

Cerep increases resources in drug discovery and expands competencies in cancer

Rueil-Malmaison, France, May 25, 2004 – Press release 2004/07

Consistent with Cerep's strategy to develop its resources and efforts in drug discovery, Cerep tendered an acquisition offer to some of the shareholders of Molecular Engines Laboratories – MEL –, a biotechnology company specialized in tumor reversion for treatment and detection of cancers.

Cerep announces a project to acquire MEL a biotechnology company specialized in the identification of targets and products in the field of cancer.

Since its creation in 2000, MEL has developed several tumor reversion models, identified numerous genes involved in this phenomenon and validated four genes through *in vitro*, *in vivo* and *ex vivo* studies performed on cells from patients suffering from acute myeloid leukemia. In 2003, MEL showed that drugs commercialized for the treatment of other pathologies than cancer were able to induce tumor reversion. A proof of principle Phase II clinical trial in acute myeloid leukemia patients resisting to any other treatment, or in relapse, is ongoing.

Thierry Jean Chairman & CEO commented *"this acquisition fits with our strategy to strengthen our drug discovery efforts. The positioning of Cerep in the field of cancer is in line with recognized competency of Hesperion in this domain, a clinical service organization acquired by Cerep in February 2004."*

Frédéric Revah, Chief Scientific Officer, added *"the team of MEL, which essentially consists of biologists specialised in cancer, will combine its know-how and skills to our team of chemists to pursue ambitious new research programs. The experience of Hesperion in oncology will undoubtedly be an additional asset"*.

This acquisition would take the form of an increase in share capital by issuance of 400,000 shares of Cerep (approximately 3.35% of the outstanding capital) reserved to MEL shareholders in exchange for 100% of MEL shares.

The subscription price will be the average of the market price resulting from twenty (20) trading days preceding the issuance without exceeding 12 Euro per share or being lower than 9 Euro per share.

Should the General assembly of Cerep shareholders not vote the increase in share capital, the acquisition will be paid in cash for an amount equal to the amount Cerep would have received from the capital increase reserved to the selling shareholders of MEL (from 3.6 to 4.8 million euros).

In addition, Cerep committed to pay the selling shareholders royalties (5 or 8% as the case may be) of revenues it would receive from the first diagnostic and therapeutic product resulting from the research programs licensed to a third party or commercialized.

The transaction has been approved by the boards of both companies and is expected to become final in the coming months upon achievement of suspensive conditions, most of which commonly apply to such transaction. These conditions include the refinancing of MEL, significant reduction of the liabilities and the commitment to sell 100% of the shares.

■ About MEL

MEL is a French biotechnology company created in 2000 which has developed an innovative approach in cancer therapy. The scientific founders of the company evidenced that some cancer cells can spontaneously loose their malignant phenotype. This rare phenomenon called reversion could happen at a rate of one per million cancer cells in different cancer types. It also stops tumor cells growth.

The founders of MEL, Robert Amson and Adam Telerman led the department of Cancer genetics of the Jean Dausset Foundation for more than six years.

Since its creation MEL has developed several models of tumor reversion and identified many genes involved in this phenomenon. A phase II clinical study on patients suffering of cancers is ongoing in order to validate the approach of MEL. The company has also identified several chemical leads acting on targets involved in tumor reversion. These products are being optimized.

MEL scientific advisory board comprises prestigious experts recognized in the fields of molecular biology and oncology.

Cerep's mission is to provide pharmaceutical companies with high quality services in drug discovery and drug development as well as drug candidates from proprietary and partnered R&D programs.

Cerep provides solutions allowing faster and cost effective drug discovery by identifying at early stages the most promising drug candidates as well as eliminating those compounds likely to fail in development. Cerep's integrated platform encompasses a complete range of technologies including chemistry, biology, and informatics. With the acquisition of Hesperion, finalized in February 2004, the Group adds Clinical development services to its platform.

Cerep's technologies benefit to more than 300 pharmaceutical and biotechnological companies worldwide including most of the top pharmaceutical firms.

Cerep's drug pipeline includes collaborative drug candidates developed with Bristol-Myers Squibb, Sanofi-Synthélabo, as well as products discovered on its own.

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 harbor 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 company's Document de référence.

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