News Release

21 September 2006

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Evotec Initiates Phase II Clinical Trial with EVT 201 for the Treatment of Insomnia

Hamburg, Germany – Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX 30, "Evotec") announced today the initiation of a Phase II clinical trial with EVT 201 for the treatment of insomnia under a US IND. This US, multi-centre, double-blind trial is designed to evaluate the efficacy of EVT 201 in a three way cross-over design in 66 patients with primary insomnia. Patients will receive two dose levels of EVT 201 and placebo, in a random order, for two consecutive nights with a 5-12 day washout between each period. The doses were chosen based on the results obtained from previous Phase I/II proof-of-principle trials.

In two Phase I/II studies using the traffic noise model of insomnia in healthy male volunteers, EVT 201 significantly reduced "wake after sleep onset" (WASO) while significantly increasing "total sleep time" (TST) and quality of sleep with no subjective residual effects. The compound was well tolerated without significant adverse events.

Dr John Kemp, Chief Research & Development Officer at Evotec, commented: "The results of our previous studies of EVT 201 in a traffic noise model of insomnia in healthy volunteers were extremely encouraging. If we can confirm this profile of efficacy together with freedom from significant adverse effects in patients with primary insomnia, this would represent a very attractive product profile in a market in which we believe there are significant opportunities based on a high unmet medical need."

The trial is led by principle investigator James Walsh, Executive Director of the Sleep Medicine and Research Center, St John's Mercy Medical Center, Chesterfield, Missouri, US with co investigators at sleep research centres across the United States.

The primary endpoints of this first patient trial with EVT 201 are to assess "wake after sleep onset" (WASO) as well as "total sleep time" (TST) determined by polysomnography. The secondary endpoints include additional measures such as latency to persistent sleep and number of awakenings. In addition, effects on sleep architecture will be examined and patients will evaluate sleep quality and quantity.

Notes to the editor

About EVT 201
EVT 201 is a partial positive allosteric modulator (pPAM) of the $GABA_A$ receptor complex and consequently works through a proven pathway in the treatment of insomnia. However, EVT 201's partial agonist activity gives it a differentiated pre-

clinical profile and mechanism of action compared to many currently marketed sleep-promoting agents. In 2005 and 2006, two Phase I/II proof-of-principle studies in subjects with induced insomnia were completed with encouraging results. EVT 201 significantly reduced wake after sleep onset while significantly increasing the total sleep time and quality of sleep with no subjective residual effects. The studies were conducted in a sleep laboratory setting using the traffic noise model of insomnia in healthy male volunteers. In this setting an average of 52 decibels of recorded traffic noise is played throughout the night thereby provoking insomnia. Sleep was measured using polysomnography. Residual effects the next morning were measured using a battery of psychometric tests, as well as subjective assessments. This model has been used to evaluate several insomnia treatments currently in development and on the market. Preclinically, EVT 201 showed no tolerance/dependence liabilities in the studies performed and no interaction with alcohol.

About insomnia

Good quality and refreshing sleep is a prerequisite for continued good health and daily functioning. Sleeplessness can influence quality of life and in some cases compromise the safety of patients and others. Insomnia patients suffer from a) difficulty falling asleep; b) difficulty maintaining sleep due to waking up frequently during the night with difficulty returning to sleep or due to waking up at early hours and c) unrefreshing sleep. Approximately 50% of the adult population experience symptoms of insomnia on a regular basis. However, only a fraction of patients are diagnosed, with even fewer using a sleep aid. However, the US market for prescription insomnia treatments is expected to grow from US$ 2.1 billion in 2004 to more than US$ 3.5 billion in 2009 (Nature Review Drug Discovery, Jan 2006). Physicians highlight that the most critical clinical drivers for novel insomnia treatments are lack of next day hang-over potential, lack of potential addiction issues and the agents' ability to induce, maintain and improve the quality of sleep. They indicate that the entry of novel treatments with differentiated profiles in terms of dosage, mode of action and clinical profile is expected to accelerate growth within the market.

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 contract research partnerships, 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 two programmes in clinical development: EVT 201, a partial positive allosteric modulator (pPAM) of the $GABA_A$ receptor complex for the treatment of insomnia, and EVT 101, a subtype selective NMDA receptor antagonist for the treatment of Alzheimer's disease and/or neuropathic pain.

In contract research, 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 unmatched range of capabilities, including early stage assay development and screening through to medicinal chemistry and drug manufacturing.

In 2005, Evotec has generated sales of EUR 80 million with 600 employees located in Hamburg, Germany and near Oxford and in Glasgow, UK.

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