

## Compensation Report for the Executive and Supervisory Board for the fiscal year 2009

### ***Remuneration of the Executive Board***

Remuneration of members of the Executive Board in the past fiscal year totaled € 3,077 thousand (2008: €2,345 thousand) including pensions in the amount of € 104 thousand (2008: € 91 thousand) and vehicle leasing costs of € 39 thousand (2008: € 43 thousand). This increase is due mainly to bonus, severance, and continued remuneration payments in the amount of € 1,722 thousand (2008: € 733 thousand). In addition, stock options with a fair value of € 152 thousand (2008: € 448 thousand) were issued to the Executive Board.

The Executive Board members' remuneration is comprised of fixed and variable components, as well as performance incentives to enhance shareholder value over the long term. The criteria for the variable compensation components are established in advance every year. The stock options represent long-term compensation components. The intention is to create performance incentives geared towards lasting corporate success. The targets that form the basis of these incentives may not be changed subsequently. No advance payments were granted to members of the Supervisory and Executive Boards.

The employment contracts of the Executive Board members Dr. Thomas Klaue and Dr. Axel Mescheder include provisions according to which the Executive Board member is entitled to a severance payment in case

- a) the employment contract is not extended and the reason for not extending the contract is not based on an important reason for termination for cause the Executive Board member is responsible for, or
- b) the Executive Board member terminates the employment contract for an important reason for which the company is responsible.

The severance payment equals one and a half times the gross salary per month for each completed full year of employment of the Executive Board member, but at least six and not exceeding 36 gross amounts per month.

The employment contract of Dr. Peter Heinrich included such a provision. In connection with his appointment as Chief Executive Officer of the company, Dr. Frank Mathias waived a respective undertaking.

In the 2009 fiscal year, MediGene paid € 6 thousand (2008: € 6 thousand) into the benevolent fund for a pension obligation to a former Executive Board member.

**Executive Board compensation 2009**

Executive Board member	Fixed compensation and severance payments <sup>1, 2, 3)</sup>	Variable and performance based compensation <sup>4)</sup>	Fringe benefit <sup>5)</sup>	Variable compensation with long-term incentive effect	
	in €thousand	in €thousand	in €thousand	Number of stock options	Fair value of options in €thousand
Dr. Peter Heinrich <sup>1)</sup> , Chief Executive Officer (until April 29, 2009) Biochemist, Todtenweis-Sand, Germany	1,028	308	42	0	0
Dr. Frank Mathias Chief Executive Officer (since April 29, 2009), Chief Operating Officer (until April 29, 2009), Pharmacist, Munich, Germany	346	87	36	35,000	66
Dr. Thomas Klaue <sup>2)</sup> , Chief Financial Officer Chemical Process Engineer and Business Economist, Pullach, Germany	358	64	31	27,500	51
Dr. Axel Mescheder <sup>3)</sup> , Chief Medical Officer & Chief Development Officer (until December 10, 2009) Medical Specialist, Wörthsee, Germany	691	52	34	18,850	35
<b>Summe</b>	<b>2,423</b>	<b>511</b>	<b>143</b>	<b>81,350</b>	<b>152</b>

<sup>1)</sup> Severance payment amounting to € 752 thousand.

<sup>2)</sup> Severance payment amounting to € 143 thousand.

<sup>3)</sup> Continued remuneration payment amounting to € 467 thousand.

<sup>4)</sup> On the basis of the accruals for 2009.

<sup>5)</sup> Fringe benefits include pension expenses, and vehicle leasing for the members of the Executive Board.

## Supervisory Board

### **Remuneration of the Supervisory Board**

Supervisory Board remuneration amounted to € 221 thousand in 2009 (2008: € 233 thousand). The Supervisory Board members' total remuneration is comprised of fixed remuneration and fees for attending meetings. Furthermore, expenses are reimbursed. Both the chairmanship and deputy chairmanship of the Supervisory Board are taken into account in the evaluation of the Supervisory Board members' scope of activities. Disclosures on the subscription rights of members of the Supervisory and Executive Boards and employees are shown [here](#). No advance payments were granted to members of the Supervisory and Executive Boards.

#### **Supervisory Board compensation 2009**

Supervisory Board member	Fixed compensation	Fees for attending meetings
	in €thousand	in €thousand
Dr. Ernst-Ludwig Winnacker Chairman	48	20
Dr. Norbert Riedel Deputy Chairman	36	15
Dr. Pol Bamelis Member	24	10
Sebastian Freitag Member	24	10
Dr. Mathias Albert Boehringer Member	24	10
<b>Total</b>	<b>156</b>	<b>65</b>