted HIV/AIDS due to HIV contaminated AHF products. We will soon be filing a complaint against Cutter/Bayer and Baxter. Prior to doing so, however, we wanted to provide you with advance notice of our intent since we believe it would be in the best interest of all parties to quietly settle this matter without the necessity of litigation. We have heard that the New York Times is considering a follow-up article about American manufacturers'—including Cutter/Bayer and Baxter— "dumping" of contaminated nonheat-treated AHF in foreign countries (including Taiwan) to get rid of nonheat-treated AHF which could not be sold in the U.S. and other countries that had banned non-heat treated product. All in all, the evidence that we have accumulated against Cutter/Bayer, in addition to the Hong Kong "dumping" memos, is very damning, to say the least.

For example, vials of Cutter/Bayer Lot 50N003 were shipped to Taiwan in June, July, August and September 1984—*after* Cutter/Bayer knew:

a) that around March 15, 1984, Cutter/Bayer had ordered the destruction of all plasma from San Antonio donor # 27834 who was found to have anal herpes and was at high risk for AIDS;

> products with the strictest standard of care, based on the latest knowledge of science and technology. At the time, this was an unforeseeable and inevitable tragedy....

In 1984 when Cutter/Bayer was shipping vials of 50N003 and NC8493 to Taiwan, Cutter/Bayer already knew that numerous hemophiliacs worldwide had contracted HIV after infusing HIV-contaminated AHF. Cutter/Bayer knew that these particular vials were manufactured from AIDS donors' plasma. And Cutter/Bayer knew that it had been actively recruiting promiscuous, homosexual donors and manufacturing AHF from these donors' plasma. Cutter/Bayer knew the recalled lots sent to Taiwan was certainly contaminated. Consequently, how could Cutter/Bayer represent that they had not been negligent? That statement is patently false and misleading. Bayer's representations to the Taiwanese government and hemophiliacs contradict what Bayer actually knew at that time and concealed from the hemophiliacs, the government and the media. Consequently, the "humanitarian" agreement is wholly voidable since it was procured by fraud and misrepresentation.

Our clients' medical records show that most did not infuse AHF in the very early 1980s because they were continuing to be treated with cryoprecipitate or fresh-frozen plasma. Their overall AHF usage was much less than that of American hemophiliacs—whose earlier and greater usage led to earlier HIV infections. Thus our clients appear to have become HIV infected in late 1983, 1984 or even later—most likely from the unheated lots distributed after Bayer and Baxter began selling heat-treated AHF. Some of our clients were not likely infected until well after the July 13, 1984 and October 26, 1984 MMWR's which advised that 72% of hemophilia A AHF users were already testing positive. Yet Cutter/Bayer represented to these people they were not negligent.

The 1998 Taiwan settlement agreement at paragraph 9 states:

> After the manufacturers provided compensation to some of the petitioners conformed to this contract, if they later decide to raise the sum of compensation in item 1 of this contract or offer extra benefit to seek settlement with other petitioners for the infection incident, the manufacturers should also provide the same amount of added sum of money or extra benefit to the petitioners who already paid.

It is our contention, in relation to paragraph 9, that Cutter/Bayer has paid substantially more compensation to "other petitioners," including those American hemophiliacs my firm previously represented. We therefore request that our Taiwanese clients be equally compensated for their injuries. Bayer and Baxter's "humanitarian payment" does not fully compensate our clients for their injuries and is significantly less than compensation paid to our previous U.S. hemophiliac clients. We want to rectify that situation.

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I am available to discuss this matter with you. Considering the current global situation, we believe that both Cutter/Bayer and Baxter, as U.S. corporations and subsidiaries, should be motivated to correct this situation.

Sincerely yours,

Michael L. Baum, Esq.