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For immediate release

**DIREVO Awarded Subsidy by North Rhine-Westphalia
Government**

Hamburg, Germany | Abingdon, UK - DIREVO Biotech AG today announced that it will receive a subsidy of DM 9.8 million from the state government of North Rhine-Westphalia. The money will be used to fund a development project over the next three years as part of a "Technology Initiative for the Economy". The aim of the initiative is to promote the development of new technologies in the form of individual or group projects. Within the framework of this programme, DIREVO is working on producing a prototype for the evolutive optimisation of bio-molecules.

Evotec OAI granted DIREVO license rights to proprietary evolutive processes and screening technologies in return for an interest in the company's equity at the time of foundation. These rights form the basis of DIREVO's activities. The subsidy is another important financing milestone for DIREVO, after a group of investors led by TVM, Munich, channelled DM 17.5 million into the company in December 2000.

"Thanks to DIREVO's and Evotec OAI's proprietary technologies and the subsidy we have been awarded, we now have the opportunity to develop a process platform which can generate new bio-molecules and bio-processes in almost all areas of life sciences," said Dr. Andre Koltermann, Chairman of the Executive Board and co-founder of DIREVO Biotech AG. "One potential application is the development of new or improved high-quality products for use in pharmaceuticals, chemicals or industrial production," Dr. Koltermann continued.

DIREVO Biotech AG currently employs a staff of 20. In addition to its planned personnel growth, the company expects to create 50 new permanent positions for highly qualified biotechnologists within three years to carry out the work provided by the subsidised development project. At present, DIREVO already has 850 m² of laboratory space on the BioCampus Cologne, and plans to rent a further 850 m² during the coming year.

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DIREVO Biotech AG

DIREVO Biotech AG was established in July 2000 in cooperation with Evotec OAI, Hamburg, by three private founders, Dr. Andre Koltermann, Dr. Ulrich Ketting and Dr. Jens Stephan, who came from Prof. Dr. Manfred Eigen's department at Max Planck Institute of Biophysical Chemistry in Göttingen. DIREVO, which was originally based in Göttingen (Lower Saxony), implements the scientific ideas of Prof. Eigen, who was awarded the Nobel Prize for Chemistry in 1967, helped to establish DIREVO and is the spiritual father of evolutive biotechnology. The company transforms his ideas into innovative, marketable products. In December of last year, DIREVO secured the funds to finance its growth through a private placement, after which it was valued at EUR 17.5 million. In the spring of this year, the company relocated to Cologne and is now based on the BioCampus Cologne in Cologne-Bocklemünd.

DIREVO's business strategy focuses on optimising bio-molecules for pharmaceutical, chemical and industrial applications as well as on developing new, innovative bio-molecules using directed evolution methods. DIREVO is primarily active in the areas of technical enzymes and fine chemicals. The company is also planning to develop other products for the research and diagnostics as well as the food and agriculture market segments. In the medium term, the company's priority will be to develop new pharmaceutical proteins, in particular enzymes, to treat a variety of clinical syndromes. For the first time in the history of evolutive biotechnology, DIREVO is combining highly efficient screening technologies with new mutation and recombination strategies.

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