

June 18, 2001

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For immediate release

Interlocking a Proteomics Target Finding and Validation Machinery with the Industrialised Drug Discovery Process:

Evotec OAI and MelTec form Joint Venture and Enter into a Drug Discovery Service Collaboration

Hamburg, Germany/ Abingdon, UK/ Magdeburg, Germany - Evotec OAI, Hamburg, Germany (EVOTEC BioSystems AG, Neuer Markt: EVT), a supplier of integrated high-value added biological, chemical and screening services, and MelTec GmbH, a pioneer in topological proteomics, announced today that they have entered into a collaboration. The agreement involves the formation of a new company as well as the development and marketing of a novel joint service package, synergistically combining both companies' core technologies.

The new company will be jointly founded by Evotec OAI and MelTec, with both companies sharing 50% of the equity each before financing. It will specialise in the discovery, development and marketing of selective, highly effective and well tolerated drugs, for selected autoimmune diseases and cancer types with unmet medical needs. The integration of Evotec OAI's drug discovery platform and MelTec's WCPF (Whole Cell Protein Fingerprinting) proteomics technology will significantly enhance the efficiency of the drug discovery and development process. MelTec's WCPF approach is based on the fact that healthy tissue is encoded by correctly expressed proteins: each protein being expressed at the right time, at the right concentration, at the right subcellular location. In contrast, pathophysiological tissue can be recognised because some proteins do not display the correct spatial arrangement. Targets can thus be validated for their pathophysiological relevance and the response to drug action in model systems tested. WCPF is the first single cell proteomics approach.

"We are delighted about this strategic partnership with MelTec, which will open up new markets of high potential" said Dr. Karsten Henco, CEO of Evotec OAI. "As we are a leading supplier of high-value-added drug discovery services to the pharmaceutical and biotechnology industries, MelTec's innovative proteomics technology will allow us to provide our customers access to a very sophisticated solution to prioritise hits and lead structures for drug candidates. In addition, forming a joint venture with MelTec in selected indication areas is further evidence of the successful implementation of our business strategy, i.e. to open up potential new fields

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of expansion by getting access to equity stakes in relevant and promising new ventures which secure financing with institutional venture capital investors or in partnerships with the pharmaceutical industry."

Under the Service Agreement Evotec OAI and MelTec will jointly offer their expertise in drug discovery to third parties, thereby combining widely applicable and highly effective assay development and screening technologies as well as a complete chemical solution in close connection with the novel proteomics platform. The combination of the complementary technologies will substantially shorten the overall time frame of the drug development process. At the same time it will maximise the probability of clinical success. In addition, the companies will jointly develop novel ADMET assays examining side effect profiles and toxicity of drug candidates in model systems and human tissue. Under the terms of this agreement, Evotec OAI has committed to milestone dependent research funding for technology development of up to Euro 5 million. In addition, MelTec will receive downstream royalties on Evotec OAI service offerings applying this technology.

"This deal with a prestigious biotechnology company like Evotec OAI is a further validation of MelTec's proprietary technology for drug discovery and development," said Dr. Walter Schubert, CEO of MelTec. "By combining MelTec's protein network visualisation tools and unique functional assays with Evotec OAI's expertise in biological, chemical and screening programs in drug development, we anticipate our clients to take lead compounds with a higher probability of success into clinical trials. Every drug candidate will be selected and validated by its proper influence on protein networks to take a far greater number of candidates successfully through the drug development pipeline."

About Evotec OAI

Evotec OAI offers the full range of high-value added products and services required to discover and develop drugs more effectively and efficiently. By integrating accelerated methods in biology, chemistry and screening, the Company has established a unique position as a one-stop-shop for all the critical elements in the drug discovery research and development process from target to clinical development. Approximately 500 people are based in Hamburg, Germany and Abingdon, U.K. Evotec OAI already has close links with many of the leading companies in the pharmaceutical and biotechnology industries including Novartis, Pfizer, GlaxoSmithKline, Aventis, Pharmacia/Sugen, Eli Lilly, Bayer, BMS, Roche, Amgen, Biogen, Vertex, Serono and Immunex. The Company's shares are listed on the Neuer Markt of the Frankfurt Stock Exchange.

About MelTec

MelTec GmbH is a privately held biotechnology company specialising in using topological proteomics to identify mechanisms underlying disease pathology, drug targets and to prioritise lead compounds focused on immune-mediated disease, neurological disorders, cancer, and arteriosclerosis. MelTec's proprietary robotic imaging technology, MELK (Multi-Epitope-Ligand-Kartographie), performs completely automated proteomic characterisation of single cells, for hundreds of proteins simultaneously, thus identifying the proteomic fingerprint, or the topology, of individual cells, i.e. lymphocytes. Using its technology, MelTec believes that it can greatly accelerate pre-clinical research in the drug development process, and has already identified new targets and lead compounds in amyotrophic lateral sclerosis (ALS, Lou Gehrig's Disease) and cancer.

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