

## Cerep Signs Strategic Drug Discovery Agreement With ExonHit Therapeutics

**Paris, France, 25 November 1998** - Cerep S.A., (Nouveau marché: CEREP) the French drug discovery company, and ExonHit Therapeutics, the qualitative gene profiling company announced today that they have signed a collaborative agreement, which will focus over a two-year period on the development of new methods for toxicity assessments, target validation and drug discovery. Under the terms of the agreement, Cerep will make an equity investment of FF3 million (USD 0.54 million) in ExonHit and will fund research expenses up to FF13 million (USD 2.32 million) based on the achievement of specific research and development milestones.

Central to the agreement is ExonHit's proprietary technology DATAS (Differential Analysis of Transcripts Alternatively Spliced). DATAS permits the detection of qualitative changes in gene expression at a key regulation process known as RNA splicing. This key stage in gene expression can be altered by genetic and epigenetic events. DATAS ultimately provides a cost-effective, expedient method of identifying elements in pathophysiological conditions by using miniaturised assays.

Cerep and ExonHit will work together to develop new methods of gene profiling for toxicity assessments. Cerep will have a non-exclusive license to all new assays developed via DATAS and will be entitled to royalties on sales of assays to third parties.

Under the terms of the Agreement, the two companies will also collaborate in target identification and validation in the field of neurodegenerative diseases. Cerep will finance research and acquire exclusive worldwide rights for two genes or coding sequences identified by ExonHit's DATAS technology. Cerep will independently undertake the discovery and development of chemical entities against selected targets, while ExonHit will retain rights to gene therapy applications.

Finally, Cerep will make available its fully integrated drug discovery platform for the discovery and development of chemical entities against specific proprietary targets identified by ExonHit on the basis of shared costs and revenues.

"The collaboration with ExonHit demonstrates Cerep's commitment to develop a broad-based combination of technologies in order to build its multi product-oriented R&D pipeline", said Thierry Jean, President and Chief Executive Officer of Cerep. "In DATAS, we have access to a powerful tool for identifying, characterising and validating new therapeutic targets and diagnostic tools. This approach is fully complementary and synergistic to Cerep's drug discovery platform in terms of efficiency, practicality, flexibility and speed".

"We are delighted to enter into this collaboration with Cerep for the identification and validation of novel targets", said Bruno Tocqué, President and Chief Executive Officer of ExonHit. "This agreement further validates the potential of DATAS as a new approach to improve the efficacy of active compounds and to assess their potential toxicity. Furthermore, the availability of Cerep's fully integrated drug discovery platform will allow ExonHit to harness the full potential of DATAS for the discovery of new chemical entities".

ExonHit Therapeutics is specialised in qualitative gene profiling for the pharmaceutical and biotechnology industries. Its headquarters and laboratories are in Paris, France. It was founded in November 1997 by three former managers of Rhône-Poulenc Rorer's R&D department.

By analysing the qualitative differences between expressed genes, ExonHit Therapeutics' DATAS technology allows the company's clients to reduce the time, cost and risk associated with the discovery of new therapeutic and diagnostic products. ExonHit Therapeutics has assembled a team of experienced managers to direct the planned growth path. The first funds raised have come from venture capitalists CDC Innovation (France), Oxford BioSciences Partners (US) et Sofinnova Partners (France); ExonHit Therapeutics signed its first corporate alliance with Rhône-Poulenc Rorer on September 1998.

Cerep is a biotechnology company whose goal is to "bring intelligence to drug discovery" by developing technologies and tools that decrease the attrition rate of compounds at pre-clinical and clinical development stages. Cerep has developed an extensive R&D capacity in Europe and North

America in the areas of high-throughput profiling, lead development and screening, high-throughput organic synthesis and computational chemistry. The Company has a unique business model combining highly profitable fee-for-service activities with long term collaborations in drug discovery. As part of its strategy, Cerep uses its fee-for-service activities to validate key parameters such as throughput, data quality and management along with scientific tool robustness and reliability for all major technology components of its drug discovery platform. Cerep signed its first corporate alliance with the pharmaceutical company, Sanofi, in December 1997.

*Statements included in this press release which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbour provided by Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words including "anticipates", "believes", "intends", "estimates", "expects" and similar expressions. The company cautions readers that forward-looking statements, including without limitation those relating to the company's future operations and business prospects, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements. Factors that may affect future operations and business prospects include, but are not limited to, clinical and scientific results and developments concerning corporate collaborations and the company's proprietary rights and other factors described in the prospectus relating to the company's recent public offering.*