



Modex Therapeutics successfully places StemCells Inc's shareholding

Lausanne, Switzerland, May 1, 2001 - Modex Therapeutics Ltd (SWX New Market: MDXN) announced today that it assisted StemCells Inc to successfully place all of the shares held by StemCells Inc, representing 7.5% of the outstanding shares in the Company. The shares were acquired by institutional investors based in Switzerland and Europe.

StemCells Inc (formerly known as CytoTherapeutics Inc) was one of the co-founders of Modex and the original developer of the encapsulation technology (ECT) on which Modex's BioDelivery program is based. In 1999, StemCells Inc divested the ECT technology by transferring its ECT-related intellectual property to Neurotech SA (France) in exchange for an immediate payment and future royalty payments. Subsequent to this successful placing and in exchange for an undisclosed amount, StemCells Inc has agreed to transfer over to Modex these future ECT royalty payments.

Dr Jacques Essinger, CEO of Modex commented, "We are very pleased to have successfully completed this placing, particularly in today's difficult markets. This placing demonstrates the investment community's confidence in Modex's growth potential. The acquisition of rights to the ECT-related royalties increases the potential profitability of Modex's BioDelivery programs. In future, we expect greater mid-term revenues generated by royalty payments from Neurotech and its licensees for the development of ECT applications."

Modex recently announced the successful completion of its Phase I BioDelivery trial for the delivery of EPO and the enrollment of 80 patients for its Phase II EpiDex™ trial for the treatment of chronic skin wounds.

A leader in the field of T3R

Modex Therapeutics Ltd is a Swiss biotechnology company, based in Lausanne with a focus on tissue repair, replacement and regeneration (T3R). T3R heralds a new era for healthcare, aiming at regenerating cells for the repair or replacement of deficient tissue. Modex currently focuses its development work on two cell-derived products and technologies:

EpiDex™ is a skin equivalent product in Phase II trials that is derived from stem and precursor cells found in the human hair follicle.

BioDelivery proprietary technology uses immortalized fibroblast cells to continuously deliver therapeutic proteins and has several candidates in various stages of development.

The strategy of the company is to in-license advanced and promising T3R technologies, to drive them to a mature stage, and to realize the added value by licensing or selling the developed products to pharmaceutical, biotechnology or medical device companies. Modex Therapeutics (MDXN) has been listed on the SWX New Market since June 2000.

Further information regarding Modex can be found on the web site www.mdxn.ch

Lausanne, May 1, 2001

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