CeNeS Announces Termination of its Joint Venture with Elan

Cambridge, UK, 18 June 2003 - CeNeS Pharmaceuticals plc (LSE: CEN) today announced that it has reached agreement with Elan Corporation plc (NYSE: ELN) to terminate the CeNeS/Elan joint venture, which was established in June 2001 to develop M6G (morphine - 6-glucuronide) for the treatment of pain. CeNeS alone will now plan to take forward and fund the clinical development of M6G as it enters its phase III program for the treatment of post-operative pain.

Neil Clark, Chief Operating Officer and Financial Director of CeNeS commented, "CeNeS is pleased to have reached this agreement with Elan. The CeNeS/Elan joint venture has enabled the successful progression of M6G over the last two years and the M6G clinical package has been enhanced by the technical assistance Elan has provided."

Under the terms of the agreement, CeNeS and Elan have agreed that the joint development programmes are terminated and that the respective rights to M6G and certain drug delivery technologies are returned to CeNeS and Elan. The minority shareholding held by Elan in CeNeS Bermuda Limited will be transferred to CeNeS. CeNeS has agreed to pay Elan a percentage of all future revenues from M6G.

CeNeS and Elan have also agreed that no more funding shall be available to CeNeS under the convertible loan stock arrangements entered into in June 2001. Elan has retained its current holding of 16.9 million ordinary shares representing 9.9% of the current issued ordinary share capital of CeNeS. Under the terms of the 5% 2009 convertible exchangeable loan stock (the "**CELS**") and the 7% 2007 convertible unsecured loan stock (the "**CULS**") CeNeS retains the option to repay the loan stock together with accrued interest in cash or convert the outstanding amount into CeNeS ordinary shares in 2007 in respect of the CULS and 2009 in respect of the CELS. CeNeS has drawn down US$12,015,000 under the CELS and US$2,806,000 under the CULS. If the CELS and the CULS run to term and each of the CELS and the CULS convert into CeNeS ordinary shares a further 20.1 million CeNeS ordinary shares would be issued giving Elan a total shareholding, if added to Elan's existing shareholding, of 36.9 million ordinary shares (19% of CeNeS issued share capital as enlarged by the issue of the new ordinary shares on conversion). The agreement reached between CeNeS and Elan provides that both the CELS and CULS are freely transferable by Elan and the CELS will no longer be exchangeable for shares in CeNeS Bermuda Limited.

This news release contains forward-looking statements that reflect the Company's current expectation regarding future events. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors including the success of the Company's research strategy, the applicability of the discoveries made therein, the successful and timely completion of clinical studies and the uncertainties related to the regulatory process.

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Notes to Editors:

CeNeS is a biopharmaceutical company specialising in the development and commercialisation of drugs for pain control. The company has development assets targeting pain and has a portfolio of carried interests in assets that it has divested. The company is based in Cambridge, England. For further information visit www.cenes.co.uk.

M6G

M6G, a natural metabolite of morphine, is in development by CeNeS for the treatment of moderate to severe pain. Morphine is a highly effective analgesic that has been used for many years despite the unpleasant side effects of nausea and vomiting and the potential dangers of respiratory depression.

M6G has undergone several Phase II clinical trials with more than 450 patients receiving M6G. The most recent Phase II trials were designed to establish the analgesic effects of different doses of M6G administered at different times compared to a standard morphine treatment regime. Phase III efficacy studies are currently being planned: a pivotal, dose-ranging placebo controlled study is scheduled to commence as a multi-centre study in Europe in 2003 in patients undergoing knee replacement surgery with spinal anaesthesia. It is planned that this will be followed by a second Phase III trial in Europe comparing M6G and morphine treatment in patients with postoperative pain following gastrointestinal and gynaecological surgery. Side-effect profiles of M6G will be investigated in both studies. If these trials are successful then M6G will be on target to be launched in Europe in 2005/6.

Opiate Analgesia

Analgesia is the process of pain-relief and any pain-relieving drug is called an analgesic. The most potent known class of analgesics are the opiates, derived from the opium poppy, which confer a high degree of pain-relief for severe pain. Opiates, like morphine and codeine, act centrally in the brain in an area called the periaqueductal grey area where they mimic the actions of neuromodulators called endogenous opiates and 'switch off' the sensation of pain centrally.

The markets for M6G

M6G has potential as an analgesic for two types of pain, post-operative pain and chronic pain, both of which are currently treated with morphine.