



Lori Heise
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October 29, 2007

Dear Ms. Heise and Mr. Pickett,

Thank you for your letter of October 26, 2007 in relation to the announcement made by Starpharma Pty Ltd that it had signed an agreement with SSL International plc. This approach from the International Rectal Microbicides Working Group (IRMWG) and Global Campaign for Microbicides (GCM) is appreciated and welcomed by Starpharma.

In the announcement, Starpharma indicated that the agreement with SSL sets out a co-development program for condoms with a VivaGel® coating, and that a commercial license would be negotiated. In the immediate term, the agreement provides for the commencement of regulatory and market development activities.

This agreement will not result in VivaGel® being immediately marketed. The product will undergo development and, like all the other health products, will be subject to all relevant regulatory processes and requirements. It is important to note that the development path and studies conducted will be dependent on those requirements, as will the time to market entry. In addition, with respect to timelines, Starpharma is aware that certain press articles implied or stated that the condom with VivaGel® would be on the market in 1 year. We do not know where the 1 year figure in the press came from, but neither Starpharma nor SSL has made such a claim.

Starpharma has parallel development programs for VivaGel® as a topical, vaginal microbicide for the prevention of HIV and HSV-2 acquisition in women, and collaborates with NIAID on those programs. Starpharma is also investigating the use of VivaGel® as a contraceptive agent. Based on available activity and efficacy data from *in vitro* and animal studies, the product has potential in each of these areas as either a stand-alone product or as a condom coating. Starpharma plans a range of other clinical studies to those already completed or ongoing to assess the safety and efficacy of VivaGel® and, as indicated in a presentation to the IRMWG recently, Starpharma's position is that rectal safety studies are an important

part of the development program for a microbicide, whether or not the rectal route of administration is the intended route.

Starpharma is used to engaging with regulatory agencies on requirements for product development, and both SSL and Starpharma plan to use this approach as the condom coating opportunity is pursued. As a long-time participant in microbicide development, Starpharma is dedicated to the field and committed to microbicides in a way that perhaps no other commercial organization is. Starpharma is intent on continuing a responsible program of product development and strives to bring a safe, efficacious and acceptable microbicide to market as quickly as possible for the benefit of all.

Starpharma would like to provide assurance to you that all aspects of safety, efficacy and acceptability will be considered in all of our development programs, and the condom opportunity is no exception.

It is not appropriate in a public forum to specifically address individually each of the questions you have asked. They are all important and valid issues for the field to be considering. However, the questions involve detailed matters and issues that are confidential to Starpharma and SSL, as is usual for commercial entities. However, we trust that this letter has broadly addressed the concerns raised and corrected any misunderstandings.

Starpharma recognizes the issues surrounding nonoxynol-9 and does not wish nor foresee a repeat of the events surrounding that product.

Starpharma will continue to provide announcements of significant developments in its product development programs, and welcomes the opportunity to provide updates of non-confidential, available information to the IRMWG, GCM, and other groups on an ongoing basis.

Thank you for your interest in the proposed product.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Jeremy Paull', with a stylized flourish at the end.

Jeremy Paull
Vice President, Development & Regulatory Affairs
Starpharma Pty Ltd