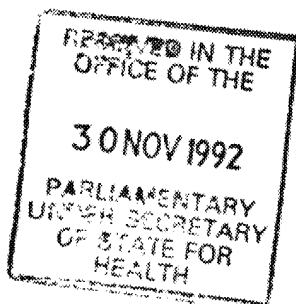


MEDEVA PLC

10 St. James's Street, London SW1A 1EF

Fax: 071 930 1514
Tel: 071 839 3888

26th November 1992.



The Hon. Thomas Sackville, M.P.,
Parliamentary Under-Secretary of State for Health,
Room 414,
Richmond House,
79 Whitehall,
London, SW1A 2NS.

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cc: Mr Canavan OPO

1. For advice and a draft reply about BPL. By 8/12 please
2. We are replying to Mr Taylor separately about Vivotif.

Dear Mr. Sackville,

At our meeting earlier this month I undertook to return to you with options on an association between BPL and Medeva which could secure some of the benefits of commercialisation of BPL's activities, without necessarily going to full privatisation.

In reviewing alternatives I have tried to recognise the need to meet the DoH requirements for self-sufficiency, whilst competing effectively in a world blood products market increasingly dominated by private enterprise companies. The options are best measured against the advantages offered by the ideal solution - full privatisation, and I believe these to be as follows:-

- (a) Free access to capital to remove constraints on production capacity.
- (b) Sales growth through improved U.K. distribution and access to overseas markets.
- (c) Adequate financing of development programmes to underpin future growth.

The following suggested options address the problems associated with privatisation at this time, whilst seeking to exploit the advantages:-

- i) Leasing BPL's facilities to Medeva and expressly contracting for the supply of DoH blood product

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requirements from UK-origin plasma would facilitate a) - c) above whilst retaining effective control of UK supply in the hands of the Health Service.

- ii) A Joint Venture between the Health Service and Medeva would also retain a large measure of control in the hands of the Health Service and facilitate (a) - (c) above. However this solution would require a commitment from Government to permit the joint venture to be run on proper commercial lines.
- iii) For completeness I should record the steps now being taken by BPL and Medeva towards some form of commercial association. These would be within BPL's current brief and are designed to address questions such as production bottlenecks and U.K. and international distribution. Whilst such arrangements would improve BPL's competitive position, they cannot offer the advantages which would flow from either privatisation or the leasing or joint venture proposals.

I would be pleased to enlarge on these suggestions and look forward to your response.

At our earlier meeting I also raised with you the short and long term problems we face because of the Department of Health's sudden and discriminatory decision not to reimburse Vivotif, the first orally-delivered typhoid vaccine. Your subsequent discussions with your Department have led to further meetings between our staffs, for which I thank you. Unfortunately, whilst the problem is being addressed, progress is very slow. Each day we delay we lose more business to our French competitor, our prospects of returning successfully to the market diminish, and our oral-vaccine development programme at Imperial College remains under threat.

I am sure that you realise the damaging effects that further delays will have on us and I urge you to press your Department for a quick response.

Yours sincerely,

GRO-C

BERNARD D. TAYLOR
Chairman