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Evotec Acquires ENS and Secures €47m in Cash to Develop CNS Pipeline**Evotec increases focus on proprietary drug discovery and development and emphasis on cash generation in contract research**

Hamburg, Germany | Oxford, UK - Evotec OAI AG (Frankfurt Stock Exchange: EVT) ("Evotec" or "the Company"), the Hamburg-based drug discovery and development company, today announces the acquisition of the outstanding 78% of Evotec Neurosciences (ENS Holdings, Inc. or "ENS") not already owned by Evotec. ENS discovers and develops therapeutics for the treatment of Alzheimer's disease and other Central Nervous System (CNS) disorders with high unmet medical needs. The acquisition will be effected through a share-for-share exchange transaction in which Evotec will issue approximately 14,300,000 new ordinary shares. The transaction values ENS at Euros 49 million (including approximately Euros 20 million of ENS cash).

Evotec remains committed to the development and expansion of its contract research business. The combination of this powerful industrial scale platform with ENS' development programmes creates a fully integrated biotechnology company with the capabilities and track record to successfully execute CNS focused drug discovery and development. With the additional focus on developing compounds selectively through to proof-of-concept in man Evotec will be able to retain significantly more value in partnerships with pharmaceutical customers.

Evotec also announces that these new and significantly expanded capabilities of Evotec have attracted a leading group of investors (the "Investors") who have committed today to subscribe to 10 million new ordinary shares of Evotec priced at Euros 2.72 each. Upon completion of the acquisition of ENS and this equity investment, Evotec shall have total cash resources of more than Euros 60 million made up of Euros 20 million from ENS, Euros 27 million from the equity investment and approximately Euros 15 million cash on Evotec's balance sheet prior to the transactions. The funds will be used to develop the ENS pipeline with the objective of having two products in clinical trials in 2006, and at least one of these developed to proof-of-concept and ready for partnering by 2008. Existing Evotec shareholders will be offered the opportunity to participate in the financing on the same terms as the Investors and pro rata to their existing holdings. The financing announced today is subject to the approval of shareholders at the upcoming Annual Shareholders Meeting to be held on 7 June 2005.

Commenting on today's announcement, Joern Aldag, President and CEO of Evotec, said: "These two transactions, the acquisition of ENS and

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the capital increase, provide a great basis to leverage the skill base built over many years at Evotec in contract research. They allow Evotec to significantly expand our proprietary programmes and to create our own proprietary drug discovery and development company specializing in diseases of the central nervous system. Through the acquisition of ENS announced today, we are gaining access to world class science, validated by partnerships with some of the world's major pharmaceutical companies, and an exciting pipeline of new products which can now be funded through to proof-of-concept. We believe this strategy, based on a sustainable portfolio of both early and later stage products, will ultimately allow us to retain significantly higher value for our shareholders."

On completion of the acquisition and the financing, Evotec will have in place the necessary resources and expertise to create a sustainable CNS business, having:

- a broad portfolio of preclinical programmes with novel approaches to the treatment of Alzheimer's disease, Parkinson's disease, neuropathic pain and other CNS indications, with the first product expected to enter the clinic in 2005 and another one in 2006
- world leading capabilities in discovery and development with a strong track record and the critical mass to deliver a sustainable pipeline of drug candidates
- licensing agreements and CNS research partnerships with three of the world's leading pharmaceutical companies (Roche, Boehringer Ingelheim and Takeda Pharmaceuticals)
- a well financed balance sheet, with additional Euros 47 million available to progress the development of its pipeline
- a world class contract research business able to supplement the resources of the Company, and
- a seasoned management team with access to some of the world's leading science in CNS diseases.

John Kemp, Chief Executive of ENS, who will join the Executive Committee of Evotec on completion of the transaction, added: "Our product pipeline has made substantial progress over the past year using the funds available in the private sector. A return to full ownership by Evotec is the logical next step for ENS. Evotec and ENS share a common ambition to build a sustainable drug discovery business in the CNS area and believe that the combined skills and expertise in both our companies position us well to achieve our objective."

Strategy

The pharmaceutical industry is today faced with low R&D productivity despite significant investments. It is therefore increasingly turning to outside sources to supplement drug development pipelines. Evotec is a fully integrated contract research company offering world leading capabilities in specialist biology, medicinal chemistry and chemical development and

manufacture to pharmaceutical and biotechnology companies around the world. With these skills and expertise, Evotec is well positioned to develop its own drug discovery and development programmes to extend the in-house development process and out-license products at a later stage versus the current early phases. We believe that this addresses the need of the pharmaceutical industry for in-licensed products in a very unique way and thus retains a greater proportion of the value Evotec can create for its own shareholders.

Evotec therefore intends to build a drug discovery and development business combining the existing contract research activities with the Company's own proprietary research projects focused on CNS. As these programmes progress, the Company plans in the future to expand its drug discovery activities through product and company acquisitions in order to build up a broad pre-clinical and clinical portfolio. Partnerships will be sought with development and marketing partners, ideally once products have completed Phase II proof-of-concept clinical trials. However, earlier stage partnerships will also be entered into in order to generate additional cash flow.

The contract research business, which is currently being restructured to focus on cash generation, gives Evotec the necessary expertise and critical mass in drug discovery and development and the Company's management remains committed to its development and expansion.

ENS

ENS is a drug discovery business specializing in the development of therapeutic products for the treatment of major CNS disorders, including Alzheimer's disease and other neurological disorders. ENS has 31 employees with operations in Hamburg, Germany and Zurich, Switzerland.

ENS' most advanced compounds, NR2B subtype selective NMDA receptor antagonists, are currently in late-stage pre-clinical development. In-licensed from Roche, these compounds retain the beneficial effects of non-selective NMDA receptor antagonists, the most recently approved and marketed treatment for Alzheimer's disease, but show much improved side effect profiles. The lead NMDA compound is planned to enter into clinical trials in 2005 for the treatment of a variety of disorders including Alzheimer's disease, Parkinson's disease and neuropathic pain.

The CNS expertise of ENS and its strategic fit with Evotec has recently been validated by a three year research partnership with Boehringer Ingelheim ("BI") announced in September 2004 in which Evotec and ENS are collaborating with BI to identify and develop therapeutics which act on G-protein coupled receptors (GPCRs). ENS also entered into a four year strategic collaboration with the leading Japanese pharmaceutical company, Takeda, in 2003 to identify and validate novel targets relating to the cause and progression of Alzheimer's disease.

ENS was originally founded in May 1999 by Evotec. Early last year Evotec's ownership of ENS was diluted to a minority shareholding through a substantial venture capital financing in order to secure new funding for the further development of its CNS projects. After this €25 million Series A funding in March 2004, one of the largest in the German biotech sector, 66% of ENS is now held by TVM Techno Venture Management (Munich, Germany), 3i plc (London, UK), MVM (London, UK), Ventech (Paris, France) and Star Ventures (Munich, Germany). The remaining 34% of ENS is owned by Evotec (22%) and management and founding shareholders of ENS (12%).

Since the completion of the 2004 venture round, significant progress has been made in the development of ENS' portfolio and Evotec believes that the re-acquisition of a complete ownership represents a unique opportunity to enhance Evotec's shareholder value. The Company will be fully integrated into Evotec and its products will become an integral part of Evotec's value generation strategy.

Analysts' meeting

Evotec OAI will hold an analysts' meeting in Frankfurt, Germany, on 7 March 2005 at 10.00 a.m. CET (09.00 a.m. GMT/04.00 a.m. EST). Joern Aldag, President & CEO, Dr Dirk Ehlers, CFO, and Dr John Kemp, CEO of ENS, will host the event.

The analysts' meeting will be broadcasted live on the internet: www.evotecoai.com. To those who prefer to listen into the presentation via phone, please dial:

Germany: +49.(0)69.2222 2222
UK: +44.(0)20.77365 1856

A replay of the conference call will be available for 24 hours and can be accessed in Germany by dialling +49.(0)69.22222 0418, in the UK by +44.(0)20.784 1024 and in the US by +1 718 354 1112. The access code is 4205232#. The on-demand version of the webcast will be available on our website: www.evotecoai.com - Investors – Webcasts shortly after the event.

Notes to Editors**About Evotec OAI AG**

Evotec OAI is a leader in the discovery and development of the next generation of novel small molecule based drugs through both contract research partnerships and discovery programmes for out-licensing. The Company provides innovative solutions from Target to Clinic through an unmatched range of integrated capabilities ranging from assay development and screening through to medicinal chemistry and drug manufacturing. As a result, Evotec OAI has established itself as the partner of choice for pharmaceutical and biotechnology companies worldwide. With over 600 people located in Hamburg, Germany and near Oxford, UK, Evotec OAI is committed to generate value to its partners, shareholders and employees through a sustainable strategy that balances short-term and long-term business opportunities. www.evotecoai.com

About Evotec Neurosciences GmbH

Evotec Neurosciences (ENS) is an innovative biotechnology company dedicated to

the discovery and development of therapeutics for the treatment of Alzheimer's disease (AD) and other neurological disorders with high unmet medical needs.

The Company is built on a strong discovery platform which spans the entire range of modern drug discovery. The platform is created by the seamless integration of the Company's internal expertise with the leading drug discovery platform of Evotec OAI and the research excellence of renowned pre-clinical and clinical partners. ENS was established in May 1999 and currently employs 31 people at its operating sites in Hamburg, Germany and Zurich, Switzerland.

www.evotec-neurosciences.com