



Shareholder Presentation

September 2004



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Safe Harbour statement: this document may contain forward-looking statements that reflect the Company's current expectations regarding future events, including the clinical development and regulatory clearance of the Company's products, including that of frovatriptan for menstrually-associated migraine, the Company's ability to find partners for the development and commercialisation of its products, including a new commercialisation partner (or partners) for frovatriptan, as well as the terms of such partnership(s), the projected benefits of reacquiring the rights to frovatriptan in North America and/or any new partnership arrangement(s) on the Company's liquidity and results of operations, as well as the Company's working capital requirements and future capital raising activities.

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 strategies, the applicability of the discoveries made therein, and the successful and timely completion of clinical studies, including with respect to frovatriptan and the Company's other products, the uncertainties related to the regulatory process, the ability of the Company to identify and agree beneficial terms with suitable partners for the commercialisation and/or development of frovatriptan and other products, as well as the achievement of expected synergies from such transactions, the acceptance of frovatriptan and other products by consumers and medical professionals, the ability of the Company to obtain additional financing for its operations and the market conditions affecting the availability and terms of such financing, the successful integration of completed mergers and acquisitions and achievement of expected synergies from such transactions, and the ability of the Company to identify and consummate suitable strategic and business combination transactions and the risks described in our most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission (File No 0-20104).

Establishing the basis: 2003



- Combination of 3 sub-critical companies
 - British Biotech
 - Ribo Targets
 - Vernalis Group
- Aggressive restructuring and cost savings
 - Headcount reduced from 271 to 115
- Portfolio review – October 2003
 - Focus on most competitive products (4 from 8)
 - Two pre-clinical development programmes funded by partners
 - Research targeted at oncology and neuroscience

Vernalis plc : Full achievement of September 2003 objectives



Objective	Achieved
• Restructure, reduce headcount	Feb 04
• Achieve cost savings	H1 04
• Portfolio review	Nov 03
• Progress priority products	H1 04
• Reinvigorate Frova™	May 04
• Achieve at least two R&D collaborations	July 04

Vernalis today : a transformed company

- Marketed product (Frova™) with strong, committed partner (Endo)
- Strategic commercial entry into US market through co-promotion rights with funded training
- Pipeline : Frova™ (MRM), V10153, V2006, V140
- Two significant R&D collaborations validate research
 - Novartis : Oncology, SBDD
 - Biogen Idec : Neuroscience, A_{2A} antagonist
- Strong financial position : £37.2m cash at 31 August 2004

Portfolio review: key products and programmes



Product	Indication	Late Research	Pre-clinical	Phase I	Phase II	Phase III	Market	Partner	
Frovatriptan	Migraine	[Progress bar]						}	Endo
Frovatriptan	Menstrual migraine	[Progress bar]							Menarini
V10153	Thrombotic disorders	[Progress bar]							-
V2006	Parkinson's Disease	[Progress bar]							Biogen Idec
V140	Cancer pain	[Progress bar]							-
5HT _{2C} ag.	Obesity	[Progress bar]							Roche
MEI	Inflammation	[Progress bar]							Serono
A _{2A} antag.	Depression	[Progress bar]							-
Hsp90 inhib.	Cancer	[Progress bar]							Novartis
CB ₁	Obesity	[Progress bar]							-

Frovatriptan : Overview



- Approved in US and EU for the acute treatment of migraine
- Licensed to Menarini International in EU
- May 2004 : North American rights reacquired from Elan for \$50m payable over 19 months to December 2005
- July 2004 : \$400m North American license and co-promotion agreement with Endo Pharmaceuticals

Terms of the Agreement with Endo



- \$60 million unconditional payments
 - \$30 million signature fee
 - \$15 million in 2005
 - \$15 million in 2006
- \$40 million milestone on MRM prophylaxis approval
- Tiered royalties of $\geq 20\%$
- Sales-related milestones totalling \$255 million
- Endo to fund and train Vernalis US specialist sales force under co-promotion agreement (at Vernalis option)
- \$50 million, 5-year loan facility @ 5% pa
- All Elan obligations paid in full to realise \$6 million saving for Vernalis

Why Endo Pharmaceuticals?



- Fully integrated speciality pharma company - a market leader in pain management
- Established portfolio of branded products – total sales \$600 million (2003)
 - Lidoderm® \$178m sales '03; 100% CAGR from '00-'03
 - Percocet® \$214m sales '03; 32% CAGR from '00-'03
- Sales force focused c.35,000 neurologists and PCPs
 - Currently 230
 - To be increased to a minimum of 500 over the next 2 years
- Net sales: 40% CAGR 1998-2003
- Financially strong - debt free. Market cap c\$3bn

Opportunity to Build US Marketing Capability



- World's largest pharmaceutical market
- True value generated from fully owning product sales
- Frova co-promotion option in January 2006
 - 25 representatives fully funded by Endo for 3 years
 - Partial funding for further 2 years
 - Capacity to detail additional products
- V2006 co-promotion retained with Biogen Idec
- Establishment and training costs funded by Endo

Frovatriptan 5HT_{1B/D} agonist for migraine

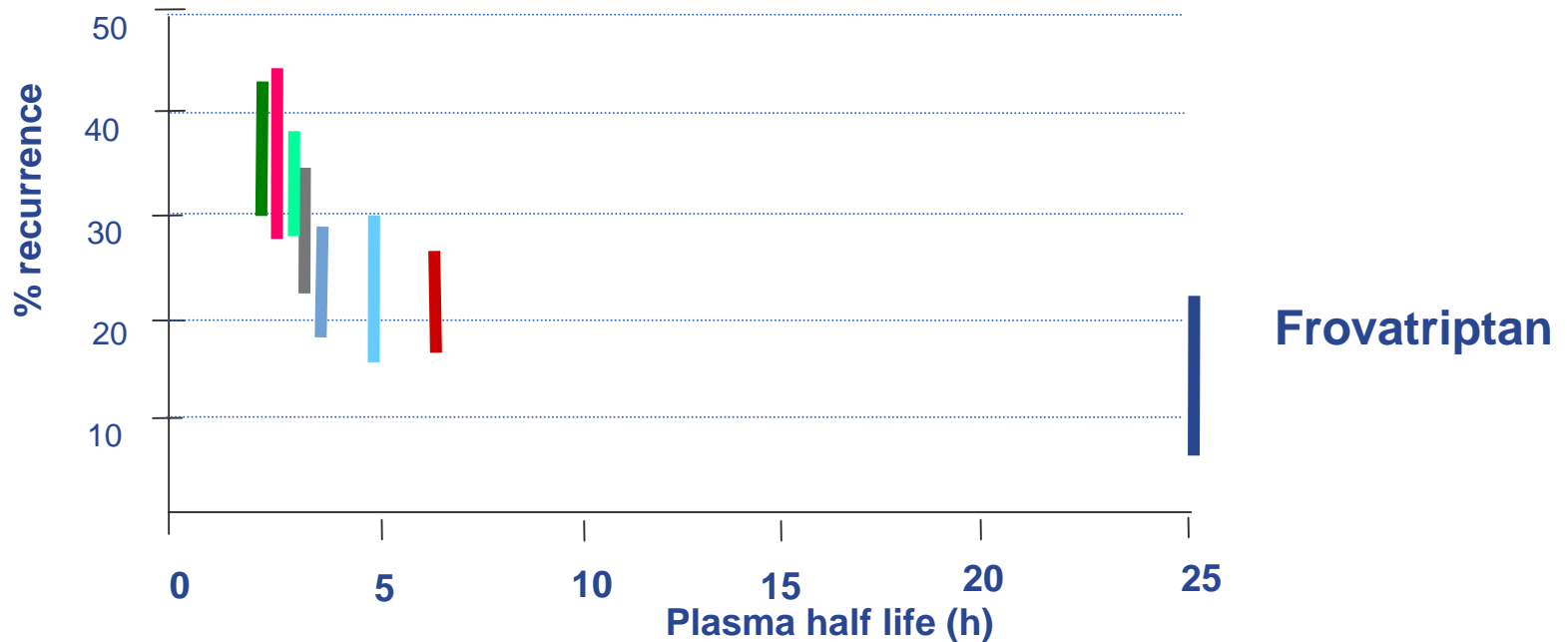


- Effective triptan for the acute treatment of migraine
- Approved in US and throughout the EU
 - US : Endo agreement, with co-promotion option
 - EU : Menarini International
- Distinctive characteristic: long half-life of 26 hours
- Lowest headache recurrence rates in triptan class

Key point of differentiation



Long Half Life - Low Recurrence



- Frovatriptan 2.5mg**
- Sumatriptan 6mg (sc)
- Rizatriptan 10mg
- Sumatriptan 100mg
- Zolmitriptan 2.5mg
- Eletriptan 80mg
- Almotriptan 12.5mg
- Naratriptan 2.5mg

Short-term prophylaxis of menstrually related migraine (MRM)



- New indication – no triptan currently approved
- Phase IIIb study in 550 MRM patients completed (details published in Neurology : July 2004)
- Highly significant outcome ($p < 0.0001$) for prevention of headaches (primary variable)
- Secondary measures positive and significant
- Long-term safety study recruitment completed
- Discussions ongoing with FDA on confirmatory efficacy study
- Regulatory submission in H1 2006 if initial results confirmed

V2006: A_{2A} antagonist for Parkinson's disease



- Pre-clinical studies support treatment hypothesis
 - Motor functions restored without dopaminergic side effects
- Positive results from Phase I study
 - Therapeutic concentrations achieved at low doses
 - Prolonged half-life consistent with once-daily dosing
 - Potential for wide safety margin in man
- Market Opportunity
 - 1.5m US Parkinson's disease patients
 - \$1.5bn worldwide sales (2002)
- Initiate Phase 2 : 2005

A_{2A} programme collaboration with Biogen Idec



- Collaboration in Parkinson's disease and other CNS
- Biogen has rights to V2006 plus one back-up
- Vernalis receives \$10m licence fee, milestones and double digit royalties
- Biogen immediate investment of \$6m in Vernalis equity (plus up to \$4m if a placing occurs)
- Up to \$100m total milestones
- Vernalis retains the right to co-promote in the USA

Hsp90 Collaboration with Novartis

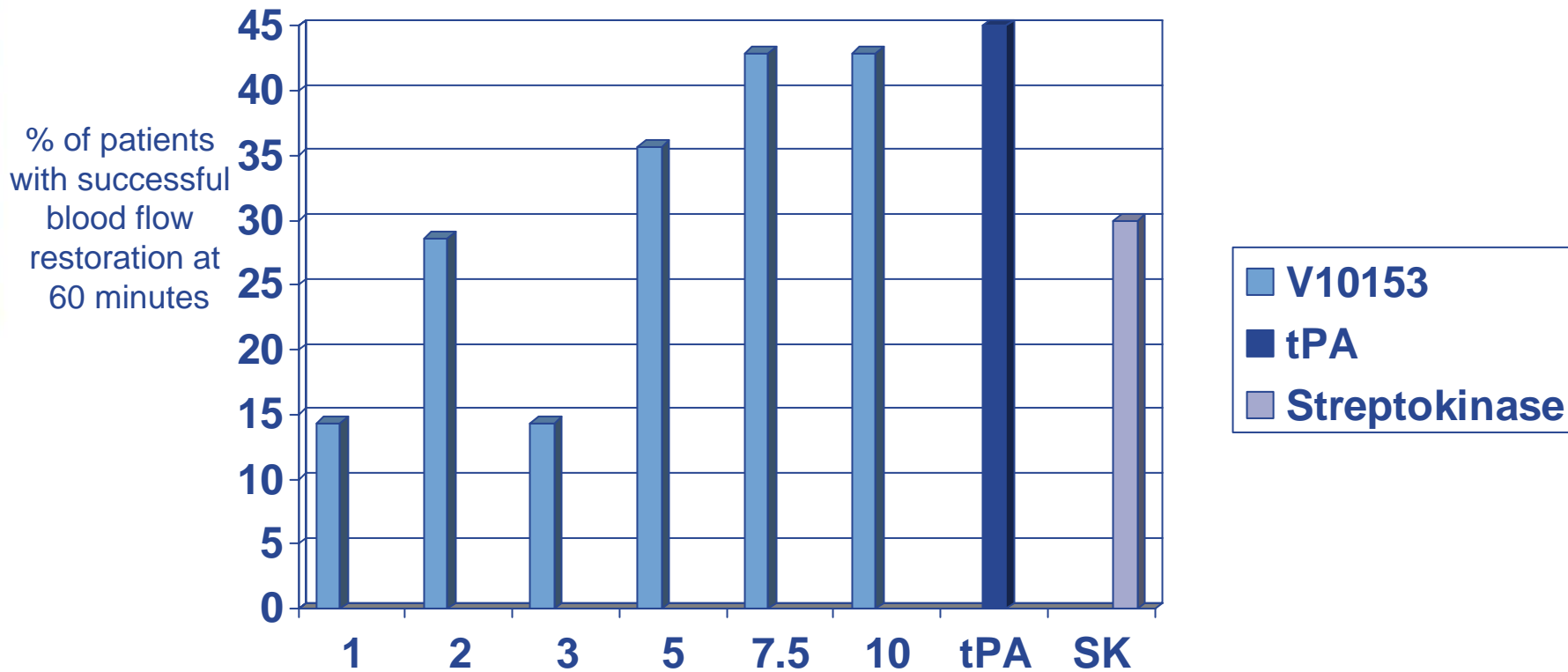


- Hsp90 is a target implicated in a number of different cancers
- Novartis has worldwide rights to Hsp90 programme
- Signature fee of \$1.5 million
- Equity investment of £5 million (\$9 million)
- Novartis to fund research and development
- Validation of structure-based drug design

V10153: Novel clot dissolving agent

- Designed to have significantly lower bleeding potential than competitors
- Positive results in initial Ph II proof of principal study in acute myocardial infarction
 - comparable efficacy to competitors with no spontaneous bleeding
- Stroke identified as primary target
 - Ph II study planned in 100 patients – start Q1 2005
- Partnership post Phase II

TIMI 3 Flow at 60 min



*TIMI 14: Antman et al. Circulation 1999, 99:2720

**GUSTO-1: N. Eng. J. Med. 1993; 329:1615

V140 – GABA_A agonist



- Novel analgesic for treatment of all types of pain without sedation
- Initial Phase I – safe and well-tolerated in single and multiple doses
- Phase Ic results inconclusive
 - Model of neuropathic Pain in healthy volunteers
 - No differences between either V140 or gabapentin and placebo
- Further preclinical work under way (6 months)
- Phase II to start H1 2005

Other Collaborations



- Roche - obesity
 - Candidate has been selected and is undergoing pre-clinical testing
- Serono – inflammation
 - Candidate has been selected and is undergoing pre-clinical testing

Financials : Profit and loss account



	6 months to 30 June 2004	6 months to 31 October 2003
	£m	£m
Turnover	5.1	7.0
Cost of sales	(0.4)	(0.2)
	<hr/>	<hr/>
	4.7	6.8
R&D costs	(11.0)	(19.7)
Admin costs	(8.0)	(7.6)
	<hr/>	<hr/>
Operating loss	(14.3)	(20.5)
Other income/expenditure	1.2	(5.5)
	<hr/>	<hr/>
Loss for period	(13.1)	(26.0)
	<hr/>	<hr/>

- Losses halved from last year due to restructuring
- Higher than anticipated Frova™ sales (£3.7 m in second half)

Financials



- Cash at 31 August 2004 : £37.2m
- Further \$10.5 million from Novartis in September
- \$50m 5-year loan from Endo drawn down in August
- \$6m discount from Elan for early repayment
- \$15m guaranteed from Endo in both August 2005 and August 2006

Expected progress



Frovatriptan : Southern European launches	H2 04
V10153 : Initiate Phase II in stroke patients	H1 05
V140 : Initiate Phase II in post-operative pain	H1 05
MEI : Initiate Phase I (Serono)	H1 05
V2006 : Initiate Phase II (Biogen Idec)	2005
Frovatriptan : MRM regulatory submission	H1 06

Further participation in sector consolidation