

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF SUFFOLK

JUNES SANTOS,
individually, and on behalf of all others
similarly situated as class representatives,

Plaintiff,

-against-

PRECISION PHARMA SERVICES INC. and
VI TECHNOLOGIES, INC.,

Defendants.

**JOINT STIPULATION OF
SETTLEMENT AND RELEASE
BETWEEN PLAINTIFFS
AND DEFENDANT**

Index No.: 05-02246

Date Filed: January 27, 2005

1. This Joint Stipulation of Settlement and Release (hereinafter "Settlement Agreement") is made and entered into by and between the following parties: Plaintiff JUNES SANTOS, individually and on behalf of all others similarly situated ("Plaintiff"), and defendant PANACOS PHARMACEUTICALS, INC., formerly known as VI TECHNOLOGIES, INC., ("Defendant" or "Vitex/Panacos"). This Settlement Agreement is subject to the terms and conditions hereof and to the approval of the Court.

2. The Plaintiff and Defendant herein are collectively referred to as "the parties." "Class Counsel" is the law firm of Outten & Golden LLP ("O&G").

3. On January 27, 2005, Plaintiff filed a class action complaint in the Supreme Court of the State of New York, County of Suffolk, on behalf of himself and all other employees similarly situated, seeking back pay for the non-payment of overtime premiums and alleging causes of action for violations of the New York Labor Law. The Complaint alleged that certain hourly employees (as further defined below) at the Defendant's Melville, New York blood product manufacturing facility worked biweekly shifts of 60 and 24 hours respectively and were not paid overtime premiums for work performed beyond 40 hours in the first week ("overtime work"). The Complaint sought recovery of unpaid overtime wages, interest, and attorneys' fees and costs.

4. The "Settlement Class" consists of individuals employed by Defendant as either a mechanic (including mechanical support or business services) or a technician in the fractionation

and/or operations groups in its blood product manufacturing facility located in Melville, New York ("Melville facility") at any time from January 26, 1999 through and including August 14, 2001 and who worked the 60/24 two-week schedule.

5. Plaintiff Santos has separately dismissed his action against Defendant Precision Pharma Services, Inc. This Settlement Agreement has no effect with respect to Precision Pharma Services, Inc. or employees of Precision Pharma Services, Inc. This Settlement Agreement does not waive or compromise or in any way purport to waive or compromise claims any employee of Precision Pharma Services, Inc. may have against Precision Pharma Services, Inc.

6. Defendant denies any liability or wrongdoing of any kind associated with the claims alleged in Plaintiff's Complaint, and further contends that, for any purpose other than settlement, this action is not appropriate for class treatment. Defendant contends, among other things, that it has complied at all times with the New York Labor Law. Plaintiff believes he has filed a meritorious action based on alleged violations of New York's wage and hour laws and that class certification is appropriate because the requisites for class certification can be satisfied in this case.

7. It is the desire of the parties to fully, finally, and forever settle, compromise, and discharge all disputes and claims arising from or related to this lawsuit which exist between them.

8. It is the intention of the parties that this Settlement Agreement shall constitute a full and complete settlement and release, which release includes in its effect all present and former parent companies, subsidiaries, shareholders, officers, directors, employees, agents, servants, registered representatives, attorneys, insurers, affiliates, and successors and assigns of Defendant, including, without limitation, V.I. Technologies, Inc., Vitex, Inc. and Panacos Pharmaceuticals, but with the express exception of Precision Pharma Services, Inc., whose rights, liabilities and obligations are unaffected this Settlement Agreement.

9. Class Counsel have conducted a thorough investigation into the facts of the class action, including an extensive review of voluminous documents, and have diligently pursued an

investigation of class members' claims against Defendants. Based on its own independent investigation and evaluation, Class Counsel is of the opinion that the settlement with Defendant for the consideration and on the terms set forth in this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the class in light of all known facts and circumstances, including the risk of significant delay, defenses asserted by Defendant and numerous potential appellate issues. Defendant and its counsel also agree that the settlement is fair and in the best interest of the Settlement Class.

10. The parties agree to cooperate and take all steps necessary and appropriate to dismiss this action with prejudice.

I. TERMS OF SETTLEMENT

11. NOW, THEREFORE, in consideration of the mutual covenants, promises and warranties set forth herein, the parties agree, subject to the Court's approval, as follows:

a. It is agreed by and among the Plaintiff and Defendant that this action and any claims, damages, or causes of action arising out of the dispute which is the subject of said action, that were or could have been asserted in this action, be settled and compromised as between the Settlement Class and Defendant, subject to the terms and conditions set forth in this Settlement Agreement and the approval of the Supreme Court of the State of New York, County of Suffolk.

b. Settlement "Effective Date": The settlement embodied in this Settlement Agreement shall become effective on the later of (i) the Court's final approval of settlement if no objections by class members have been filed and not withdrawn, (ii) the time for appeal has expired if an objection has been filed and not withdrawn, or (iii) the final resolution of any appeal which has been filed. In no event shall the Effective Date be prior to December 1, 2005.

c. Settlement Amount.

i. In consideration for settlement and a release of all claims of the Settlement Class against Vitex/Panacos, Vitex/Panacos agrees to create a Settlement Fund of \$450,000. Each member of the Settlement Class who was employed by Defendant within the

State of New York at any time during the period of January 26, 1999 to and including August 14, 2001 will be paid a *pro rata* portion of the "Net Settlement Fund." The "Net Settlement Fund" is the balance of the Settlement Fund (\$450,000) after payments have been made from the Settlement Fund for attorneys' fees and costs and the enhancements described below. Defendant shall receive credit for (i.e., the Net Settlement Fund shall be reduced by) the amount allocated, under the distribution formula, to any class member who opts out of the class settlement.

ii. Each member's settlement share is determined by (1) dividing the maximum amount he or she may have claimed as overtime compensation as a Settlement Class member during that time period, as numerator, by the total claimed maximum overtime amounts for all class members, as denominator, to obtain each member's "pro rata percentage;" and then (2) multiplying each member's pro rata percentage by the Net Settlement Fund.

iii. Class counsel will apply to the Court for, and Defendant does not oppose, payment from the Settlement Fund of costs (currently approximately \$913.00) and of attorneys' fees of one-third of the remainder of the Settlement Fund after deduction of costs (currently approximately \$150,000).

iv. Class counsel will apply to the Court for, and Defendant does not oppose, payments from the Settlement Fund of \$3,500 to Named Plaintiff Junes Santos as an enhancement for his service and contributions as Class Representative. This amount shall be in addition to his *pro rata* share of the Settlement Fund as set forth above.

v. Apart from the Settlement Fund, Defendant agrees to pay the reasonable costs associated with administering this settlement.

vi. The Net Settlement Fund (after deduction of costs, attorneys' fees and enhancements) is allocated equally between (1) amounts paid in compromise of claims for unpaid wages and (2) amounts paid in compromise of claims for interest. Thus, half of the amount of the payment to each class member shall be subject to the withholding of all applicable local, state and federal taxes and shall be reported on IRS Form W-2. Defendant will pay its portion of the employer's FICA contribution, which will not be deducted from the payments to

class members. The other half of the amount of the payment to each class members shall not be subject to payroll taxes, and will be reported on IRS Form 1099. The Class Representatives also will receive an IRS Form 1099 for the payment of enhancements. The amounts paid pursuant to this Settlement Agreement shall not be considered earnings, wages or compensation for purpose of any profit sharing, retirement and/or 401(k) Plans maintained by Defendant. Settlement payments will be subject to wage garnishments, liens or other legal deductions as required by law.

vii. The Settlement Administrator shall mail payments to class members within 10 days of the Settlement Effective Date.

viii. The Settlement Administrator shall mail payments of the enhancements and attorneys' fees and costs within 10 days of the Settlement Effective Date.

II. SETTLEMENT ADMINISTRATOR

12. The parties have agreed to the appointment of Settlement Services, Inc. to assist in the mailing of notices, issuing and mailing settlement checks, and reporting payments to the IRS and to Settlement Class Members. Defendant shall provide such information as the Settlement Administrator requires. All disputes relating to the Settlement Administrator's ability and need to perform its duties shall be referred to the Court, if necessary, which will have continuing jurisdiction over the terms and conditions of this Settlement Agreement, until all payments and obligations contemplated by the Settlement Agreement have been fully carried out.

III. NOTICE TO THE PLAINTIFF CLASS

13. A Notice of Pendency of Class Action, Proposed Settlement and Hearing Date ("Notice of Pendency of Class Action and Proposed Settlement", or "Notice") in the form attached hereto as Exhibit "1" and approved by the Court shall be sent by the Settlement Administrator to the Settlement Class, by first class mail, within 21 days of the entering of the order granting preliminary approval of the settlement and notice. Attached to the Notice of Pendency of Class Action and Proposed Settlement will be a Notice of Settlement Share form, in

the form of Exhibit "2," informing class members of their estimated pro rata share of the Net Settlement Fund. Any returned envelopes from this mailing with forwarding addresses will be utilized by the Settlement Administrator to locate class members.

14. Vitex/Panacos shall provide Settlement Services, in sufficient time to allow for the mailing referred to in paragraph 12, a database of all Settlement Class members, including last known address, Social Security number and information sufficient to permit Settlement Services to calculate each member's settlement share as set forth in paragraph 11(c)(ii) herein. Vitex/Panacos agrees to provide this database in a format acceptable to Settlement Services.

15. Prior to mailing Settlement Services will use the national change of address database to update the mailing list. The Notices shall be mailed to all class members. If Notices are returned as undeliverable, Settlement Services will perform one trace, and resend Notices once to those class members for whom it obtains more recent addresses.

16. Class Counsel shall provide the Court, at least five (5) days prior to the final fairness hearing, a declaration by Settlement Services of due diligence and proof of mailing with regard to the mailing of the Notices.

IV. SETTLEMENT FUND PAYMENTS AND RESIDUAL

16. Defendant shall transfer money Settlement Services at such time as necessary to make payments as required by this Agreement. Settlement Services shall mail checks to all Settlement Class members, at the best address determined as a result of the mailing of the Notices even if a prior mailing was not deliverable.

17. Settlement Class members shall have ninety (90) calendar days after mailing by Settlement Administrator to cash their settlement checks. If any Settlement Class members do not cash their checks within that 90-day period, their check will be void. In such event, those Settlement Class members will be deemed to have waived irrevocably any right in or claim to a settlement share, but the Settlement Agreement nevertheless will be binding upon them.

18. Should there remain any residual from the Settlement Fund after all payments are made under this Settlement Agreement, for example, if Settlement Class members do not cash

their settlement checks within ninety (90) calendar days after mailing, the *cy pres* beneficiary will be The National Employment Law Project in New York City. Any costs associated with administering the residual (e.g. bank stop pay charges) will be deducted from the residual before donation to the *cy pres* beneficiary.

V. RELEASE BY THE CLASS

19. Upon the final approval by the Court of this Settlement Agreement, and except as to such rights or claims as may be created by this Settlement Agreement, the Settlement Class, each member of the class, and the Class Representatives, fully release and discharge Defendant from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, action or causes of action whatever kind or nature, whether known or unknown, that were alleged or could have been alleged in the above-captioned case, including but not limited to all claims of unpaid regular and overtime wages, damages, liquidated damages, interest, costs, attorneys' fees and other claims for unpaid wages or penalties under federal and state law, including without limitation the New York Labor Law, up to and including August 15, 2001.

20. In order to achieve a full and complete release of Defendant from all claims arising from or related to this lawsuit, each class member acknowledges that this Settlement Agreement is intended to include all claims which were or could have been asserted in this action, including claims which each class member does not know or suspect to exist in his or her favor against Defendant.

21. This Settlement Agreement shall constitute a full and complete settlement and release, which release includes in its effect all present and former parent companies, subsidiaries, shareholders, officers, directors, employees, agents, servants, registered representatives, attorneys, insurers, affiliates and successors and assigns of the Defendant.

VI. DUTIES OF THE PARTIES PRIOR TO COURT APPROVAL

22. The parties shall promptly submit this Settlement Agreement to the Supreme Court of the State of New York, County of Suffolk, in support of Plaintiff's Motion for a

Settlement Hearing and determination by the Court as to its fairness, adequacy, and reasonableness. Promptly upon execution of this Settlement Agreement, the parties shall apply to the Court for the entry of a preliminary order substantially in the following form:

- a. Scheduling a fairness hearing on the question of whether the proposed settlement should be finally approved as fair, reasonable and adequate as to the members of the class;
- b. Preliminarily approving the law firm of O&G to serve as Class Counsel and Named Plaintiff Santos to serve as Class Representative;
- c. Approving as to form and content the proposed Notice of Pendency of Class Action and Proposed Settlement and Settlement Share Form;
- d. Directing the mailing of the Notice of Pendency of Class Action and Proposed Settlement and Settlement Share Form by first class mail to the Settlement Class members;
- e. Preliminarily approving the settlement;
- f. Provisionally certifying the class for purposes of settlement only;
- g. Preliminarily approving Class Counsel's application for payment of reasonable attorney's fees and costs as set forth herein;
- h. Preliminarily approving the Named Plaintiff's participation award of \$3,500.00; and,
- i. Preliminarily approving the cy pres beneficiary, The Workplace Project.

VII. DUTIES OF THE PARTIES FOLLOWING FINAL COURT

APPROVAL

23. Counsel for the class will submit a proposed final order and judgment for review by the Court at the Final Approval hearing:

- a. Approving the settlement, adjudging the terms thereof to be fair, reasonable, and adequate, and directing consummation of its terms and provisions.

- b. Approving Plaintiff's counsel's application for an award of attorneys' fees and reimbursement of costs.
- c. Certifying the class for purposes of settlement only.
- d. Dismissing this action on the merits and with prejudice and permanently barring all members of the Settlement Class from prosecuting against Defendant or its present or former agents, servants, attorneys, subsidiaries, affiliates, stockholders, heirs, executors, representatives, successors, or assigns, any individual or class claims which were or could have been asserted in this action, including without limitation any claims arising out of the acts, facts, transactions, occurrences, representations, or omissions set forth in the Complaint or Amended Complaint in this action, through January 27, 2005, under federal or state law, including without limitation the New York Labor Law, upon satisfaction of all payments and obligations hereunder.

VIII. VOIDING THE SETTLEMENT AGREEMENT

24. A failure of the Court to approve any material condition of this Settlement Agreement which effects a fundamental change of the parties' settlement shall render the entire Settlement Agreement voidable and unenforceable as to all parties herein at the option of either party. Each party may exercise its option to void this settlement as provided above by giving notice, in writing, to the other and to the Court at any time prior to final approval of the settlement by the Court.

IX. PARTIES' AUTHORITY

25. The signatories hereby represent that they are fully authorized to enter into this Settlement Agreement and bind the parties hereto to the terms and conditions hereof.

X. MUTUAL FULL COOPERATION

26. The parties agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement, including but not limited to, execution of such documents and to take

such other action as may reasonably be necessary to implement the terms of this Settlement Agreement. The parties to this Settlement Agreement shall use their best efforts, including all efforts contemplated by this Settlement Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Settlement Agreement and the terms set forth herein. As soon as practicable after execution of this Settlement Agreement, Class Counsel shall, with the assistance and cooperation of Defendant, take all necessary steps to secure the Court's final approval of this Settlement Agreement.

XI. NO ADMISSION

27. Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant. Nor should anything herein be construed as an admission that a class should be certified in the absence of a settlement. Each of the parties hereto has entered into this Settlement Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience and expenses. This Settlement Agreement is a settlement document and shall be inadmissible in evidence in any proceeding. The preceding sentence shall not apply to an action or proceeding to approve, interpret, or enforce this Settlement Agreement.

XII. ENFORCEMENT ACTIONS

28. In the event that one or more of the parties to this Settlement Agreement institutes any legal action, arbitration, or other proceeding against any other party or parties to enforce the provisions of this Settlement Agreement or to declare rights and/or obligations under this Settlement Agreement, the successful party or parties shall be entitled to recover from the unsuccessful party or parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

XIII. NOTICES

29. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the third business day after mailing by United States registered or certified mail, return receipt requested, addressed as follows:

To the Plaintiff Class:

Adam T. Klein
OUTTEN & GOLDEN LLP
3 Park Avenue, 29th Floor
New York, NY 10016

To the Defendant Vitex/Panacos:

Jennifer B. Rubin
MINTZ LEVIN COHN FERRIS GLOVSKY & POPEO, PC
666 Third Avenue
New York, NY 10017

To the Defendant Precision:

Christine J. Wichers
CHOATE HALL & STEWART LLP
Two International Place
Boston, MA 02110

XIV. CONSTRUCTION

30. The parties hereto agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arms-length negotiations among the parties and that this Settlement Agreement shall not be construed in favor of or against any party by reason of the extent to which any party or his, her or its counsel participated in the drafting of this Settlement Agreement.

XV. CAPTIONS AND INTERPRETATIONS

31. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.

XVI. MODIFICATION

32. This Settlement Agreement may not be changed, altered, or modified, except in writing and signed by the parties hereto, and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the parties hereto.

XVII. INTEGRATION CLAUSE

33. This Settlement Agreement contains the entire agreement between the parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

XVIII. NO PRIOR ASSIGNMENTS

34. This Settlement Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, trustees, executors, administrators and successors. The parties hereto represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged except as set forth herein.

XIX. CLASS COUNSEL SIGNATORIES

35. It is agreed that because the members of the class are so numerous, it is impossible or impractical to have each member of the class execute this Settlement Agreement. The Notice of Pendency of Class Action and Proposed Settlement, Exhibit "1" hereto, will advise all class members of the binding nature of the release and such shall have the same force and effect as if this Settlement Agreement were executed by each member of the class.

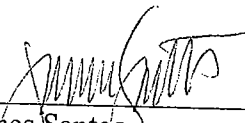
XX. COUNTERPARTS

36. This Settlement Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an

original, and, when taken together with other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to all parties.

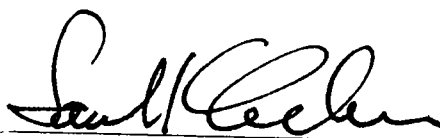
IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date indicated below:

Dated: November 15, 2005



Junes Santos
Class Representative

Dated: November 30, 2005



Panacos Pharmaceuticals, Inc. (Vitex/Panacos)

EXHIBIT 1

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF SUFFOLK

JUNES SANTOS,
individually, and on behalf of all others
similarly situated as class representatives,

Plaintiff,

-against-

PRECISION PHARMA SERVICES INC. and
VI TECHNOLOGIES, INC.,

Defendants.

NOTICE OF PENDENCY OF
CLASS ACTION, PROPOSED
SETTLEMENT, AND HEARING
DATE

Index No.: 05-02446
Date Filed: January 27, 2005

**PLEASE READ THIS NOTICE CAREFULLY
IT MAY AFFECT YOUR LEGAL RIGHTS**

YOU ARE ENTITLED TO MONEY FROM THIS SETTLEMENT

To: All persons who have been employed by Panacos Pharmaceuticals, Inc., formerly known as V.I. Technologies, Inc. ("Vitex/Panacos"), as either a mechanic (including mechanical support or business services) or a technician in the fractionation and/or operations groups in its blood product manufacturing facility located in Melville, New York ("Melville facility") at any time from January 26, 1999 through and including August 14, 2001 and who worked the 60/24 two-week schedule.

Re: Settlement of Claims for Alleged Unpaid Overtime Premiums

I. INTRODUCTION

This "NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED SETTLEMENT AND HEARING DATE" ("NOTICE") is to inform you that Vitex has agreed to settle a class action lawsuit filed by plaintiffs against Vitex/Panacos claiming that Vitex/Panacos violated various New York state laws by failing to pay overtime wages at one and one-half times the regular rate of pay for certain overtime hours for all persons who have been employed by Vitex/Panacos as either a mechanic (including mechanical support or business services) or a technician in the fractionation and/or operations groups in its blood product manufacturing facility located in Melville, New

York ("Melville facility") at any time from January 26, 1999 through and including August 14, 2001 and who worked the 60/24 two-week schedule ("Operations Employee").

THIS NOTICE IS TO INFORM YOU ABOUT

- THE STATUS OF THE LAWSUIT, INCLUDING A STATEMENT OF YOUR RIGHTS WITH RESPECT TO A PROPOSED SETTLEMENT OF THE CASE;
- YOUR ESTIMATED PRO RATA SHARE OF THE SETTLEMENT FUND;
- YOUR OPTION TO FILE WITH THE COURT ANY OBJECTIONS YOU MAY HAVE TO THE SETTLEMENT; AND
- YOUR OPTION TO EXCLUDE YOURSELF FROM THE PROPOSED SETTLEMENT BY "OPTING OUT."

II. DESCRIPTION OF THE LAWSUIT

On January 27, 2005, Plaintiff filed a class action complaint in the Supreme Court of the State of New York, County of Suffolk, on behalf of himself and all other employees similarly situated, seeking back pay for the non-payment of overtime premiums and alleging causes of action for violations of the New York Labor Law. The Complaint alleged that certain hourly employees at the Defendants' Melville, New York blood product manufacturing facility worked biweekly shifts of 60 and 24 hours respectively and were not paid overtime premiums for work performed beyond 40 hours in the first week ("overtime work"). The Complaint, which raised claims against Vitex/Panacos and Precision Pharma Services, Inc. ("Precision"), sought recovery of unpaid overtime wages, interest, and attorneys' fees and costs.

Precision has furnished Plaintiff's counsel with evidence that it has compensated Plaintiff and Operations Employees for overtime work for the period July 31, 2002 – July 31, 2004 pursuant to an agreement with the U.S. Department of Labor, and that it has made additional

voluntary payments to all Operations Employees covering the period from August 14, 2001 to July 31, 2002. As a result, Plaintiff has determined that Precision does not owe him money for overtime work and has agreed to dismiss with prejudice his claims against Precision. Plaintiff has also agreed to dismiss without prejudice the claims he raised on behalf of other Operations Employees against Precision.

Vitex/Panacos denies any liability or wrongdoing of any kind associated with the claims alleged in Plaintiff's Complaint and contends that it has complied at all times with the New York Labor Law. There has been no finding of any wrongdoing by Vitex/Panacos. Vitex/Panacos wishes to settle this litigation to avoid costly, disruptive, and time-consuming litigation and does not admit to any wrongdoing or liability. Vitex/Panacos negotiated and agreed to settle with the plaintiffs and stipulated to the certification of the following settlement class under New York Civil Practice Law and Rules Section 901:

All persons who were employed by Vitex/Panacos as either a mechanic (including mechanical support or business services) or a technician in the fractionation and/or operations groups in its blood product manufacturing facility located in Melville, New York ("Melville facility") at any time from January 26, 1999 through and including August 14, 2001 and who worked the 60/24 two-week schedule.

The plaintiff's attorneys believe that the settlement is fair, reasonable, and in the best interests of the plaintiff and the class.

On _____, 2005, the Court preliminarily approved the settlement and conditionally certified the settlement class. This NOTICE was sent to you because Vitex/Panacos's records indicate that you were employed in New York as an Operations Employee during the Relevant Time Frame (January 26, 1999 through August 14, 2001). If you are included in the class described above, this settlement may affect your rights.

Vitex/Panacos has agreed to pay \$450,000 (the "Settlement Amount") to resolve all claims concerning unpaid overtime wages for work performed by Operations Employees during the Relevant Time Frame. There are approximately 130 such Operations Employees. The Court has tentatively approved that costs estimated at \$1,000 and reasonable attorneys' fees in the amount of one-third of the Settlement Amount net costs (approximately \$150,000) will be paid from the Settlement Amount to plaintiffs' attorneys as reasonable compensation for their work in this matter. The Court also has tentatively approved that the named plaintiff will be paid three thousand five hundred dollars (\$3,500.00) for his time and effort in investigating and prosecuting this case on behalf of the class. The attorneys' fees and costs and the time-and-effort payments will be deducted from the Settlement Amount prior to calculation of the settlement share for all class members. The balance after these deductions (the "Net Settlement Fund") will be paid on a pro rata basis to each class member, who does not "opt out" (see Section V below), based on the amount of unpaid overtime compensation you may have earned during the Relevant Time Frame.

You do not have to do anything to receive your pro rata share of the Remaining Settlement Amount ("Settlement Share"). Your Settlement Share will be calculated as follows: your "pro rata percentage" of the Net Settlement Fund will be calculated by dividing the maximum amount you may have claimed as unpaid overtime as numerator by the total claimed maximum overtime amounts for all class members as denominator. Your Settlement Share is then calculated by multiplying your pro rata percentage by the Net Settlement Fund. Your estimated Settlement Share is listed in the attached Notice of Settlement Share. You will be paid this amount, provided you do not "opt out" of the settlement.

The summary of the proposed settlement agreement in this NOTICE does not include all of the terms and conditions of the settlement. The only complete statement of the terms of the proposed settlement is in the actual settlement agreement that has been tentatively approved by the Court. Copies of the proposed settlement agreement are available for inspection or printing from plaintiffs' attorneys' website at www.outtengolden.com, or copies may be obtained from the Office of the Clerk of the Supreme Court of the State of New York, County of Nassau, which is located at 310 Center Drive, Riverhead, NY 11901. PLEASE DO NOT CALL THE COURT OR JUDGE.

III. BINDING EFFECT AND CLASS RELEASE

If approved by the Court, the proposed settlement agreement will be binding on all members of the class and will bar any class member who does not timely "opt out" of the settlement from bringing any claims concerning unpaid regular or overtime wages for work performed as an operations employee in New York during the Relevant Time Frame. The settlement, once approved by the Court, will fully release and discharge Vitex/Panacos and its affiliates from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, action or causes of action of whatever kind or nature, whether known or unknown, that were alleged or could have been alleged in the Santos v. Precision Pharma Services Inc. and V.I. Technologies, Inc. Complaint, including but not limited to all claims of unpaid overtime wages, interest and other claims for unpaid wages or penalties under state law through August 14, 2001.

The settlement will dismiss the claims against Precision without prejudice. You are not waiving any rights against Precision as a result of this settlement and are free to bring a separate lawsuit against Precision subject to the applicable statutes of limitations.

The Settlement Administrator will mail you a check in the amount of your share of the Settlement Amount. This check will be in full settlement of any and all claims, known or unknown, against Vitex/Panacos, concerning unpaid wages for overtime work and related claims. Half of your share of the Settlement Amount will be in the form of unpaid wages. State and federal income taxes will be withheld from that half of your settlement check, and you will receive an itemized listing of these deductions as with a payroll check. That half of your settlement check representing wages also will be subject to any applicable wage garnishments, liens, or other legal mandates. The other half of your share of the Settlement Amount represents interest. The Settlement Administrator will issue an IRS Form 1099 for that half of your payment. Whether or not you cash the settlement check, the settlement will be binding. If you do not cash your check within 90 days following the issuance of the check, your check will be void and the amount of your settlement will be donated to a residual beneficiary as directed by the Court. Even if you do not cash your check, you will be deemed to have waived irrevocably any right in or claim to your settlement share.

IV. OPT-OUT PROCEDURE

If you opt out of this lawsuit, (a) you will have no right to receive any money under the settlement of this case; (b) you will not be bound by the settlement in this lawsuit; and (c) you may bring or participate in a separate lawsuit against Vitex/Panacos. If you opt out of this lawsuit and bring or participate in a separate lawsuit, you may lose your case and receive nothing, or you may obtain less money than you could get under this lawsuit even if you prevail, and it may take several years to obtain any such money. To opt out of this lawsuit, you must submit written notice stating that you want to opt out of this settlement to the Santos v. Precision Pharma Services, Inc. and V.I. Technologies, Inc. Settlement Administrator, P.O. Box 11274,

Tallahassee, FL, 32302-3297. To be timely, your opt-out statement must be postmarked no later than _____, 2006.

V. OBJECTIONS TO THE PROPOSED SETTLEMENT

If you believe that the proposed settlement agreement should not be finally approved by the Court for any reason, you may object to the proposed settlement agreement. If you want to object to the proposed settlement agreement, you must file an objection in writing with the Santos v. Precision Pharma Services, Inc. and V.I. Technologies, Inc. Settlement Administrator, P.O. Box 11274, Tallahassee, FL, 32302-3297, in which you state the basis of your objection, and you must send copies to the plaintiff's counsel, Precision's counsel, and Vitex/Panacos's counsel at the addresses shown in Sections VIII below. To be timely, you must postmark your objection on or before _____, 2006.

You also may appear at the hearing scheduled for _____, 2006, at ___ p.m. in the Supreme Court of the State of New York, County of Suffolk, located at 235 Griffing Avenue, Riverhead, NY 11901, to have your objection heard by the Court. Objections not previously filed in writing in a timely manner will not be considered. Any attorney who will represent an individual objecting to the settlement agreement must file a notice of appearance with the Court and serve counsel for all parties on or before _____, 2006. All objections or other correspondence must state the name and number of the case, which is Santos v. Precision Pharma Services, Inc. and V.I. Technologies, Inc., Supreme Court of the State of New York, County of Nassau, Index No. 05-02446 (January 27, 2005).

VI. ATTORNEYS' FEES AND COSTS

You will not have to pay the attorneys who represented you in this lawsuit. As noted above in Section III, the Court has preliminarily approved that one-third of the Settlement

Amount net costs will be paid to the plaintiff's attorneys as reasonable compensation for their time incurred in this matter and their actual costs incurred will also be paid from the Settlement Amount.

**VII. FURTHER INFORMATION AND ADDRESSES
OF THE PLAINTIFF'S COUNSEL**

PLEASE DO NOT CALL OR CONTACT THE COURT. If you have any questions about the settlement agreement you may contact the Settlement Administrator at 1-866-854-5152. You also may contact the plaintiff's lawyers listed below for more information:

ADAM T. KLEIN
OUTTEN & GOLDEN LLP
3 Park Avenue, 29th Floor
New York, NY 10016
(212) 245-1000
(212) 977-4005 (fax)

VIII. ADDRESS OF DEFENSE COUNSEL

For purposes of serving copies of any objections, the addresses for Vitex/Panacos's counsel and Precision's counsel are:

JENNIFER RUBIN
MINTZ LEVIN COHN FERRIS GLOVSKY & POPEO, PC
666 Third Avenue
New York, NY 10019
(212) 935-9000
(212) 983-3115 (fax)
Attorney for Vitex/Panacos

CHRISTINE J. WICHERS
CHOATE HALL & STEWART LLP
Two International Place
Boston, MA 02110
(617) 248-5000
(617) 248-4000 (fax)
Attorney for Precision

Exhibit 2

SANTOS V. PRECISION PHARMA SERVICES INC. AND V.I. TECHNOLOGIES, INC

Settlement Administration Center
P.O. Box 11247
Tallahassee, FL 32302-3247
Toll Free phone number: 1-866-854-5152

NOTICE OF SETTLEMENT SHARE FORM

CLASS MEMBER INFORMATION

Name
Street Address
City, State Zip Code

If your name or address is different from those shown above, send your corrected information to the Settlement Administrator, in writing, at the address listed above.

Your pro rata share of the settlement is based on the total amount of overtime you may claim to have earned while working in a class position for which you may claim you did not receive overtime payments, between January 26, 1999 and August 14, 2001 multiplied by a percentage (as described in the Notice of Pendency of Class Action). According to the records of Panacos Pharmaceuticals, Inc., formerly known as V.I. Technologies Inc., within that period, you may have had a claim to earn overtime while working in your position. Based on this information, your estimated share of the settlement is \$_____.