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Panacos Extends Medicinal Chemistry Contract with Evotec into Fourth Year and Expands into Development Chemistry

Hamburg, Germany | Oxford, UK – Evotec AG (Frankfurt Stock Exchange: EVT) announced today that Panacos Pharmaceuticals, Inc. (NASDAQ: PANC) has extended its ongoing discovery collaboration with Evotec into its fourth year. Applying its expertise in medicinal chemistry, Evotec has supported Panacos since 2004 in identifying novel compounds for treating viral infection.

Based on excellent progress, the work programme has been extended and expanded to include Evotec's development chemistry services. This development support includes the scale-up of selected compounds for development studies and the optimisation of compounds prior to their selection for clinical studies through experiments such as salt screens.

“Evotec's scientific expertise and project management skills are truly world-class,” **commented Dr Graham Allaway, Chief Operating Officer and President of Panacos.** “Based on their excellent track record in moving compounds through discovery and into development, we decided to broaden the scope of our work with them. We are looking forward to continuing our productive relationship.”

“We are impressed by Panacos' novel approaches to HIV therapy and are delighted that they have chosen Evotec to support their efforts in building critical mass around their lead programme in this exciting disease area with high unmet medical need,” **said Dr Mark Ashton, Executive Vice President Business Development Services at Evotec.** “It is rewarding to see the continued success of this maturing project in which we capitalise on our combined skills in drug discovery and development.”

About Evotec AG

Evotec is a leader in the discovery and development of novel small molecule drugs. Both through its own discovery programmes and through research collaborations, the Company is generating the highest quality research results to its partners in the pharmaceutical and biotechnology industries.

In proprietary projects, Evotec specialises in finding new treatments for diseases of the Central Nervous System. Evotec has three programmes in clinical development: EVT 201, a partial positive allosteric modulator (pPAM) of the GABA_A receptor complex for the treatment of insomnia, EVT 101, a subtype selective NMDA receptor antagonist for the treatment of Alzheimer's disease and/or pain, and EVT 302, a MAO-B inhibitor in development for smoking cessation.

In research collaborations, Evotec has established itself as the partner of choice for pharmaceutical and biotechnology companies worldwide. The Company provides innovative and often integrated solutions from drug target to clinic through an un-

matched range of capabilities, including early stage assay development and screening through to medicinal chemistry and drug manufacturing.

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About Panacos

Panacos is developing the next generation of anti-infective products through discovery and development of small molecule oral drugs for the treatment of HIV and other major human viral diseases. HIV infects approximately 1.7 million people in North America and Western Europe and approximately 40 million people worldwide. Approximately 650,000 patients are treated annually for HIV in the United States and Western Europe. Resistance to currently available drugs is one of the most pressing problems in HIV therapy and the leading cause of treatment failure. Panacos' proprietary discovery technologies are designed to combat resistance by focusing on novel targets in the virus life cycle, including virus maturation and virus fusion.

Panacos' lead candidate, bevirimat (PA-457), is the first in a new class of oral HIV therapeutics under development called maturation inhibitors, discovered by Panacos scientists and their academic collaborators. Based on its novel mechanism of action, bevirimat is designed to have potent activity against a broad range of HIV strains, including those that are resistant to existing classes of drugs. The Company has completed seven clinical studies of bevirimat in over 300 subjects, showing significant reductions in viral load in HIV-infected subjects and a promising safety profile, and is currently in Phase 2b clinical trials. The Company also has a second-generation program in HIV maturation inhibition in clinical testing and a research program to develop oral HIV fusion inhibitors.