

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
SEC Accession No. **0000950130-99-001712**

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FILER

LIFE MEDICAL SCIENCES INC

CIK: **889428** | IRS No.: **141745197** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-20580** | Film No.: **99575068**
SIC: **3842** Orthopedic, prosthetic & surgical appliances & supplies

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period

to

COMMISSION FILE NUMBER: 0-20580

LIFE MEDICAL SCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

14-1745197
(I.R.S. Employer
Identification No.)

379 Thornall Street, Edison, New Jersey
(Address of principal executive offices)

08837
(Zip Code)

(732) 494-0444

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

NONE

(Title of each class)

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK -- PAR VALUE \$.001 PER SHARE
UNITS

REDEEMABLE CLASS A WARRANTS

REDEEMABLE CLASS B WARRANTS

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of voting stock held by non-affiliates of the registrant as of March 23, 1999 was approximately \$4.5 million.

As of March 23, 1999, 7,922,559 shares of Common Stock, \$.001 par value, of the registrant were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement to be filed pursuant to Regulations 14A in connection with solicitation of proxies for its Annual Meeting of Stockholders to be held on May 27, 1999 are incorporated by reference into Part III of this Form 10-K.

INTRODUCTORY NOTE

Life Medical Sciences, Inc., a Delaware corporation (the "Company"), is a biomaterials company engaged in the development and commercialization of innovative and cost-effective medical devices for therapeutic applications.

Certain statements in this Report on Form 10-K (the "Report") under the

caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding future cash requirements and the ability of the company to raise capital. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: delays in product development; problems or delays with clinical trials; failure to receive or delays in receiving regulatory approval; lack of enforceability of patents and proprietary rights; lack of reimbursement; general economic and business conditions; industry capacity; industry trends; demographic changes; competition; material costs and availability; the loss of any significant customers; changes in business strategy or development plans; quality of management; availability, terms and deployment of capital; business abilities and judgment of personnel; availability of qualified personnel; changes in, or the failure to comply with, government regulations; and other factors referenced in this Report. When used in the Report, statements that are not statements of material facts may be deemed to be forward-looking statements. Without limiting the foregoing, the words "anticipates", "plans", "intends", "expects" and similar expressions are intended to identify such forward-looking statements which speak only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I

Item 1. Business

General

Life Medical Sciences, Inc. is a biomaterials company engaged in the development and commercialization of innovative and cost-effective medical devices for therapeutic applications. During 1998, the Company focused on the advancement and expansion of product development programs based on its proprietary bioresorbable polymer technology. The Company intends to apply its platform technology to the development of multiple products that address unmet therapeutic needs or offer improved, cost-effective alternatives to current methods of treatment. Products currently under development focus on preventing or reducing post-operative adhesions subsequent to a broad range of surgical procedures and are in various stages of clinical trials and preclinical studies. In January 1999, the Company initiated a pilot clinical trial for its REPEL-CV bioresorbable adhesion barrier film, the first surgical device approved by the FDA for human evaluation in the prevention of adhesions after open-heart surgical procedures. The Company has also developed a line of novel silicone gel-filled cushions intended for the prevention and management of hypertrophic and keloid scars. The Company launched this line under the CLINICEL TM name in April 1998 through a consumer media campaign, expanded distribution through drug stores, supermarket pharmacies and mass merchandise store pharmacies and achieved 1998 sales of \$1,715,000.

The Company's bioresorbable polymer technology is based on a proprietary group of polymers. The Company believes that these polymers display desirable properties, which enable them to be tailored to a wide variety of applications. These properties include bioresorbability, flexibility, strength and biocompatibility. Potential applications for products derived from these polymers are in medical areas such as the prevention of post-operative adhesions, sutures, stents, implantable device coatings and drug delivery. The Company is currently developing bioresorbable adhesion barrier films for the prevention or reduction of post-operative surgical adhesions in cardio-vascular surgery (REPEL-CV TM), gynecological and general surgical procedures (REPEL TM), as well as in bioresorbable adhesion barrier coatings (viscous solutions) for the prevention or reduction of post-operative surgical adhesions in gynecological and general abdominal surgical procedures (RESOLVE TM) and orthopedic and spinal surgical procedures (RELIEVE TM). These products are in various stages of development:

<TABLE>
<CAPTION>

Adhesion Prevention Products Under Development

<S>	<C> Potential Therapeutic Application	<C> Status	<C> Est. Annual Market Potential(A)
REPEL	Preventing or reducing post-operative	U.S. pivotal clinical	\$250 Million

Barrier Film	surgical adhesions in gynecological and general abdominal surgery.	trial	
REPEL-CV Barrier Film	Preventing or reducing post-operative surgical adhesions in cardiovascular surgery.	U.S. pilot clinical trial	\$250 Million
RESOLVE Viscous Solution	Preventing or reducing post-operative surgical adhesion in gynecological and general abdominal surgery.	IDE Preparation	\$400 Million
RELIEVE Viscous Solution	Preventing or reducing post-operative surgical adhesion in orthopedic and spinal surgery.	Preclinical trials	\$300 Million

(A) Sources: Techvest LLC, Vector Securities International, Inc.,
Medical Data International

</TABLE>

In April 1998, the Company launched its CLINICEL silicone-based device for diminishing unsightly scars and associated discomfort. The Company has launched CLINICEL through a direct to consumer marketing campaign in the United States and is marketing the product line internationally through a series of independent distributors. The effectiveness of CLINICEL in treating problem scars was demonstrated in a clinical study published in the April 1998 edition of the Journal of Plastic and Reconstructive Surgery, a widely respected peer

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review journal for plastic surgeons. CLINICEL is distributed through national drug wholesalers including McKesson, Bergen Brunswig and Cardinal to over 6,000 retail outlets such as Eckerd Drug Stores, WalMart, Long's Drug Stores and Publix Super Markets. This distribution has been supported by full-page advertisements in leading women's magazines such as Cosmopolitan, Glamour, Ebony and Vogue. Sales in 1998 totaled \$1,715,000.

The Company's product development strategy is to maintain a relatively small core of scientists and researchers within the Company. The Company currently conducts substantially all of its research and product development through arrangements with specialized academic and industrial organizations that broaden the development capabilities of the Company. The Company has established contract manufacturing arrangements for each of its product lines.

The Company previously developed and marketed the Sure-Closure SystemTM, a disposable wound closure device. As a result of a strategic decision to focus on the development and commercialization of its proposed products utilizing its platform technologies, the Company, in July 1994, sold the Sure-Closure System to MedChem Products, Inc. ("MedChem") which was subsequently acquired by C.R. Bard, Inc. ("C.R. Bard"). In October 1996, Zimmer, Inc., a subsidiary of Bristol - Myers Squibb ("Zimmer"), acquired the Sure - Closure System from C.R. Bard. The Company receives a 10% royalty on all net sales of the Sure-Closure System products through June 30, 2004.

The Company was developing three products utilizing its in-situ tissue culturing technology: CarielTM, primarily for chronic wound healing; PilielTM, for stimulating hair regrowth and reducing hair loss; and LipoelTM, for improving the success rate of fat transplantation from a donor site to a recipient site for reconstructive or cosmetic surgery. During 1997, the Company terminated all clinical development efforts on these products since they did not yield the desired benefits to the intended user during clinical evaluation.

Proprietary Platform Technologies

Polymer Technology

The Company's polymer technology is based on a proprietary group of polymers. The Company believes that these polymers display desirable properties which enable them to be tailored to a wide variety of applications. These properties include bioresorbability, flexibility, strength, and biocompatibility. Unlike many other polymer systems which may cause untoward responses, polymers derived from the Company's polymer technology are highly biocompatible and have not caused any undesirable tissue responses. Medical applications include the prevention or reduction of post-operative surgical adhesions. In addition, potential medical implantable uses include resorbable sutures, drug delivery systems, stents, coatings for implantable devices and drug delivery.

Utilizing its polymer technology, the Company is currently developing REPEL, a bioresorbable barrier film, for the prevention or reduction of post-operative adhesions in gynecological and general surgical procedures, REPEL-CV, a bioresorbable barrier film, for the prevention or reduction of post-operative adhesions in cardio-vascular surgical procedures, RESOLVE, a bioresorbable barrier coating (viscous solution), for the prevention or reduction of post-operative surgical adhesions in gynecological and general surgical procedures and RELIEVE, a bioresorbable barrier coating (viscous solution), for the prevention or reduction of post-operative surgical adhesions in orthopedic and spinal surgical procedures. See "Collaborative Agreements - Polymer Technology."

REPEL and REPEL-CV are proprietary bioresorbable post-operative adhesion barrier films based on the Company's polymer technology. The Company is also developing RESOLVE and RELIEVE, post-operative adhesion barrier coatings (viscous solution). REPEL, REPEL-CV, RESOLVE and RELIEVE are intended to be used routinely during surgeries to prevent or reduce the formation of post-operative adhesions.

Adhesions are fibrous structures that connect tissues or organ surfaces that are not normally joined. They are an undesirable side effect of the body's normal healing process following damage to tissue. Adhesions can cause significant complications such as bowel obstruction following abdominal surgery, infertility following gynecological surgery, serious complications during secondary cardiovascular surgical procedures, restricted limb motion following orthopedic surgery, and pain following any surgery. Moreover, adhesions that form as a result of surgery can increase the complexity, duration and risk of subsequent surgery. According to industry sources, in the United States, surgeons perform an estimated 440,000 abdominal operations annually to remove adhesions, and the annual cost in the United States for the removal of such adhesions is approximately \$1.2 billion in inpatient treatment charges.

According to industry data, adhesions occur in approximately 93% of abdominal surgeries, between 55% and 100% of gynecologic operations and are a common occurrence following open-heart procedures. However, as it is not possible to predict which patients will develop adhesion related complications, the Company believes that most surgeries will benefit from routine

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use of its adhesion prevention products. The Company believes that current products for the prevention or reduction of adhesions are limited by various shortcomings including: (i) undesirable handling characteristics in the surgical environment, (ii) diminished efficacy in the presence of blood, (iii) inability to be used in laproscopic procedures, and (iv) failure to be absorbed. The Company believes that REPEL, REPEL-CV, RESOLVE and RELIEVE may not suffer from these shortcomings and as a result may become the preferred method of treatment for the prevention or reduction of adhesions. In addition, some resorbable polymers may form particles or break-down products as they degrade which could lead to untoward biological effects or may actually cause adhesions. The Company believes that REPEL, REPEL-CV, RESOLVE and RELIEVE uniformly dissolve without forming particles and do not form break-down products, which could lead to untoward biological effects.

REPEL

REPEL adhesion barrier film is the first in the series of bioresorbable adhesion prevention products from the patented platform technology. REPEL was tested in a series of pre-clinical studies at the University of Southern California in which its efficacy was evaluated in controlled, blinded, randomized studies. These studies demonstrated that REPEL either completely eliminated or substantially reduced the formation of adhesions in the peritoneal cavity in such industry standard models as de novo adhesion formation, adhesion reformation and adhesion formation in the presence of blood. Throughout these studies, REPEL was assessed as safe and biocompatible and resorbed without complication. In conjunction with the Investigational Device Exemption (IDE) submission to the FDA, REPEL was rated safe in an extensive series of non-clinical toxicologic and hematologic studies.

During 1997, a pilot clinical trial was conducted on REPEL in gynecological surgery, at several sites in the United States. The trial was designed to test the safety and efficacy of REPEL when applied to the anterior and posterior surfaces of the uterus during myomectomies by laparotomy. REPEL was rated safe and well tolerated as well as being greater than twice as effective in reducing adhesion formation compared to the control of standard surgical technique. The most striking result of the trial was the reduction in the extent of adhesion formation on the posterior surface of the uterus, where adhesions are more extensive, clinically relevant and difficult to address. On the posterior surface, the median extent of adhesions in the REPEL patients was less than 25 percent, whereas the control patients' median extent was greater than 75 percent. Based on these results, FDA has granted approval to initiate the pivotal clinical trial.

REPEL-CV is a bioresorbable adhesion barrier film made from a different copolymer formulation than REPEL which results in its being stronger and longer lasting in the body. The clinical significance of these enhanced characteristics was demonstrated in a series of pre-clinical studies. These studies were conducted at the University of Southern California and at New York Presbyterian Medical Center. Throughout these studies, REPEL-CV was rated as safe and well-tolerated as well as virtually preventing the formation of adhesions to the surface of the heart.

Adhesion formation after open heart surgical procedures is a well-documented, significant complication at the point of performing a secondary procedure. Secondary procedures (re-do's) account for 15-20% of the approximately 600,000 open heart surgeries performed annually in the United States. Extensive adhesions form between the surface of the heart (epicardium) and the inner surface of the sternum after virtually every open heart surgical procedure. These adhesions make opening the sternum and accessing the heart a time consuming and dangerous process in the secondary procedure. There are no FDA approved products currently available to the cardiovascular surgeon to address post-operative adhesion formation.

In January 1999, Life Medical initiated a multi-center, randomized, controlled U.S. pilot clinical trial for REPEL-CV in cardiovascular surgical procedures. REPEL-CV is a bioresorbable film which is placed over the anterior surface of the heart at the conclusion of the surgical procedure. The primary endpoint of this trial involving 21 evaluable patients is to assess the safety of the material. In addition, the trial is designed to provide initial data on the efficacy in preventing adhesions between the heart and the inner surface of the sternum. This trial is scheduled for completion in April, 1999.

RESOLVE

Coating tissue surfaces as a means of providing broad-based versus site specific protection against adhesion formation is the objective of the RESOLVE viscous gel development program. This approach has particular application in gynecological and general abdominal surgery due to the "bowl shaped" anatomical configuration of the peritoneal cavity.

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RESOLVE would be poured (open procedures) or injected (laparoscopic procedures) into the peritoneal cavity at the conclusion of the procedure as an instillate to coat and lubricate the tissue surfaces thereby protecting the organs from adhesion formation.

The formulation of RESOLVE was specified through a series of pre-clinical studies during which the preferred viscosity, tissue adherence and resorption time were determined. In addition to being determined as safe and biocompatible throughout the pre-clinical studies, RESOLVE proved to be efficacious in reducing the level of adhesion formation subsequent to gynecological surgical procedures. In one pre-clinical study, approximately forty-five (45) percent of the tissue surfaces in the RESOLVE treated group were free of adhesions, compared to less than ten (10) percent in the control group and less than twenty (20) percent in the group treated with SEPRAFILM, an FDA approved surgical adhesion barrier developed by Genzyme Corporation. Manufacturing and packaging development programs are underway in preparation for submission of the Investigational Device Exemption (IDE) to the FDA as a basis for initiating the pilot clinical trial.

RELIEVE

Gels of higher viscosity may also be beneficial in addressing adhesion formation in articulating joints subsequent to orthopaedic surgical procedures and involving the spinal canal after spinal surgery. The RELIEVE category of viscous gel products are under development through pre-clinical studies. Candidate materials are being evaluated in a surrogate hand tendon model and in a feasibility study in spinal surgery which is being funded by a major manufacturer of spine surgery instruments.

CLINICEL--TOPICAL SCAR MANAGEMENT DEVICE

According to Vital Statistics from the U.S. Department of Commerce, 62 million new scars occur annually in the United States. Of this total, a portion of these scars will predictably progress into unsightly, uncomfortable scars known as hypertrophic and keloid scars. A series of focus groups were conducted in the beginning of 1998, to determine if a target audience of 20-50 year-old women would be interested in and motivated to purchase a self-care treatment option to improve the appearance and symptoms of these problem scars. The results were very positive.

Based on this research and the limited competition in this product segment, the Company introduced the CLINICEL product line of novel, patented, silicone gel-filled cushions intended for the prevention and management of hypertrophic and keloid scars. The cushions are applied to intact skin for diminishing the size, discoloration and associated discomfort of unsightly scars. Marketing of the CLINICEL product was approved by the FDA for over-the-counter promotion direct to the consumer. A non-controlled clinical study involving 30 patients with various types of scars ranging in age from 4 months to 38 years demonstrated that the use of CLINICEL accelerated the revision of the scars compared to previous experience with silicone sheet products. The results of this study were published in the April 1998 edition of the Journal of Plastic and Reconstructive Surgery.

The CLINICEL line of silicone gel-filled cushions and ancillary elastic net dressing and hypoallergenic tape products were launched in April 1998 through a multi-faceted promotional program. Primary emphasis has been placed on consumer advertising in such fashion journals as Cosmopolitan, Redbook and Essence with contract inbound telemarketing for product information and order processing. To date, approximately 90,000 consumer calls and 13,000 consumer orders have been processed via the 800 number and website. Promotional emphasis has also been focused, through journal advertising and conventions, at dermatologists, plastic and gynecologic surgeons as well as pharmacists.

As consumer awareness and clinical endorsement of CLINICEL increases, the establishment of broad retail access of CLINICEL becomes a critical factor to support continued sales growth. CLINICEL is currently available through more than 6,000 retail outlets including chain and independent drug stores as well as mass merchandise and supermarket pharmacies. CLINICEL is stocked in all major drug wholesalers and is sold through such major retailers as WalMart, Eckerd, American Stores and Long's. Sales through December 1998 totaled \$1.7 million of which approximately \$.9 million represented individual consumer orders and the remainder were trade sales.

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Collaborative Agreements

Polymer Technology

The Company's polymer technology was developed at the Hebrew University of Jerusalem. The Company entered into an agreement with Yissum Research Development Company of the Hebrew University of Jerusalem ("Yissum") dated June 14, 1991, as amended in February 1994, as of January 1996 and as of October 1996 (the "Yissum Agreement"), pursuant to which the Company agreed to finance research and development conducted at the Hebrew University of Jerusalem in the field of biomedical polymers. Pursuant to the Yissum Agreement, Yissum has assigned to the Company its worldwide rights to patents, patent applications and know-how to develop, manufacture and market products relating to this technology. Under the terms of the Yissum Agreement, all rights in the research or products developed are owned solely by the Company, except as set forth below. The Company is permitted to grant licenses of its polymer technology upon certain terms and conditions. The Company has agreed to favorably consider manufacturing in Israel products resulting from its polymer technology and to explore opportunities to do so.

In consideration for the assignment of the patents and the patent applications, the granting of the licensing rights and the know-how, the research that Yissum agreed to procure pursuant to the Yissum Agreement and Yissum's performance of its obligations thereunder, the Company paid Yissum a fixed fee of \$750,000 and is obligated to pay a royalty of five percent of all net sales of the Company's products under the Yissum Agreement up to a maximum amount of \$5,500,000 in royalties during the term of the Yissum Agreement.

The Yissum Agreement continues until the earlier of the last date upon which the patents covering the products governed by the Yissum Agreement expire or the end of a period of 15 years from the date of the first commercial sale of products under the assigned technology. Yissum has the right in its sole discretion, subject to certain exceptions set forth in the following sentences, to terminate the Yissum Agreement and/or enter into contracts with others in order to grant them a license for the development, manufacture and marketing of a product and the other rights detailed in the Yissum Agreement if, among other things, (i) the Company does not advise Yissum of the completion of development and manufacturing work necessary to lead to the development of a product by December 31, 2001; (ii) the Company does not advise Yissum of the first commercial sale by December 31, 2001; (iii) the Company does not reach total net sales of products or achieve income of \$1,000,000 by December 31, 2002; (iv) the Company stops manufacturing and/or marketing the product for a period of more than 12 months; or (v) the Company breaches the Yissum Agreement, a receiver or liquidator is appointed for the Company or the Company passes a resolution for voluntary winding up, or a winding up application is made against the Company, an attachment is made over a substantial part of the Company's assets, or execution proceedings are taken against the Company, and the same is not

remedied or set aside within the time periods specified in the Yissum Agreement. Notwithstanding the foregoing: (i) in the event that the Company does not advise Yissum of the first commercial sale by December 31, 2001, Yissum shall not terminate the Yissum Agreement during the year ended December 31, 2002 so long as the Company pays to Yissum a minimum royalty payment of \$50,000; (ii) in the event that the Company does not (a) advise Yissum of the first commercial sale by December 31, 2002 or (b) reach total net sales of products or achieve income of \$1,000,000 by December 31, 2002, Yissum shall not terminate the Yissum Agreement during the year ended December 31, 2003 so long as the Company pays to Yissum a minimum royalty payment of \$50,000; and (iii) in the event that the Company does not reach total net sales of products or achieve income of \$1,000,000 by December 31, 2003, Yissum shall not terminate the Yissum Agreement during the year ended December 31, 2004 so long as the Company pays to Yissum a minimum royalty payment of \$50,000. The Company has agreed to indemnify Yissum under certain circumstances. Upon the termination of the Yissum Agreement for any reason, the patents and patent applications assigned by Yissum to the Company will revert in full to Yissum.

In March 1996, pursuant to the Yissum Agreement, the Company paid Yissum \$60,000 for conducting research relating to the development of surgical adhesion barriers. Effective as of October 1996 the Yissum Agreement was amended as it relates to the Company financing research at Yissum. The amendment provides a research term of five years from the date of the amendment and requires Yissum personnel to enter into confidentiality and non-competition agreements with the Company. Pursuant to the amendment, the Company paid Yissum approximately \$276,000 for each the first and second twelve month periods of the research term.

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CLINICEL

The CLINICEL product line was developed at The Bruce Rappaport Faculty of Medicine at Technion-Israel Institute of Technology in Haifa, Israel (the "Rappaport Faculty"). In July 1995, the Company entered into an agreement with Dimotech (the "Dimotech Agreement") pursuant to which the Company agreed to finance the research and development conducted by Dimotech with regard to CLINICEL. Pursuant to the Dimotech Agreement, Dimotech has assigned to the Company the worldwide rights to its patent applications, any patents which may issue and know-how to develop, manufacture and market products relating to CLINICEL. Under the terms of the Dimotech Agreement, all rights in the research or products developed are owned solely by the Company, except as set forth below. The Company has agreed to favorably consider manufacturing in Israel the scar care products and to explore opportunities to do so.

In consideration for the assignment of the rights to the patents, patent applications and know-how and in order to perform and finance the research and development to be conducted under the Dimotech Agreement, the Company has paid Dimotech an aggregate fixed fee of \$25,935 and is obligated to pay a royalty of five percent of all net sales of CLINICEL products during the term of the Dimotech Agreement.

The Dimotech Agreement continues until the earlier of the last date upon which the patents covering the products governed by the Dimotech Agreement expire, or the end of a period of 15 years from the date of the first commercial sale pursuant to the assignment. Dimotech has the right in its sole discretion to terminate the Dimotech Agreement and/or enter into contracts with others in order to grant them a license for the development, manufacture and marketing of a product and other rights detailed in the Dimotech Agreement, if, among other things, (i) the Company does not advise Dimotech of the first commercial sale by July 16, 1999; (ii) the Company does not reach total net sales of products or achieve income of \$1,000,000 within 72 months from the date of the Dimotech Agreement (July 2001); (iii) the Company stops manufacturing and/or marketing the product for a period of more than 12 months; or (iv) the Company breaches the Dimotech Agreement, a receiver or liquidator is appointed for the Company, the Company passes a resolution for voluntary winding up, a winding up application is made against the Company, an attachment is made over all or a substantial part of the Company's assets, or execution proceedings are taken against the Company, and the same is not remedied or set aside within the time periods specified in the Dimotech Agreement. The Company has agreed to indemnify Dimotech under certain circumstances. Upon the termination of the Dimotech Agreement in accordance with the provisions thereof for any reason, the patents, patent applications and know-how assigned by Dimotech to the Company will revert in full to Dimotech and any licenses granted by the Company thereunder will expire.

Sure-Closure System

The Sure-Closure System was invented at the Rambam Medical Center, an affiliate of Technion-Israel Institute of Technology in Haifa, Israel. The

Company entered into an agreement with Technion dated June 28, 1992 (the "Skin-Stretching Agreement"), pursuant to which Technion has assigned to the Company its worldwide rights to its patents, patent applications and know-how to develop, manufacture and market products relating to the Sure-Closure System technology, and Technion assigned the Skin-Stretching Agreement to Dimotech. On July 29, 1994, the Company completed the sale of its Sure-Closure System to MedChem. The assets sold included substantially all of the Company's assets, properties, claims, rights and interests related to the Sure-Closure System, other than accounts receivable. The transaction provided for (i) the payment to the Company of \$4 million; (ii) the assumption of certain liabilities, in an amount of approximately \$644,000 which was recorded as deferred royalty income and will continue to be reduced by a 10% royalty on net sales of all current and future Sure-Closure System products to be paid to the Company through June 30, 2004. In July 1994, in connection with the sale of the Sure-Closure System, Technion and Dimotech agreed to the assignment of all rights and duties, under the Skin Stretching Agreement, to MedChem, relieving the Company of any obligations under the Skin Stretching Agreement. In October 1997 the Sure-Closure System was acquired by the Zimmer Inc. subsidiary of Bristol-Myers Squibb.

Government Regulation

FDA and Other Regulations

The Company's research and development activities and the production and marketing of the Company's products are subject to regulation for safety, efficacy and compliance with a wide range of regulatory requirements by numerous governmental authorities in the United States and other countries. In the United States, drugs, biologic products and medical devices are subject to rigorous FDA review. The Federal Food, Drug, and Cosmetic Act, the Public Health Service Act and other federal statutes and regulations govern or influence the research, testing, manufacture, safety, labeling, storage, record keeping, approval, distribution, reporting, advertising and promotion of such products. Noncompliance with applicable requirements can result in fines, recall, injunction or seizure of products, refusal to permit products to be imported into the United States, refusal of the government to approve or clear product approval applications or to allow the Company to enter into government supply contracts, withdrawal of previously approved applications and criminal prosecution. The FDA may also assess civil penalties for violations of the Food, Drug, and Cosmetic Act relating to medical devices.

In order to obtain FDA approval of a new drug, a biologic or device, companies must submit proof of safety and efficacy. In most cases such proof entails extensive clinical and preclinical laboratory tests. The testing and preparation of necessary applications and processing of those applications by the FDA is expensive and may take several years to complete. There is no assurance that the FDA will act favorably or in a timely manner in reviewing submitted applications, and the Company may encounter significant difficulties or costs in its efforts to obtain FDA approvals which could delay or preclude the Company from marketing any product it may develop. The FDA may also require postmarketing testing and surveillance of approved products, or place other conditions on the approvals. These requirements could cause it to be more difficult or expensive to sell the products, and could therefore restrict the commercial applications of such products. Product approvals may be withdrawn if compliance with regulatory standards is not maintained or if problems occur following initial marketing. For patented products or technologies, delays imposed by the governmental approval process may materially reduce the period during which the Company will have the exclusive right to exploit such technologies. See "Risk Factors - Risks Associated with Uncertainties of Clinical Trials."

The conduct of non-clinical studies must be done in conformity with the FDA's good laboratory practice (GLP) regulations. Clinical studies must comply with the FDA's regulations for institutional review board approval and for informed consent and, depending on the product, Investigational New Drug (IND) or Investigational Device Exemption (IDE) regulations. In addition, a variety of state and local permits are required under regulations relating to the Company's proposed laboratory activity.

The Company will also be required to register as a manufacturer with the FDA if it manufactures drugs, biologics or devices in the United States. As such, the Company would be inspected on a routine basis by the FDA for compliance with the FDA's good manufacturing practices (GMP) regulations. These regulations require that the Company manufacture its products and maintain its documents in a prescribed manner with respect to manufacturing, testing and control activities. Foreign manufacturing facilities that produce products for sale in the United States are also subject to these GMP requirements and to periodic FDA inspections. FDA regulations also require that the Company provide information to the FDA on deaths or serious injuries associated with the use of its products, as well as other post-approval marketing experiences. In addition, the

FDA prohibits a company from marketing approved products for unapproved applications.

Devices

The FDA categorizes devices into three regulatory classifications subject to varying degrees of regulatory control. In general, Class I devices require compliance with labeling and record keeping regulations, GMPs, 510(k) pre-market notification, and are subject to other general controls. Class II devices may be subject to additional regulatory controls, including performance standards and other special controls, such as guidelines and postmarket surveillance. Class III devices, which are typically invasive or life-sustaining products, or new products never before marketed, require clinical testing to assure safety and effectiveness and FDA approval prior to marketing and distribution. The FDA also has the authority to require clinical testing of Class I and Class II devices.

If a medical device manufacturer can establish that a newly developed device is substantially equivalent to a Class I or Class II device that was legally marketed prior to May 1976, the date on which the Medical Device Amendments of 1976 were

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enacted, or to a device that was legally introduced to the market after the FDA has found it to be substantially equivalent to a legally marketed device, the manufacturer may seek clearance from the FDA to market the device by filing a 510(k) pre-market notification. Substantial equivalence also can be found for pre-1976 Class III devices for which PMAs have not been required. The 510(k) pre-market notification may need to be supported by appropriate data establishing the claim of substantial equivalence to the satisfaction of the FDA. Following submission of the 510(k) pre-market notification, the manufacturer or distributor may not place the device into commercial distribution until an order is issued by the FDA. By regulation, the FDA has no specific time limit by which it must respond to a 510(k) pre-market notification. At this time, the FDA responds to the submission of a 510(k) pre-market notification in approximately 150 days on average. The FDA order may declare that the device is substantially equivalent to another legally marketed device and allow the proposed device to be marketed in the United States. The FDA may, however, determine that the proposed device is not substantially equivalent, or require further information, such as additional test data, before the FDA is able to make a determination regarding substantial equivalence. Such determination or request for additional information could delay the Company's market introduction of its products and could have a material adverse effect on the Company.

If a manufacturer or distributor of medical devices cannot establish that a proposed device is substantially equivalent, whether or not the FDA has made a determination in response to a 510(k) premarket notification, the manufacturer or distributor must seek pre-market approval of the proposed device through the submission of a PMA application. A PMA application must be supported by extensive data, including preclinical and human clinical trial data, as well as extensive literature, to prove the safety and efficacy of the device. Upon receipt, the FDA conducts a preliminary review of the PMA application. If sufficiently complete, the submission is declared fileable by the FDA. By law, the FDA has 180 days to review a PMA application once it is filed, although PMA application reviews more often occur over a significantly protracted time period, and generally take approximately two years or more from the date of filing to complete. A number of devices for which FDA marketing clearance has been sought have never been cleared for marketing.

If human clinical trials of a proposed device are required and the device presents a "significant risk," the manufacturer or distributor of the device will have to file an IDE application with the FDA prior to commencing human clinical trials. The IDE application must be supported by data, typically including the results of animal testing. If the IDE application is approved, human clinical trials may begin at a specified number of investigational sites with the number of patients approved by the FDA.

Sales of devices, new drugs and biologic products outside the United States are subject to foreign regulatory requirements that vary widely from country to country. Whether or not FDA approval has been obtained, approval of a device, new drug or biologic product by a comparable regulatory authority of a foreign country must generally be obtained prior to the commencement of marketing in those countries. The time required to obtain such approval may be longer or shorter than that required for FDA approval.

Products utilizing the Company's polymer technology are likely to be classified as Class III devices, requiring a PreMarket Approval ("PMA") application review process prior to commercial distribution in the United States. CLINICEL silicone gel-filled cushions are classified as Class 1 devices for which a 510K pre-market notification for over-the-counter (OTC) marketing

has been approved by the FDA.

Third Party Reimbursement

Successful commercialization of the Company's proposed products may depend in part on the availability of adequate reimbursement from third-party health care payers such as Medicare, Medicaid, and private insurance plans. Reimbursement matters include both coverage issues and payment issues. Questions of coverage raise the issue of whether a product will be paid for at all and under what circumstances. Questions of payment relate to the amount or level of payment. Reimbursement policies vary among payers and may depend on the setting in which a product is used.

There are numerous governmental third-party payers. Medicare is a federally funded health insurance for persons who are age 65 or older, who have end stage renal disease, or who otherwise qualify by virtue of a disability. Medicare is the largest single health insurance program in the United States. Medicaid is a joint federal-state program to provide health services to the indigent. The Department of Veterans Affairs provides a variety of medical services to veterans both directly and through arrangements with private health care providers. The Civilian Health and Medical Program for the Uniformed Services pays for care and services furnished to dependents of members of the armed forces. There are also numerous private health insurance

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plans, including private nonprofit insurers (e.g., Blue Cross and Blue Shield plans), commercial insurers, and various types of managed care organizations.

Patents and Proprietary Rights

In connection with the polymer technology, the Company currently holds two issued United States patents, one Canadian patent and two Israeli patents relating to bioresorbable polymeric compounds and polyurethane polymeric compounds. The first United States patent claims novel bioresorbable polymeric compounds of specified chemical structure. Also claimed are medical articles, including sutures and prosthetic devices, made from these materials as well as methods for making these materials. The Company does not currently have comparable patent protection outside the United States for the bioresorbable polymeric compounds other than in Canada and in Israel. The second United States patent claims novel polyurethane polymeric compounds of specified chemical structure. Also claimed are medical articles, including sutures and wound and burn dressings. The two United States patents will remain in effect until June 2, 2008 and May 3, 2010, respectively, provided that all requisite maintenance fees are paid to the United States Patent and Trademark Office. The Company has one issued patent which will remain in effect until January 8, 2015, and two pending patent applications in the United States pertaining to bioresorbable polymeric compounds used in adhesion prevention. The Company has filed for foreign protection on the bioresorbable polymeric compounds used in adhesion prevention.

With regard to CLINICEL, the Company has received notification of allowance from the U.S. Patent and Trademark Office on a design and use patent in the field of treatment of hypertrophic and keloid scars. Similar patents have been filed in major international markets.

Competition

REPEL, REPEL-CV, RESOLVE and RELIEVE

REPEL, REPEL-CV, RESOLVE and RELIEVE are expected to compete with various currently marketed products such as Interceed TM, a product of Johnson & Johnson, Sefrafilm TM, a product of Genzyme Corp., and Goretex TM, a product of WL Gore. Several other companies including LifeCore Biomedical Inc., Gliatech Inc., Anika Therapeutics, Inc., Biomatrix Inc., Alliance Pharmaceuticals, Corp. and Focal Inc. either are or may be pursuing the development of products for the prevention of adhesions. The anti adhesion market is characterized by a limited number of products currently on the market with limited (as a percent of total surgical procedures using such products) penetration. The Company's products are in the developmental stage in a market where clinical efficacy and, to a lesser extent, strength of existing product lines are the principal methods of competition.

CLINICEL

CLINICEL competes with various OTC Therapeutic Scar Treatment options currently available direct to the consumer such as the ReJuveness silicone sheet material marketed by RichMark International and Mederma topical ointment marketed by Merz USA. CLINICEL will also compete with prescription-only or surgical treatment options such as corticosteroid injections and reconstructive surgery. There are few products in this embryonic segment and competition is dependent upon marketing, pricing and distribution.

Manufacturing

REPEL, REPEL-CV, RESOLVE, RELIEVE and CLINICEL.

The Company intends to rely primarily on certain manufacturers to produce REPEL, REPEL-CV, RESOLVE, RELIEVE and other proposed products for testing and commercial production. The manufacturer procures, tests and inspects all raw materials used in the production of the Company's proposed products. The manufacturer relies on various sources, approved by the Company, for its raw materials and components. The Company believes that alternative sources for these raw materials and components are available. The Company's products would be manufactured in a facility in compliance with regulatory requirements. The Company has engaged a third party to inspect the product formulated by the manufacturer for quality assurance purposes. The Company has been, and expects to continue to be, able to obtain all materials required for its production of its proposed products, although there can be no assurances thereof.

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As of the date of this report, the Company and its primary manufacturer have completed various manufacturing pilot batches and scale-up studies at its primary manufacturing partners site. The Company's manufacturing equipment, which was used by the manufacturer in the production process, was pledged as collateral against amounts owed to this manufacturer during 1998. The Company has continued to produce pilot batches for use in clinical trials during 1999 at this manufacturer and on this equipment and intends to continue this manufacturing development and optimize, validate and utilize the process, equipment and manufacturer to produce further clinical and commercial sale products at this site.

CLINICEL

The Company relies on certain manufacturers to produce and supply the CLINICEL products. The manufacturer procures, tests, and inspects all raw materials used in the production of these products. The manufacturer relies on various sources, approved by the Company, for its raw materials and components. The Company believes that alternative sources for these raw materials and components are available. The Company's CLINICEL products are manufactured in a facility in compliance with appropriate regulatory requirements.

Marketing and Sales

The Company markets its CLINICEL products through advertisements in various periodicals and professional journals and has established distribution in various chain drug stores. The Company's largest customer (Eckerd) accounted for approximately 22% of sales in 1998. Internationally, the CLINICEL products will be marketed through a series of independent distributors. If the Company's proposed products from its polymer technology are successfully developed, the Company may either establish an organization for the marketing and sale of these proposed products or enter into corporate alliances for the distribution of certain products in the United States. The Company intends to seek joint venture, licensing or collaborative arrangements for the marketing and sale of these proposed products elsewhere in the world.

If development of the Company's bioresorbable polymer products is completed, the Company will seek to have its products marketed and sold in European countries and the United States while concurrently seeking product registration in Japan. Products utilizing the Company's technologies are expected to be targeted to various segments in the medical community, including physicians, surgeons, and other care providers in both the institutional and home care markets. The Company's future growth and profitability will depend, in large part, on the success of its personnel and others in fostering acceptance of the Company's products as an alternative to other available products, among the medical community. Such acceptance will be substantially dependent on educating the medical community as to the distinctive characteristics and potential benefits of the Company's technologies and products.

Product Liability and Insurance

The Company's business exposes it to potential liability risks that are inherent in the testing, manufacturing and marketing of medical products. The Company has obtained product liability insurance for its clinical trials and commercial sales of its products providing coverage in an aggregate amount of \$3,000,000.

Human Resources

As of March 23, 1999, the Company employed nine full time employees. Research and development activities are conducted through arrangements with various consultants and companies in Europe, Israel and the United States. The Company's employees are not a party to any collective bargaining agreement. The Company

believes that it has good relations with its employees. The Company intends to increase its number of full time employees as it expands its clinical trials and product development activities and begins to market its products.

Executive Officers of the Company

The Company's executive officers are as follows:

<TABLE>
<CAPTION>

Name	Age	Positions with the Company
<S>	<C>	<C>
Dr. Herbert Moskowitz.....	58	Chairman of the Board of Directors
Robert P. Hickey.....	53	President and Chief Executive Officer
Eli Pines, Ph.D.....	53	Vice President and Chief Scientific Officer
Drew Karazin.....	45	Vice President, Chief Financial Officer
Robert G. Conway.....	41	Vice President Operations

</TABLE>

Dr. Herbert Moskowitz is a co-founder of the Company and is currently the Chairman of the Board of Directors. Dr. Moskowitz has served as Chairman of the Board, President and Chief Executive Officer at various periods since the Company's inception in 1990. Dr. Moskowitz is also president, director and a principal stockholder of Magar Inc., a private investment firm. Magar Inc. is a principal stockholder of the Company. He is also Executive Director of the Andrew F. Capoccia Law Centers LLC. He is a co-founder of Advanced Tissue Sciences, Inc., a publicly traded medical technology company, and at various periods from 1986 to 1989 served as director, chairman of the board, president and chief executive officer. Dr. Moskowitz, a former practicing dentist, has been active in the healthcare field since 1958.

Robert P. Hickey has served as President and Chief Executive Officer since May 29, 1996 and as a Director since August 1996. From May 1994 until joining the Company, Mr. Hickey was founder and president of Roberts Healthcare Resources, Inc., a company engaged in project consulting to Fortune 500 and leading edge companies in the healthcare industry. From 1975 to 1994 Mr. Hickey served in various positions at Johnson & Johnson. From 1992 to 1994, Mr. Hickey was Vice President, Marketing and Director of Ethicon, Inc., a unit of Johnson & Johnson.

Eli Pines, Ph.D. has served as a Vice President and the Chief Scientific Officer of the Company since June 1995. From June 1992 to June 1995 Dr. Pines served as vice president and chief technical officer for Fibratek, Inc., a biopharmaceutical company engaged in research, development and production of medical products. Prior to joining Fibratek, Inc., Dr. Pines was employed for seventeen years by Johnson & Johnson, where his last position was director of new products research and development with worldwide responsibilities for the Surgical Specialty Division of Johnson & Johnson Medical, Inc. Dr. Pines received a BS in Chemistry from Brooklyn College in 1968, a Ph.D. in Biophysics from Syracuse University in 1972 and conducted post doctoral research in Biochemistry at The Rockefeller University from 1972 to 1974.

Drew Karazin has served as Vice President and Chief Financial Officer since July, 1998. Prior to joining the company, he served during 1996 and 1997 as Chief Financial Officer for SCA Molnlycke, a \$200 million subsidiary of a Swedish medical device and incontinence product company. In 1996, Mr. Karazin was President and Chief Financial Officer of Jersey Integrated Healthpractice, one of the largest physician management companies in New Jersey. From 1983 to 1995, Mr. Karazin served in financial management positions of increasing responsibility with Merck & Co. Inc. From 1992-1995 he was the senior executive responsible for Finance, Business Development, Strategic Planning, Information Systems and certain marketing and product development activities for Calgon Vestal Laboratories Inc., a \$100 million division of Merck. Mr. Karazin graduated from Clarkson University with a B.S. in Chemical Engineering and received an M.B.A. from Fairleigh Dickenson University.

Robert G. Conway has served as Vice President, Operations since July 1998. Prior to joining the company, Mr. Conway worked with Life Medical Sciences as an independent consultant with principal responsibility for the engineering and manufacturing functions associated with Clinichel. Prior to establishing his consulting firm, Mr. Conway served as President and COO of VasoMedx, Inc. a venture-backed medical device company. He has held engineering and manufacturing positions of increasing responsibility with various units in the U.S. and Australia of Johnson & Johnson. Mr. Conway received a BS in Mechanical Engineering from New Jersey Institute of Technology.

Consultants and Advisors

The Company utilizes various consultants and advisors for research, development and testing of its technologies and products. The Company periodically confers with such consultants and advisors as necessary to discuss research, development and testing strategies and specific details of certain projects. Certain of the listed consultants and advisors have entered into agreements specifying the terms and scope of their individual advisory relationship with the Company. The Company does not believe that termination of any individual consulting or advisory agreement would materially affect its business. None of the consultants or advisors are employed by the Company and, therefore, may have commitments to, or consulting or advisory contracts with, other entities which may compete with their obligations to the Company. The Company's consultants and advisors are as follows:

Daniel Cohn, Ph.D..... Dr. Daniel Cohn is Professor of Biomaterials Science and Head of the Biomedical Polymers Research Group, Casali Institute of Applied Chemistry, Hebrew University, Jerusalem, Israel. Dr. Cohn's main areas of research are biomedical resorbable polymers, surface tailoring of polymeric biomaterials, biomedical composites and the development of polymeric scaffolds for tissue engineering. Dr. Cohn developed the Company's polymer technology.

Alan H. DeCherney, M.D. Dr. Alan DeCherney is Professor and Chairman, Department of Obstetrics and Gynecology at UCLA School of Medicine. Prior to that, Dr. DeCherney was Louis E. Phaneuf Professor and Chairman of the Department of Obstetrics and Gynecology at Tufts University School of Medicine, and Chief of Obstetrics and Gynecology at the New England Medical Center. Prior to this, Dr. DeCherney was Director of the Division of Reproductive Endocrinology, and was John Slade Ely Professor of Obstetrics and Gynecology at Yale University School of Medicine. He has been President of the International Society of Gynecologic Endoscopy, the Society of Assisted Reproductive Technologies, the Society of Reproductive Surgeons, the Society of Reproductive Endocrinologists, the American Society of Reproductive Medicine, and the Society of Gynecologic Investigation. Dr. DeCherney is a member of the American Board of Obstetrics and Gynecology, is an Associate Editor of the New England Medical Journal, and Editor of Assisted Reproductive Reviews. In 1987, Dr. DeCherney was recipient of the President's Achievement Award of the Society of Gynecologic Investigation.

Michael P. Diamond, M.D. Dr. Michael P. Diamond, since 1994, has served as Professor of Obstetrics and Gynecology at Wayne State University in Detroit, Michigan, and Director of the Division of Reproductive Endocrinology and Infertility. Dr. Diamond is a Board-certified Obstetrician/Gynecologist with a subspecialization in Reproductive Endocrinology and Infertility. Dr. Diamond previously served on the faculty at Yale University, and as Associate Professor of Obstetrics and Gynecology, and Director of the Division of Reproductive Endocrinology and Infertility at Vanderbilt University. He has long-standing involvement in animal and clinical trials assessing postoperative adhesion development.

Gere S. diZerega, M.D... Dr. Gere D. diZerega is Professor, Department of Obstetrics and Gynecology at Women's' Hospital, University of Southern California Medical Center. Dr. diZerega's area of research include post-operative adhesions, peritoneal healing and post-surgical wound repair.

Bernard Hirshowitz, M.D. Dr. Bernard Hirshowitz is Professor Emeritus of Plastic Surgery, The Bruce Rappaport Faculty of Medicine, Technion-Israel Institute of Technology, Haifa, Israel. Dr. Hirshowitz serves as consultant to one of the major Sick Benefits Funds of Israel,

comparable to Blue Cross. Dr. Hirshowitz has held both positions since 1989. Dr. Hirshowitz developed the Sure-Closure System and was involved in the development of the CLINICEL products.

Ella Lindenbaum, Ph.D.. Dr. Ella Lindenbaum is the Director of the Morphology Research Unit, The Bruce Rappaport Faculty of Medicine, Technion-Israel Institute of Technology, Haifa, Israel. Dr. Lindenbaum is a cell biologist, whose work led to the development of CLINICEL products and the in-situ tissue culturing technology.

Gary L. Loomis, Ph.D... Dr. Gary Loomis is founder, president and senior consultant of G. L. Loomis & Associates, Inc., a firm providing technical expertise in polymer science to a diverse international client base. Dr. Loomis is internationally renowned as an expert in the preparation, modification, evaluation and processing of polymers, especially bioresorbable polymers for medical devices and drug delivery applications.

Mehmet C. Oz, M.D..... Dr. Mehmet C. Oz is Irving Assistant Professor of Surgery at Columbia University College of Physicians and Surgeons, New York and Director of The Assist Device Program and attending surgeon of the Division of Cardiothoracic Surgery at New York-Presbyterian Medical Center, New York.

Eric A. Rose, M.D..... Dr. Eric A. Rose is Chairman, Department of Surgery at College of Physicians & Surgeons of Columbia University, New York, Surgeon-in-Chief of Columbia-Presbyterian Medical Center, New York and Director, Cardio-Thoracic Services at St. Michael's Medical Center, Newark, New Jersey.

History

The Company is a Delaware corporation which was organized in August 1990 under the name BioMedical Polymers International, Ltd. The Company changed its name to Life Medical Sciences, Inc. in June 1992.

Risk Factors

Risk that Technologies or Proposed Products Will Never Be Successfully Developed

The Company's polymer technology and proposed products are still under development and are subject to the risks of failure inherent in the development of new technologies and products based on new technologies. The Company's polymer technology and proposed products will require significant further research, development and testing, including extensive clinical testing and regulatory approval, prior to commercial use. Unsuccessful results from clinical trials of the Company's proposed products or adverse findings with respect to these products could adversely affect some or all of the Company's proposed products. No assurance can be given that such proposed products will prove to be safe, efficacious and non-toxic, receive requisite regulatory approvals, demonstrate substantial therapeutic benefit, be commercialized on a timely basis, experience no design or manufacturing problems, be manufactured on a large scale, be economical to market, be accepted by the marketplace, or generate sufficient revenues to support future research and development programs. In addition, no assurance can be given that proprietary rights of third parties will not preclude the Company from marketing its proposed products or that third parties will not market superior or equivalent products.

Risks Associated With Uncertainties of Clinical Trials

The Company is required to obtain approval from the FDA prior to marketing its proposed therapeutic products in the United States and the approval of foreign regulatory authorities to commercialize its proposed products in other countries. To obtain such approvals, the Company is required to prove the safety and efficacy of its proposed products through extensive preclinical studies and clinical trials. The Company is in various stages of such testing. The completion of any of the Company's clinical trials is dependent upon many factors including the rate of patient enrollment and the heterogeneity of the patients and indications to be treated. Delays in patient enrollment, as well as the heterogeneity of patients and indications to be treated, may result in increased trial costs and delays in FDA submissions, which could have a material

adverse effect on the Company.

A number of companies in the biotechnology and pharmaceutical industries have suffered significant setbacks in clinical trials, even after showing promising results in earlier studies or trials. Although the Company has obtained favorable results to date in preclinical studies and clinical trials of certain of its proposed products, such results may not be predictive of results that will ultimately be obtained in or throughout such preclinical studies and clinical trials. There can be no assurance that the Company will not encounter problems in its clinical trials that will cause the Company to delay or suspend its clinical trials, that the clinical trials of its proposed products will be completed at all, that such testing will ultimately demonstrate the safety or efficacy of such proposed products or that any proposed products will receive regulatory approval on a timely basis, if at all. If any such problems occur, it could have a material adverse effect on the Company.

Capital Needs; Uncertainty of Additional Funding; Going Concern Emphasis in Auditors Report: Loss on Sale or Merger

The Company believes that available cash will not be sufficient to meet its cash requirements through 1999. As a result of the Company's limited capital resources, The Company's auditors have indicated in their report that there is substantial doubt about the Company's ability to continue as a going concern. The Company will be required to raise substantial additional funds to fund existing operations, continue to conduct necessary research and development, preclinical studies and clinical trials, to commercialize its proposed products, and to fund the growth that is expected to occur if any of its proposed products are approved for marketing. The Company is seeking such additional funding through collaborative arrangements with strategic partners, licensing arrangements for certain of its proposed products, and additional public or private financings, including equity financings. Any additional equity financings may be dilutive to stockholders. There can be no assurance that such arrangements or financings will be available as needed or on terms acceptable to the Company. Insufficient funds may require the Company to delay, scale back or eliminate some or all of its research and development programs and manufacturing and marketing efforts, or require it to license to third parties certain products or technologies that the Company would otherwise seek to commercialize itself. If the Company is not able to raise additional funds as needed to continue its research and development programs and for its intended manufacturing and marketing efforts, it may become necessary for the Company to attempt to be merged or sold in whole or in part with or to another entity. There can be no assurance that such a sale or merger would be available, but if it were, the proceeds to the Company or its stockholders from such a sale or merger could be substantially less than the amount invested by stockholders in the Company, resulting in significant losses to the stockholders on their investment in the Company's securities.

Limited Operating History; History of Losses

The Company has a limited history of operations that, to date, has consisted primarily of research, development and testing of its technologies and the commercialization of CLINICEL and the Sure-Closure System. With the exception of the third quarter of 1994, when the gain on the sale of the Sure-Closure System was realized, the Company has incurred significant net losses from its inception. The Company experienced net losses of \$3,830,000, \$7,660,000 and \$7,602,000 for the years ended December 31, 1996, 1997 and 1998 respectively. At December 31, 1998, the Company had an accumulated deficit of \$35,433,000 which has increased since that date. Although recent capital constraints have reduced spending levels, the Company continues to expend substantial financial and other resources on (i) research, development and testing of its polymer technology and proposed products utilizing this technology; (ii) commercialization of its CLINICEL product line and other proposed products; (iii) research, development and testing of other proposed products; and (iv) general and administrative expenses. The Company expects to incur additional losses as its research, development and preclinical studies

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and clinical trials continue to expand. The Company's ability to achieve a profitable level of operations is dependent on the continued growth of CLINICEL sales successfully completing the development of its proposed products, obtaining required regulatory approvals, and manufacturing and selling its proposed products. Accordingly, the extent of future losses and the time required to achieve profitability, if ever, is uncertain. There can be no assurance that the Company will achieve or sustain a profitable level of operations.

Reliance on Outside Consultants and Contractors

The Company seeks to protect its trade secrets and proprietary know-how, in part, through confidentiality agreements with its employees, consultants,

advisors, collaborators and others. There can be no assurance that these agreements will not be violated by the other parties, that the Company will have adequate remedies for any breach, or that the Company's trade secrets will not otherwise become known or be independently developed by competitors. The Company has relationships with a number of academic consultants who are employed by organizations other than the Company. Accordingly, the Company has limited control over their activities and can expect only limited amounts of their time to be dedicated to the Company's activities. These persons may have consulting, employment or advisory arrangements with other entities that may conflict or compete with their obligations to the Company. Consultants generally sign agreements that provide for confidentiality of the Company's proprietary information and results of studies. There can be no assurance, however, that the Company will, in connection with every relationship, be able to maintain the confidentiality of the Company's technology, dissemination of which could have a materially adverse effect on the Company's business. To the extent that the Company's scientific consultants develop inventions or processes independently that may be applicable to the Company's proposed products, disputes may arise as to the ownership of the proprietary rights to such information. Such inventions or processes will not necessarily become the property of the Company, but may remain the property of such persons or their full-time employers. The Company could be required to make payments to the owners of such inventions or processes, either in the form of cash, equity or a combination thereof. In addition, protracted and costly litigation may be necessary to enforce and determine the scope and validity of the Company's proprietary rights.

No Assurance of Regulatory Approvals; Potential Delays

The Company's proposed products will be subject to regulation by the FDA and comparable agencies in foreign countries. The regulatory approval process often takes a number of years and requires the expenditure of substantial funds. In the United States, the FDA enforces, where applicable, development, testing, labeling, manufacturing, registration, notification, clearance or approval, marketing, distribution, recordkeeping and reporting requirements for new drugs, medical devices, biologics and cosmetics. In addition, there can be no assurance that government regulations applicable to the Company's products or the interpretation of those regulations will not change and thereby prevent the Company from marketing some or all of its products temporarily or permanently. There can be no assurance that any proposed products that may be developed by the Company will be able to satisfy the current requirements and regulations of the FDA or comparable foreign agencies. There can be no assurance that the Company's proposed products will ever obtain the regulatory clearance or approval required for marketing. Products utilizing the Company's polymer technology are likely to be regulated by the FDA as medical devices.

Whether or not FDA approval has been obtained, approval of a drug by comparable regulatory authorities in other countries must be obtained prior to marketing the product in those countries. The approval process varies by country and the time required may be longer or shorter than that required for FDA approval. There can be no assurance that clinical testing will provide evidence of safety and efficacy in humans or that regulatory approvals will be granted for any of the Company's products. Manufacturers of therapeutic products are required to obtain FDA approval of their manufacturing facilities and processes, to adhere to applicable standards for manufacturing practices and to engage in extensive recordkeeping and reporting. Failures to obtain or delays in obtaining regulatory approvals would adversely affect the manufacturing and marketing of the Company's products, the Company's financial position and the Company's revenues or royalties. When and if approvals are granted, the Company, the approved device, the manufacture of such device and the facilities in which such device is manufactured are subject to ongoing regulatory review. Subsequent discovery of previously unknown problems may result in restriction on a product's use or withdrawal of the product from the market. Adverse government regulation that might arise from future legislative or administrative action, particularly as it relates to healthcare reform and product pricing, cannot be predicted.

Patents and Proprietary Rights; No Assurance of Enforceability or Significant Competitive Advantage

The Company's success will depend heavily on its ability to obtain and retain patent protection for its polymer technology and other products, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties. The Company owns three United States patents, one Canadian patent and two Israeli patents relating to its polymer technology. The Company has also received notification of allowance on a U.S. patent for the CLINICEL silicone gel filled cushion. In addition, the Company has filed for patents in a number of countries and intends to file additional patent applications in other countries. There can be no assurance that the claims in the pending patent applications will issue as patents, that any issued patents will provide the Company with significant competitive advantages, that challenges will not be instituted against the validity or enforceability of any patent owned by the

Company, or, if instituted, that such challenges will not be successful. The cost of litigation to uphold the validity and prevent infringement of a patent can be substantial. Furthermore, there can be no assurance that others will not independently develop similar or superior technologies, duplicate the Company's technologies or design around the patented aspects of the Company's technologies. The Company could incur substantial costs in proceedings before the United States Patent and Trademark Office, including interference proceedings. The proceedings could also result in adverse decisions as to the patentability of the Company's licensed or assigned inventions. Further, there can be no assurance that the Company will not infringe upon prior or future patents owned by others, that the Company will not need to acquire licenses under patents belonging to others for technology potentially useful or necessary to the Company, or that such licenses will be available to the Company, if at all, on terms acceptable to the Company. Moreover, there can be no assurance that any patent issued to or licensed by the Company will not be infringed by others. Lastly, there can be no assurance that third parties will not bring suits against the Company for patent infringement or for declaratory judgment to have the patents owned or licensed by the Company declared invalid. While obtaining patents is deemed important by the Company, patents are not considered essential to the success of its business. However, if further patents do not issue from present or future patent applications, the Company may be subject to greater competition. The Company also relies on trade secrets and other unpatented proprietary technology to protect its innovations. There can be no assurance that the Company can meaningfully protect its rights in such unpatented technology, or that others will not independently develop substantially equivalent or superior products and processes or otherwise gain access to the Company's technologies, that trade secrets will be established or that secrecy obligations will be honored. To the extent that consultants, key employees, third parties involved in the Company's projects or others independently develop technological information, disputes may arise as to the proprietary rights to such information, which may not be resolved in favor of the Company.

The Company seeks to protect its trade secrets and proprietary know-how, in part, through confidentiality agreements with its employees, consultants, advisors, collaborators and others. There can be no assurance that these agreements will not be violated by the other parties, that the Company will have adequate remedies for any breach, or that the Company's trade secrets will not otherwise become known or be independently developed by competitors. The Company has relationships with a number of consultants who are employed by organizations other than the Company. These persons may have consulting, employment or advisory arrangements with other entities that may conflict or compete with their obligations to the Company. Consultants generally sign agreements that provide for confidentiality of the Company's proprietary information and results of studies. There can be no assurance, however, that the Company will, in connection with every relationship, be able to maintain the confidentiality of the Company's technology, dissemination of which could have a material adverse effect on the Company. To the extent that the Company's scientific consultants develop inventions or processes independently that may be applicable to the Company's proposed products, disputes may arise as to the ownership of the proprietary rights to such information. Such inventions or processes will not necessarily become the property of the Company, but may remain the property of such persons or their full-time employers. The Company could be required to make payments to the owners of such inventions or processes, either in the form of cash, equity or a combination thereof. In addition, protracted and costly litigation may be necessary to enforce and determine the scope and validity of the Company's proprietary rights.

Potential Dependence on Reimbursement

Successful commercialization of the Company's proposed products may depend in part on the availability of adequate reimbursement from third-party health care payors such as Medicare, Medicaid and private insurance plans. Reimbursement matters include both coverage issues and payment issues. Questions of coverage raise the issue of whether a product will be paid for at all and under what circumstances. Questions of payment relate to the amount or level of payment. Reimbursement policies vary among payors and may depend on the setting in which a product is used.

Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that adequate third-party reimbursement will be available for the Company to establish and maintain price levels sufficient for realization of an appropriate return on its investment in developing new therapies. Government and other third-party payors are increasingly attempting to contain health care costs by limiting both coverage and payment levels for new therapeutic products approved for marketing by the FDA and by refusing, in some cases, to provide any coverage for uses of approved products for disease indications for which the FDA has not granted marketing approval. If adequate coverage and payment levels are not provided by

government and third-party payors for the Company's proposed products, the market acceptance of these products would be adversely affected. Failure of the Company's proposed products to be adequately reimbursed by third-party payors could have a material adverse effect on the Company.

Uncertain Market Acceptance of Proposed Products

The Company's future growth and profitability will depend, in large part, on the acceptance by the medical community of the Company's proposed products. This acceptance will be substantially dependent on educating the medical community as to the full capabilities, distinctive characteristics, perceived benefits and clinical efficacy of the Company's proposed products. There can be no assurance that the Company's efforts or those of others will be successful or that any of the Company's proposed products will receive the necessary market acceptance. Failure of the Company's proposed products to gain market acceptance would have a material adverse effect on the Company.

Risk of Not Obtaining Additional Manufacturing Facilities and Experienced Manufacturing Personnel and/or Establishing Manufacturing Arrangements with Others

The Company believes it currently has contracted for sufficient manufacturing capabilities to allow for production of its proposed products in quantities sufficient to support its anticipated commercial needs and clinical programs. To be successful, however, the Company must be capable of manufacturing or contracting for the manufacture of its products in commercial quantities, in compliance with regulatory requirements and at acceptable costs. The Company may manufacture certain products directly at such time, if ever, that such products are successfully developed. The Company has no experience with the direct manufacture of these proposed products although certain of the Company's officers have had experience in similar activities for other companies. The manufacture of these proposed products is complex and difficult, and will require the Company to attract and retain experienced manufacturing personnel and to obtain the use of a manufacturing facility in compliance with FDA and other regulatory requirements. There can be no assurance that experienced personnel can be attracted to or retained by the Company, or that the Company will be able to obtain the financing necessary to manufacture these products directly.

Dependence Upon Suppliers

The Company is dependent upon subcontractors to manufacture and deliver certain components of its proposed products in a timely and satisfactory manner. The Company has entered into agreements with two suppliers on whom it relies for the manufacture, assembly, packaging, and shipping of its CLINICEL product. While there are alternative sources for these services and the proposed products, a level of competency has been established in these relationships. Failure to procure such components, services or products or any interruption in the supply of such items could have a material adverse effect on the Company.

Reliance on Arrangements With Others; Limited Marketing and Sales Experience

The Company has limited experience in marketing and sales although certain of the Company's officers have had experience in similar activities for other companies. The Company may rely on joint venture, licensing or collaborative arrangements for marketing and selling certain products in certain geographic markets. Although some agreements have been entered into, there can be no assurance that the Company will be successful in maintaining such arrangements, or that its co-venturer, licensee or collaborator in such arrangements will be successful in marketing and selling such products. These

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arrangements may result in the lack of control by the Company over the marketing and selling of its proposed products. The Company may choose to market and sell such products directly and, to do so, the Company would have to develop a specialized marketing and sales force with technical expertise. There can be no assurance that the Company will be able to build such a marketing or sales force, that the cost of establishing such a marketing or sales force will not exceed any product revenues, or that the Company's direct sales and marketing efforts will be successful. In addition, the Company will compete with many other companies that currently have extensive and well-funded marketing and sales operations.

Risk of Termination of, or Loss of Rights to, Technologies Under Agreements with Others

The Company has acquired the rights to its technologies pursuant to agreements with research institutions. Such agreements contain provisions requiring the Company, among other things, to develop, commercialize and/or market products, to achieve minimum sales and/or income levels within certain periods of time, to meet minimum funding requirements and to make royalty payments in order to maintain the patents and other rights granted thereunder. In addition, the patents and proprietary rights revert to the grantor on certain dates and/or upon the occurrence of certain conditions. As of March 24, 1999, these conditions have not occurred, however, in light of the company's current capital resource constraints, there can be no assurance that said conditions will not occur. In the event that certain patents and proprietary rights were to revert to the grantor, it would have a material adverse affect on the Company.

Dependence Upon Third Parties For Clinical Development of Proposed Products

The Company may enter into strategic alliances for the clinical development of certain of its proposed products. There can be no assurance that the Company will be successful in obtaining satisfactory agreements with strategic partners. In addition, there can be no assurance that the interests and motivations of any strategic partner would be or remain consistent with those of the Company or that such partner would successfully perform its obligations.

Customer Concentration

As the Company's CLINICEL business increased during 1998, wholesalers, distributors, drug retail outlets and chains and mass merchandise chain pharmacies were added to the customer base. The Company's largest customer (Eckerd) accounted for approximately 22% of sales in 1998. Given the continued market consolidation among these entities, loss of these customers could have a material adverse affect on the Company.

Competition and Technological Obsolescence

The Company is engaged in rapidly evolving and highly competitive fields. Competition from biotechnology companies, medical device manufacturers, pharmaceutical and chemical companies and other competitors is intense. Many of these companies have substantially greater capital resources, research and development staffs, facilities and experience in obtaining regulatory approvals than the Company as well as substantially more experience than the Company in the manufacturing, marketing and sale of products. Academic institutions, hospitals, governmental agencies and other public and private research organizations are also conducting research and seeking patent protection and may develop competing products or technologies on their own or through joint ventures. In addition, recently developed technologies or technologies that may be developed in the future are, or may be, the basis for competitive products. There can be no assurance that the Company's competitors will not succeed in developing technologies and products that are more effective and/or less costly than those being developed by the Company, thereby rendering the Company's technologies not competitive or obsolete. The Company's proposed products may become obsolete before the Company can obtain approval to market them or before it can recoup related research and development or commercialization expenses. Competitors may also be more successful than the Company in production and marketing.

The Company believes that its competitive position will be based on its ability to create and maintain scientifically advanced technology and proprietary products, obtain required government approvals on a timely basis, develop and manufacture its proposed products on a cost-effective basis and successfully market its products. There can be no assurance that the Company's current or proposed products under development will be able to compete successfully with existing products or products under development by other companies, universities and other institutions or that they will attain regulatory approval in the United States or elsewhere.

Risk of Using Hazardous Materials

Medical and biopharmaceutical research and development involves the controlled use of hazardous materials. The Company is subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although the Company believes that all of its current contractors comply and future contractors will comply with safety procedures for handling and disposing of such materials under the standards prescribed by federal, state and local regulations, the risk of accidental contamination or injury from those materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result and any such liability could exceed the resources of the Company. Although the Company believes that it is in compliance in all material respects with applicable environmental laws and regulations and

currently does not expect to make material capital expenditures for environment control facilities in the near-term, there can be no assurance that the Company will not be required to incur significant costs to comply with environmental laws and regulations, or any assurance that the operations, business or assets of the Company will not be materially adversely affected by current or future environmental laws, rules, regulations or policies.

Dependence Upon Attraction and Retention of Key Personnel and Consultants

The Company is dependent upon a limited number of key management, scientific and technical personnel. In addition, the Company's future success will depend in part upon its ability to attract and retain highly qualified personnel. The Company competes for such personnel with other companies, academic institutions, government entities and other organizations. There can be no assurance that the Company will be successful in hiring or retaining qualified personnel. Loss of key personnel or the inability to hire or retain qualified personnel could have a material adverse effect on the Company. In addition, the Company relies upon consultants and advisors to assist the Company in formulating its research and development strategies, testing and manufacturing and marketing-related issues. All of the Company's consultants and advisors are employed outside the Company and may have commitments or consulting or advisory contracts with other entities.

Risk of Product Liability Claims; Insurance

The Company's business exposes it to potential liability risks that are inherent in the testing, manufacturing and marketing of medical products. The use of the Company's proposed products in clinical trials may expose the Company to product liability claims and possible adverse publicity. These risks also exist with respect to the Company's proposed products, if any, that receive regulatory approval for commercial sales. The Company currently has product liability insurance coverage for the use of its proposed products in clinical trials and for the commercial sale of CLINICEL. However, there can be no assurance that the Company will be able to obtain additional insurance coverage at acceptable costs, if at all, or be able to maintain the current level of insurance. Further, there can be no assurance that a product liability claim would not materially adversely affect the Company. A product liability or other judgment against the Company in excess of the Company's insurance coverage could have a material adverse effect upon the Company.

Risk Inherent in International Sales and Operations

The Company intends to sell its proposed products outside of the United States, as well as domestically. A number of risks are inherent in international transactions. International sales and operations may be limited or disrupted by the imposition of governmental controls, regulation of medical devices and other medical products, export license requirements, political instability, trade restrictions, changes in tariffs, exchange rate fluctuations and difficulties in managing international operations.

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Risk Related to Year 2000 Computer Programs

The Company uses a number of computer programs across its operations. The Company has not completed its assessment of the year 2000 issue but believes that costs of addressing this issue will not have a material adverse impact on the Company's financial position.

The Company uses a number of third party vendors to support its operations. The Company has not completed its assessment of the year 2000 issue with these third parties. If these parties are unable to address this issue in a timely manner, and the Company is unable to instead conduct operations with other third party vendors that have addressed this issue, it could result in a material financial risk to the Company.

Anti-Takeover Provisions

The Company's Restated Certificate of Incorporation, as amended (the "Restated Certificate of Incorporation") authorizes the issuance of a maximum of 5,000,000 shares of preferred stock ("Preferred Stock") on terms that may be fixed by the Company's Board of Directors without further stockholder action. The terms of any series of Preferred Stock could adversely affect the rights of holders of the Common Stock. No Preferred Stock has been issued to date. The issuance of Preferred Stock could make the possible takeover of the Company more difficult or otherwise dilute the rights of holders of the Common Stock and the market price of the Common Stock. In addition, the Company is subject to

Delaware General Corporation Law provisions that may have the effect of discouraging persons from pursuing a non-negotiated takeover of the Company and preventing certain changes of control.

Shares Eligible for Future Sale; Outstanding Warrants and Options; Registration Rights

Of the Company's 7,922,559 shares of Common Stock currently outstanding, 1,807,872 shares are "restricted securities," as defined in Rule 144 of the Securities Act, and under certain circumstances may be sold without registration pursuant to Rule 144. The Company is unable to predict the effect that sales made under Rule 144, or otherwise, may have on the then prevailing market price of the Common Stock. Any substantial sale of restricted securities pursuant to Rule 144 may have an adverse effect on the market price of the Common Stock. The "restricted securities" are eligible for sale under Rule 144.

The Company has outstanding (i) Class A Warrants and Class B Warrants, which could result in the issuance of 4,768,059 additional shares of Common Stock, (ii) 1,407,000 shares of Common Stock issuable upon exercise of options which have been granted under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan"), and (iii) approximately 1,521,000 shares of Common Stock issuable upon exercise of currently outstanding options granted outside the Plan. In connection with the public offering in May 1996, the Company sold to the underwriter of that offering, a warrant to purchase 200,000 shares of Common Stock. Such warrant is exercisable for a period of five years, commencing May 3, 1998 and has an exercise price of \$7.95 per share. The foregoing options and warrants are likely to be exercised at a time when the Company might be able to obtain additional equity capital on more favorable terms. While these options and warrants are outstanding, they may adversely affect the terms on which the Company could obtain additional capital. The Company cannot predict the effect, if any, that market sales of Common Stock, the exercise of options or warrants or the availability of such Common Stock for sale will have on the market price prevailing from time to time. In addition, if the exercise price of options or warrants are adjusted downward, such options or warrants may be exercised sooner than otherwise with a resulting increase in the number of shares of Common Stock available for sale on the market.

Possible Volatility of Stock Price

The stock market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. In addition, the market price of the Company's Common Stock and the Class A and Class B Warrants has been and is likely to continue to be highly volatile. Factors such as fluctuations in the Company's operating results, and/or ability to obtain capital, shortfalls in revenue or earnings from levels expected by securities analysts, announcements of technological innovations or new products by the Company or its competitors, governmental regulations,

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developments with respect to patents or proprietary rights, litigation, public concern as to the safety of products developed by the Company or others and general market conditions may have a significant adverse effect on the market price of the Common Stock and the Warrants.

Risk of No Dividends

The Company has never declared or paid any cash dividends on the Common Stock. There is a risk that the Company may never declare or pay any dividends on the common stock.

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Item 2. Properties

The Company's executive offices are located in an aggregate of approximately 3,550 square feet of office space in Edison, New Jersey, pursuant to an operating lease for the period of November 1996 to November 2001. The lease provides for an annual fixed rent of approximately \$80,000 per year for the five-year term, and for the payment of certain operating expenses.

The Company's research and development activities and clinical studies are currently conducted at various hospitals and universities in the United States and certain European countries. The Company believes that these facilities are adequate for its current research and development needs. The Company will be required to add additional sites in connection with its expanded development and testing activities. Currently the Company utilizes contract manufacturing

organizations to produce its proposed products for research and development activities, clinical studies and for commercial sale.

Item 3. Legal Proceedings

The Company is not a party to any material legal proceedings and is not aware of any such proceedings, which may be contemplated by governmental authorities.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters.

(a) Market Information

The Company's Common Stock, Units, Class A Warrants, and Class B Warrants traded separately on the National Association of Securities Dealers Automated Quotation System ("Nasdaq") Stock Market under the symbols CHAI, CHAIU, CHAIW, and CHAIZ, respectively, from September 22, 1992 to November 14, 1997. Effective November 14, 1997, the Units were deleted from the Nasdaq Stock Market because there were no active market makers registered to trade the securities. Effective August 28, 1998, the Company's securities were delisted from Nasdaq because the Company failed to satisfy applicable maintenance criteria. Since delisting from Nasdaq, the company's Common Stock, Class A Warrants, and Class B Warrants have been quoted on the OTC Bulletin Board. The following sets forth the quarterly high and low sales price for the periods presented. Such quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

<TABLE>
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	Common Stock Sales Price		Unit Sales Price		Class A Warrant Sales Price		Class B Warrant Sales Price	
	High	Low	High	Low	High	Low	High	Low
Fiscal Year Ended December 31, 1997								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter	\$7 3/16	\$3 1/4	\$10 1/2	\$ 6	\$ 3	\$ 1 3/8	\$1 5/16	\$5/8
Second Quarter	5 1/4	3	7 1/2	6	2 1/4	1 5/16	5/16	1/2
Third Quarter	5 1/8	3 1/8	8	6	2 15/16	1 1/4	1	3/8
Fourth Quarter	5 3/4	1 3/8	6	5 1/2	2 1/4	3/8	1	1/4
Fiscal Year Ended December 31, 1998								
First Quarter	2 1/4	1			5/8	1/4	1/4	1/16
Second Quarter	2 3/32	7/8			1/4	5/8	3/16	1/16
Third Quarter	1 11/16	5/8			7/16	1/32	1/4	1/64
Fourth Quarter	1.000	1/4			1/16	1/48	1/32	1/96
Fiscal Year Ended December 31, 1999								
January 1 through March 23, 1999	1 3/16	9/32			1/8	1/48	1/96	1/96

Each Unit consists of one share of Common Stock, one Redeemable Class A Warrant and one Redeemable Class B Warrant. The components of the Units are transferable separately. Each Class A Warrant entitles the holder to purchase, at an exercise price of \$8.40, subject to adjustment, 1.071474 shares of Common Stock and one Class B Warrant, and each Class B Warrant entitles the holder to purchase, at an exercise price of \$12.60, subject to adjustment, 1.071474 shares of Common Stock. These exercise prices were adjusted from the initial exercise prices of \$9.00 and \$13.50 per share, respectively, at the time the Class A Warrants and Class B Warrants were issued due primarily to public offerings completed in the second half of 1993 and the first half of 1996. The Class A Warrants and the Class B Warrants (collectively, the "Warrants") are exercisable at any time after issuance until September 21, 1999. The Warrants are subject to redemption by the Company for \$.05 per Warrant, upon 30 days written notice, if the average closing bid price of the Common Stock exceeds \$12.60 per share with respect to Class A Warrants and \$18.90 per share with respect to Class B Warrants (subject to adjustment in each case) for 20 consecutive business days ending the date on which the notice of redemption is given.

As an intended means of raising additional financing to fund the growth of CLINICEL sales and the product development programs, the Company filed, on July 30, 1998, a registration with the Securities and Exchange

Commission(SEC) covering a proposed reduction in the exercise prices of its Class A Warrants (Nasdaq NM:CHAIW) and Class B Warrants (Nasdaq NM:CHAIZ), both of which were scheduled to expire on September 21,1998. Although this registration statement was declared effective by the SEC, the Company did not proceed with the offering due to unattractive market conditions for its securities. The expiration of both the Class A Warrants and Class B Warrants has been extended to September 21, 1999.

(b) Approximate Number of Equity Securities Holders

As of March 23, 1998 the number of holders of record of the Company's Common Stock was approximately 175. The Company believes that the number of beneficial holders of its Common Stock on such date was in excess of 3000.

(c) Dividends

The Company has never paid a cash dividend on its Common Stock and anticipates that for the foreseeable future any earnings will be retained for use in its business and, accordingly, does not anticipate the payment of any cash dividends.

Item 6. Selected Financial Data

The selected financial data presented below (in thousands, except per share data), for the years ended December 31, 1994, 1995, 1996, 1997 and 1998, have been derived from audited financial statements of the Company. The financial statements of the Company at December 31, 1997 and 1998 and for the years ended December 31, 1996, 1997 and 1998, together with the notes thereto and the related report of Richard A. Eisner & Company, LLP, independent auditors, are included elsewhere in this Form 10-K. The selected financial data set forth below should be read in conjunction with the Financial Statements of the Company and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K.

<TABLE>
<CAPTION>

	Year Ended December 31,				
	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:					
Revenues:					
Product Sales	\$1,496				\$ 1,715
Royalty Income		\$ 245	\$ 155	\$ 64	55
Total Revenue	1,496	245	155	64	1,770
Cost of Sales	551				820
Gross Margin	945				950
Operating expenses:					
Research and development	2,013	1,994	2,779	6,721	3,584
Sales and marketing	2,931				3,142
General and administrative	2,791	1,231	1,743	2,012	1,982
Operating expenses	8,286	3,225	4,522	8,283	8,708
(Loss) from operations	(6,790)	(2,980)	(4,367)	(8,219)	(7,758)
Interest income	78	183	540	557	161
Interest expense	(41)		(3)	(4)	(5)
Gain on sale of Sure-Closure	3,354				
Net (loss)	\$(3,399)	\$(2,797)	\$(3,830)	\$(7,666)	(7,602)
Net (loss) per share	\$ (.84)	\$ (.58)	\$ (.55)	(.97)	(.96)
Weighted average shares outstanding	4,061	4,820	6,976	7,919	7,923

</TABLE>

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<CAPTION>

	December 31,				
	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Balance Sheet Data:					
Cash, cash equivalents and investments	\$ 1,980	\$ 3,828	\$ 14,278	\$ 7,569	485
Working capital (deficiency).	2,794	3,657	14,121	5,975	(1,006)
Total assets.....	3,234	3,964	14,801	7,786	1,034
Total liabilities.....	997	864	1,007	1,621	2,312
Accumulated deficit.....	(13,538)	(16,335)	(20,165)	(27,831)	(35,433)
Stockholders' equity (deficiency)	2,237	3,100	13,794	6,165	(1,278)

</TABLE>

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company does not invest in derivative financial instruments

Item 7. Management's Discussion And Analysis of Financial Condition And Results of Operations

Financial Overview

Since its inception, the Company has been engaged primarily in research and development of its technologies and proposed products, and the commercialization of CLINICEL and the Sure-Closure System. In early 1998 the Company refocused its strategy on two areas: applying its expertise in bioresorbable materials toward the prevention and/or reduction of post surgical adhesions and the introduction and commercial sale of CLINICEL.

Results of Operations

1997 vs. 1998

The Company had revenue of \$1,715,000 from sales of CLINICEL for the fiscal year ended December 31, 1998 and revenue of \$64,000 and \$55,000 from royalties on sales of the Sure-Closure System for the fiscal years ended December 31, 1997 and 1998, respectively. The reduction in royalties from 1997 to 1998 can be attributed to the reduced sales of the Sure-Closure System.

Cost of goods sold of \$820,000 in 1998 reflects commercial costs to produce, package and ship CLINICEL to the Company's consumer and trade customers as well as certain introductory start up costs.

Sales and marketing expenses of \$3,142,000 in 1998 were exclusively associated with the introduction and continued promotion of CLINICEL. The major elements of this expense category were journal advertising to both consumer and professional audiences and contract telemarketing costs.

The Company incurred research and development expenses of \$6,271,000 and \$3,584,000 for the fiscal years ended December 31, 1997 and 1998, respectively. This decrease can be attributed primarily to the termination of the European clinical studies of Cariel and Piliel as well as the completion of the REPEL U.S. pilot clinical trial as of December 1997. Finally, the Company incurred approximately \$996,000 of costs for machinery and equipment utilized in research and development charged to expense during 1997. During 1998, expenses have been largely associated with the development and pre-clinical assessment of the Company's expanded range of post-operative adhesion prevention products based on its proprietary bioresorbable polymer technology.

General and administrative expenses, which consist principally of management compensation, professional fees, investor materials and travel expenses were \$2,012,000 and \$1,982,000 for the fiscal years ended December 31, 1997 and 1998, respectively.

Interest income was \$557,000 and \$161,000 for the fiscal years ended December 31, 1997 and 1998, respectively. Interest income decreased primarily as a result of a lower average cash and investments balance in 1998 as compared to 1997 due to the use of cash and investments to fund commercialization of CLINICEL, develop the anti-adhesion products and fund general and administrative expenses.

Interest expense was \$4,000 and \$5,000 for the fiscal years ended December 31, 1997 and 1998, respectively. For both 1997 and 1998, these amounts represent the interest on capital leases entered into during 1996 and 1997 to acquire certain office equipment.

The Company's net loss was \$7,666,000 and \$7,602,000 for the fiscal years ended December 31, 1997 and 1998, respectively.

1996 vs. 1997

The Company had revenue of \$155,000 and \$64,000 from royalties on sales of the Sure-Closure System for the fiscal years ended December 31, 1996 and 1997, respectively. The reduction in royalties from 1996 to 1997 can be attributed to the reduced sales of the Sure-Closure System.

The Company incurred research and development expenses of \$2,779,000 and \$6,271,000 for the fiscal years ended December 31, 1996 and 1997, respectively. This increase can be attributed to increased spending for the development, pre-

clinical and clinical studies and manufacturing development of bioresorbable polymer adhesion prevention products, conduct of the European clinical studies of Cariel and Piliel and the domestic clinical study of CLINICEL and additional expenditures supporting the management of the research and development function. During 1997, the Company acquired machinery and equipment for use in its bioresorbable polymer technology research and development program for approximately \$996,000. Accordingly, this cost was charged to research and development expense as incurred. Additionally, a non-cash expense for stock-based compensation costs of \$456,000 was recorded in 1996. There was no such expense in 1997. Research and development expenses are expected to increase for 1998 from the 1997 levels as the Company expands development of and conducts additional clinical trials on several products.

General and administrative expenses, which consist principally of management compensation, professional fees, investor materials and travel expenses were \$1,743,000 and \$2,012,000 for the fiscal years ended December 31, 1996 and 1997, respectively. This increase is attributable to the additional expenditures in connection with the business development effort during 1997.

Interest income was \$540,000 and \$557,000 for the fiscal years ended December 31, 1996 and 1997, respectively. Interest income increased primarily as a result of a larger average cash balance in 1997 as compared to 1996 due to the public offering completed in May 1996.

Interest expense was \$3,000 and \$4,000 for the fiscal years ended December 31, 1996 and 1997, respectively. For both 1996 and 1997, these balances represent the interest on capital leases entered into during 1996 and 1997 to acquire certain office equipment.

The Company's net loss was \$3,830,000 and \$7,666,000 for the fiscal years ended December 31, 1996 and 1997, respectively. This increase was primarily the result of the increased scale of operations as the Company expanded its product development efforts and strengthened its management.

Liquidity and Capital Resources

At December 31, 1998, the Company had cash and cash equivalents of \$485,000 compared to cash and cash equivalents and investments of \$7,569,000 at December 31, 1997. The primary use of these funds was to fund the Company's research and development related to anti adhesion products; introduce, produce, market and sell the CLINICEL product; and fund general and administrative expenses associated with these activities.

At December 31, 1998, the Company had a working capital deficit of \$1,006,000. The current cash and cash equivalents balance as of December 31, 1998 may not be sufficient to meet its cash requirements through 1999. The Company will be required to raise substantial additional funds to continue the clinical development and commercialization of its proposed products and to fund the growth that is expected to occur if any of its current and proposed products are approved for marketing. There can be no assurance that such arrangements or financings will be available as needed or on terms acceptable to the Company. The Company plans to seek such additional funding through collaborative arrangements with strategic partners, licensing arrangements for certain of its proposed products and additional equity or debt financings. The Company continues to be in discussion with venture and private investors regarding a private placement of new equity in amounts sufficient to support near term operations and with its advisors regarding other public financing vehicles. Any additional financings may be dilutive to existing stockholders. The Company is also pursuing other initiatives, including trade receivable financing, state tax benefit transfers and licensing/marketing agreements intended to improve its financial condition. The company has reduced spending on certain programs as a means of preserving its cash resources and is currently in discussions with third parties regarding the licensing of certain technologies which it might otherwise seek to commercialize itself.

Item 8. Financial Statements and Supplementary Data

The Index to Financial Statements appears on page F-1, the Report of Independent Auditors appears on page F-2, and the Financial Statements and Notes to Financial Statements appear on pages F-3 to F-15.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information called for by this item is incorporated by reference herein to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A within 120 days after the close of the 1998 fiscal year. Certain information with regard to the executive officers of the Company is contained in Item 4 hereof and is incorporated by reference in this Part III.

Item 11. Executive Compensation.

The information called for by this item is incorporated herein by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A within 120 days after the close of the 1998 fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information called for by this item is incorporated herein by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A within 120 days after the close of the 1998 fiscal year.

Item 13. Certain Relationships and Related Transactions.

The information called for by this item is incorporated herein by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A within 120 days after the close of the 1998 fiscal year.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) 1. Financial Statements.

An Index to Financial Statements appears on page F-1.

2. Schedules.

None

3. Exhibits.

3.1 Restated Certificate of Incorporation of Registrant, filed December 26, 1991, as amended. (1)

3.1(a) Amendment to Restated Certificate of Incorporation, dated August 21, 1992. (1)

3.2 By-Laws of Registrant. (1)

10.1 Amended and Restated 1992 Stock Option Plan of Registrant. (14) (15)

10.2 Agreement, dated June 14, 1991, between Registrant and Yissum Research Development Company of the Hebrew University of Jerusalem ("Yissum"). (1)

10.5 Form of Indemnification Agreement entered into between Registrant and certain officers and directors of Registrant. (2)

10.6 Agreement, dated June 1991, between Registrant and the Technion Research and Development Foundation, Ltd. (the "Technion") as assigned by the Technion to Dimotech, Ltd. (1)

10.7 Agreement, dated as of April 14, 1992, between Registrant and Mr. Joel Gold. (1) (15)

10.8 Assignment of rights relating to a patent on wound dressing to Registrant by Dimotech, Ltd. (3)

10.9 Assignment of certain rights relating to the polymer technology to Registrant by Yissum. (3)

10.10 Form of Non-Qualified Stock Option Agreement. (4) (15)

10.11 Form of Incentive Stock Option Agreement. (4) (15)

10.12 Asset Purchase Agreement between Registrant and MedChem Products, Inc. dated as of July 29, 1994. (5)

10.13 Option Agreement, dated October 26, 1994, between Registrant and Edward J. Quilty. (6)

10.14 Underwriting Agreement between Registrant and D.H. Blair Investment Banking Corp. (7)

- 10.15 Unit Purchase Option between Registrant and D.H. Blair Investment Banking Corp. (7)
- 10.16 Agreement, dated as of February 3, 1994, between Registrant and Dimotech, Ltd. (7)
- 10.17 Warrant Agreement among Registrant, D. H. Blair Investment Banking Corp. and American Stock Transfer & Trust Company including forms of Class A and Class B Warrants. (7)
- 10.18 Warrant Agreement among Registrant and American Stock Transfer and Trust Company. (7)
- 10.19 Agreement, dated as of February 1994, between Registrant and Yissum. (7)
- 10.20 M/A Agreement, dated September 22, 1992, between Registrant and D. H. Blair Investment Banking Corp. (7)
- 10.21 Option Agreement, dated as of December 13, 1993, between Registrant and Dimotech, Ltd. (7)
- 10.22 Employment Agreement dated June 12, 1995 between Registrant and Eli Pines, Ph.D. (8) (15)
- 10.23 Amendment No. 2 dated as of January 1, 1996 to the Agreement between the Registrant and Yissum. (2)
- 10.24 Agreement dated July 16, 1995 between the Registrant and Dimotech, Ltd. (2)
- 10.25 Amendment No. 2 dated February 11, 1996 to the Agreement between the Registrant and Dimotech, Ltd. (2)
- 10.26 Option Agreement dated March 21, 1995 between Registrant and Herbert Moskowitz. (2) (15)
- 10.27 Option Agreement dated March 21, 1995 between Registrant and Irwin Rosenthal. (2) (15)
- 10.28 Assignment of rights relating to a patent for treatment of Keloid and Hypertrophic scars to Registrant from Dimotech, Ltd. (2)
- 10.29 Warrant Agreement between Registrant and Wedbush Morgan Securities. (13)
- 10.30 Underwriting Agreement between Registrant and Wedbush Morgan Securities. (13)
- 10.31 Employment Agreement dated May 29, 1996 between Registrant and Robert P. Hickey. (10) (15)
- 10.32 Employment Agreement dated May 30, 1996 between Registrant and Dr. Herbert Moskowitz. (10) (15)
- 10.33 Lease Agreement dated August 13, 1996 between Registrant and Metro Four Associates, LP, 8th Floor of 379 Thornall Street. (11)
- 10.34 Option Agreement dated June 12, 1995 between Registrant and Eli Pines, Ph.D. (12) (15)
- 10:35 Option Agreement dated August 15, 1996 between Registrant and Walter R. Maupay. (12) (15)
- 10.36 Option Agreement dated March 5, 1997 between Registrant and Edward A. Celano (13) (15)
- 10.37 Amendment No. 3 dated as of October 1, 1996 to the Agreement between the Registrant and Yissum.
- 10.38 Option Agreement dated June 3, 1997 between Registrant and Joel L. Gold. (15)
- 10.39 Option Agreement dated June 3, 1997 between Registrant and Coy Eklund. (15)
- 10.40 Option Agreement dated June 3, 1997 between Registrant and Herbert Moskowitz. (15)
- 10.41 Option Agreement dated June 3, 1997 between Registrant and Irwin M. Rosenthal. (15)

- 10.42 Option Agreement dated June 17, 1997 between Registrant and Robert P. Hickey.
- 10.43 Option Agreement dated June 17, 1997 between Registrant and Eli Pines. (15)
- 10.44 Option Agreement dated June 17, 1997 between Registrant and Eli Pines. (15)
- 10.45 Option Agreement dated June 17, 1997 between Registrant and Robert P. Hickey. (15)
- 10.46 Option Agreement dated June 17, 1997 between Registrant and Robert P. Hickey. (15)
- 10.47 Option Agreement dated June 17, 1997 between Registrant and Eli Pines. (15)
- 10.48 Option Agreement dated May 28, 1998 between Registrant and Robert Hickey. *(15)
- 10.49 Option Agreement dated May 28, 1998 between Registrant and Robert Hickey. *(15)
- 10.50 Option Agreement dated May 28, 1998 between Registrant and Eli Pines. *(15)
- 10.51 Agreement dated April 22, 1998 between Registrant and CP&S.*
- 10.52. Employment Agreement dated July 25, 1998 between Registrant and Drew Karazin.*(15)
- 10.53. Employment Agreement dated July 1, 1998 between Registrant and Robert G. Conway.*(15)
- 10.54. Option Agreement dated May 28, 1998 between Registrant and Mark Citron.*(15)
- 10.55. Option Agreement dated May 28, 1998 between Registrant and Mark Citron.*(15)
- 10.56. Option Agreement dated July 1, 1998 between Registrant and Robert G. Conway.*(15)
- 10.57. Option Agreement dated May 28, 1998 between Registrant and Robert Hickey.*(15)
- 10.58 Option Agreement dated May 28, 1998 between Registrant and Robert Hickey.*(15)
- 10.59 Option Agreement dated December 31, 1998 between Registrant and Robert Hickey.*(15)
- 10.60 Option Agreement dated July 20, 1998 between Registrant and Drew Karazin.*(15)
- 10.61 Option Agreement dated December 31, 1998 between Registrant and Drew Karazin.*(15)
- 10.62 Option Agreement dated May 28, 1998 between Registrant and Eli Pines.*(15)
- 10.63 Option Agreement dated May 28, 1998 between Registrant and Ed Celano.*(15)
- 10.64 Option Agreement dated May 28, 1998 between Registrant and Ed Celano.*(15)
- 10.65 Option Agreement dated May 28, 1998 between Registrant and Coy Eklund.*(15)
- 10.66 Option Agreement dated May 28, 1998 between Registrant and Coy Eklund.*(15)
- 10.67 Option Agreement dated May 28, 1998 between Registrant and Coy Eklund.*(15)
- 10.68 Option Agreement dated May 28, 1998 between Registrant and Coy Eklund.*(15)
- 10.69 Option Agreement dated May 28, 1998 between Registrant and Joel Gold.*(15)

- 10.70 Option Agreement dated May 28, 1998 between Registrant and Joel Gold.*(15)
- 10.71 Option Agreement dated May 28, 1998 between Registrant and Joel Gold.*(15)
- 10.72 Option Agreement dated May 28, 1998 between Registrant and Joel Gold.*(15)
- 10.73 Option Agreement dated May 28, 1998 between Registrant and Walter Maupay*(15)
- 10.74 Option Agreement dated May 28, 1998 between Registrant and Walter Maupay*(15)
- 10.75 Option Agreement dated May 28, 1998 between Registrant and Walter Maupay.*(15)
- 10.76 Option Agreement dated May 28, 1998 between Registrant and Herb Moskowitz.*(15)
- 10.77 Option Agreement dated May 28, 1998 between Registrant and Herb Moskowitz.*(15)
- 10.78 Option Agreement dated May 28, 1998 between Registrant and Herb Moskowitz.*(15)
- 10.79 Option Agreement dated May 28, 1998 between Registrant and Herb Moskowitz.*(15)
- 10.80 Option Agreement dated May 28, 1998 between Registrant and Irwin Rosenthal.*(15)
- 10.81 Option Agreement dated May 28, 1998 between Registrant and Irwin Rosenthal.*(15)
- 10.82 Option Agreement dated May 28, 1998 between Registrant and Irwin Rosenthal.*(15)
- 10.83 Option Agreement dated May 28, 1998 between Registrant and Eli Pines.*(15)
- 10.84 Option Agreement dated May 28, 1998 between Registrant and Eli Pines.*(15)
- 10.85 Option Agreement dated May 28, 1998 between Registrant and Eli Pines.*(15)
- 23.1 Consent of Richard A. Eisner & Company, LLP. *
- 27. Financial Data Schedule.*
- * Filed herewith.

- (1) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 33-94008) declared effective on September 22, 1992.
- (2) Incorporated by reference to Registrant's Registration Statement on Form S-1 (File No. 333-02588) declared effective on May 3, 1996.
- (3) Incorporated by reference to the Registrant's report on Form 10-Q for the quarter ended September 30, 1992.
- (4) Incorporated by reference to the Registrant's report on Form 10-K for the year ended December 31, 1993.
- (5) Incorporated by reference to the Registrant's report on Form 8-K filed by the Company on August 12, 1994.
- (6) Incorporated by reference to the Registrant's report on Form 10-Q for the quarter ended September 30, 1994.
- (7) Incorporated by reference to the Registrant's report on Form 10-K for the year ended December 31, 1994.
- (8) Incorporated by reference to the Registrant's report on Form 10-Q for the quarter ended June 30, 1995.
- (9) Intentionally omitted
- (10) Incorporated by reference to the Registrant's report on Form 10-Q for the quarter ended June 30, 1996.
- (11) Incorporated by reference to the Registrant's report on Form 10-Q for the quarter ended September 30, 1996.
- (12) Incorporated by reference to the Registrant's Registration Statement on Form S-3 (File No. 333-19195) declared effective on January 3, 1997.
- (13) Incorporated by reference to the Registrant's report on Form 10-K for the year ended December 31, 1996.
- (14) Incorporated by reference to the Registrant's report on Form 10-Q for the quarter ended June 30, 1997.

(15) Includes compensatory plan and or arrangements required to be filed pursuant to item 14 (c) of Form 10-K.

(b) Reports on Form 8-K

None

(c) See (a) 3.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Life Medical Sciences, Inc.
(Registrant)

By: /s/ Robert P. Hickey

Robert P. Hickey
Chief Executive Officer and President
(principal executive officer)

Dated: March 24, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

Signatures -----	Title -----	Date -----
<S>	<C>	<C>
/s/ Robert P. Hickey ----- Robert P. Hickey	Director, President and Chief Executive Officer (principal executive officer)	March 24, 1999
/s/ Drew Karazin ----- Drew Karazin	Vice President, Chief Financial Officer (principal financial and accounting officer)	March 24, 1999
/s/ Herbert Moskowitz ----- Herbert Moskowitz	Director and Chairman of the Board	March 24, 1999
/s/ Coy Eklund ----- Coy Eklund	Director	March 24, 1999
/s/ Joel L. Gold ----- Joel L. Gold	Director	March 24, 1999
/s/ Irwin M. Rosenthal ----- Irwin M. Rosenthal	Director	March 24, 1999
/s/ Walter R. Maupay ----- Walter R. Maupay	Director	March 24, 1999
/s/ Edward A. Celano ----- Edward A. Celano	Director	March 24, 1999

</TABLE>

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Life Medical Sciences, Inc.
Edison, New Jersey

We have audited the accompanying balance sheets of Life Medical Sciences, Inc. as of December 31, 1997 and 1998 and the related statements of operations, changes in stockholders' equity (deficiency) and cash flows for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material aspects, the financial position of Life Medical Sciences, Inc. as of December 31, 1997 and 1998 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1998 in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note A to the financial statements the Company has sustained recurring losses from operations, and has both a working capital and stockholders' deficiency at December 31, 1998. As a result, the Company has limited capital resources for its continuing operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note A. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

RICHARD A. EISNER & COMPANY, LLP

New York, New York
March 2, 1999

LIFE MEDICAL SCIENCES, INC.

BALANCE SHEETS

(In thousands, except per share data)

<TABLE>

<CAPTION>

	December 31	
	1997	1998
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 2,733	\$ 485
Short-term investments.....	4,306	
Inventory.....		264
Accounts Receivable (Net of allowance of \$30).....		120
Prepaid expenses and advances.....	90	33
	-----	-----
Total current assets.....	7,129	902
Long-term investments	530	
Furniture and equipment-at cost (less depreciation of \$58 and \$91)	114	85
Deposits	13	47
	-----	-----
TOTAL.....	\$ 7,786	\$ 1,034

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)

	\$	\$
Current liabilities:		
Capital lease obligation.....	8	8
Accounts payable.....	294	710
Accrued expenses.....	852	991
Other Liabilities.....	0	199
	-----	-----
Total current liabilities.....	1,154	1,908
Capital lease obligation.....	26	18
Deferred royalty income.....	441	386
	-----	-----
Total liabilities.....	\$ 1,621	\$ 2,312
	-----	-----
Commitments and other matters		
Stockholders' equity (deficiency):		
Preferred stock, \$.01 par value: shares authorized - 5,000; none issued		
Common stock, \$.001 par value; shares authorized - 23,750; issued and outstanding - 7,923.....	8	8
Additional paid-in capital.....	33,988	34,147
Accumulated deficit.....	(27,831)	(35,433)
	-----	-----
Total stockholders' equity (deficiency)	6,165	(1,278)
	-----	-----
TOTAL.....	\$ 7,786	\$ 1,034
	=====	=====

</TABLE>

See accompanying notes to financial statements.

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LIFE MEDICAL SCIENCES, INC

STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	1996	1997	1998
	<C>	<C>	<C>
Revenues:			
Product Sales.....			\$ 1,715
Royalty income.....	\$ 155	\$ 64	55
	-----	-----	-----
	155	64	1,770
Cost of goods sold.....			820

Gross Profit.....			950
Operating expenses:			
Research and development expenses.....	2,779	6,271	3,584
Sales and marketing.....			3,142
General and administrative expenses.....	1,743	2,012	1,982
	-----	-----	-----
Operating expenses.....	4,522	8,283	8,708
(Loss) from operations.....	(4,367)	(8,219)	(7,758)
Interest income.....	540	557	161
Interest expense.....	(3)	(4)	(5)
	-----	-----	-----
Net (loss)	\$ (3,830)	\$ (7,666)	\$ (7,602)
	=====	=====	=====
Net (loss) per share -basic & diluted.....	\$ (0.55)	\$ (0.97)	\$ (.96)
	=====	=====	=====
Weighted average shares outstanding - basic & diluted..	6,976	7,919	7,923

</TABLE>

See accompanying notes to financial statements.

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LIFE MEDICAL SCIENCES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
(In thousands)

<TABLE>
<CAPTION>

	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Deficit
<S>	<C>	<C>	<C>	<C>
Balance - January 1, 1996.....	5,422	\$ 5	\$ 19,430	\$ (16,335)
Common stock issued (net of expenses).....	2,493	3	14,065	
Fair value of options issued for compensation.....			456	
Net (loss) for the year.....				(3,830)
Balance - December 31, 1996.....	7,915	8	33,951	(20,165)
Common stock issued	8		37	
Net (loss) for the year.....				(7,666)
Balance - December 31, 1997.....	7,923	8	33,988	(27,831)
Fair value of options issued for compensation.....			159	
Net (loss) for the year.....				(7,602)
Balance - December 31, 1998.....	7,923	\$ 8	\$ 34,147	\$ (35,433)

</TABLE>

See accompanying notes to financial statements.

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LIFE MEDICAL SCIENCES, INC.

STATEMENTS OF CASH FLOWS
(In thousands)

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1996	1997	1998
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net (loss).....	\$ (3,830)	\$ (7,666)	\$ (7,602)
Adjustments to reconcile net (loss) to net cash (used in) operations:			
Deferred royalty income.....	(139)	(64)	(55)
Fair value of common stock and options issued as compensation.....	456		159
Depreciation.....	33	37	33
Changes in operating assets and liabilities:....			
(Increase) in accounts receivable.....			(120)
(Increase) in inventory.....			(264)
(Increase) decrease in prepaid expenses and advances.....	(292)	221	57
(Increase) decrease in deposits.....	(8)	16	(34)
Increase in accounts payable and accrued expenses.....	272	685	555
(Decrease) increase in other liabilities.....	(15)		199
Net cash (used in) operating activities	(3,523)	(6,771)	(7,072)
Cash flows from investing activities:			
Purchase of equipment.....	(93)	(36)	(4)
Disposition of equipment.....	16	68	
Purchase of investment securities.....	(7,042)	(9,627)	
Proceeds from maturity of investment securities.....	4,000	7,833	4,836
Net cash provided by (used in) investing activities..	(3,119)	(1,762)	4,832
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of expenses	14,068	37	
Payment on capital lease obligation.....	(18)	(7)	(8)
Net cash provided by (used in) financing activities.	14,050	30	(8)

Net increase (decrease) in cash and cash equivalents.....	7,408	(8,503)	(2,248)
Cash and cash equivalents at beginning of year.....	3,828	11,236	2,733
	-----	-----	-----
Cash and cash equivalents at end of year..... \$	11,236	\$ 2,733	\$ 485
	=====	=====	=====
Supplementary cash flow information:			
Interest paid.....	\$ 3	\$ 4	\$ 5
Equipment purchased under capital lease.....	\$ 41		

</TABLE>

See accompanying notes to financial statements.

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LIFE MEDICAL SCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS

(NOTE A)-- The Company and Basis of Presentation:

Life Medical Sciences, Inc. (the "Company") was incorporated on August 1, 1990. The Company is engaged in the development of cost-effective medical products. The Company is developing REPEL and REPEL-CV, its resorbable adhesion barrier films used to prevent surgical adhesions; RESOLVE and RELIEVE, its resorbable adhesion barrier coatings used to prevent surgical adhesions and in 1998 initiated sales of its CLINICEL line of scar management products. In September 1993, the Company commercially introduced its first product, the Sure-Closure System, a device designed for the mechanical closure of tissue deficit wounds. On July 29, 1994, the Company sold or assigned to MedChem Products, Inc. ("MedChem") substantially all of its assets related to the Sure-Closure System, including rights, agreements and licenses. In April 1998, the Company commercially introduced its second product CLINICEL, a device designed to alleviate the discomfort of and improve the physical appearance of hypertrophic and keloid scars. In January 1999 the Company initiated a pilot clinical trial for REPEL-CV in open-heart surgical procedures.

The accompanying financial statements have been prepared on a going-concern basis. As shown in the accompanying financial statements, the Company has incurred recurring losses from operations. As a result the Company has limited capital resources for its continuing operations and has both a working capital and stockholders' deficiency at December 31, 1998, which raises substantial doubt about the Company's ability to continue as a going concern. The Company is pursuing various financing alternatives, including collaborative arrangements with strategic partners, licensing arrangements for certain of its proposed products and additional public or private financings including equity financings, which management believes could result in the infusion of sufficient capital to alleviate this concern. There is no assurance that these initiatives will be successful or that other financing arrangements will be available. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

(NOTE B) --Summary of Significant Accounting Policies:

[1] Revenue Recognition:

Revenue is recognized when product is shipped to customers.

[2] Cash equivalents:

The Company considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

[3] Investments:

Investments purchased with a maturity of more than three months, and which mature less than twelve months from the balance sheet date, are classified as short-term investments. Long-term investments are those with maturities greater than twelve months from the balance sheet date. The Company generally holds investments to maturity, however, since the Company may, from time to time, sell securities to meet cash requirements, the Company classifies its investments as available-for-sale as defined by Statement of Financial Accounting Standard ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Available-for-sale securities are carried at market value with unrealized gains and losses reported as a separate component of stockholders' equity. Gross realized gains and losses on the sales of investment securities are determined on the specific identification method.

[4] Financial Instruments:

The carrying amounts of cash, investments, accounts receivable, inventories, accounts payable, accrued expenses and capitalized lease obligations approximate their fair values.

LIFE MEDICAL SCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

[5] Inventory:

Inventory is valued at the lower of cost or market. Cost is determined using an average cost method.

[6] Advertising:

Advertising costs are charged to expense as they are incurred. Total 1998 expense was \$2,266,000.

[7] Depreciation:

Furniture and equipment are recorded at cost, and are depreciated using the straight-line method based upon an estimated useful life of 5 years.

[8] Research and development:

Research and development costs, including those payments described in Note G, are charged to expense as incurred.

[9] Patent costs:

Costs incurred in connection with acquiring patent rights and the protection of proprietary technologies are charged to expense as incurred.

[10] Royalty income:

Royalty income is based on the quarterly sales of the Sure-Closure System and any line extensions or embodiments thereof. Royalties are calculated and credited to the Company within forty-five days after the last day of each quarter. The Company recognizes such income when the amounts earned become fixed and determinable. Royalties earned by the Company are applied to the outstanding deferred royalty income balance.

[11] Use of estimates in the preparation of financial statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

[12] Stock based compensation:

The Company accounts for stock-based employee compensation under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation".

LIFE MEDICAL SCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

[13] Loss per share:

The Company calculates its loss per share under the provisions of SFAS No. 128, "Earnings Per Share". SFAS No. 128 requires a dual presentation of "basic" and "diluted" loss per share on the face of the statements of operations. Basic loss per share is computed by dividing the loss by the weighted average number of shares of common stock outstanding during each period. Diluted loss per share includes the effect, if any, from the potential exercise or conversion of securities, such as stock options and warrants, which would result in the issuance of incremental shares of common stock. However, such potential common shares (see Note E) have not been included in the calculation of diluted loss per share since the effect would reduce the loss per share.

(NOTE C)--Investments:

At December 31, 1997 investments consist of commercial paper, Treasury bills and other obligations of governmental agencies, which are held as available-for-sale securities. Investments are presented at amortized cost which is approximately equal to fair value at December 31, 1997. The company's long term investments at December 31, 1997 have a maturity exceeding 25 years.

(NOTE D) - Accrued Expenses:

Accrued expenses is comprised of the following (in thousands):

	December 31, -----	
	1997	1998
	-----	-----
Research agreements.....	\$ 726	\$ 873
Other.....	126	118
	-----	-----
Total.....	\$ 852	\$ 991
	=====	=====

(NOTE E) -- Stockholders' Equity (Deficiency):

[1] Common stock:

In May 1996, the Company completed a public offering of 2,300,000 shares of common stock at \$6.625 per share (initial offering of 2,000,000 shares plus an additional 300,000 issued due to the exercise of the underwriters' over-allotment option) and received net proceeds of approximately \$13.4 million, including proceeds received upon the exercise of the underwriters' over-allotment option and after deducting underwriting discounts and commissions and offering expenses.

LIFE MEDICAL SCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

[2] Warrants:

In 1992, the Company consummated its initial public offering of 1,150,000 units, each unit consisting of one share of common stock and two warrants. The warrants included in each unit consist of a redeemable Class A Warrant and a redeemable Class B Warrant. Each Class A Warrant entitles the holder to purchase, at an exercise price of \$8.40, subject to adjustment, 1.071474 shares of Common Stock and one Class B Warrant. Each Class B Warrant entitles the holder to purchase, at an exercise price of \$12.60, subject to adjustment, 1.071474 shares of Common Stock. The warrants are redeemable by the Company for \$.05 per warrant on 30 days written notice under certain circumstances.

In 1993, the Company consummated a public offering of 500,000 units; each unit consisting of two shares of common stock and one Class A Warrant.

At December 31, 1998 there were 1,650,000 Class A Warrants and 1,150,000 Class B Warrants outstanding. The warrants' expiration date has been extended to September 21, 1999.

The Company sold to the underwriter of its public offering in May 1996, for nominal consideration, a warrant to purchase 200,000 shares of Common Stock. The warrant has an exercise price of \$7.95 per share and is exercisable for a period of five years commencing May 3, 1998.

[3] Options:

The Company may issue options to purchase up to an aggregate of 1,407,500 shares of Common Stock pursuant to its 1992 Stock Option Plan, as amended (the "Plan"). Options to purchase shares may be granted under the Plan to persons who, in the case of incentive stock options, are employees of the Company; or, in the case of SARs and nonstatutory stock options, are officers and key employees of the Company, or agents, medical and scientific advisors, directors of or consultants to the Company, whether or not otherwise employed by the Company. The exercise price is determined by the Stock Option Committee of the Board of Directors at the time of the granting of an option, but in the case of an incentive stock option, the exercise price shall not be less than the fair market value of the stock on the date of grant. Options and SARs vest over a period not greater than five years, and expire no later than ten years from the date of grant.

Options to purchase up to 1,407,000 shares of Common Stock pursuant to the Plan are outstanding as of December 31, 1998. In addition to the shares of Common Stock reserved for issuance pursuant to the Plan, the Company has reserved 1,521,000 shares of Common Stock for issuance upon exercise of outstanding options pursuant to other agreements. These options vest over various periods and expire no later than seven years from the date of vesting.

During 1998 the Company reduced the exercise price of 1,204,000 options, which are included in the number of options forfeited and the number granted during the year.

The Company applies APB Opinion 25 and related Interpretations in accounting for its options to employees. Although no compensation cost has been recognized for its stock option grants to employees, the Company has included stock based compensation costs associated with options granted under consulting agreements, in research and development and general and administrative expenses of \$435,000

LIFE MEDICAL SCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

and \$21,000, respectively for 1996 and in research and development expenses of \$159,000 for 1998. Had compensation cost for the Company's stock option grants to employees been determined based on the fair value at the grant dates for awards consistent with the method of FASB Statement 123, the Company's net loss and loss per share would have been increased to the pro forma amounts indicated below (in thousands, except per share data).

		1996	1997	1998
		-----	-----	----
<S>	<C>	<C>	<C>	<C>
Net loss	As reported	\$ (3,830)	\$ (7,666)	\$ (7,602)
	Pro forma	\$ (4,329)	\$ (9,268)	\$ (8,992)
Net loss per share- basic & diluted	As reported	\$ (0.55)	\$ (0.97)	\$ (0.96)
	Pro forma	\$ (0.62)	\$ (1.17)	\$ (1.13)

A summary of the status of the Company's stock options as of December 31, 1996, 1997 and 1998, and changes during the years ended on those dates is presented below (in thousands, except per share data):

		1996	1997	1998
		-----	-----	-----
Fixed Options	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	1,028	\$5.65	1,459	\$6.90
Granted	625	8.01	1,025	4.53
Exercised	(193)	3.85	(8)	2.50
Forfeited	(1)	6.00	(602)	7.29
Outstanding at end of year	1,459	6.90	1,874	5.50
Options exercisable at year-end	926	6.35	1,299	5.64
Weighted-average fair value of options granted during the year.		4.09		2.13

The following table summarizes information about fixed stock options outstanding at December 31, 1998 (in thousands, except per share data):

Range Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/98	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/98	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
\$0.07-0.63	442	7 years	\$0.09	5	\$0.58
1.31-2.75	2,108	4 years	1.89	1,605	1.92
4.00-9.12	378	2 years	5.90	325	6.22
	2,928	4 years	\$2.13	1,935	\$2.64

LIFE MEDICAL SCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1996, 1997 and 1998: no dividend yield, expected volatility of 76%, a risk-free interest rate of 5.5% to 6.0% and an expected life of 2.5 to 3.3 years.

(NOTE F)-- Income Taxes:

At December 31, 1998, the Company has net operating loss carryforwards for income tax purposes of approximately \$32,726,000 and approximately \$ 400,000 of research and development tax credits available to offset future federal income tax, subject to limitations for alternative minimum tax. The net operating loss carryforwards and the research and development credit carryover are subject to examination by the tax authorities and expire in various years from 2005 through 2018. Certain other limitations may apply. Any significant issuance of the Company's stock, however, may trigger Section 382 limitations on the use of net operating loss carryforwards under the Internal Revenue Code of 1986.

Deferred tax benefits, which amounted to \$10,956,000 and \$13,976,000 at December 31, 1997 and 1998 are principally attributable to net operating loss carryforwards and have been offset by a valuation allowance due to management's uncertainty regarding the future profitability of the Company. The valuation allowance has been increased by \$1,517,000, \$3,086,000 and \$3,020,000 in 1996, 1997, and 1998, respectively.

(NOTE G)-- Research and License Agreements:

[1] Yissum agreement:

During June 1991, the Company entered into a research and license agreement with Yissum Research and Development Company of the Hebrew University of Jerusalem ("Yissum"), which was amended in February 1994, as of January 1996 and as of October 1996, pursuant to which the Company finances and Yissum conducts research and development at the Hebrew University of Jerusalem in the field of biomedical polymers. In connection with the agreement, Yissum assigned to the Company its worldwide rights to patents, patent applications and know-how to develop, manufacture and market products relating to this technology.

Pursuant to the agreement, the Company is obligated to pay a royalty of five percent of all net sales of the Company's products derived under the agreement. The maximum amount of royalties to be paid during the term of the agreement is \$5,500,000. The agreement continues until the earlier of the last date upon which the patents expire, or at the end of fifteen years from the date of the first commercial sale pursuant to the assignment. Yissum has the right in its sole discretion to terminate the agreement if, among other things the Company does not attain certain milestones by specified dates. The January 1996 amendment gives the Company options for three one-year extensions, through 2003, of the periods in which certain milestones must be attained, each for a payment of \$50,000. Upon termination of the agreement for any reason, the patents, patent applications and know-how assigned by Yissum to the Company will revert in full to Yissum.

LIFE MEDICAL SCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

The October 1996 amendment provides a research term of five years from the

date of the amendment and required Yissum personnel to enter into confidentiality and non-competition agreements with the Company.

[2] Dimotech agreement:

During July 1995, the Company entered into an agreement with Dimotech, pursuant to which the Company financed and Dimotech conducted research and development with regard to the scar management program. In connection with the agreement, Dimotech has assigned to the Company its worldwide rights to the patents and know-how to develop, manufacture and market products relating to this technology.

Pursuant to the agreement, the Company is obligated to pay a royalty of five percent of all net sales of the Company's products derived under this agreement including CLINICEL. The agreement continues until the earlier of the last date upon which the patents expire, or at the end of fifteen years from the date of the first commercial sale pursuant to the assignment. Dimotech has the right in its sole discretion to terminate the agreement under certain circumstances. Upon termination of the agreement for any reason, the patents, license and know-how assigned by Dimotech to the Company will revert in full to Dimotech.

[3] Technion agreements:

During June 1991, the Company entered into an agreement with Technion Research and Development Foundation, Ltd., in Haifa, Israel (the "Technion"), which was assigned to its wholly-owned subsidiary Dimotech, Ltd. ("Dimotech") and was amended in February 1994 and February 1996, pursuant to which the Company financed, and Dimotech conducted, research and development with regard to the Company's in-situ tissue culturing technology. In connection with the agreement, the Technion assigned to the Company its worldwide rights to patent applications, any patents which may be issued and know-how to develop, manufacture and market products relating to this technology. This agreement was terminated by the Company in September 1998.

At December 31, 1998 Dimotech holds an option to purchase 100,000 shares of common stock at an exercise price of \$9.12. This option agreement expires at certain dates through December 2000.

(NOTE H)-- Commitments and Other Matters:

[1] Leases:

The Company entered into an operating lease for its corporate offices in November 1996 for approximately 3,550 square feet at an annual fixed rent of \$80,000. The initial term of this lease is for five years and includes one five-year renewal option.

The lease provides for future aggregate minimum annual rentals, as of December 31, 1998, as follows (in thousands):

1999.....	\$80
2000.....	\$80
2001.....	\$67

LIFE MEDICAL SCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

The terms of the lease includes escalation for increases in real estate taxes and certain operating expenses.

Rent expense was \$56,000, \$84,000 and \$84,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

[2] Employment agreements:

The Company has employment agreements with four executives which expire at various dates from 1999 through 2001. Pursuant to such agreements, the Company's commitments regarding termination benefits aggregates \$280,863 at December 31, 1998.

[3] Customer Concentration:

As the Company's CLINICEL business increased during 1998, wholesalers, distributors, drug retail outlets and chains and mass merchandise chain pharmacies were added to the customer base. The Company's largest customer (Eckerd) accounted for approximately 22% of sales in 1998. Given the continued market consolidation among these entities, loss of these customers could have a material adverse affect on the company.

NOTES TO FINANCIAL STATEMENTS - (Continued)

[4] Other:

In connection with an agreement with the Technion and Dimotech, which was assigned to MedChem in July 1994, the Company must invest \$50,000 per year, for the five-year period ending December 31, 1999, in research and development programs in Israel if MedChem does not make such investments. The agreement also provides for a two percent royalty on sales of the Sure-Closure System to be paid to the Chief Scientist in Israel. In the event that MedChem does not pay these royalties the Company may be obligated to make such payments. In addition, the agreement contains certain commitments to favorably consider manufacture of future products in Israel, which if not met could result in the loss of technology and future royalty income.

(NOTE I)-- Sure-Closure System Sale:

In July 1994, the Company sold or assigned to MedChem substantially all of its assets related to the Sure-Closure System, including rights, agreements and licenses. The terms of the asset purchase agreement provide that the Company is entitled to royalties of 10% of the net sales (as defined in the agreement), through June 30, 2004, of the Sure-Closure System and any line extensions or future embodiments. In connection with this transaction, \$644,000 was recorded as deferred royalty income and through December 31, 1998 has been reduced by \$258,000 of royalties earned after October 1, 1995.

A number of the Company's agreements with the Technion and Dimotech, related to the Sure-Closure System, were assigned to MedChem in connection with the sale.

(NOTE J)-- Related Party:

The Company incurred expenses of approximately \$402,000, \$189,000 and \$103,000 in the years ended December 31, 1996, 1997 and 1998, respectively, for legal services rendered by a firm, one of the partners at which is a director and a principal stockholder of the Company.

(NOTE K)-- 401(k) Plan:

Effective October 1992, the Company adopted a 401(k) pension plan available to all full time eligible employees. The Company at its discretion may make contributions to the plan. However, no such contributions have been made through December 31, 1998.

LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(incentive stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee an incentive stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee an incentive stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If the Optionee ceases to perform services for the Company because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If the Optionee ceases to perform services for the Company because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The

Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and

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the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: Herbert Moskowitz

OPTIONEE

Print Name: Robert P. Hickey

Sign Name: /s/ Robert P. Hickey

OPTION INFORMATION

Total Number of Shares Underlying Option: 134,687
Purchase Price Per Share: \$4.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 29, 1996	26,937	May 29, 2001
May 29, 1997	26,937	May 29, 2002
May 29, 1998	26,937	May 29, 2003
May 29, 1999	26,937	May 29, 2004
May 29, 2000	26,937	May 29, 2005

This agreement supercedes the previous agreement dated May 29, 1996.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Robert P. Hickey

Dated: 6/30/98

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(incentive stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee an incentive stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee an incentive stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion

thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If the Optionee ceases to perform services for the Company because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If the Optionee ceases to perform services for the Company because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company

because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the

Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and

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the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Herbert Moskowitz

OPTIONEE:

Print Name: Robert P. Hickey

Signature: /s/ Robert P. Hickey

OPTION INFORMATION

Total Number of Shares Underlying Option: 115,313
Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 29, 1996	23,062	May 29, 2001
May 29, 1997	23,062	May 29, 2002
May 29, 1998	23,063	May 29, 2003
May 29, 1999	23,063	May 29, 2004
May 29, 2000	23,063	May 29, 2005

This agreement supercedes the previous agreement dated May 29, 1996.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account

for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act.

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Robert P. Hickey

Dated: 7/10/98

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LIFE MEDICAL SCIENCES, INC.
 STOCK OPTION AGREEMENT
 UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
 (non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

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4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer,

except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

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8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By:

OPTIONEE :

Print Name: Eli Pines, Ph.D.

Sign Name: /s/ Eli Pines

OPTION INFORMATION

Total Number of Shares Underlying Option: 3,875
Purchase Price Per Share: \$ 7.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
June 17, 1997	1,937	June 17, 2002
June 17, 1998	1,938	June 17, 2003

This agreement supercedes the previous agreement dated June 17, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account

for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Eli Pine

Dated: 7/30/98

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further

acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

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LETTER OF AGREEMENT

4/22/98

1. CP&S will provide the following services under the Food and Drug Administration QSR guidelines:

Raw material purchasing, receipt and approval based on Life Medical Sciences specifications (to be provided), product assembly and release per Life Medical Sciences specifications (to be provided), maintaining manufacturing and quality records and documentation, inventory management and pick and ship distribution.
2. Product Pricing per product quotation. Prices are FOB CP&S. Pricing will be re-negotiated annually to respond to changes in labor and overhead costs. Changes in specifications and/or requirements could result in an immediate price increase.
3. The initial term of this AGREEMENT is one year. The AGREEMENT is "evergreen", which means it will automatically be renewed annually unless terminated by either party with a four months advance notice.
4. CP&S will invoice Life Medical Sciences for assembly cost (raw materials, labor, sales unit packaging and administrative cost reimbursement per item #12) upon product assembly. CP&S will invoice Life Medical Sciences for pick-n-ship cost (accessories [e.g. box of net or roll of tape], labor, shipping materials and outbound shipping costs) upon pick-n-ship. The Clinigel cushions will be purchased by Life Medical Sciences and not included in the assembly cost Life Medical Sciences must pay CP&S net 30 days or sooner if suppliers selected by Life Medical Sciences require less than 45 day terms. Invoices for freight must be paid in 10 days.
5. Raw material costs and subsequent supplier cost increases are a straight pass through to Life Medical Sciences.
6. Life Medical Sciences will provide CP&S with a firm 1 month forecast and 4 month rolling forecast for each product SKU on a monthly basis.
7. Life Medical Sciences and CP&S will negotiate in good faith costs associated with new products not detailed here.
8. Life Medical Sciences is responsible for all capital purchases or significant purchases (over \$100) including testing equipment and retains ownership for equipment provided. Machine preventive maintenance, where applicable, is the responsibility of CP&S. Major machine repair/parts (over

\$200) is the responsibility of Life Medical Sciences.

9. If business were to grow significantly beyond forecast requiring CP&S to work extended overtime periods. Life Medical Sciences is responsible to pay the increased overtime rate or the increased cost associated with temporary labor, if required. Limited overtime (1-2 days) and resource allocation to cover special requests or unusual short term spikes in demand, will be covered by CP&S.
10. CP&S is not responsible for any components or raw materials which are not connected with a CP&S purchase order (i.e., if component or raw material suppliers maintain inventory). Life Medical Sciences will fund the initial raw material inventory purchases made by CP&S, the total value of these purchases represent a working capital load to CP&S. This loan amount may need to be adjusted upward to cover significant spike increases in order volume. This "loan" will be repaid to Life Medical Sciences by CP&S at the end of the agreement. Life Medical Sciences is financially responsible for any raw materials CP&S maintains with suppliers at the minimum forecast levels agreed to by both parties and reviewed quarterly.
11. Initial transfer of equipment (where applicable), and any component raw material or finished goods inventories to CP&S is at Life Medical Sciences expense.
12. Reimbursement for CP&S administrative costs will be through a 2.5% upcharge on assembled component costs (raw material excluding Clinichel cushions and direct labor) on product invoiced to Life Medical Sciences through 8/15/98. For the remaining 8 months of the initial term and on future annual revisions the recovery factor will be determined as follows: $x\% = \text{O.H. budget allocations} / (\text{F/C units} \times \text{average assembled cost})$

1.

LETTER OF AGREEMENT

4/22/98

13. CP&S is a re-packager and will be held completely harmless for product liability for any reason other than product damage which occurs in the

assembly, storage and/or packaging at CP&S, including if someone sues CP&S due to lack of product performance. In the event that any product does not conform as aforesaid, Life Medical Sciences sole remedy shall be the repair or replacement (at CP&S' option) of such non-conforming product within a reasonable period of time.
14. Life Medical Sciences will be financially responsible for the "out of pocket" costs incurred by CP&S in preparation for this AGREEMENT if Life Medical Sciences decides not to complete the transfer of packaging/manufacture to CP&S. Up front costs are not to exceed \$10,000. CP&S will obtain Life Medical Sciences' prior written approval on any

expenditure in excess of \$ 1,000.

15. Components and raw materials will be stored in CP&S' warehouse. Life Medical Sciences agrees that no special storage conditions are necessary.
16. Manufacturing of Life Medical Sciences products will be conducted in CP&S' current manufacturing facility environment. Life Medical Sciences agrees that no special environmental conditions are necessary. Life Medical Sciences agrees that no employee protective wear is necessary in the manufacture of their product. Life Medical Sciences will supply CP&S with the Clinicel Material Safety Data Sheet (MSDS) prior to manufacture.
17. Changes in component part suppliers would only be made with Life Medical Sciences' prior written approval. However, if the change results in a per unit cost reduction for comparable order quantities, then savings would be shared evenly between CP&S and Life Medical Sciences, after qualification costs incurred by CP&S are covered.
18. After May 15, 1998, the quantity of daily orders must exceed 50. Life Medical Sciences will be charged a \$2.00 fee per order for the difference between actual daily orders shipped and 50 orders, i.e. $50 - 20$ (actual orders shipped) = $30 \times \$2.00 = \60.00
19. Assumptions listed in CP&S' 3/25/98 letter and Price Quote dated 3/27/98 to Robert Hickey also apply to this Letter of Agreement.
20. Although the initial term of this AGREEMENT is one year, the parties agree to reassess operational cost and facility related aspects on or about 8/15/98 or four (4) months after start of assembly. At that point, initial EOQ standards will be established for each component.

ACCEPTED BY:

ACCEPTED BY:

/s/ Robert P. Hickey

/s/ Bradford Washburne

Robert P. Hickey
President and Chief Executive Officer
LIFE MEDICAL SCIENCES

Bradford Washburne
President
CONSOLIDATED PRODUCTS &
SERVICES, INC.

4/27/98

4/24/98

Date

Revision II

Date

Revision II

EMPLOYMENT AGREEMENT

THIS AGREEMENT made in Edison, New Jersey as of the 25th day of July 1998,

between Life Medical Sciences, Inc., a Delaware corporation (the "Company") and
Drew Karazin the undersigned individual ("Executive").

In consideration of the mutual covenants and agreements hereinafter set forth,
the Company and Executive agree as follows:

1. Agreement Term.

The term of this Agreement shall be the three-year period commencing on July

20, 1998 (the "Employment Date") and ending on the third anniversary of the
--
Employment Date (the "Agreement Term").

2. Employment.

(a) Employment by the Company. Executive agrees to be employed by the

Company for the Agreement Term upon the terms and subject to the conditions set
forth in this Agreement. Executive shall have the title of Vice President and
Chief Financial Officer reporting to the President and CEO. Executive shall have
such duties as may be prescribed by the Company and shall serve in such other
and/or additional position(s) as the Company may determine from time to time.
Executive shall also serve as a Corporate Officer of the Company. The Company
will at all times treat the Executive with dignity, honesty and respect, and
will provide Executive with such resources as in the Company's judgement shall
enable the Executive to discharge his responsibilities.

(a) Performance of Duties. Throughout the Agreement Term, Executive

shall faithfully and diligently perform Executive's duties in conformity with
the directions of the Company and serve the Company to the best of Executive's
ability. Executive shall devote Executive's entire working time, attention and
energies to the business and affairs of the Company, subject to vacations and
sick leave as provided herein and in accordance with Company policy.

(b) Place of Performance. During the Agreement Term, Executive shall,

subject to travel requirements on behalf of the Company, be based at the Company's offices in Edison, New Jersey or such other location(s) as the Company may determine and, in this regard, Executive shall maintain Executive's personal residence in such city or such other location within reasonable access to the Company's headquarters.

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3. Compensation and Benefits.

(a) Base Salary. The Company agrees to pay to Executive for employment

hereunder a base salary ("Base Salary") at the annual rate of \$145,000. The Base

Salary shall be increased prospectively on each anniversary of the Employment Date during the Agreement Term, by such amount as the Board of Directors of the Company shall determine is necessary and appropriate to give effect to increases in the cost of living. The Base Salary shall be payable in installments consistent with the Company's payroll practices then in effect.

(b) Benefits and Perquisites; Bonus. Executive shall be entitled to

participate in, to the extent Executive is otherwise eligible under the terms thereof, the benefit plans and programs, including medical and savings and retirement plans, and receive the benefits and perquisites, generally provided to employees of the same level and responsibility as Executive. Executive shall be entitled to four weeks vacation during each year of the Agreement Term. Nothing in this Agreement shall preclude the Company from terminating or amending from time to time any employee benefit plan or program. Executive shall be eligible for bonuses, at such times and in such amounts as shall be determined at the discretion of the Board of Directors of the Company based on their assessment of Executive's performance of his duties and on the financial performance of the Company. The Company shall obtain life insurance coverage (assuming the Executive is insurable) on the life and for the benefit of the Executive in an amount equal to twice the amount of the Base Salary then in effect. The Company shall be entitled to all dividends, if any, which may be paid under the policy. The Executive represents that the Executive is currently in good health.

(c) Travel and Business Expenses; Car Allowance. Upon submission of

itemized expense statements with supporting receipts in the manner specified by the Company, Executive shall be entitled to reimbursement for reasonable travel and other reasonable business expenses duly incurred by Executive in the performance of Executive's duties under this Agreement in accordance with the policies and procedures established by the Company from time to time for employees of the same level and responsibility as Executive.

(d) Grant of Option and Terms Thereof. The Company hereby agrees that,

on the date hereof, it will grant to Executive, pursuant to the Company's 1992 Stock Option Plan, as amended (the "Plan"), a non-qualified option (the "Option") to purchase up to Seventy-Five Thousand (75,000) shares of the

Company's common stock (the "Option Shares"). The exercise price for each Option Share will be the closing price of the Company's common stock as reported in the Wall Street Journal for the Employment Date. The Option will vest and become exercisable over a two-year period commencing on the date of grant, with one-third vesting and becoming exercisable on the date of grant and on each of the first and second anniversaries of the date of grant, subject to termination as provided for in the Plan, and further subject to termination in the event that (i) Executive breaches any term hereof, (ii) Executive's employment hereunder is terminated by the Company for Cause (as hereinafter defined), or (iii) Executive voluntarily terminates his employment hereunder. The Option will expire as to each installment

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seven years from the date of vesting. The terms (including exercisability) of the Option shall otherwise be governed by the Plan, as well as the applicable option agreement to be entered into pursuant to the terms of the Plan. Notwithstanding the foregoing, if a Change of Ownership (as hereinafter defined) of the Company occurs, then, upon such occurrence, the vesting schedule of the Option shall accelerate by two years so that 100% of the Option will have vested on the Employment Date. For purposes of the preceding sentence, "Change of Ownership" means acquisition and control of greater than 50% of the Company's outstanding voting securities by a single entity.

(e) Temporary Living and Relocation Expense Reimbursement. The Company

agrees to provide reimbursement, upon submission of itemized expense statements with supporting receipts, for reasonable and customary expenses borne by the Employee in conjunction with relocation to a residence reasonably accessible to the Company's headquarters and temporary living expenses incurred prior to and during said relocation. The sum total of all such expenses reimbursed by the Company shall not exceed \$15,000.

(f) No Other Compensation or Benefits; Payment. The compensation and

benefits specified in Sections 3 and 5 of this Agreement shall be in lieu of any and all other compensation and benefits. Payment of all compensation and benefits to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable employment and withholding taxes.

(g) Cessation of Employment. In the event Executive shall cease to be

employed by the Company for any reason, then Executive's compensation and benefits shall cease on the date of such event, except as otherwise provided herein or in any applicable employee benefit plan or program.

4. Exclusive Employment; Noncompetition.

(a) No Conflict; No Other Employment. During the period of Executive's

employment with the Company, Executive shall not engage in any activity which conflicts or interferes with or derogates from the performance of Executive's duties hereunder nor shall Executive engage in any other business activity, whether or not such business activity is pursued for gain or profit, except as approved in advance in writing by the Board of Directors of the Company.

(b) No Competition. Without limiting the generality of the provisions of

Sections 2(b) or 4(a), during the period of Executive's employment with the Company, and for a period of two years thereafter (the "Restricted Period"), Executive shall not, directly or indirectly, own, manage, operate, join, control, participate in, invest in or otherwise be connected or associated with, in any manner, including as an officer, director, employee, partner, stockholder, joint venturer, lender, consultant, advisor, agent, proprietor, trustee or investor, any Competing Business located in the United States or in any other location where the Company

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operates or sells its products or services; provided, however, that if Executive's employment hereunder is terminated by the Company under Section 5(d), then the provisions of this Section 4(b) shall remain in effect only if the Company shall not have breached its obligation to pay to Executive amounts as severance pursuant to Section 5(d).

(i) As used in this Agreement, the term "Competing Business" shall mean any business or venture which engages in any business area, or sells or provides products or services that compete or overlap with any business area, in which the Company engages or is actively developing products or technology to engage in at any time during the Agreement Term, or any business or venture which sells or provides products or services that compete or overlap with the products or services as sold or provided, or are being actively developed to be sold or provided, by the Company at any time during the Agreement Term.

(ii) For purposes of this Section 4(b), the term "invest" shall not preclude an investment in not more than one percent (1%) of the outstanding capital stock of a corporation whose capital stock is listed on a national securities exchange or included in the NASDAQ Stock Market, so

long as Executive does not have the power to control or direct the management of, or is not otherwise associated with, such corporation.

(c) No Solicitation. During the Restricted Period, Executive shall not

solicit or encourage any employee or consultant of the Company to leave the employ, or cease his or her relationship with, the Company for any reason, nor employ or retain such an individual in a Competing Business or any other business .

(d) Company Customers. Executive shall not, during the Restricted

Period, directly or indirectly, contact, solicit or do business with any "customers" (as hereinafter defined) of the Company for the purpose of selling or providing any product or service then sold or provided by the Company to such customers or being actively developed to be sold or provided to such customers during Executive's employment by the Company or at the time of termination of Executive's employment hereunder.

For the purposes of the provisions of this Section 4(d), "customer" shall include any entity that purchased any product or service from the Company within twelve months of the termination of Executive's employment hereunder, without regard to the reason for such termination. The term "customer" also includes any former customer or potential customer of the Company which the Company has solicited within twelve months of such termination, for the purpose of selling or providing any product or service then sold or provided, or then actively being developed to be sold or provided, by the Company.

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(e) Modification of Covenants. The restrictions against competition set

forth in this Section 4 are considered by the parties to be reasonable for the purposes of protecting the business of the Company. However, if any such restriction is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

5. Termination of Employment.

(a) Termination. The Company may terminate Executive's employment for

Cause (as hereinafter defined) in which case the provisions of Section 5(b) shall apply. The Company may also terminate Executive's employment in the event of Executive's Disability (as hereinafter defined), in which case the provisions of Section 5(c) shall apply. The Company may also terminate the Executive's employment for any other reason by written notice to Executive, in which case

the provisions of Section 5(d) shall apply. If Executive's employment is terminated by reason of Executive's death, retirement or voluntary resignation, the provisions of Section 5(b) shall apply.

(b) Termination for Cause; Termination by Reason of Death or Retirement

or Voluntary Resignation. (1) In the event that Executive's employment hereunder

is terminated during the Agreement Term (i) by the Company for Cause (as hereinafter defined), (ii) by reason of Executive's death or retirement or (iii) by reason of Executive's voluntary resignation, then the Company shall pay to Executive, within thirty (30) days of the date of such termination, only the Base Salary through such date of termination.

(2) For purposes of this Agreement, "Cause" shall mean (i) conviction of any crime (whether or not involving the Company) constituting a felony in the jurisdiction involved; (ii) engaging in any substantiated act involving moral turpitude; (iii) engaging in any act which, in each case, subjects, or if generally known would subject, the Company to public ridicule or embarrassment; (iv) gross neglect or misconduct in the performance of Executive's duties hereunder; (v) willful or repeated failure or refusal to perform such duties as may be relegated to Executive commensurate with Executive's position; or (vi) breach of any provision of this Agreement by Executive .

(3) In the event the Company desires to terminate Executive's employment for Cause as defined in clauses (iv), (v) or (vi) of the definition thereof, the Company shall first attempt to resolve the matter(s) at issue through a meeting between Executive and the Chairman of the Board for Directors of the Company. If such meeting fails to resolve the matter(s), then Executive will meet with the Board of Directors of the Company and attempt to resolve the matter(s). The decision of the Board of Directors of the Company as to the matter(s) shall be final and binding on the parties and not subject to review or appeal by any other person.

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(c) Disability. If, as a result of Executive's incapacity due to

physical or mental illness, Executive shall have been absent from Executive's duties hereunder on a full time basis for either (i) ninety (90) days within any six-month period, or (ii) sixty (60) consecutive days, and within thirty (30) days after written notice of termination is given shall not have returned to the performance of Executive's duties hereunder on a full time basis, the Company may terminate Executive's employment hereunder for "Disability". In that event, the Company shall pay to Executive, within thirty (30) days of the date of such termination, only the Base Salary through such date of termination. During any period that Executive fails to perform Executive's duties hereunder as a result of incapacity due to physical or mental illness (a "Disability Period"), Executive shall continue to receive the compensation and benefits provided by

Section 3 hereof until Executive's employment hereunder is terminated; provided, however, that the amount of compensation and benefits received by Executive during the Disability Period shall be reduced by the aggregate amounts, if any, payable to Executive under disability benefit plans and programs of the Company or under the Social Security disability insurance program.

(d) Termination By Company For Any Other Reason. In the event that

Executive's employment hereunder is terminated by the Company during the Agreement Term for any reason other than as provided in Sections 5(b) or 5(c) hereof, then the Company shall pay to Executive, within thirty (30) days of the date of such termination, the Base Salary through such date of termination and, in lieu of any further compensation and benefits for the balance of the Agreement Term, severance pay equal to the Base Salary that Executive would have otherwise received during the period of six months from the effective date of such termination, commencing with such date of termination at the times and in the amounts such Base Salary would have been paid; provided, however, that in the event that Executive shall breach Sections 4 or 6 hereof, in addition to any other remedies the Company may have in the event Executive breaches this Agreement, the Company's obligation pursuant to this Section 5(d) to continue such payments of salary shall cease and Executive's rights thereto shall terminate and shall be forfeited.

(e) No Further Liability; Release. Payment made and performance by the

Company in accordance with this Section 5 shall operate to fully discharge and release the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders, successors, assigns, agents and representatives from any further obligation or liability with respect to Executive's employment and termination of employment. Other than paying Executive's Base Salary through the date of termination of Executive's employment and making any severance payment pursuant to and in accordance with this Section 5 (as applicable), the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders, successors, assigns, agents and representatives shall have no further obligation or liability to Executive or any other person under this Agreement. The Company shall have the right to condition the payment of any severance or other amounts pursuant to Sections 5(c) or 5(d) hereof upon the delivery by Executive to the Company of a release in form and substance satisfactory to the Company of any and all claims Executive may have against the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders, successors, assigns, agents and representatives arising out of or related to Executive's employment by the Company and termination of such employment.

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6. Confidential Information.

(a) Existence of Confidential Information. The Company owns and has

developed and compiled, and will develop and compile, certain proprietary technology, know-how and confidential information which have great value to its business (referred to in this Agreement, collectively, as "Confidential Information"). Confidential Information includes not only information disclosed by the Company to Executive, but also information developed or learned by Executive during the course or as a result of employment with the Company, which information shall be the property of the Company. Confidential Information includes all information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is specifically labelled as Confidential Information. By way of example and without limitation, Confidential Information includes any and all information developed, obtained, licensed by or to or owned by the Company concerning trade secrets, techniques, know-how (including research data, designs, plans, procedures, merchandising, marketing, distribution and warehousing know-how, processes, and research records), software, computer programs, and any other intellectual property created, used or sold (through a license or otherwise) by the Company, product know-how and processes, innovations, discoveries, improvements, research, development, test results, reports, specifications, data, formats, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, budgets, projections, customer, supplier, licensee, licensor and subcontractor identities, characteristics, agreements and operating procedures, and salary, staffing and employment information.

(b) Protection of Confidential Information. Executive acknowledges and -----

agrees that in the performance of duties hereunder Executive develops and acquires, and the Company discloses to and entrusts Executive with, Confidential Information which is the exclusive property of the Company and which Executive may possess or use only in the performance of duties for the Company. Executive also acknowledges that Executive is aware that the unauthorized disclosure of Confidential Information, among other things, may be prejudicial to the Company's interests, an invasion of privacy and an improper disclosure of trade secrets. Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any corporation, partnership, individual or other third party, other than in the course of Executive's assigned duties and for the benefit of the Company, any Confidential Information, either during the Agreement Term or thereafter. In the event Executive desires to publish the results of Executive's work for or experiences with the Company through literature, interviews or speeches, Executive will submit requests for such interviews or such literature or speeches to the Board of Directors of the Company at least fourteen (14) days before any anticipated dissemination of such information for a determination of whether such disclosure is in the best interests of the Company, including whether such disclosure may impair trade secret status or constitute an invasion of privacy. Executive agrees not to publish, disclose or otherwise disseminate such information without the prior written approval of the Board of Directors of the

Company.

(c) Delivery of Records, Etc. In the event Executive's employment with

the Company ceases for any reason, Executive will not remove from the Company's premises without its prior written consent any records, notes, notebooks, files, drawings, documents, equipment, materials and writings received from, created for or belonging to the Company, including those which relate to or contain Confidential Information, or any copies thereof. Upon request or when employment with the Company terminates, Executive will immediately deliver the same to the Company.

7. Invention and Patents.

(a) Executive will promptly and fully disclose to the Company any and all inventions, discoveries, trade secrets and improvements, whether or not patentable or whether or not they are made, conceived or reduced to practice during working hours or using the Company's data or facilities, which Executive shall develop, make, conceive or reduce to practice during Executive's employment by the Company, either solely or jointly with others (collectively, "Developments"). All such Developments shall be the sole property of the Company, and Executive hereby assigns to the Company, without further compensation, all his right, title and interest in and to such Developments and any and all related patents, patent applications, copyrights, copyright applications, trademarks and trade names in the United States and elsewhere.

(b) Executive shall keep and maintain adequate and current written records of all Developments (in the form of notes, sketches, drawings and as may be specified by the Company), which records shall be available to and remain the sole property of the Company at all times.

(c) Executive shall assist the Company in obtaining and enforcing patent, copyright and other forms of legal protection for the Developments in any country. Upon request, Executive shall sign all applications, assignments, instruments and papers and perform all acts necessary or desired by the Company and to enable the Company its successors, assigns and nominees, to secure and enjoy the full exclusive benefits and advantages thereof.

(d) Executive understands that Executive's obligations under this section will continue after the termination of his employment with the Company and that, whether during or after his employment, Executive shall perform such obligations without further compensation, except for reimbursement of expenses incurred at the request of the Company.

8. Assignment and Transfer.

(a) Company. This Agreement shall inure to the benefit of and be

enforceable by, and may be assigned by the Company to, any purchaser of all or substantially all of the Company's business or assets, any successor to the Company or any assignee thereof (whether direct or indirect, by purchase, merger, consolidation or otherwise). The Company will require any such purchaser, successor or assignee to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such purchase, succession or assignment had taken place.

(b) Executive. Executive's rights and obligations under this Agreement

shall not be transferable by Executive by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void; provided, however, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

9. Miscellaneous.

(a) Other Obligations. Executive represents and warrants that he is not

a party to any other employment agreement and that neither Executive's employment with the Company nor Executive's performance of Executive's obligations hereunder will conflict with or violate or otherwise are inconsistent with any other agreements to which Executive is or has been a party or with any other obligations, legal or otherwise, which Executive may have.

(b) Nondisclosure; Prior Employers. Executive will not disclose to the

Company, or use, or induce the Company to use, any proprietary information, trade secrets or confidential business information of others. Executive represents and warrants that Executive has returned all property, proprietary information, trade secrets and confidential business information belonging to all prior employers.

(c) Cooperation. Following termination of employment with the Company,

Executive shall cooperate with the Company, as requested by the Company, to affect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive.

(d) Protection of Reputation. During the Agreement Term and thereafter,

Executive agrees that he will take no action which is intended, or could reasonably be expected, to harm the Company or its reputation or which could reasonably be expected to lead to unwanted or unfavorable publicity to the Company.

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(e) Governing Law; Arbitration.

(i) Governing Law. This Agreement, including the validity,

interpretation, construction and performance of this Agreement, shall be governed by and construed in accordance with the laws of the State of New Jersey applicable to agreements made and to be performed in such state without regard to such states conflicts of law principles.

(ii) Arbitration. Subject to Section 9(k) hereof, any controversy or

claim which arises out of or relating to this Agreement, or the breach thereof shall be settled by arbitration in accordance with the Rules of the American Arbitration Association then in effect. The controversy or claim shall be submitted to three arbitrators, one of whom shall be chosen by the Employee, one of whom shall be chosen by the Company, and one of whom shall be chosen by the two so selected. The party desiring arbitration shall give written notice to the other party of its desire to arbitrate the particular matter in question, naming the arbitrator selected by it. If the other party shall fail within a period of 15 days after such notice shall have been given to reply in writing naming the arbitrator chosen as above provided, or if the two arbitrators selected by the parties shall fail within 15 days after their selection to agree upon the third arbitrator, then either party may apply to the American Arbitration Association for the appointment of an arbitrator to fill the place so remaining vacant. The decision of any two of the arbitrators shall be final and binding upon the parties hereto. Judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The proceedings shall be held in New York, New York. The arbitrators shall have no power to award punitive or exemplary damages or to ignore or vary the terms of this Agreement, and shall be bound to apply controlling law. Arbitration shall be binding and the remedy for the settlement of the controversy or claims (except as set forth in the preceding paragraph of this Section).

(f) Entire Agreement. This Agreement (including the Exhibits hereto)

contains the entire agreement and understanding between the parties hereto in respect of the subject matter hereof and supersedes, cancels and annuls any prior or contemporaneous written or oral agreements, understandings, commitments and practices between them respecting the subject matter hereof, including all prior employment agreements, if any, between the Company and Executive, which agreement(s) hereby are terminated and shall be of no further force or effect.

(g) Amendment. This Agreement may be amended only by a writing which

makes express reference to this Agreement as the subject of such amendment and which is signed by Executive and, on behalf of the Company, by its duly authorized officer.

(h) Severability. If any term, provision, covenant or condition of this

Agreement or part thereof, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term,

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provision, covenant or condition shall remain in full force and effect, and any such invalid, unenforceable or void term, provision, covenant or condition shall be deemed, without further action on the part of the parties hereto, modified, amended and limited to the extent necessary to render the same and the remainder of this Agreement valid, enforceable and lawful. In this regard, Executive acknowledges that the provisions of Sections 4 and 6 are reasonable and necessary for the protection of the Company.

(i) Construction. The headings and captions of this Agreement are

provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. The use herein of the word "including," when following any general provision, sentence, clause, statement, term or matter, shall be deemed to mean "including, without limitation". As used herein, "Company" shall mean the Company and its subsidiaries and any purchaser of, successor to or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the Company's business or assets which is obligated to perform this Agreement by operation of law. As used herein, the words "day" or "days" shall mean a calendar day or days.

(j) Nonwaiver. Neither any course of dealing nor any failure or neglect

of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Company, by its duly authorized officer.

(k) Remedies for Breach. The parties hereto agree that Executive is

obligated under this Agreement to render personal services during the Agreement Term of a special, unique, unusual, extraordinary and intellectual character,

thereby giving this Agreement peculiar value, and, in the event of a breach or threatened breach of any covenant of Executive herein, the injury or imminent injury to the value and the goodwill of the Company's business could not be reasonably or adequately compensated in damages in an action at law. Accordingly, Executive expressly acknowledges that the Company shall be entitled to specific performance, injunctive relief or any other equitable remedy against Executive, without the posting of a bond, in the event of any breach or threatened breach of any provision of this Agreement by Executive (including Sections 4 and 6 hereof). Without limiting the generality of the foregoing, if Executive breaches Sections 4 or 6 hereof, such breach will entitle the Company to enjoin Executive from disclosing any Confidential Information to any Competing Business, to enjoin such Competing Business from receiving Executive or using any such Confidential Information and/or to enjoin Executive from rendering personal services to or in connection with such Competing Business. The rights and remedies of the parties hereto are cumulative and shall not be exclusive, and each such party shall be entitled to pursue all legal and equitable rights and remedies and to secure performance of the obligations and duties of the other under this Agreement, and the enforcement of one or more of such rights and remedies by a party shall in no way preclude such party from pursuing, at the same time or subsequently, any and all other rights and remedies

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available to it.

(l) Notices. Any notice, request, consent or approval required or

permitted to be given under this Agreement or pursuant to law shall be sufficient if in writing, and if and when sent by certified or registered mail, return receipt requested, with postage prepaid, to Executive's residence (as reflected in the Company's records or as otherwise designated by Executive on thirty (30) days' prior written notice to the Company) or to the Company's principal executive office, attention: Chairman of the Board (with copies to the General Counsel), as the case may be. All such notices, requests, consents and approvals shall be effective upon being deposited in the United States mail. However, the time period in which a response thereto must be given shall commence to run from the date of receipt on the return receipt of the notice, request, consent or approval by the addressee thereof. Rejection or other refusal to accept, or the inability to deliver because of changed address of which no notice was given as provided herein, shall be deemed to be receipt of the notice, request, consent or approval sent.

(m) Assistance in Proceedings, Etc. Executive shall, without additional

compensation, during and after expiration of the Agreement Term, upon reasonable notice, furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any legal or quasi-legal proceeding, including any external or internal investigation, involving the Company or any of its affiliates or in which any of them is, or may become,

a party.

(n) Survival. Cessation or termination of Executive's employment with

the Company shall not result in termination of this Agreement. The respective obligations of Executive and rights and benefits afforded to the Company as provided in this Agreement shall survive cessation or termination of Executive's employment hereunder. This Agreement shall not terminate upon, and shall remain in full force and effect following, expiration of the Agreement Term and all rights and obligations of the parties hereto as and to the extent provided herein shall survive such expiration.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed on its behalf by an officer thereunto duly authorized and Executive has duly executed this Agreement, all as of the date and year first written above.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Robert P. Hickey

Name: Robert P. Hickey

Title: President & CEO

/s/ Drew Karazin

DREW KARAZIN

EMPLOYMENT AGREEMENT

THIS AGREEMENT made in Edison, New Jersey as of the 1st day of July 1998,

 between Life Medical Sciences, Inc., a Delaware corporation (the "Company") and
 Robert G. Conway the undersigned individual ("Executive").

In consideration of the mutual covenants and agreements hereinafter set forth,
 the Company and Executive agree as follows:

1. Agreement Term.

The term of this Agreement shall be the three-year period commencing on July

 1st, 1998 (the "Employment Date") and ending on the third anniversary of the

 Employment Date (the "Agreement Term").

2. Employment.

(a) Employment by the Company. Executive agrees to be employed by the

Company for the Agreement Term upon the terms and subject to the conditions set
 forth in this Agreement. Executive shall have the title of Vice President
 Operations reporting to the President and CEO. Executive shall have such duties
 as may be prescribed by the Company and shall serve in such other and/or
 additional position(s) as the Company may determine from time to time. Executive
 shall also serve as a Corporate Officer of the Company. The Company will at all
 times treat the Executive with dignity, honesty and respect, and will provide
 Executive with such resources as in the Company's judgement shall enable the
 Executive to discharge his responsibilities.

(b) Performance of Duties. Throughout the Agreement Term, Executive

shall faithfully and diligently perform Executive's duties in conformity with
 the directions of the Company and serve the Company to the best of Executive's
 ability. Executive shall devote Executive's entire working time, attention and
 energies to the business and affairs of the Company, subject to vacations and
 sick leave as provided herein and in accordance with Company policy.

(c) Place of Performance. During the Agreement Term, Executive shall,

subject to travel requirements on behalf of the Company, be based at the Company's offices in Edison, New Jersey or such other location(s) as the Company may determine and, in this regard, Executive shall maintain Executive's personal residence in such city or such other location within reasonable access to the Company's headquarters.

3. Compensation and Benefits.

(a) Base Salary. The Company agrees to pay to Executive for employment

hereunder a base salary ("Base Salary") at the annual rate of \$145,000.

The Base Salary shall be increased prospectively on each anniversary of the Employment Date during the Agreement Term, by such amount as the Board of Directors of the Company shall determine is necessary and appropriate to give effect to increases in the cost of living. The Base Salary shall be payable in installments consistent with the Company's payroll practices then in effect.

(b) Benefits and Perquisites; Bonus. Executive shall be entitled to

participate in, to the extent Executive is otherwise eligible under the terms thereof, the benefit plans and programs, including medical and savings and retirement plans, and receive the benefits and perquisites, generally provided to employees of the same level and responsibility as Executive. Executive shall be entitled to three weeks vacation during each year of the Agreement Term. Nothing in this Agreement shall preclude the Company from terminating or amending from time to time any employee benefit plan or program. Executive shall be eligible for bonuses, at such times and in such amounts as shall be determined at the discretion of the Board of Directors of the Company based on their assessment of Executive's performance of his duties and on the financial performance of the Company. The Company shall obtain life insurance coverage (assuming the Executive is insurable) on the life and for the benefit of the Executive in an amount equal to twice the amount of the Base Salary then in effect. The Company shall be entitled to all dividends, if any, which may be paid under the policy. The Executive represents that the Executive is currently in good health.

(c) Travel and Business Expenses; Car Allowance. Upon submission of

itemized expense statements with supporting receipts in the manner specified by the Company, Executive shall be entitled to reimbursement for reasonable travel and other reasonable business expenses duly incurred by Executive in the performance of Executive's duties under this Agreement in accordance with the policies and procedures established by the Company from time to time for employees of the same level and responsibility as Executive.

(d) Grant of Option and Terms Thereof. The Company hereby agrees that,

on the date hereof, it will grant to Executive, pursuant to the Company's 1992 Stock Option Plan, as amended (the "Plan"), a non-qualified option (the "Option") to purchase up to Seventy-Five Thousand (75,000) shares of the

Company's common stock (the "Option Shares"). The exercise price for each Option Share will be the closing price of the Company's common stock as reported in the Wall Street Journal for the Employment Date. The Option will vest and become exercisable over a two-year period commencing on the date of grant, with one-third vesting and becoming exercisable on the date of grant and on each of the first and second anniversaries of the date of grant, subject to termination as provided for in the Plan, and further subject to termination in the event that (i) Executive breaches any term hereof, (ii) Executive's employment hereunder is terminated by the Company for Cause (as hereinafter defined), or (iii) Executive voluntarily terminates his employment hereunder. The Option will expire as to each installment seven years from the date of vesting. The terms (including exercisability) of the Option shall otherwise be governed by the Plan, as well as the applicable option agreement to be entered into pursuant to the

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terms of the Plan. Notwithstanding the foregoing, if a Change of Ownership (as hereinafter defined) of the Company occurs, then, upon such occurrence, the vesting schedule of the Option shall accelerate by two years so that 100% of the Option will have vested on the Employment Date. For purposes of the preceding sentence, "Change of Ownership" means acquisition and control of greater than 50% of the Company's outstanding voting securities by a single entity.

(e) No Other Compensation or Benefits; Payment. The compensation and

benefits specified in Sections 3 and 5 of this Agreement shall be in lieu of any and all other compensation and benefits. Payment of all compensation and benefits to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable employment and withholding taxes.

(f) Cessation of Employment. In the event Executive shall cease to be

employed by the Company for any reason, then Executive's compensation and benefits shall cease on the date of such event, except as otherwise provided herein or in any applicable employee benefit plan or program.

4. Exclusive Employment; Noncompetition.

(a) No Conflict; No Other Employment. During the period of Executive's

employment with the Company, Executive shall not engage in any activity which conflicts or interferes with or derogates from the performance of Executive's

duties hereunder nor shall Executive engage in any other business activity, whether or not such business activity is pursued for gain or profit, except as approved in advance in writing by the Board of Directors of the Company.

(b) No Competition. Without limiting the generality of the provisions of -----

Sections 2(b) or 4(a), during the period of Executive's employment with the Company, and for a period of two years thereafter (the "Restricted Period"), Executive shall not, directly or indirectly, own, manage, operate, join, control, participate in, invest in or otherwise be connected or associated with, in any manner, including as an officer, director, employee, partner, stockholder, joint venturer, lender, consultant, advisor, agent, proprietor, trustee or investor, any Competing Business located in the United States or in any other location where the Company operates or sells its products or services; provided, however, that if Executive's employment hereunder is terminated by the Company under Section 5(d), then the provisions of this Section 4(b) shall remain in effect only if the Company shall not have breached its obligation to pay to Executive amounts as severance pursuant to Section 5(d).

(i) As used in this Agreement, the term "Competing Business" shall mean any business or venture which engages in any business area, or sells or provides products or services that compete or overlap with any business area, in which the Company engages or is actively developing products or technology to engage in at any time during the Agreement Term, or any business or venture which sells or provides products or services that compete or overlap with the products or services as sold or provided, or are being actively developed to be sold or provided, by the Company at any time during the Agreement Term.

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(ii) For purposes of this Section 4(b), the term "invest" shall not preclude an investment in not more than one percent (1%) of the outstanding capital stock of a corporation whose capital stock is listed on a national securities exchange or included in the NASDAQ Stock Market, so long as Executive does not have the power to control or direct the management of, or is not otherwise associated with, such corporation.

(c) No Solicitation. During the Restricted Period, Executive shall not -----

solicit or encourage any employee or consultant of the Company to leave the employ, or cease his or her relationship with, the Company for any reason, nor employ or retain such an individual in a Competing Business or any other business.

(d) Company Customers. Executive shall not, during the Restricted -----

Period, directly or indirectly, contact, solicit or do business with any "customers" (as hereinafter defined) of the Company for the purpose of selling or providing any product or service then sold or provided by the Company to such

customers or being actively developed to be sold or provided to such customers during Executive's employment by the Company or at the time of termination of Executive's employment hereunder.

For the purposes of the provisions of this Section 4(d), "customer" shall include any entity that purchased any product or service from the Company within twelve months of the termination of Executive's employment hereunder, without regard to the reason for such termination. The term "customer" also includes any former customer or potential customer of the Company which the Company has solicited within twelve months of such termination, for the purpose of selling or providing any product or service then sold or provided, or then actively being developed to be sold or provided, by the Company.

(e) Modification of Covenants. The restrictions against competition

set forth in this Section 4 are considered by the parties to be reasonable for the purposes of protecting the business of the Company. However, if any such restriction is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

5. Termination of Employment.

(a) Termination. The Company may terminate Executive's employment for

Cause (as hereinafter defined) in which case the provisions of Section 5(b) shall apply. The Company may also terminate Executive's employment in the event of Executive's Disability (as hereinafter defined), in which case the provisions of Section 5(c) shall apply. The Company may also terminate the Executive's employment for any other reason by written notice to Executive, in which case the provisions of Section 5(d) shall apply. If Executive's employment is terminated by reason of Executive's death, retirement or voluntary resignation, the provisions of Section 5(b) shall apply.

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(b) Termination for Cause; Termination by Reason of Death or Retirement

or Voluntary Resignation. (1) In the event that Executive's employment

hereunder is terminated during the Agreement Term (i) by the Company for Cause (as hereinafter defined), (ii) by reason of Executive's death or retirement or (iii) by reason of Executive's voluntary resignation, then the Company shall pay to Executive, within thirty (30) days of the date of such termination, only the Base Salary through such date of termination.

(2) For purposes of this Agreement, "Cause" shall mean (i)

conviction of any crime (whether or not involving the Company) constituting a felony in the jurisdiction involved; (ii) engaging in any substantiated act involving moral turpitude; (iii) engaging in any act which, in each case, subjects, or if generally known would subject, the Company to public ridicule or embarrassment; (iv) gross neglect or misconduct in the performance of Executive's duties hereunder; (v) willful or repeated failure or refusal to perform such duties as may be relegated to Executive commensurate with Executive's position; or (vi) breach of any provision of this Agreement by Executive.

(3) In the event the Company desires to terminate Executive's employment for Cause as defined in clauses (iv), (v) or (vi) of the definition thereof, the Company shall first attempt to resolve the matter(s) at issue through a meeting between Executive and the Chairman of the Board for Directors of the Company. If such meeting fails to resolve the matter(s), then Executive will meet with the Board of Directors of the Company and attempt to resolve the matter(s). The decision of the Board of Directors of the Company as to the matter(s) shall be final and binding on the parties and not subject to review or appeal by any other person.

(c) Disability. If, as a result of Executive's incapacity due to

physical or mental illness, Executive shall have been absent from Executive's duties hereunder on a full time basis for either (i) ninety (90) days within any six-month period, or (ii) sixty (60) consecutive days, and within thirty (30) days after written notice of termination is given shall not have returned to the performance of Executive's duties hereunder on a full time basis, the Company may terminate Executive's employment hereunder for "Disability". In that event, the Company shall pay to Executive, within thirty (30) days of the date of such termination, only the Base Salary through such date of termination. During any period that Executive fails to perform Executive's duties hereunder as a result of incapacity due to physical or mental illness (a "Disability Period"), Executive shall continue to receive the compensation and benefits provided by Section 3 hereof until Executive's employment hereunder is terminated; provided, however, that the amount of compensation and benefits received by Executive during the Disability Period shall be reduced by the aggregate amounts, if any, payable to Executive under disability benefit plans and programs of the Company or under the Social Security disability insurance program.

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Executive's employment hereunder is terminated by the Company during the Agreement Term for any reason other than as provided in Sections 5(b) or 5(c) hereof, then the Company shall pay to Executive, within thirty (30) days of the date of such termination, the Base Salary through such date of termination and, in lieu of any further compensation and benefits for the balance of the Agreement Term, severance pay equal to the Base Salary that Executive would have otherwise

received during the period of six months from the effective date of such termination, commencing with such date of termination at the times and in the amounts such Base Salary would have been paid; provided, however, that in the event that Executive shall breach Sections 4 or 6 hereof, in addition to any other remedies the Company may have in the event Executive breaches this Agreement, the Company's obligation pursuant to this Section 5(d) to continue such payments of salary shall cease and Executive's rights thereto shall terminate and shall be forfeited.

(e) No Further Liability; Release. Payment made and performance by the

Company in accordance with this Section 5 shall operate to fully discharge and release the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders, successors, assigns, agents and representatives from any further obligation or liability with respect to Executive's employment and termination of employment. Other than paying Executive's Base Salary through the date of termination of Executive's employment and making any severance payment pursuant to and in accordance with this Section 5 (as applicable), the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders, successors, assigns, agents and representatives shall have no further obligation or liability to Executive or any other person under this Agreement. The Company shall have the right to condition the payment of any severance or other amounts pursuant to Sections 5(c) or 5(d) hereof upon the delivery by Executive to the Company of a release in form and substance satisfactory to the Company of any and all claims Executive may have against the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders, successors, assigns, agents and representatives arising out of or related to Executive's employment by the Company and termination of such employment.

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6. Confidential Information.

(a) Existence of Confidential Information. The Company owns and has

developed and compiled, and will develop and compile, certain proprietary technology, know-how and confidential information which have great value to its business (referred to in this Agreement, collectively, as "Confidential Information"). Confidential Information includes not only information disclosed by the Company to Executive, but also information developed or learned by Executive during the course or as a result of employment with the Company, which information shall be the property of the Company. Confidential Information includes all information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is specifically labelled as Confidential Information. By way of example and without limitation, Confidential Information includes any and all information developed,

obtained, licensed by or to or owned by the Company concerning trade secrets, techniques, know-how (including research data, designs, plans, procedures, merchandising, marketing, distribution and warehousing know-how, processes, and research records), software, computer programs, and any other intellectual property created, used or sold (through a license or otherwise) by the Company, product know-how and processes, innovations, discoveries, improvements, research, development, test results, reports, specifications, data, formats, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, budgets, projections, customer, supplier, licensee, licensor and subcontractor identities, characteristics, agreements and operating procedures, and salary, staffing and employment information.

(b) Protection of Confidential Information. Executive acknowledges and

agrees that in the performance of duties hereunder Executive develops and acquires, and the Company discloses to and entrusts Executive with, Confidential Information which is the exclusive property of the Company and which Executive may possess or use only in the performance of duties for the Company. Executive also acknowledges that Executive is aware that the unauthorized disclosure of Confidential Information, among other things, may be prejudicial to the Company's interests, an invasion of privacy and an improper disclosure of trade secrets. Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any corporation, partnership, individual or other third party, other than in the course of Executive's assigned duties and for the benefit of the Company, any Confidential Information, either during the Agreement Term or thereafter. In the event Executive desires to publish the results of Executive's work for or experiences with the Company through literature, interviews or speeches, Executive will submit requests for such interviews or such literature or speeches to the Board of Directors of the Company at least fourteen (14) days before any anticipated dissemination of such information for a determination of whether such disclosure is in the best interests of the Company, including whether such disclosure may impair trade secret status or constitute an invasion of privacy. Executive agrees not to publish, disclose or otherwise disseminate such information without the prior written approval of the Board of Directors of the Company.

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(c) Delivery of Records, Etc. In the event Executive's employment

with the Company ceases for any reason, Executive will not remove from the Company's premises without its prior written consent any records, notes, notebooks, files, drawings, documents, equipment, materials and writings received from, created for or belonging to the Company, including those which relate to or contain Confidential Information, or any copies thereof. Upon request or when employment with the Company terminates, Executive will immediately deliver the same to the Company.

7. Invention and Patents.

(a) Executive will promptly and fully disclose to the Company any and all inventions, discoveries, trade secrets and improvements, whether or not patentable or whether or not they are made, conceived or reduced to practice during working hours or using the Company's data or facilities, which Executive shall develop, make, conceive or reduce to practice during Executive's employment by the Company, either solely or jointly with others (collectively, "Developments"). All such Developments shall be the sole property of the Company, and Executive hereby assigns to the Company, without further compensation, all his right, title and interest in and to such Developments and any and all related patents, patent applications, copyrights, copyright applications, trademarks and trade names in the United States and elsewhere.

(b) Executive shall keep and maintain adequate and current written records of all Developments (in the form of notes, sketches, drawings and as may be specified by the Company), which records shall be available to and remain the sole property of the Company at all times.

(c) Executive shall assist the Company in obtaining and enforcing patent, copyright and other forms of legal protection for the Developments in any country. Upon request, Executive shall sign all applications, assignments, instruments and papers and perform all acts necessary or desired by the Company and to enable the Company its successors, assigns and nominees, to secure and enjoy the full exclusive benefits and advantages thereof.

(d) Executive understands that Executive's obligations under this section will continue after the termination of his employment with the Company and that, whether during or after his employment, Executive shall perform such obligations without further compensation, except for reimbursement of expenses incurred at the request of the Company.

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8. Assignment and Transfer.

(a) Company. This Agreement shall inure to the benefit of and be

enforceable by, and may be assigned by the Company to, any purchaser of all or substantially all of the Company's business or assets, any successor to the Company or any assignee thereof (whether direct or indirect, by purchase, merger, consolidation or otherwise). The Company will require any such purchaser, successor or assignee to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such purchase, succession or assignment had taken place.

(b) Executive. Executive's rights and obligations under this Agreement

shall not be transferable by Executive by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void; provided, however, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

9. Miscellaneous.

(a) Other Obligations. Executive represents and warrants that he is

not a party to any other employment agreement and that neither Executive's employment with the Company nor Executive's performance of Executive's obligations hereunder will conflict with or violate or otherwise are inconsistent with any other agreements to which Executive is or has been a party or with any other obligations, legal or otherwise, which Executive may have.

(b) Nondisclosure; Prior Employers. Executive will not disclose to the

Company, or use, or induce the Company to use, any proprietary information, trade secrets or confidential business information of others. Executive represents and warrants that Executive has returned all property, proprietary information, trade secrets and confidential business information belonging to all prior employers.

(c) Cooperation. Following termination of employment with the Company,

Executive shall cooperate with the Company, as requested by the Company, to affect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive.

(d) Protection of Reputation. During the Agreement Term and thereafter,

Executive agrees that he will take no action which is intended, or could reasonably be expected, to harm the Company or its reputation or which could reasonably be expected to lead to unwanted or unfavorable publicity to the Company.

(e) Governing Law; Arbitration.

(i) Governing Law. This Agreement, including the validity,

interpretation, construction and performance of this Agreement, shall be governed by and construed in accordance with the laws of the State of New Jersey applicable to agreements made and to be performed in such state without regard

to such states conflicts of law principles.

(ii) Arbitration. Subject to Section 9(k) hereof, any controversy or

claim which arises out of or relating to this Agreement, or the breach thereof shall be settled by arbitration in accordance with the Rules of the American Arbitration Association then in effect. The controversy or claim shall be submitted to three arbitrators, one of whom shall be chosen by the Employee, one of whom shall be chosen by the Company, and one of whom shall be chosen by the two so selected. The party desiring arbitration shall give written notice to the other party of its desire to arbitrate the particular matter in question, naming the arbitrator selected by it. If the other party shall fail within a period of 15 days after such notice shall have been given to reply in writing naming the arbitrator chosen as above provided, or if the two arbitrators selected by the parties shall fail within 15 days after their selection to agree upon the third arbitrator, then either party may apply to the American Arbitration Association for the appointment of an arbitrator to fill the place so remaining vacant. The decision of any two of the arbitrators shall be final and binding upon the parties hereto. Judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The proceedings shall be held in New York, New York. The arbitrators shall have no power to award punitive or exemplary damages or to ignore or vary the terms of this Agreement, and shall be bound to apply controlling law. Arbitration shall be binding and the remedy for the settlement of the controversy or claims (except as set forth in the preceding paragraph of this Section).

(f) Entire Agreement. This Agreement (including the Exhibits hereto)

contains the entire agreement and understanding between the parties hereto in respect of the subject matter hereof and supersedes, cancels and annuls any prior or contemporaneous written or oral agreements, understandings, commitments and practices between them respecting the subject matter hereof, including all prior employment agreements, if any, between the Company and Executive, which agreement(s) hereby are terminated and shall be of no further force or effect.

(g) Amendment. This Agreement may be amended only by a writing which

makes express reference to this Agreement as the subject of such amendment and which is signed by Executive and, on behalf of the Company, by its duly authorized officer.

(h) Severability. If any term, provision, covenant or condition of this

Agreement or part thereof, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition shall remain in full force and effect, and any such invalid, unenforceable or void term, provision, covenant or condition shall be deemed, without further action on the part of the parties hereto, modified, amended and limited to the extent necessary to render the same and the remainder of this Agreement valid, enforceable and lawful. In this regard, Executive

acknowledges that the provisions of Sections 4 and 6 are reasonable and necessary for the protection of the Company.

(i) Construction. The headings and captions of this Agreement are

provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. The use herein of the word "including," when following any general provision, sentence, clause, statement, term or matter, shall be deemed to mean "including, without limitation". As used herein, "Company" shall mean the Company and its subsidiaries and any purchaser of, successor to or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the Company's business or assets which is obligated to perform this Agreement by operation of law. As used herein, the words "day" or "days" shall mean a calendar day or days.

(j) Nonwaiver. Neither any course of dealing nor any failure or

neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Company, by its duly authorized officer.

(k) Remedies for Breach. The parties hereto agree that Executive is

obligated under this Agreement to render personal services during the Agreement Term of a special, unique, unusual, extraordinary and intellectual character, thereby giving this Agreement peculiar value, and, in the event of a breach or threatened breach of any covenant of Executive herein, the injury or imminent injury to the value and the goodwill of the Company's business could not be reasonably or adequately compensated in damages in an action at law. Accordingly, Executive expressly acknowledges that the Company shall be entitled to specific performance, injunctive relief or any other equitable remedy against Executive, without the posting of a bond, in the event of any breach or threatened breach of any provision of this Agreement by Executive (including Sections 4 and 6 hereof). Without limiting the generality of the foregoing, if Executive breaches Sections 4 or 6 hereof, such breach will entitle the Company to enjoin Executive from disclosing any Confidential Information to any Competing Business, to enjoin such Competing Business from receiving Executive or using any such Confidential Information and/or to enjoin Executive from rendering personal services to or in connection with such Competing Business. The rights and remedies of the parties hereto are cumulative and shall not be exclusive, and each such party shall be entitled to pursue all legal and

equitable rights and remedies and to secure performance of the obligations and duties of the other under this Agreement, and the enforcement of one or more of such rights and remedies by a party shall in no way preclude such party from pursuing, at the same time or subsequently, any and all other rights and remedies available to it.

(l) Notices. Any notice, request, consent or approval required or

permitted to be given under this Agreement or pursuant to law shall be sufficient if in writing, and if and when sent by certified or registered mail, return receipt requested, with postage prepaid, to Executive's residence (as reflected in the Company's records or as otherwise designated by Executive on

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thirty (30) days' prior written notice to the Company) or to the Company's principal executive office, attention: Chairman of the Board (with copies to the General Counsel), as the case may be. All such notices, requests, consents and approvals shall be effective upon being deposited in the United States mail. However, the time period in which a response thereto must be given shall commence to run from the date of receipt on the return receipt of the notice, request, consent or approval by the addressee thereof. Rejection or other refusal to accept, or the inability to deliver because of changed address of which no notice was given as provided herein, shall be deemed to be receipt of the notice, request, consent or approval sent.

(m) Assistance in Proceedings, Etc. Executive shall, without additional

compensation, during and after expiration of the Agreement Term, upon reasonable notice, furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any legal or quasi-legal proceeding, including any external or internal investigation, involving the Company or any of its affiliates or in which any of them is, or may become, a party.

(n) Survival. Cessation or termination of Executive's employment with

the Company shall not result in termination of this Agreement. The respective obligations of Executive and rights and benefits afforded to the Company as provided in this Agreement shall survive cessation or termination of Executive's employment hereunder. This Agreement shall not terminate upon, and shall remain in full force and effect following, expiration of the Agreement Term and all rights and obligations of the parties hereto as and to the extent provided herein shall survive such expiration.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed on its behalf by an officer thereunto duly authorized and Executive has duly executed this Agreement, all as of the date and year first written above.

By: /s/ Robert P. Hickey

Name: Robert P. Hickey
Title: President & CEO

/s/ R.G. Conway

ROBERT G. CONWAY

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Exhibit

Title: Vice President and Chief Financial Officer

Persons to Whom Executive Shall Report: President and Chief Executive Officer

LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(INCENTIVE STOCK OPTION)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee an incentive stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee an incentive stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term, Extent of Exercisability

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If the Optionee ceases to perform services for the Company because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If the Optionee ceases to perform services for the Company because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable

only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e) (3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or

other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

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8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an

amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28TH DAY OF MAY, 1998.

LIFE MEDICAL SCIENCES, INC.

BY:

Title: President & CEO

OPTIONEE:

PRINT Name: Mark Citron

SIGNATURE: /s/ Mark Citron

ADDRESS: 8 WENDOVER ROAD

MONTCLAIR NJ 07042

SOCIAL SECURITY NUMBER: 22-3 66 1470

OPTION INFORMATION

TOTAL NUMBER OF SHARES UNDERLYING OPTION: 15,000

PURCHASE PRICE PER SHARE: \$ 2.00

VESTING & EXPIRATION SCHEDULE

VESTING DATE	NUMBER OF SHARES	EXPIRATION DATE
-----	-----	-----
September 6, 1997	7,500	September 6, 2002
September 6, 1998	7,500	September 6, 2003

This agreement supercedes the previous agreement dated September 6, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as

permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

I further agree that the Company may place a stop transfer order with its transfer agent,

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prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Mark Citron

Dated: June 25, 98

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Mark Citron

(Signature)

/s/ MARK CITRON

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thomall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become

exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term, Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the last day the Optionee ceases to perform services for the Company.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the

meaning of Section 22(e) (3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

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5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in FULL for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

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The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholdinig Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy

the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28/th/ day of MAY, 1998.

LIFE MEDICAL SCIENCES, INC.

BY:

Title: President & CEO

OPTIONEE

Print Name: Mark Citron

SIGN NAME: /s/ Mark Citron

Address: 8 WENDOVER ROAD

MONTCLAIR NJ 07042

Social Security Number: 223661470

OPTION INFORMATION

TOTAL NUMBER OF SHARES UNDERLYING OPTION: 30,000

PURCHASE PRICE PER SHARE: \$ 2.00

VESTING & EXPIRATION SCHEDULE

VESTING DATE	NUMBER OF SHARES	EXPIRATION DATE
September 3, 1996	10,000	September 3, 2001
September 3, 1997	10,000	September 3, 2002
September 3, 1998	10,000	September 3, 2003

This agreement supercedes the previous agreement dated September 3, 1996.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty,

I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Mark Citron

Dated: JUNE 25, 98

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Mark Citron

(Signature)

/s/ MARK CITRON

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition

contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 1st day of July, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Robert G. Conway

OPTIONEE

Print Name: Robert G. Conway

Sign Name: /s/ Robert G. Conway

OPTION INFORMATION

Total Number of Shares Underlying Option: 75,000
Purchase Price Per Share: \$ 1.40

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
July 1, 1998	25,000	July 1, 2005
July 1, 1999	25,000	July 1, 2006
July 1, 2000	25,000	July 1, 2007

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty,

I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Robert G. Conway

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ R. G. Conway

(Signature)

Robert G. Conway

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 214 Carnegie Center in Princeton, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements

prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: Herbert Moskowitz

OPTIONEE

Print Name: Robert P. Hickey

Sign Name: /s/ Robert P. Hickey

OPTION INFORMATION

Total Number of Shares Underlying Option: 100,000
Purchase Price Per Share: \$1.31

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 28, 1998	50,000	May 28, 2005
May 28, 1999	50,000	May 28, 2006

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable

exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Robert P. Hickey

Dated: 6/30/98

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements

prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: Herbert Moskowitz

OPTIONEE

Print Name: Robert P. Hickey

Sign Name: /s/ Robert P. Hickey

OPTION INFORMATION

Total Number of Shares Underlying Option: 50,000
Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 28, 1998	50,000	May 28, 2005

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable

exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Robert P. Hickey

Dated: 7/10/98

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT

(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares");

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

The Option shall vest in full as of March 31, 1999.

4. Term

- a. The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page of this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.
- b. If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment or consulting agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.
- c. In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

5. Manner of Exercise of Option.

To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Company's Amended and Restated 1992 Stock Option Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than forty-five (45) days from the date of receipt of the notice by the Company, but subject to the following restriction, which is that the shares will not be registered with the Securities Exchange Commission unless and until the Company registers other new shares subsequent to the date of this agreement. Said registration will most likely be in conjunction with an equity financing for the Company.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment,

whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization

Adjustments on changes in capitalization and the like shall be made in accordance with the provisions of the Company's Amended and Restated 1992 Stock Option Plan as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be

made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superceded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 31 day of Dec. 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ DREW KARAZIN

OPTIONEE:

Print Name: /s/ ROBERT P. HICKEY

Sign Name : Robert P. Hickey

OPTION INFORMATION

Total Number of Shares Underlying Option: 20,000
Purchase Price Per Share: \$.09

VESTING & EXPIRATION SCHEDULE

Vesting Date	Number of Shares	Expiration Date
3/31/99	20,000	3/31/06

EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1 . The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement,

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the

Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act. "

I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

Dated:

EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

[LOGO OF LIFE MEDICAL SCIENCES, INC.]

Improving Life Through Discovery

January 11, 1999

Robert P. Hickey
92 Gooseneck Point Rd.
Oceanport, N.J. 07757

Dear Bob:

Thank you for your participation in our Options in Lieu of Compensation Program (Program). This Program represents one of many steps which we have undertaken to preserve our cash resources. You will note that the company has increased the number of options offered to you. The formula we are using is: number of options equals dollars forgiven times 1.5 times (1/.375 stock price) or # of options = \$ forgiven x 1.5 x (1/.375 stock price).

Please find attached two originals of the Stock Option Agreement and Exhibit I for your review and signature. Please return one signed copy to me for our records. Also attached is a copy of the Amended and Restated 1992 Stock Option Plan for your information.

Please also sign and return one copy of this letter whereby you acknowledge understanding of and agreement with the following:

- 1) In compliance with the terms of the Program, by receipt of this Stock Option Agreement for 20,000 shares, you agree to waive your claim to \$5,000.00 due to you from the Company at 12/31/98.
- 2) Participation in the Program is voluntary and at the discretion of the Company. It is the Company's intention to terminate the Program upon receipt of additional financing. Notification of the Program termination will be provided. Termination of the Program in no way effects your rights as defined in the Stock Option Agreement.

Continued

379 Thornall Street . Edison, NJ 08837-2227 TEL 732-494-0440 FAX 732-494-6252
<http://www.lifemed.com> Email: LMS@lifemed.com

LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements

prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 20th day of July, 1998.

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Drew Karazin

Sign Name: /s/ Drew Karazin

OPTION INFORMATION

Total Number of Shares Underlying Option: 75,000

Purchase Price Per Share: \$ 1.37

VESTING & EXPIRATION SCHEDULE

Vesting Date	Number of Shares	Expiration Date
July 20, 1998	25,000	July 20, 2005
July 20, 1999	25,000	July 20, 2006
July 20, 2000	25,000	July 20, 2007

-5-

EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account

for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

-6-

I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Drew Karazin

Dated: 7/21/98

-7-

EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may

hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Drew Karazin

(Signature)

Drew Karazin

(Print Name)

-8-

LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT

(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares");

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

The Option shall vest in full as of March 31, 1999.

4. Term

- a. The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page of this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.
- b. If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment or consulting agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.
- c. In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

5. Manner of Exercise of Option.

To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Company's Amended and Restated 1992 Stock Option Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than forty-five (45) days from the date of receipt of the notice by the Company, but subject to the following restriction, which is that the shares will not be registered with the Securities Exchange Commission unless and until the Company registers other new shares subsequent to the date of this agreement. Said registration will most likely be in conjunction with an equity financing for the Company.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of

execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the provisions of the Company's Amended and Restated 1992 Stock Option Plan as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements

prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be

made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superceded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 31st day of December 1998.

LIFE MEDICAL SCIENCES, INC.

By /s/ Robert P. Hickey

OPTIONEE

Print Name: Drew Karazin

Sign Name: /s/ Drew Karazin

OPTION INFORMATION

Total Number of Shares Underlying Option: 20,000
Purchase Price Per Share: \$.09

VESTING & EXPIRATION SCHEDULE

Vesting Date	Number of Shares	Expiration date
--------------	------------------	-----------------

EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.'

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the

EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

Dated:

[LOGO OF LIFE MEDICAL SCIENCES, INC.]

Improving Life Through Discovery

January 11, 1999

Mr. Drew Karazin
920 Truepenny Rd.
Nether Providence, PA 19086

Dear Drew:

Thank you for your participation in our Options in Lieu of Compensation Program (Program). This Program represents one of many steps which we have undertaken to preserve our cash resources. You will note that the company has increased the number of options offered to you. The formula we are using is: number of options equals dollars forgiven times 1.5 times (1/.375 stock price) or # of options = \$ forgiven x 1.5 x (1/.375 stock price).

Please find attached two originals of the Stock Option Agreement and Exhibit I for your review and signature. Please return one signed copy to me for our records. Also attached is a copy of the Amended and Restated 1992 Stock Option Plan for your information.

Please also sign and return one copy of this letter whereby you acknowledge understanding of and agreement with the following:

- 1) In compliance with the terms of the Program, by receipt of this Stock Option Agreement for 20,000 shares, you agree to waive your claim to \$5,000.00 due to you from the Company at 12/31/98.
- 2) Participation in the Program is voluntary and at the discretion of the Company. It is the Company's intention to terminate the Program upon receipt of additional financing. Notification of the Program termination will be provided. Termination of the Program in no way effects your rights as defined in the Stock Option Agreement.

Continued

379 Tronall Street . Edison NJ 08837-2227
http://www.lifemed.com

TEL 732-494-0440 FAX 732-494-6252
Email: LMS@lifemed.com

[LOGO]

Mr. Drew Karazin
Page Two
January 11, 1999

I appreciate your understanding and support and look forward to sharing with you in the Company's future successes.

Sincerely yours,

/s/ Robert P. Hickey

Robert P. Hickey
President and Chief Executive Officer

RPH:K
Encls.

ACCEPTED:

/s/ Drew Karazin

DATE:

1/15/99

LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

-1-

4. Term; Extent of Exercisability.

(a) Term

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of

the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

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8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorized the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

-4-

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Robert P. Hickey

OPTIONEE:

Print Name: Eli Pines, Ph.D.

Sign Name: /s/ Eli Pines 7/30/98

OPTION INFORMATION

Total Number of Shares Underlying Option: 30,000
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
June 17, 1997	15,000	June 17, 2002
June 17, 1998	15,000	June 17, 2003

This agreement supercedes the previous agreement dated June 17, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the

absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

-6-

I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Eli Pines

Dated: 7/30/98

-7-

EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall

withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

-8-

LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

-2-

(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

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8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold

Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By:

OPTIONEE

Print Name: Edward Celano

Sign Name: /s/ Edward Celano

OPTION INFORMATION

Total Number of Shares Underlying Option: 50,000
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
March 5, 1997	16,667	March 5, 2002
March 5, 1998	16,667	March 5, 2003
March 5, 1999	16,666	March 5, 2004

This agreement supersedes the previous agreement dated March 5, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares

(until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

I further agree that the Company may place a stop transfer order with its transfer agent,

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prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Edward Celano

Dated: 7/3/98

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Edward Celano

(Signature)

Edward Celano

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or

other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Edward A. Celano

OPTIONEE

Print Name: Edward A. Celano

Sign Name: /s/ Edward A. Celano

OPTION INFORMATION

Total Number of Shares Underlying Option: 100,000
Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 28, 1998	100,000	May 28, 2005

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as

permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Edward A. Celano

Dated: _____

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition

contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Coy Eklund

OPTIONEE

Print Name: Coy Eklund

Sign Name: /s/ Coy Eklund

OPTION INFORMATION

Total Number of Shares Underlying Option: 2,500
Purchase Price Per Share: \$ 4.75

VESTING & EXPIRATION SCHEDULE

Vesting Date	Number of Shares	Expiration Date
-----	-----	-----
June 18, 1997	2,500	June 18, 2002

This agreement supercedes the previous agreement dated June 18, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the

absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Coy Eklund

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6)

months' prior written notice to the Company.

OPTIONEE:

/s/ Coy Eklund

(Signature)

Coy Eklund

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform

services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount

sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Coy Eklund

Sign Name: /s/ Coy Eklund

OPTION INFORMATION

Total Number of Shares Underlying Option: 25,000
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 23, 1995	25,000	May 23, 2000

This agreement supersedes the previous agreement dated May 23, 1995.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty,

I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Coy Eklund

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Coy Eklund

(Signature)

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements

prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Coy Eklund

Sign Name: /s/ Coy Eklund

OPTION INFORMATION

Total Number of Shares Underlying Option: 47,500
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
June 18, 1997	47,500	June 18, 2002

This agreement supersedes the previous agreement dated June 18, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as

permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Coy Eklund

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Coy Eklund

(Signature)

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 214 Carnegie Center in Princeton, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1 . Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to

perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e) (3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as define in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount

sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Robert P. Hickey

OPTIONEE

Print Name: Coy Eklund

Sign Name: /s/ Coy Eklund

Address:

Social Security Number: -----

OPTION INFORMATION

Total Number of Shares Underlying Option: 50,000
Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 28, 1998	50,000	May 28, 2005

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act.

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Coy Eklund

Dated:

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services

for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any

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certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements

prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Joel Gold

Sign Name: /s/ Joel Gold

OPTION INFORMATION

Total Number of Shares Underlying Option: 10,053
Purchase Price Per Share: \$ 6.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 23, 1995	10,053	May 23, 2000

This agreement supersedes the previous agreement dated May 23, 1995.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the

absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Joel Gold

Dated: July 6, 1998

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further

acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Joel Gold

(Signature)

Joel Gold

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 214 Carnegie Center in Princeton, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e) (3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition

contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: Joel Gold

OPTIONEE

Print Name: Joel Gold

Sign Name: /s/ Joel Gold

OPTION INFORMATION

Total Number of Shares Underlying Option: 50,000

Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 28, 1998	50,000	May 28, 2005

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable

exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Joel Gold

Dated: _____

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any

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certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The

Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By:

OPTIONEE

Print Name: Joel Gold

Sign Name: /s/ Joel Gold

OPTION INFORMATION

Total Number of Shares Underlying Option: 50,000

Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
June 18, 1997	50,000	June 18, 2002

This agreement supersedes the previous agreement dated June 18, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as

permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Joel Gold

Dated: July 6, 1998

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6)

months' prior written notice to the Company.

OPTIONEE:

/s/ Joel Gold

(Signature)

Joel Gold

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services

for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any

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certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements

prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By:

OPTIONEE

Print Name: Joel Gold

Sign Name: /s/ Joel Gold

OPTION INFORMATION

Total Number of Shares Underlying Option: 23,281
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 23, 1995	23,281	May 23, 2000

This agreement supersedes the previous agreement dated May 23, 1995.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as

permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Joel Gold

Dated: July 6, 1998

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6)

months' prior written notice to the Company.

OPTIONEE:

/s/ Joel Gold

(Signature)

Joel Gold

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements

prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Walter R. Maupay

Sign Name: /s/ Walter R. Maupay

OPTION INFORMATION

Total Number of Shares Underlying Option: 100,000
Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 28, 1998	100,000	May 28, 2005

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty,

I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Walter R. Maupay

Dated: July 3, 1998

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount

sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Walter Maupay

Sign Name: /s/ Walter R. Maupay

OPTION INFORMATION

Total Number of Shares Underlying Option: 10,778
Purchase Price Per Share: \$7.88

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
August 15, 1996	3,592	August 15, 2001
August 15, 1997	3,592	August 15, 2002
August 15, 1998	3,594	August 15, 2003

This agreement supersedes the previous agreement dated August 15, 1996.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Walter R. Maupay

Dated: July 3, 1998

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer,

except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and

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the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Walter Maupay

OPTIONEE

Print Name: Walter Maupay

Sign Name: /s/ Walter Maupay

OPTION INFORMATION

Total Number of Shares Underlying Option: 39,222
Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date	Number of Shares	Expiration Date
August 15, 1996	13,074	August 15, 2001
August 15, 1997	13,074	August 15, 2002
August 15, 1998	13,074	August 15, 2003

This agreement supercedes the previous agreement dated August 15, 1996.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I

may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Walter Maupay

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Walter R. Maupay

(Signature)

/s/ Walter R. Maupay, Jr.

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or

other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any

-3-

certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Herbert Moskowitz

OPTIONEE

Print Name: Dr. Herbert Moskowitz

Sign Name: Herbert Moskowitz

OPTION INFORMATION

Total Number of Shares Underlying Option: 47,864

Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
June 18, 1997	47,864	June 18, 2002

This agreement supercedes the previous agreement dated June 18, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the

absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Herbert Moskowitz

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
 STOCK OPTION AGREEMENT
 UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
 (non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued

and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e) (3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee

process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (" 1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any

-3-

certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount

sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Dr. Herbert Moskowitz

OPTIONEE

Print Name: Dr. Herbert Moskowitz

Sign Name: Dr. Herbert Moskowitz

OPTION INFORMATION

Total Number of Shares Underlying Option: 2,136
Purchase Price Per Share: \$ 4.75

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
June 18, 1997	2,136	June 18, 2002

This agreement supercedes the previous agreement dated June 18, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as

permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Herbert Moskowitz

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6)

months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
 STOCK OPTION AGREEMENT
 UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
 (non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform

services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether

voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any

-3-

certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: /s/ Herbert Moskowitz

OPTIONEE

Print Name: Dr. Herbert Moskowitz

Sign Name: /s/ Herbert Moskowitz

OPTION INFORMATION

Total Number of Shares Underlying Option: 100,000
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 28, 1998	100,000	May 28, 2005

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be

issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Herbert Moskowitz

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued

and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e) (3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or

other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any

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certificate for the Shares issued by reason of such exercise.

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

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12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998 .

LIFE MEDICAL SCIENCES, INC.

By:

OPTIONEE

Print Name: Dr. Herbert Moskowitz

Sign Name: /s/ Herbert Moskowitz

OPTION INFORMATION

Total Number of Shares Underlying Option: 150,000
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date	Number of Shares	Expiration Date
-----	-----	-----
March 21, 1995	150,000	March 21, 2000

This agreement supercedes the previous agreement dated March 21, 1995.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the

absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Herbert Moskowitz

Dated: 9/8/98

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6)

months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him

or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

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8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998 .

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Irwin M. Rosenthal

Sign Name: /s/ Irwin M. Rosenthal

OPTION INFORMATION

Total Number of Shares Underlying Option: 50,000
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
June 18, 1997	50,000	June 18, 2002

This agreement supersedes the previous agreement dated June 18, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Irwin M. Rosenthal

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall

withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Irwin M. Rosenthal

(Signature)

Irwin M. Rosenthal

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e) (3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for

the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e) (3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

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8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionees who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The

Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Irwin Rosenthal

Sign Name: /s/ Irwin M. Rosenthal

OPTION INFORMATION

Total Number of Shares Underlying Option: 100,000
Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date	Number of Shares	Expiration Date
May 28, 1998	100,000	May 28, 2005

-5-

EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered

under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

-6-

I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Irwin M. Rosenthal

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Irwin M. Rosenthal

(Signature)

(Print Name)

LIFE MEDICAL SCIENCES, INC.
STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform

services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

-2-

(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

-3-

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The

Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998 .

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE

Print Name: Irwin Rosenthal

Sign Name: /s/ Irwin M. Rosenthal

OPTION INFORMATION

Total Number of Shares Underlying Option: 50,000
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
March 21, 1995	50,000	March 21, 2000

This agreement supersedes the previous agreement dated March 21, 1995.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or

required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

-6-

I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Irwin M. Rosenthal

Dated: _____

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

/s/ Irwin M. Rosenthal

(Signature)

Irwin M. Rosenthal

(Print Name)

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LIFE MEDICAL SCIENCES, INC.
 STOCK OPTION AGREEMENT
 UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
 (non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

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4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

-2-

(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported

assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

-3-

8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By: _____

OPTIONEE :

Print Name: Eli Pines, Ph.D.

Sign Name: /s/ Eli Pines 7/20/98

OPTION INFORMATION

Total Number of Shares Underlying Option: 46,125
Purchase Price Per Share: \$ 2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
June 17, 1997	23,062	June 17, 2002
June 17, 1998	23,063	June 17, 2003

This agreement supercedes the previous agreement dated June 17, 1997.

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as

permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

-6-

I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Eli Pines

Dated: 7/30/98

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

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LIFE MEDICAL SCIENCES, INC.

STOCK OPTION AGREEMENT
UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
(incentive stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee an incentive stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee an incentive stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If the Optionee ceases to perform services for the Company because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If the Optionee ceases to perform services for the Company because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to

the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e) (3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee

only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

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8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By:

OPTIONEE:

Print Name: Eli Pines

Signature: /s/ Eli Pine 7/20/98

OPTION INFORMATION

Total Number of Shares Underlying Option: 60,000

Purchase Price Per Share: \$2.00

VESTING & EXPIRATION SCHEDULE

Vesting Date	Number of Shares	Expiration Date
June 12, 1995	20,000	June 12, 2000
June 12, 1996	20,000	June 12, 2001
June 12, 1997	20,000	June 12, 2002

This agreement supercedes the previous agreement dated June 12, 1995

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

I further agree that the Company may place a stop transfer order with its transfer agent,

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prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Eli Pine

Dated: 7/30/98

EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

LIFE MEDICAL SCIENCES, INC.
 STOCK OPTION AGREEMENT
 UNDER THE AMENDED AND RESTATED 1992 STOCK OPTION PLAN
 (non-qualified stock option)

AGREEMENT entered into as of the date set forth on the signature page hereto by and between Life Medical Sciences, Inc., a Delaware corporation, with a principal place of business at 379 Thornall Street, Edison, New Jersey (together with its subsidiaries, if any, the "Company"), and the undersigned (the "Optionee").

WHEREAS, the Company desires to grant to the Optionee a non-qualified stock option under the Company's Amended and Restated 1992 Stock Option Plan (the "Plan") to acquire shares of the Company's Common Stock, \$.001 par value (the "Shares"); and

WHEREAS, the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option.

The Company hereby grants to the Optionee a non-qualified stock option under the Plan (the "Option") to purchase all or any part of an aggregate of the number of Shares set forth on the signature page to this Agreement on the terms and conditions hereinafter set forth. The Option shall NOT be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price.

The purchase price ("Purchase Price") for the Shares covered by the Option shall be the dollar amount per share set forth on the signature page to this Agreement.

3. Time of Vesting and Exercise of Option.

Subject to Section 4 hereof, the Option shall vest and become exercisable on the dates and as to the installment amounts set forth on the signature page to this Agreement. To the extent the Option (or any portion thereof) is not exercised by the Optionee when it becomes exercisable, it shall not expire, but shall be carried forward and shall be exercisable, on a cumulative basis, until the Expiration Date (as hereinafter defined) or until earlier termination as hereinafter provided.

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4. Term; Extent of Exercisability.

(a) Term.

(i) The Option shall expire as to each installment amount on the date set forth next to each such amount on the signature page to this Agreement (the "Expiration Date"), subject to earlier termination as herein provided.

(ii) Except as otherwise provided in this Section 4, if the Optionee ceases to perform services for the Company, the Option shall terminate on the earlier of the last day of the third month or ninety days after the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(iii) If such termination to perform services is because of dismissal for cause or because the Optionee is in breach of any employment agreement, such Option will terminate on the date the Optionee ceases to perform services for the Company.

(iv) If such termination to perform services is because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the last day of the twelfth month from the date such Optionee ceases to perform services for the Company, or on the date on which the Option expires by its terms, whichever occurs first.

(v) In the event of the death of the Optionee, the Option granted to such Optionee shall terminate on the last day of the twelfth month from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.

(b) Extent of Exercisability.

(i) Except as provided below, if the Optionee ceases to perform services for the Company, the Option shall be exercisable only to the

extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Optionee ceases to perform services for the Company.

(ii) If the Optionee ceases to perform services for the Company because he or she has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall be exercisable to the full number of Shares covered by such Option.

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(iii) In the event of the death of the Optionee, the Option may be exercised with respect to the full number of Shares covered thereby whether or not under the provisions of Section 3 hereof the Optionee was entitled to do so at the date of his or her death, by the estate of such Optionee, or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such Optionee.

5. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares as to which the Option is being exercised and accompanied by payment in full for such Shares. No partial exercise may be made for less than one hundred (100) full Shares of Common Stock. Payment shall be made in accordance with the terms of the Plan. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not less than thirty (30) and not more than ninety (90) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its Common Stock as will be sufficient to satisfy the requirements of the Option.

6. Non-Transferability.

The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws or descent and distribution or pursuant to a domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported

assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

7. Representation Letter and Investment Legend.

In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 ("1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so-called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.

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8. Adjustments on Changes in Capitalization.

Adjustments on changes in capitalization and the like shall be made in accordance with the Plan, as in effect on the date of this Option.

9. No Special Employment Rights.

The provisions of this Section 9 are applicable only to Optionee's who are employees of the Company. Nothing contained in the Plan or this Option shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Withholding Taxes.

Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for the Shares. The Company may agree to permit the Optionee to authorize the Company to withhold Shares of Common Stock purchased upon exercise of the Option to satisfy the above-mentioned withholding requirement; provided, however, no such agreement may be made by an Optionee who is an officer or director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, except pursuant to a standing election to so withhold Shares of Common Stock purchased upon exercise of the Option, such election to be made in the form set forth in Exhibit 2 hereto and to be made not less than six (6) months prior to such exercise. Such election may be revoked only upon providing six (6) months prior written notice to the Company.

12. Plan Provisions Control.

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the inconsistent provision(s) of this Agreement shall be superseded by the Plan provision(s) to the extent necessary to reconcile the inconsistency.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed, and the Optionee has hereunto set his or her hand, all as of the 28th day of May, 1998.

LIFE MEDICAL SCIENCES, INC.

By:

OPTIONEE :

Print Name: Eli Pines, Ph.D.

Sign Name:/s/ Eli Pines 7/20/98

OPTION INFORMATION

Total Number of Shares Underlying Option: 30,000
Purchase Price Per Share: \$ 1.31

VESTING & EXPIRATION SCHEDULE

Vesting Date -----	Number of Shares -----	Expiration Date -----
May 28, 1998	15,000	May 28, 2005
May 28, 1999	15,000	May 28, 2007

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EXHIBIT 1
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me of an option to purchase shares of Common Stock, \$.001 par value, of Life Medical Sciences, Inc. (the "Company"), I hereby acknowledge that I have been informed as follows:

1. The shares of Common Stock of the Company to be issued to me pursuant to the exercise of said option (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, accordingly, must be held indefinitely unless the Shares are subsequently registered under the Securities Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Securities Act can be made only after the holding period provided by that Rule has been satisfied, and, in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Securities Act will be required.

3. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

In consideration of the issuance of certificates for the Shares to me, I hereby represent and warrant that I am acquiring the Shares for my own account for investment, and that I will not sell, pledge or transfer the Shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable

exemption under the Securities Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the Shares to be issued to me, and to all certificates issued hereafter representing the Shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder pursuant to a representation and warranty that such holder was acquiring the Shares for his own account and for investment, with no intention of transfer or disposition of the same in violation of the registration requirements of that Act. These securities may not be sold, pledged, or transferred in the absence of an effective registration statement under such Act, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under such Act."

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I further agree that the Company may place a stop transfer order with its transfer agent, prohibiting the transfer of the Shares, so long as the legend remains on the certificates representing the Shares.

Very truly yours,

/s/ Eli Pine

Dated: 7/20/98

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EXHIBIT 2
TO STOCK OPTION AGREEMENT

Gentlemen:

The undersigned Optionee hereby elects and agrees that, whenever the undersigned exercises a stock option (including any options which now or may hereafter be granted), Life Medical Sciences, Inc. (the "Company") shall withhold from that exercise such number of Shares equal in value to the federal and state withholding taxes due upon such exercise. The undersigned further acknowledges and agrees that this election may not be revoked without six (6) months' prior written notice to the Company.

OPTIONEE:

(Signature)

(Print Name)

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CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Registration Nos. 33-60580 and 333-03895) and Form S-3 (Registration No. 333-19195) of our report dated March 2, 1999 on the financial statements included in the 1998 annual report on Form 10-K of Life Medical Sciences, Inc.

Richard A. Eisner & Company, LLP

New York, New York

March 25, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-K FOR PERIOD ENDED 12/31/98 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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