

Corporate governance report

The German Corporate Governance Code (GCGC) is intended to enhance the trust in the management of listed companies and disclose the rules of corporate governance. Both the Executive Management Board and the Supervisory Board of WILEX AG expressly endorse the Code and have implemented it with exceptions.

Declaration of compliance by the Executive Management Board and the Supervisory Board of WILEX AG in accordance with Section 161 of the German Stock Corporation Act (AktG)

The Executive Management Board and the Supervisory Board declare that WILEX AG has been in compliance with all recommendations of the Government Commission on the German Corporate Governance Code as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette from 18 February 2009, the date of its last declaration of compliance, to 18 February 2010, the date of adopting the resolution regarding the declaration of compliance (Code as amended on 6 June 2008), and that the Company is and will be in compliance with said recommendations from 18 February 2010 (Code as amended on 18 June 2009), in each case with the exception of the following:

Section 3.8 Sub-sections 3 and 4 GCGC: No suitable deductible has been agreed in the D&O insurance for the Executive Management Board and the Supervisory Board. There are plans however to provide for a deductible in the statutory amount for the members of the Management Board under D&O insurance effective 1 July 2010 in accordance with statutory requirements. No deductible shall be agreed for the members of the Supervisory Board, as before. Both the Executive Management Board and the Supervisory Board of WILEX AG believe that a deductible would not impact the sense of responsibility and the loyalty with which the members of corporate bodies carry out the tasks and duties assigned to them. In addition, a significant deductible, which – for reasons of equality – would have to be the same for each member, would affect the members of the Supervisory Board very differently, depending on their private income and financial circumstances.

Section 4.2.2 Sub-section 1 GCGC: Until 31 August 2009, the Supervisory Board's Compensation Committee was assigned to drawing up the directors' contracts and determining the structure of the Executive Management Board's compensation system. The full Supervisory Board was kept informed by the Compensation Committee. However, the full Supervisory Board did not discuss or resolve the structure of the compensation system for the Executive Management Board including its main contract elements and its regular review before 31 August 2009. The Executive Management Board and the Supervisory Board of WILEX AG believed that these issues should be discussed by the Compensation Committee, which was set up for this purpose and which has the required specialist expertise, because this system had proven its merit in the past. The Supervisory Board amended its Internal Rules of Procedure effective 1 September 2009 in accordance with the German Act on the Adequacy of Compensation for Management Boards (VorstAG), which took effect on 5 August 2009. Since then, the Compensation Committee is responsible for preparing the total compensation packages of each individual member of the Executive Management Board whilst the full Supervisory Board adopts the respective resolutions and reviews these packages on a regular basis.

Section 4.2.3 Sub-section 3 Clause 2 GCGC: The stock option plan launched in 2005 prior to the stock exchange listing of WILEX AG does not relate to comparison parameters, such as a share index. With regard to future stock option plans and similar systems, the Executive Management Board and Supervisory Board will discuss whether and to what extent these should be based on relevant comparison parameters which have been established beforehand.

Section 4.2.3 Sub-section 3 Clause 4 GCGC: The Supervisory Board has not agreed a cap on the stock option plan in the event of extraordinary and unforeseen developments. A decision as to whether such a cap will be introduced in connection with future stock option plans or similar programmes will be made at the appropriate time.

Section 4.2.5 Sub-section 1 GCGC: The total compensation of each member of the Executive Management Board is disclosed in the notes to the annual financial statements (29. Corporate bodies and compensation report). It is no longer part of the corporate governance report because the Executive Management Board and the Supervisory Board believe that disclosing identical information twice does not provide any additional information.

Section 5.1.2 Sub-section 2 Clause 3 GCGC: No age restriction has been or will be specified for members of the Executive Management Board. WILEX AG believes that such a regulation would not be in the best interest of its shareholders, as rigid regulations on the retirement age may result in the Company having to forego the expertise of key staff.

Section 5.4.1 Clause 2 GCGC: No age restriction has been or will be specified for members of the Supervisory Board. WILEX AG believes that such a regulation would not be in the best interest of its shareholders, as rigid regulations on the retirement age may result in the Company having to forego the expertise of key staff. In addition, an age limit for Supervisory Board members would also restrict the rights of the Company's shareholders to elect their representatives to the Supervisory Board.

Section 5.4.3 Clause 1 GCGC: In the past, elections to the Supervisory Board were not carried out on an individual basis. Due to the overall responsibility of this body and the shareholder structure existing at the time the most recent elections to the Supervisory Board took place at the Annual General Meeting on 12 June 2007, WILEX AG did not consider this recommendation appropriate. In future, however, elections to the Supervisory Board will be carried out on an individual basis.

Section 5.4.3 Clause 3 GCGC: The proposed candidates for the Supervisory Board chair are not announced to the shareholders during the Annual General Meeting at which the members of the Supervisory Board are elected. Since it is the task of the Supervisory Board to elect a chairman from among its members at its inaugural meeting, earlier announcement of possible candidates does not seem appropriate and would pre-empt the decision-making process.

Section 5.4.6 Sub-section 2 Clause 1 GCGC: The members of the Supervisory Board do not receive performance-related compensation. Both the Supervisory Board and the Executive Management Board of WILEX AG believe that performance-related compensation would not give Supervisory Board members additional incentives to carry out their activities efficiently.

Section 5.4.6 Sub-section 3 Clause 1 GCGC: The total compensation of each member of the Supervisory Board is disclosed in the notes to the annual financial statements (29. Corporate bodies and compensation report). It is no longer part of the corporate governance report because the Executive Management Board and the Supervisory Board believe that disclosing identical information twice does not provide any additional information.

Section 7.1.3 GCGC: Specific information on the Company's stock option plans and similar securities-based incentive systems is disclosed in the notes to the annual financial statements (22. Staff costs, 29. Corporate bodies and compensation report). It is no longer part of the corporate governance report because the Executive Management Board and the Supervisory Board believe that disclosing identical information twice does not provide any additional information.

WILEX AG furthermore complies with the majority of the suggestions contained in the German Corporate Governance Code (provisions containing terms such as "should" or "can").

The next declaration of compliance of WILEX AG is scheduled to be published at the beginning of 2011.

This declaration of compliance in accordance with Section 161 of the German Stock Corporation Act is available on the Internet at http://www.wilex.com/IR/Compliance_Declaration.php. All of WILEX AG's declarations of compliance are published on the Company's website for at least five years.

Munich, 18 February 2010

Executive Management Board and Supervisory Board of WILEX AG

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Executive Management Board

Reflecting the Company's international strategic orientation, the Executive Management Board currently comprises four members of different nationalities. The Executive Management Board determines the Company's strategic orientation. Its tasks include managing, planning, establishing and monitoring a risk management system. The work of the Executive Management Board is coordinated by its Chairman.

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Collaboration of the Executive Management Board and the Supervisory Board

The Executive Management Board and the Supervisory Board of WILEX AG work with each other in a trustful and efficient manner. The Executive Management Board regularly provides comprehensive and timely information to the Supervisory Board regarding the Company's strategy, the development of its business, planning, existing risks and risk management as well as compliance in order to enable the Supervisory Board to efficiently exercise its advisory and control functions. Significant decisions made by the Executive Management Board require the consent of the Supervisory Board.

Supervisory Board

The Supervisory Board currently is comprised of six members, who were appointed by the Company's Annual General Meeting. The Supervisory Board monitors and advises the Executive Management Board of WILEX AG in the management of the Company's business. In addition, the Supervisory Board is responsible, amongst other things, for appointing the members of the Executive Management Board and for examining the annual financial statements. Please see the notes to the annual financial statements for more details on the Supervisory Board.

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Supervisory Board committees

Working in committees is an integral part of the work of the Supervisory Board. The Supervisory Board of WILEX AG has established two committees: the Audit Committee (two members) and the joint Compensation and Nomination Committee (three members), which covers both areas in its meetings. The Audit Committee and the Nomination Committee fulfil preparatory functions; the Compensation Committee had decision-making authority until 31 August 2009 but has also been limited to preparatory functions since 1 September 2009. The Audit Committee is responsible for, amongst other things, the preparation of the annual financial statements including the management report and the proposal for the appropriation of profit or loss for approval by the Supervisory Board. The Supervisory Board appoints the auditor of the annual financial statements after being briefed by the Executive Management Board and the Audit Committee.

Furthermore, Section 7.1.2 of the German Corporate Governance Code states that the Supervisory Board or its Audit Committee should discuss half-yearly reports and quarterly reports, if any, with the Executive Management Board prior to publication. WILEX AG has abided by this recommendation since the 2009 financial year and has assigned this task to the appropriate Audit Committee. The Audit Committee is chaired by Dr Georg F. Baur. The Chairman of the committee possesses special professional expertise in accounting and in audits of financial statements, as required under Section 107 Sub-section 4 and Section 100 Sub-section 5 German Stock Corporation Act as well as the German Corporate Governance Code. Dr Friedrich von Bohlen und Halbach is also a member.

The joint Compensation and Nomination Committee prepares decisions concerning staff matters, including the compensation of members of the Executive Management Board. It also proposes suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting and prepares the appointment of new members of the Executive Management Board. Dr David Ebsworth is the Chairman of the joint Compensation and Nomination Committee. Dr Alexandra Goll and Dr Rüdiger Hauffe are members of this committee.

Supervisory Board's efficiency review

The Supervisory Board regularly performs an efficiency review every other year in accordance with Section 5.6 of the German Corporate Governance Code. The last efficiency review was carried out at the beginning of 2010. The previous reviews demonstrated that the Supervisory Board is efficiently organised and that the collaboration between the Executive Management Board and the Supervisory Board functions smoothly.

Compensation of the Executive Management Board and the Supervisory Board

Detailed disclosures regarding the stock option plans and the compensation of both the Executive Management Board and the members of the Supervisory Board are made in the notes to the annual financial statements (29. Corporate bodies and compensation report).

Compliance in the 2009 financial year

Ethical standards, professionalism and compliance with statutory requirements are among the key ingredients of WILEX AG's corporate philosophy. In the 2009 financial year, there were no deviations from the declaration of compliance applicable to this period. Care was taken to ensure that no conflicts of interest would arise among members of the Executive Management Board or the Supervisory Board pursuant to Sections 4.3 and 5.5 of the German Corporate Governance Code. The Supervisory Board member Professor Iris Löw-Friedrich is Chief Medical Officer and Executive Vice-President Global Projects and Development of UCB S.A. and did therefore not participate in the deliberations of or votes by the Supervisory Board in connection with the Company's strategic alliance with UCB Pharma S.A.

While some Supervisory Board members also hold positions on supervisory boards of other companies in the pharmaceutical and biopharmaceutical sectors, none of these companies can be considered major competitors of WILEX, which complies with GCGC requirements. WILEX AG has explained the legal regulations on insider trading to all members of its corporate bodies and employees and pointed out the need to handle sensitive information at WILEX in a responsible manner.

Transparency and timeliness

WILEX AG satisfies all requirements under the transparency guidelines of the German Corporate Governance Code. It publishes all important documents on its [website](http://www.wilex.com) – www.wilex.com – in order to ensure that all market participants receive comprehensive, equitable and timely information concerning the Company's situation and any significant changes. On this website, all information relevant for the capital market is available in German and English, including annual and interim reports, ad hoc releases, press releases, transactions requiring disclosure (directors' dealings) and presentations as well as corporate governance information and the declaration of compliance. The financial calendar contains the dates relevant for the capital market. Analyst and media conferences are held at least once per year.

Shares held by the Executive Management Board and the Supervisory Board

As of the date of preparing this corporate governance report, the shareholdings of the members of the Executive Management Board and the Supervisory Board were as follows:

Name	Function	Shareholdings	Number
Dr David Ebsworth	Chairman of the Supervisory Board	Direct	50,000
Dr Georg F. Baur	Deputy Chairman of the Supervisory Board	Direct	125,433
Dr Rüdiger Hauffe	Member of the Supervisory Board	Direct	6,000
Dr Friedrich von Bohlen und Halbach ¹	Member of the Supervisory Board	Indirect	4,627,810
Professor Olaf G. Wilhelm ²	Chairman of the Executive Management Board	Direct	120,331

¹ In his capacity as Managing Director of dievini Verwaltungs GmbH, which is the general partner of dievini BioTech holding GmbH und Co. KG

² The wife of Professor Olaf G. Wilhelm, Dr Sabine Wilhelm, holds a further 120,331 shares

Detailed disclosures regarding the shares held by members of the Executive Management Board and the Supervisory Board as well as Directors' dealings are made in the notes to the annual financial statements (29. Corporate bodies and compensation report).