

Report of the Supervisory Board

In the 2009 financial year, the Supervisory Board continued its close cooperation with the Executive Management Board. The Supervisory Board regularly advised and monitored the Executive Management Board with regard to the management of the Company.

The Supervisory Board comprehensively fulfilled all duties as stipulated in legal provisions and the Articles of Association of WILEX AG.

The Executive Management Board presented all significant strategic and operational measures to the Supervisory Board and agreed their implementation in advance with the Supervisory Board. The Supervisory Board obtained regular reports on the situation and development of the Company. The Supervisory Board also received regular, comprehensive and timely information on all major business developments and basic issues relating to business policy, corporate management and planning. Without exception, all documents submitted to the Supervisory Board were examined. The parties providing the information, in particular the members of the Executive Management Board were consulted on significant matters.

The Supervisory Board also obtained information about all significant events that were particularly important for the assessment of the situation, strategy implementation and target achievement, development and management of WILEX AG. The chairman of the Supervisory Board, in particular, regularly discussed the strategy and reviewed the progress of business with the chairman of the Executive Management Board. The chairman of the Supervisory Board was advised promptly of all important resolutions taken by the Executive Management Board and, when necessary, arranged for the discussion of important issues by the Supervisory Board or the Supervisory Board committees.

Key aspects of the 2009 financial year

In the 2009 financial year (1 December 2008 to 30 November 2009), the Supervisory Board met for eight regular meetings. All members of the Supervisory Board attended at least half of the meetings. In addition, numerous conference calls were conducted as part of the regular monitoring and advisory activities with regard to the Executive Management Board.

The discussions focused mainly on the closing of the strategic alliance with UCB Pharma S.A. (UCB) and on the execution of the rights issue using authorised capital. The Supervisory Board approved both measures.

The Supervisory Board regularly and comprehensively monitored the Company's financial situation and risk management and discussed the Company's future strategy with the Executive Management Board. After extensive discussions, the Supervisory Board approved the budget and the corporate goals of the Executive Management Board for the 2009 financial year.

In addition, the Supervisory Board stayed abreast of WILEX AG's research and development projects and its clinical programmes. It paid particular attention to the progress of the Phase III registration trials with REDECTANE® and RENCAREX® as well as the execution of the Phase II trials with MESUPRON®. The Supervisory Board also monitored the ongoing development of the new programmes that the Company took over from UCB under their strategic alliance. It focused in particular on the oral MEK inhibitor WX-554, for which two milestone payments of €5 million each were due from UCB upon submission of an application to conduct a clinical trial and the start of the Phase I trial.

In addition, the Supervisory Board reviewed its Internal Rules of Procedure in the light of both the German Accounting Law Modernisation Act (BilMoG) that took effect on 29 May 2009 and the German Law on the Adequacy of the Executive Management Board's Compensation (VorstAG) that took effect on 5 August 2009 and resolved all necessary changes. As a result, responsibility for determining the compensation package of each individual member of the Executive Management Board and the review of the compensation system applicable to the Executive Management Board was assigned to the

Supervisory Board whereas the Compensation Committee has a preparatory function. The requirement that one member of the Audit Committee must be a financial expert pursuant to Section 100 Sub-section 5 German Stock Corporation Act (AktG) was taken into consideration when the members of the Audit Committee were selected. The Supervisory Board also discussed and determined in this connection that the chairman of the Audit Committee, Dr Georg Baur, due to his professional experience and many years as member of the Audit Committee, possesses professional knowledge in the areas of accounting and auditing of financial statements, and thus satisfies the requirements of Sections 107 Sub-section 4, 100 Sub-section 5 German Stock Corporation Act.

Finally, the Supervisory Board addressed the reappointment of Peter Llewellyn-Davies to the Executive Management Board and the renewal of his contract. Both the compensation system applicable to the members of the Executive Management Board and the adequacy of their compensation packages were reviewed in this connection and deemed to be appropriate. The Supervisory Board followed the recommendation of the Compensation Committee and resolved to extend the term of office of Peter Llewellyn-Davies, renew his contract and adjust his compensation accordingly.

Corporate governance

At the meeting on 25 January 2010, the Supervisory Board extensively discussed with the Executive Management Board the new recommendations and suggestions in the German Corporate Governance Code (GCGC) as amended on 18 June 2009. The Supervisory Board together with the Executive Management Board decided on 18 February 2010 to implement the recommendations and suggestions of the GCGC in part. The new joint declaration of compliance by the Executive Management Board and the Supervisory Board was adopted on the same day and is available on the Company's [website](http://www.wilex.com/IR/Compliance_Declaration.php) at http://www.wilex.com/IR/Compliance_Declaration.php. For more details please see the joint corporate governance report by the Executive Management Board and the Supervisory Board.

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Activities of the committees

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately in its meetings. The Compensation Committee (which served as a decision-making committee until 31 August 2009 and was changed to a preparatory committee effective 1 September 2009) met for three meetings in the 2009 financial year. The main focus of these meetings related to determining performance targets for bonuses for the members of the Executive Management Board in the 2009 financial year, as well as target achievement for the 2008 financial year. It also prepared a contract renewal for the Executive Management Board member Peter Llewellyn-Davies, proposed it to the Supervisory Board and discussed the ramifications of the German Law on the Adequacy of the Executive Management Board's compensation. The Nomination Committee (preparatory committee) convened one meeting at which it discussed the successor planning for members of the Supervisory Board and the Executive Management Board.

The Audit Committee (a preparatory committee) met four times in the year under review. Its remit included the selection of the auditor and the recommendation to the Supervisory Board that it propose to the Annual General Meeting to elect KPMG AG, Wirtschaftsprüfungsgesellschaft, Munich, to serve as the auditor for the 2009 financial year. The Supervisory Board followed this recommendation. KPMG AG was elected by the Annual General Meeting on 26 May 2009 pursuant to the Supervisory Board's proposal and was subsequently commissioned by the Supervisory Board to audit the Company's annual financial statements for the 2009 financial year. The Supervisory Board obtained a declaration of the auditor's independence in advance in accordance with Section 7.2.1 of the German Corporate Governance Code. The Audit Committee also discussed the 2008 financial statements as well as the 2009 interim reports with the auditor. The Audit Committee also discussed the Company's equity situation as well as the ramifications of the German Accounting Law Modernisation Act.

The Supervisory Board did not establish any other committees.

Focus after the close of the financial year

On 3 December 2009, the Supervisory Board resolved the final scope of the rights issue using authorised capital and the relevant amendment of the Company's Articles of Association.

Adoption of the annual financial statements

The auditors, KPMG AG, have audited the annual financial statements and the management reports of WILEX AG prepared by the Executive Management Board in accordance with German GAAP (HGB) and IFRS, including the accounts for the 2009 financial year on which these are based, and issued an unqualified audit certificate. The documentation relating to both sets of annual financial statements and the auditors' reports was made available to all Supervisory Board members in good time. The auditors attended the meeting of the Audit Committee on 11 February 2010 as well as today's Supervisory Board meeting, which focused on the adoption of the annual financial statements, and reported on the significant results of the audit. The Audit Committee discussed the result in detail and proposed that the Supervisory Board approve both sets of annual financial statements.

The Supervisory Board also took notice of the audit result and itself examined both sets of annual financial statements and the management reports as well as the proposed appropriation of accumulated loss (HGB) in accordance with legal provisions and concurs with the result of the audit. Following the definitive findings of the examinations, the Supervisory Board had no objections and therefore approved the annual financial statements in its meeting today. As a result, the annual financial statements in accordance with HGB for the 2009 financial year have been adopted.

The auditors have also concluded that the management report presents a true and fair view of the risks and rewards and that the measures taken by the Executive Management Board in accordance with Section 91 Sub-section 2 of the German Stock Corporation Act (AktG) are suitable for identifying at an early stage any developments which may jeopardise the Company's existence.

Recognition of commitment

The Supervisory Board would like to take this opportunity to thank the Executive Management Board and all employees of WILEX AG for the impressive commitment they showed in the 2009 financial year. It is due to their commitment that the portfolio of WILEX has matured further and that key milestones were reached.

Munich, 23 February 2010

The Supervisory Board



Dr David Ebsworth
Chairman