



Convenience translation

Evotec AG
Hamburg
- ISIN DE 000 566 480 9 -
- WKN 566 480 -

Annual General Meeting on 17 June 2014
Modified resolution proposal from Management Board and
Supervisory Board for agenda item 7

Today, 06 June 2014, Management Board and Supervisory Board decided to propose to put for vote the following modified version of agenda item 7:

7. Resolution regarding the creation of new authorised capital with the possibility of precluding subscription rights and amendment of § 5 para 4 of the Articles of Association (Authorised Capital 2014)

By resolution of the Annual General Meeting on 14 June 2012, the Management Board of the Company was granted the authority to increase the authorised capital of the Company by up to € 23,663,172.00 by 13 June 2017, with the consent of the Supervisory Board, by a one-time or by the multiple issuance of up to a total of 23,663,172.00 new common bearer shares without nominal value (non-par value shares) (Authorised Capital 2012). This right was partly exercised in the course of the capital increase of € 11,818,613.00 by issuing 11,818,613 new non-par value shares in 2013.

So that the Company will continue to be in a position to adapt its capital funding quickly and flexibly as demanded by future requirements, a new, higher level of authorised capital is to be established.

For this reason, the Management Board and the Supervisory Board propose that the following resolutions be passed:

By suspending the existing statutory authority of the Management Board regarding an increase in capital according to § 5 para 4 of the Articles of Association (Authorised Capital 2012), effective at the time of registration in the Commercial Register at the Local Court Hamburg of the herewith resolved amended Articles of Association, authorised capital shall be created based on a revision of § 5 para 4 of the Articles of Association as follows:

“(4) The Management Board is authorised to increase the share capital of the Company by up to ~~€ 26,292,038.00~~ ~~32,865,048.00~~ by 16 June 2019, with the consent of the Supervisory Board, by issuing at one time or multiple times up to a total of ~~26,292,038~~ ~~32,865,048~~ new common bearer shares without nominal value (non-par value shares) (Authorised Capital 2014). In general, shareholders are entitled to a subscription right. The new shares can also be taken over by one or several credit institutions subject to the obligation that the shares will be offered to shareholders for purchase.

The Management Board, with the consent of the Supervisory Board, is authorised to preclude the subscription right of shareholders one time, or several times:

a) to the extent required, in order to exclude possible fractional amounts from the subscription right of shareholders;

b) to the extent required, in order to grant holders of options or conversion rights and/or obligations resulting from options or convertible bonds a subscription right for new shares at a level to which they would be entitled as

a shareholder after exercising the option and/or conversion right or meeting the conversion obligation;

c) up to a calculated nominal amount of a total of € 600.000,00, if the increase in capital is for the purpose of issuing employee shares;

d) to the extent that the new shares are issued in return for cash contributions and the proportional share of the share capital that applies to the shares to be newly issued does not in the aggregate exceed the amount of a total of € 13,146,019.00 or, should this amount be lower, of a total of 10% of the share capital existing at the time of effectiveness and at the time of the first exercise of this authorisation for precluded subscriptions (the "Maximum Amount"), and the issue price of the new shares is not significantly below the market price of the existing listed shares of the Company at the time of the final determination of the issue price;

e) to the extent the new shares are issued in return for contributions in kind, in particular in the form of companies, parts of companies, shareholdings in companies, licences or receivables and the proportional amount of the share capital that applies to the new shares to be issued does not exceed an amount of ~~€ 26,292,038.00~~ ~~32,865,048.00~~ of the share capital existing at the point in time this power of authority to preclude subscription rights becomes effective.

Counted towards the Maximum Amount is the share capital that applies to shares that are issued or will be issued for the purpose of servicing convertible and/or warrant-linked bonds that will be issued after 17 June 2014, as provided by § 186 para 3 sentence 4 AktG, subject to preclusion of the subscription right, or which will be sold after 17 June 2014, correspondingly subject to § 186 para 3 sentence 4 AktG. An imputation is waived to the extent the powers of authority to issue conversion and/or convertible bonds according to § 221 para 4 sentence 2, 186 para 3 sentence 4 AktG, or for the sale of treasury shares according to § 71 para 1 no. 8, § 186 para 3 sentence 4 AktG are newly granted by the Annual General Meeting subsequent to exercising such powers of authority, which have led to an imputation.

The Management Board has the authority, with the consent of the Supervisory Board, to determine the further details of the increase in capital and the conditions of the issuance of shares. The Supervisory Board has the authority to adjust § 5 of the Articles of Association after the complete or partial implementation of the increase in share capital, corresponding to the respective usage of the authorised capital, and after the elapse of the period of time for which authority was granted."

Report of the Management Board to the Annual General Meeting concerning the preclusion of the subscription right regarding item 7 of the agenda according to §§ 203 para 2, 186 para 3, para 4, sentence 2 AktG:

The granting of the authority to increase the share capital (Authorised Capital 2014) is intended to give the management the possibility in the coming five years to quickly and flexibly raise equity if such is required. Thereby, the availability of financial instruments, independent of the cycle of the Ordinary Annual General Meetings, is particularly important as the time at which corresponding funds must be raised cannot be determined in advance. In addition, possible transactions in competition with other companies can often only be executed successfully, if secure funding is already available at the time negotiations begin. The lawmaker has addressed the need of companies arising from this situation and granted stock companies the possibility to authorise management for a fixed term and a limited amount, to increase the share capital without any additional resolution by the Annual General Meeting. For this reason, the Management Board and the Supervisory Board propose to the Annual General Meeting that such a power of authority be granted.

Convenience translation – German version published in the Federal Gazette
(Bundesanzeiger) as of 08 May 2014 binding

When making use of the authority to issue new shares, in general, shareholders must be granted a subscription right. As a result, all shareholders can participate in an increase in capital in proportion to their shareholding and maintain their influence by voting rights as well as their participation in the value of the Company. This particularly also applies when the new shares are not directly offered for sale to shareholders, but by the intermediation of one or more credit institutions, as long as these are obligated to offer the shares they took over to the shareholders for sale by way of the so-called indirect subscription right. Therefore, the proposed resolution provides a corresponding regulation.

The power of authority of the Management Board with the consent of the Supervisory Board proposed in letter a) to exclude possible fractional amounts from the subscription right of shareholders, serves the purpose of being able to present a practicable ratio of subscription rights with respect to the amount of the respective increase in capital.

The additionally intended preclusion of the subscription right provided in letter b) for the purpose of granting subscription rights to the holders of conversion or option rights and/or to those obligated to convert due to convertible bonds, is required and appropriate so that they can be protected against the dilution of their rights to the same degree as shareholders. To guarantee such a protection against dilution, it is required to grant the holders of conversion and option rights and/or those who are obligated to convert a subscription right to the new shares in the way to which they would be entitled after exercising the conversion and/or option rights or meeting the conversion obligation. Such a guarantee of a subscription right would eliminate the necessity of lowering the conversion and/or option price for the shares that will have to be issued according to the conditions of the conversion and/or warrant bonds.

The power of authority intended in letter c) for the preclusion of the subscription right is to make it possible for the management to let the employees of the Company participate in the Company capital by issuing employee shares in order to motivate employees to special efforts on behalf of the Company and to establish closer ties with the Company. The Management Board and the Supervisory Board will respectively review in specific cases to what extent it is within the interest of the Company to issue employee shares by utilising the authorised capital, instead of issuing options for the subscription of new shares on the basis of the existing powers of authority, or yet to be resolved future powers of authority.

The power of authority intended in d) to preclude the subscription right of shareholders when issuing new shares in return for cash contributions once or several times for a portion of the authorised capital which does not exceed 10% of the current share capital and 10% of the share capital existing upon the first exercise of the authority, is based on the provision of § 186 para 3 sentence 4 AktG. The limitation of the authorised amount for such an increase in capital to 10% of the share capital and the requirement that the issue price of the new shares may not be significantly lower than the respective share price of the shares already listed at the time of issuance ensures that the protective scope of the subscription right, namely protecting shareholders against a loss of influence and a dilution of value, is not affected or only affected to a reasonable degree. The influence of the shareholders excluded from the purchase can be safeguarded by subsequent purchases via the stock exchange; by limiting the preclusion of subscription rights to an increase in capital that does not exceed 10% of the share capital it is ensured in light of the liquid market for Evotec shares that such a subsequent purchase on the stock exchange can actually take place. For the Company, the increase in capital without subscription rights leads to the largest possible creation of capital and to optimal returns. In particular, the Company is then placed in a position in which it can react quickly and flexibly to favourable stock market situations. Although § 186 para 2 sentence 2 AktG stipulates publication of the subscription price until no later than three days prior to the elapse of the (at least two weeks) subscription term, in light of the volatility in the stock market, however, this case also has an inherent market risk which must be considered, namely the risk of a change in stock price over the

course of several days, which can lead to safety margins in the determination of the sales price, thus to conditions that are not close to the market. In addition, when granting a subscription right, the Company cannot react quickly to favourable market conditions because of the length of the subscription period. Thus, granting the authority to preclude the subscription right is in the interest of the Company and its shareholders. For further protection of shareholders against losing influence and the dilution of value, the power of authority for the preclusion of subscription rights is limited by the circumstance that other capital measures that have the effect of a cash capital increase without subscription right are counted towards the Maximum Amount, up to which a cash increase in capital can occur subject to precluding subscription rights. The authority provides that a sale of shares that had been purchased by the Company based on the authority granted by the Annual General Meeting according to § 71 para 1 no. 8 AktG and sold to third parties in exchange for cash, without having offered these shares for sale to shareholders, reduces the Maximum Amount just like a future issuance of options and/or convertible bonds, to the extent the shareholders are not being granted a subscription right to such.

However, the foregoing imputation is supposed to be cancelled, if after an issue of convertible bonds and/or warrant-linked bonds, in analogous application of § 186 para 3 sentence 4 AktG, which has led to a credit against the Maximum Amount the Annual General Meeting decides a new authorisation for the issue of convertible bonds and/or warrant-linked bonds, with the possibility for simplified exclusion of subscription rights in analogous application of § 186 para 3 sentence 4 AktG, or if the Annual General Meeting issues an authorisation for the acquisition and use of treasury shares again, with the possibility of simplified exclusion of subscription rights in analogous application of § 186 para 3 sentence 4 AktG, because in these cases, the Annual General Meeting decided once again about the authorisation of a simplified exclusion of subscription rights, so that the reason for the crediting against the Maximum Amount is no longer valid. To the extent that treasury shares or convertible bonds and/or warrant-linked bonds can be issued again under simplified exclusion of subscription rights, the authorisation is to exist for the simplified exclusion of subscription rights for the (remaining) term of the authorisation, in other words, again also for the issue of new shares from the authorised capital. This is due to the circumstance that with the new authorisation for the simplified exclusion of subscription rights going into effect, the ban for issuing new shares from the authorised capital, which was created by the issue of treasury shares according to § 71 para 1 no. 8, § 186 para 3 sentence 4 AktG, and by the issue of convertible bonds and/or warrant-linked bonds with the possibility of exclusion of subscription rights according to § 186 para 3 sentence 4 AktG, respectively, will be lifted. Since the majority requirements for such a resolution are identical to those of a resolution for the authorisation to issue new shares from the authorised capital, under simplified exclusion of subscription rights according to § 186 para 3 sentence 4 AktG, the adoption of the resolution by the Annual General Meeting to create a new authorisation for the exclusion of subscription rights according to § 186 para 3 sentence 4 AktG, within the framework of selling treasury shares, or a new authorisation to issue convertible bonds and/or warrant-linked bonds, with the option of exclusion of subscription rights according to § 186 para 3 sentence 4 AktG, is also to be seen as a confirmation of the resolution to authorise the issue of new shares from the authorised capital according to § 203 para 2, § 186 para 3, sentence 4 AktG.

In the event of a renewed exercise of an authorisation for the exclusion of subscription rights in direct or analogous application of § 186 para 3 sentence 4 AktG, the imputation occurs anew. In the final analysis, this regulation will result in the fact that (i) during the (remaining) term of the authorisation the Management Board overall can only make use of the simplified exclusion of subscription rights once in accordance with or analogous to § 186 para 3 sentence 4 AktG, without renewed adoption of the resolution by the Annual General Meeting, and that (ii) in case of a new resolution by the Annual General Meeting, the Management Board can choose again freely whether it wants to make use of the simplifications of § 186 para

3 sentence 4 AktG, within the legal limits and in connection with capital increases for cash from the authorised capital, during the (remaining) term of the authorisation.

The authorisation proposed under letter e) for the exclusion of subscription rights is to make it easier for the Company particularly to acquire companies, parts of companies or stakes in companies, licensing rights or claims against the granting of shares. This is a common form of acquisition. Experience has shown that in many cases, owners of attractive acquisition objects demand the procurement of shares of the acquiring company as a counter performance, particularly for the sale of their shares or company. To also acquire such acquisition objects, the Company must have the opportunity to raise its share capital, if need be very short-term, against a non-cash contribution under exclusion of subscription rights of the shareholders. Moreover, it will be possible for the Company to acquire companies, parts of companies, stakes in companies, and other assets, such as licensing rights or claims against the Company without having to use its own liquidity unduly. In regard to the necessary exclusion of subscription rights for such non-cash capital increases, the Management and Supervisory Boards suggest to limit the confines for such capital increases also to around ~~25~~20% of the existing share capital.

In view of the above, the authorisation for the exclusion of subscription rights in all five cases is necessary and imperative within the prescribed limits and in the interest of the Company.

In each individual case, the Management Board will carefully examine whether it will make use of the authorisation to increase capital with the exclusion of subscription rights, if opportunities to acquire companies, parts of companies, equity interests or other assets arise, and it will carefully evaluate whether shares to be transferred as consideration should be procured wholly or partly through a capital increase or through the acquisition of treasury shares. The Management Board will only exclude subscription rights of shareholders, if the acquisition in consideration for an issue of Company shares is in the best interest of the Company. The Supervisory Board will give its required consent to the use of the authorised capital under exclusion of the shareholder subscription rights only if the described prerequisites as well as all legal prerequisites are fulfilled. The Management Board will report on the details of the exercise of the authorised capital at the next Annual General Meeting.

Hamburg, June 2014

Evotec AG

The Management Board