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Mr. Jack W. Schuler
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Dear Jack

Following our recent meeting in San Francisco and the subsequent discussion at our January Board meeting, we are now communicating our intent on the matters raised.

There were three areas of concern raised in California

- Insufficient Pharma/Biopharma commercial experience at Board level
- Insufficient commercial acumen in the senior leadership team
- Risk exposure on the Balance Sheet

Board Level Commercial experience

We have taken on-board this valid input. As you know we have a Nominating & Governance Committee which is constantly looking for suitable talent and experience to enhance the quality of the Board. Note that of a 15-person Board we have added 8 new members in the last three years and this has greatly enhanced the current Board effectiveness.

We have inaugurated a Commercial Committee of the Board led by Bill Rohn and joined by Jonas Frick and one other. This will have a broad mandate but will act as counsel to management on specifics such as in-depth review of marketed drug performance with emphasis on Tysabri, current arrangements with Biogen, forthcoming arrangements with Wyeth and other commercial partnerships.

We will, in the next 60 days, appoint a new U.S. board member who is an eminent and suitably experienced Biopharma veteran. We are also well advanced in securing another U.S. member who would also more than satisfy the criteria in terms of commercial experience. This candidate should be available before the end of Quarter 2.

Senior Leadership Team

As pointed out at the meeting, we are well advanced in our recruitment of a Chief Commercial Officer. We are approximately two years away from the commercialisation with Wyeth and it was always in our plans to bring this addition onboard. This appointment, together with the recent recruitment of our new President and working with the experience in the broader team will significantly enhance our commercial acumen.

De-risking the Balance Sheet

Our Balance sheet has been significantly de-risked in recent years. Over 50 off balance sheet arrangements have been unwound in the last 5/6 years which has simplified our structure. Additionally we have taken our debt down from \$4.5bn in 2001 to \$1.7bn today, re-profiled it and secured attractive terms.


However, we have always realised that a Company like ours should have minimal levels of debt and this has been heightened by recent developments in debt/equity markets.


As you know, we wanted to monetise our EDT business. There was serious interest from three parties but all fell short because of lack of access to the capital markets. We also wanted to do an equity issue but were restricted in timing because of release of information at ICAD.

We are pursuing our strategic review which will, if successful, present the best solution for our shareholders at this point – suitable partner, cash access, commercialisation capability. If this is not successful we have a menu of alternative mechanisms to reduce the debt level which we will aggressively pursue by the end of Quarter 2.

I hope our ongoing actions encourage you to agree that we continue to protect our shareholders position and hopefully realign our mutual interests.

Yours sincerely,


Gary Kennedy
Director


Bill Rohn
Director

cc Kyran McLaughlin