

**Boehringer Ingelheim  
Annual Press Conference 2011**

**Tuesday 5 April 2011  
Boehringer Ingelheim Center, Ingelheim**

**Speeches by  
Andreas Barner  
Hubertus von Baumbach**

**(Board of Managing Directors)**

**(The spoken word prevails)**

## **Chart 1: Annual Press Conference 2011 – Business Year 2010**

Ladies and Gentlemen,

A warm welcome to the 2011 annual press conference of Boehringer Ingelheim. Many thanks for your interest in our company.

## **Chart 2: Solidarity and support for our colleagues in Japan**

To start with, I would like to say a few words about the situation in Japan. We have followed with profound concern and sympathy the terrible events that have hit Japan – the devastating earthquake, the massive tsunami and the nuclear catastrophe.

We have conveyed our deepest sympathy about the awful situation to our employees in Japan. However, we are convinced that – thanks to their courage and determination – they will overcome the huge challenges they face. The nature of their commitment locally is and remains impressive.

To our great relief, we have established that our 3,000 employees in Japan are all safe and sound. At the same time, it was sad to hear that two employees had lost a family member.

Boehringer Ingelheim operates five locations in Japan, three of which, at Yamagata, Narita and Fukushima, produce almost exclusively for the Japanese market.

The headquarters of our Japanese subsidiary is in Tokyo, and there is also a research centre at Kobe. After the earthquake, the production

facility in Fukushima, which produces OTC drugs and has 40 employees, was evacuated as a precautionary measure. It will certainly not be accessible for the foreseeable future. The employees are now to be deployed at the two other production sites.

Thanks to the untiring efforts of all our employees in Japan, we have now been able to resume the previously interrupted production at the Yamagata und Narita production sites.

**Chart 3: Highlights of the business year 2010**  
**Andreas Barner**  
**Chairman of the Board**  
**Corporate Board Division Pharma Research, Development and Medicine**

Ladies and gentlemen, we now turn to 2010 and the highlights of the 2010 financial year:

**Chart 4: 125 years more health – The jubilee year 2010 – Value through innovation**

We marked a special anniversary last year: 125 years of the existence of our family-owned company Boehringer Ingelheim. And we have really celebrated this anniversary; with our employees and their families at Ingelheim, Biberach and Dortmund and many of our locations worldwide. For us it was a special opportunity to say thank you to our employees for their intensive and committed efforts to actively shape the process of change and realignment towards a new period of growth and for openly embracing all the changes. Our employees are and will remain the guarantors of our success.

We have experienced here how strong and vital our values remain today, especially our guiding principle that has been applied since the foundation of the company by Albert Boehringer in 1885: Excellence in innovation and technology – “value through innovation”.

It is precisely this corporate goal of Boehringer Ingelheim that has been a constant theme in our 125 year history. It is our endeavour to research the causes and course of human illnesses and translate this into constantly improving treatment methods. In doing so, Boehringer Ingelheim is committed to innovations in all areas, not only in human medicine but also in animal medicine and the associated technologies.

With its own innovative research and development projects, the company wants to close existing therapeutic gaps with new drugs that improve the survival chances and quality of life of patients. Wherever a medical need exists today – and we can see this in many places – we are applying our research efforts.

#### **Chart 5: PRADAXA® for Stroke Prevention in Atrial Fibrillation**

Ladies and Gentlemen,

Our research and development activities are leading to new, innovative drugs. I'd just like to mention one example of an innovation from our own research and development activities, which was the highlight of 2010 for Boehringer Ingelheim and heralds a new growth phase for the company: our new coagulation inhibitor PRADAXA®.

PRADAXA® will fundamentally change anticoagulation therapy for both patients and medical practitioners.

After 50 years without any major innovations being launched on the market; PRADAXA® is the first new oral anticoagulant to be licensed for the prevention of strokes in patients with atrial fibrillation.

We have already obtained licensing for the USA, Canada, Japan and a number of other countries. In other key markets, including the European Union, approval and launch is expected in the coming months.

Already in the launch phase of PRADAXA® to date, in the USA, great interest has been indicated by convincing prescription figures. PRADAXA® is already listed by most American hospitals. The medicine is also already integrated into the leading international treatment guidelines for thrombo-embolic diseases.

The strong growth in prescriptions is an indicator for us at Boehringer Ingelheim of the high medical demand and the excellent growth potential of our medicine. For Boehringer Ingelheim, PRADAXA® is a foundation of our future growth.

## **Chart 6: Our Businesses – Development of Net Sales and Investments**

Ladies and Gentlemen,

Now I would like to tell you about how Boehringer Ingelheim achieved a satisfactory result in the 2010 financial year in spite of difficult external conditions. And I would like to explain why 2010 was the year in which we commenced our future growth phase.

At this point last year, we said that, despite the marked loss of turnover, we expected total net sales at the previous year's level, or somewhat lower.

We also announced that we intended to continuously invest significantly more than 20% of our overall revenues in in-house research and development, in the awareness that this is to the detriment of our operating income, to finance the scientific characterisation and introduction of important drugs from our product pipeline and ensure that our company is fit for the future.

However, I would like to start by taking a closer look at the factors that influenced the performance of our business.

In the 2010 financial year, Boehringer Ingelheim posted significant falls in revenues adjusted for currency effects of around EUR 1.4 billion, due to the loss of exclusivity for three key sales drivers in the US pharmaceuticals market and the resulting competition in the generics market. In addition, the effects of the reforms in the US and

European healthcare systems depressed our revenues by approximately EUR 100 million.

The mandatory rebate that was introduced in Germany chipped EUR 22 million off our annual result and the increase also had a EUR 28 million negative impact on the accounts. The general conditions for an industry such as ours, focused on innovation and the long term, did not improve in 2010 either, to put it mildly. For this reason, we call on the legislators to provide greater predictability and planning certainty.

In spite of this, we have seen through the announced investments in research and development and will continue to do so in future. In the 2010 financial year, we increased investment in our research and development pipeline by more than EUR 230 million to over EUR 2.4 billion.

Here too a word about the situation in Germany. As a company that conducts a substantial part of its research in Germany, the major research efforts of other companies are important. To encourage other companies, especially foreign company, to undertake active research in Germany, Germany requires the fiscal research incentives, as economic success in a country poor in raw materials depends on the innovations of industry domiciled in here and thereby from the stimuli to engage as a company in this country in research and development.

Furthermore, in the competition which we face internationally as a country, many other countries address this topic in a clearly more offensive way. 21 of the 30 OECD states, including Germany's most important competitors, invest in fiscal incentives for research.

## **Chart 7: Our Businesses – Net sales maintained**

Ladies and Gentlemen,

Now I would like to turn to our revenues in the 2010 financial year.

You can see that Boehringer Ingelheim is a little boring. Our predictions for last year were fulfilled.

Boehringer Ingelheim generated stable revenues of EUR 12,586 million in the 2010 financial year, only -1.1% down from the previous year. Although a 6.0% fall in revenues was posted after currency adjustments, we almost completely compensated for this with the currency-adjusted +5.5% growth of our core portfolio of prescription medicines, the successful introduction of new products and the increase in sales in our animal health business. This is an extremely gratifying result for Boehringer Ingelheim.

Ladies and Gentlemen,

It is especially important for me to emphasise that with the growth of the core portfolio, the successful launch of PRADAXA® and the expected launch this year of linagliptin in diabetes, Boehringer Ingelheim is commencing a new growth phase.

The from our point of view very satisfactory operating income of EUR 1,896 million was below the previous year level.

The reasons: on the one hand, patent losses, on the other, the already high and rising expenditure in our internal research and development of well over 20% of our overall revenues. And for the future, we have chosen to maintain a corresponding negative impact on our operating income, but also only thus, that is to say, with convincing innovations from our own research, can the sustained success and long-term safeguarding of the company's independence as an unlisted family-owned company be guaranteed.

#### **Chart 8: Business Environment – Global rank No. 15**

Ladies and Gentlemen,

Developments in the world pharmaceuticals market in 2010 were also influenced by the expiry of patents for major pharmaceutical products that could not be offset by the introduction of new products.

Moreover, healthcare policy measures in Europe and the USA have imposed significant costs on the pharmaceuticals industry as a whole, not only for Boehringer Ingelheim, and resulted in losses of revenue. Overall, worldwide market growth – strong in the emerging markets and restrained in the established markets - stood at a rate of 4%, somewhat below the previous year's level of 6.5%.

In this difficult market environment, Boehringer Ingelheim claimed 15<sup>th</sup> place among the world's 20 largest pharmaceuticals companies with a market share of around 1.9%.

## **Chart 9: Key Messages of 2010**

Ladies and Gentlemen,

Let me summarize the year of 2010 for Boehringer Ingelheim:

Boehringer Ingelheim celebrated its 125<sup>th</sup> anniversary in 2010 – and for 125 years of innovative research. Today, we speak about Value through Innovation.

In 2010, we launched a convincing new medicine from our research and development - the orally administered coagulation inhibitor PRADAXA® for the prevention of stroke in patients with atrial fibrillation.

We have maintained our net sales at the level of the previous year in a difficult business environment. Our core portfolio, our new drug PRADAXA® and the expected launch this year of linagliptin in diabetes, as well as the marked progress in our late-stage development portfolio allow us to look with confidence to the future.

Ladies and Gentlemen,

I would now like to hand it over to Mr von Baumbach, who will take you through the performance of the individual businesses and the financial figures.

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## **Chart 10: Businesses and Financial Figures 2010**

### **Hubertus von Baumbach – Corporate Board Division Finance and Animal Health**

Ladies and Gentlemen

Mr. Barner has told you about the business successes of the past year. A detailed look at our annual financial statements also confirms his positive overall assessment of the past year.

## **Chart 11: Challenges of 2010 well managed – Continued strong financial stability**

Boehringer Ingelheim managed its finances successfully in 2010 and showed sound financing. This can be summarised in five points:

1. We almost fully compensated for the anticipated decline in sales of some EUR 1.5 billion.
2. We made a very satisfactory operating income. Boehringer Ingelheim not only cushioned against the negative effects of the previous year, but additionally increased its research and development spending by more than EUR 230 million.
3. Boehringer Ingelheim posted net income of almost EUR 888 million. This was despite a negative one-off effect of almost EUR 600 million as a result of the German Accounting Law Modernisation Act.
4. The group of companies' equity ratio increased to 39.9%.

5. The group of companies' liquidity rose to over EUR 6.1 billion.

**Chart 12: Prescription Medicines – Growth of ongoing business by 5.5%**

Now for the details.

As already stated, Boehringer Ingelheim's group sales in the reporting period were somewhat down from the previous year at EUR 12.6 billion.

The Prescription Medicines business, with sales of EUR 12.6 billion, accounts for 77% of our total sales.

Last year, its sales declined by -3.5%, due to exclusivity losses in the USA. Corrected to a like-for-like basis, taking into consideration the ongoing business, and currency effects, growth was 5.5%.

**Chart 13: Prescription Medicines – Strong core brands secure future growth**

The bearing columns of this growth are still SPIRIVA®, which at a very high level again grew by +14%, and the MICARDIS® product family, with growth of almost +9%. These two products account for 47% of Prescription Medicines' net sales.

The decrease for SIFROL® is due to the previously mentioned loss of exclusivity in the USA.

### **Chart 14: SPIRIVA® and MICARDIS® – Outperforming in their therapeutic class**

With the launch of PRADAXA®, the first of a large number of new products, Boehringer Ingelheim started the phase of portfolio renewal, an indispensable precondition for future growth. At the same time, the solidity of the established portfolio is essential in order to provide the financial basis for building up a new one. For Boehringer Ingelheim, this primarily means continual strong growth of our two products SPIRIVA® and MICARDIS®.

In particular SPIRIVA®, our biggest product, with +15% growth, according to market data, has clearly outstripped its rival products. The MICARDIS® product group, at +11%, also shows very strong market growth.

### **Chart 15: Consumer Health Care – Continued growth in difficult market environment**

Our Consumer Health Care business grew by +4.5% last year. This growth was also borne by the new markets - the emerging markets - where we grew by +19%.

In contrast, our business in Japan was under pressure from a contracting market.

With the acquisition by Boehringer Ingelheim of the minority interests in SSP, the company will no longer be traded on the Tokyo Stock Exchange.

Integration of the organisation is progressing well according to plan.

We are pleased that both organisations can now grow even closer together, learn from each other and jointly be successful.

Important matters for us are the strong brands and the very good customer relationships that the tradition-rich company has built up over the last 245 years. There you see that in some markets

Boehringer Ingelheim is still a young participant, even at 125 years of age.

#### **Chart 16: Consumer Health Care – Continued growth of international core brands**

Our core brands occupy one of the top three positions in most of their respective categories and all show growth. I would like to point out here that our cold portfolio maintained its position well in a rather weak market environment in the 2009/2010 season.

For our German business, the rebranding of THOMAPYRIN® represented an important milestone. With a turnover of EUR 29 million in Germany, the core market for THOMAPYRIN®, the previous year's sales were exceeded by almost +4%.

#### **Chart 17: Top 10 Global Corporations 2010 in CHC – Boehringer Ingelheim well positioned**

In 6<sup>th</sup> place among the world's 10 largest companies, we hold a very strong competitive position. This competitive environment is characterised by a multitude of local brands and competitors. But with

+4.1% compared to the previous year, we are growing faster than many of our competitors.

**Chart 18: Animal Health – 2010 was again a very successful year**

The Animal Health business last year grew by +51% compared to the previous year. It thereby accounts for 7% of group sales.

Two factors were decisive:

First, the integration of the Fort Dodge business acquired in 2009.

Secondly, the extraordinarily good growth of +19% in our established Boehringer Ingelheim business.

I would now like to briefly talk about developments in the competitive environment. We have followed with interest various merger intentions in the industry and the rejection of the same. This does not mean any change to our strategy. We are well-positioned for competitive growth.

**Chart 19: Animal Health – strong growth of five core brands**

A glance at the products of our Animal Health business:

The established Boehringer Ingelheim business's growth was almost entirely borne by the double-digit growth of our biggest products.

Here I would like to highlight, as I did already last year, INGELVAC CIRCOFLEX®, which, at a very high level of turnover, once again grew by almost +43%.

**Chart 20: INGELVAC CIRCOFLEX® and METACAM® –  
outperforming in their market segments**

Here the strength of our products in their respective market segments underlines how well-positioned we are. The outstanding market position of INGELVAC CIRCOFLEX® is shown by a growth rate distinctly above its market segment.

Even in a market segment that was contracting, our product METACAM® showed above-average growth. This growth testifies to the strength of this brand, as the product no longer enjoys exclusivity.

**Chart 21: Industrial Customer Business (ICB) – Dependent on  
biopharmaceuticals and the success of our customers**

We describe our activities with third parties in biopharmaceuticals, pharmaceutical production and chemicals as our Industrial Customer Business.

This is primarily determined by the development of our Biopharmaceuticals business, which fell to EUR 422 million in 2010. The reason was that, in contrast to the previous year, not all of our customers' products were comparably successful.

As part of our focus on our core business, we decided to sell our RESOMER® product business to Evonik for whom its represents an addition to their existing portfolio.

At the start of 2011, we took over a biopharmaceutical site in Fremont near San Francisco, USA, from Amgen. We thereby have a development and production site in a more immediate proximity to our US customers on the West Coast at the heart of biotechnology.

### **Chart 22: Mature market countries dominate the business of Boehringer Ingelheim**

A look at the geographical breakdown of sales shows Boehringer Ingelheim's strength in the established markets.

We have successfully developed our business in these mature markets over the last few decades. The strategic aim was and remains to achieve growth in proportion to the importance of the local market.

With the USA, Japan and Germany we are represented on three different continents in three different currencies. Here we generate 57% of our group sales.

Even though we generate only 10% of group sales in Germany:

Boehringer Ingelheim is committed to Germany as a location. This finds expression in the fact that the more than 12,100 employees we have in Germany make up 29% of our worldwide total of more than 42,000. Looking at investment, the German share of total group investment of 41% also provides testimony to our commitment. Last year, we invested more than EUR 213 million in Germany.

### **Chart 23: Dynamic growth in emerging markets**

As important as the size of the mature markets is for Boehringer Ingelheim, as just mentioned, growth in the emerging markets is as strategically important for us.

For this reason, we have also adapted our organisational structure. The strong growth in these countries shows successful action.

In particular, the importance of the markets for human pharmaceuticals in China, Brazil and Russia will continue to change significantly in relation to the major markets of today. Our action for future growth is therefore focused on these countries.

### **Chart 24: Net sales decrease due to loss of exclusivity almost compensated**

Ladies and Gentlemen

It is important for me to go into particular items in the profit and loss statement again this year.

At the operating income level, we have not been able to fully compensate for the decline in Prescription Medicines sales mentioned earlier.

At around EUR 1.9 billion, it is down EUR 343 million from the previous year. The positive extraordinary effects, such as the discontinuation of our collaboration with Eli Lilly on the marketing of

duloxetine, and the negative effects, such as those arising from cost-cutting measures in healthcare systems in various countries, broadly cancelled each other out.

In particular, earnings were not significantly impacted by changes to the provisions item.

At this point, I would like to highlight once again that Boehringer Ingelheim actually invested around EUR 2.5 billion – around 11% more than in 2009 – in the research and development of new medications also in animal health.

In our research and development activities in particular, our group's lack of dependence on the capital markets enables us to operate on a sustainable and long-term basis.

Innovation to the benefit of patients has been the basis of our success for 125 years. Innovation will also ensure our future competitiveness. The financial result is EUR 55 million down from the previous year. This is mainly due to two factors: first, interest expenses for the whole year, mainly from the borrower's note loan issued in 2009, impacted for the first time on the earnings. Secondly, the increased pension liabilities, due to the German Accounting Law Modernisation Act, also had a negative impact on earnings.

As I announced to you this time last year, we posted extraordinary expenditure of EUR 594 million in the 2010 financial statements. We have decided to include the full negative one-off effect of the

accounting law change in the 2010 annual financial statements and not to take up our legal entitlement to spread it over 15 years.

**Chart 25: Operating Cash Flow covers investing and financing activities**

In the last few minutes, I have mentioned the solidity and strength of our established business, particularly with prescription-only human pharmaceuticals.

As I explained earlier, the growth of our established products has cushioned the loss of sales. This has also had a positive impact on cash flow development. Cash flow from operating activities only declined by EUR 335 million or -14% year-on-year.

In addition, I would importantly like to point out a special feature for partnerships. “Cash flow from financing activities” also includes the withdrawals to settle the shareholders’ income tax incurred as a result of business activities. Overall, the actual tax burden on consolidated net profit is therefore significantly higher than shown in the previously posted tax position.

Looking at the relationship in 2010 between this actual tax burden and net income shown, this relationship is in this year negatively impacted in a particular manner by the fact that the described effect of German Accounting Law Modernisation Act on pension provisions has not been reflected in tax legislation and is therefore not treated as active expenditure for tax purposes.

**Chart 26: Strong financial basis and expanded entrepreneurial flexibility, equity ratio up to 39.9%**

Ladies and Gentlemen

At the beginning of my speech, I pointed out that the group of companies has robust financing.

I will put our liquidity in concrete terms. This increased again last year by EUR 729 million (incl. changes in financial funds due to exchange rate movements) to EUR 6.1 billion.

After deduction of the so-called liquidity reserve, defined at EUR 2.5 billion and funds tied to operations amounting to EUR 900 million; EUR 2.7 billion was available to the group of companies for corporate purposes as at the balance sheet date. Another pillar of our robust financing is the high equity ratio, which increased again in the year under review. At around 40%, we are within our long-term target range.

Overall, our external financing did not change significantly last year and amounts to EUR 1.8 billion.

**Chart 27: The basis of longterm independence**

The shareholders have the long-term independence of our group of companies as the supreme goal. With regard to refinancing opportunities, access to the capital markets is therefore restricted. But it is this very fact that allows us to take a very long-term approach.

At the same time, however, over many decades, the shareholders have retained substantial profits in the company in order to provide the company with the necessary financial scope. This creates the financial strength and unique quality of Boehringer Ingelheim.

### **Chart 28: Overview 2001 – 2010**

Ladies and Gentlemen

My summary:

High liquidity and sustained positive cash flow are the basis of Boehringer Ingelheim's independence.

Boehringer Ingelheim contributes sustained investment in research and development and thereby possesses the growth potential for the future.

Boehringer Ingelheim has grown profitably for the past 10 years.

Professor Barner will now talk to you about the outlook for our pipeline and the year 2011.

Thank you for your attention.

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**Chart 29: Outlook 2011**

**Andreas Barner**

**Chairman of the Board**

**Corporate Board Division Pharma Research,  
Development and Medicine**

Ladies and Gentlemen,

Let me now come to the presentation of our results in research and development.

As in previous years, the strategic focus of Boehringer Ingelheim in the future will continue to be the in-house research and development of innovative drugs. With the successful registration of new drugs in new therapeutic areas, we are laying the foundation for healthy and continuous organic growth.

**Chart 30: Our Research and Development - Substances in advanced clinical development**

In 2010, in clinical trials, our active substances in the therapeutic areas of thrombo-embolic diseases, type-2 diabetes, oncology, hepatitis C and idiopathic pulmonary fibrosis have delivered highly robust data that is very promising for their therapeutic success. This has led to successful licensing by the authorities, submissions for licensing and clear progress in late development stages.

The licensing of PRADAXA® for the reduction of the risk of strokes in patients with non-valvular atrial fibrillation is an important step in

therapeutic improvement. This is because PRADAXA® provides effective, predictable and constant coagulation inhibition, has low potential for adverse interactions with other drugs and produces no interactions with foodstuffs. No routine monitoring of coagulation activity or dosage correction is required.

And we are continuing our research with PRADAXA®. Our clinical trial programme with PRADAXA® covers the following additional areas: the treatment of acute venous thrombo-embolisms and their secondary prevention as well as the secondary prevention of cardiac events in patients with acute coronary syndrome.

We also made progress in the area of **oncology** in 2010. The substance BIBF 1120 is a new triple angiokinase inhibitor. The substance afatinab represents a new generation of tyrosine kinase inhibitors. Both substances have made good progress in phase III clinical development, including in lung cancer, breast cancer, ovarian cancer and colon cancer.

Volasertib, BI 6727, is the latest step in the Boehringer Ingelheim programme to develop a highly effective specific Plk-1 inhibitor. On the basis of the promising efficacy and safety data from the phase I trial, volasertib is now undergoing phase II clinical development. We wish to develop all these substances into drugs for patients suffering from cancer.

In the field of **metabolic diseases**, our research teams in type 2 diabetes are concentrating on developing orally administered diabetes drugs. The substance linagliptin, which employs the novel mechanism

of dipeptidyl-peptidase-4 inhibition, has ended its phase III clinical trials. Data from the late stages of the clinical trials has added to the already comprehensive clinical evidence. Linagliptin achieves a sustained reduction of the blood sugar level and, due to its unique pharmacokinetic profile, also requires no dose adjustments – even in type 2 diabetics with a renal function disorder.

In 2010, applications for the approval of linagliptin were submitted to several authorities worldwide. We expect the first approvals in what for us is an important therapeutic area in mid-2011. We will thereby launch the first diabetes drug from our own research and development. Our diabetes pipeline makes us very confident that we will be able to make additional medicines available for diabetics in the medium term.

**Hepatitis-C** is an infectious disease of the liver and the most common cause of chronic liver diseases and liver transplants.

Our research into the hepatitis C virus aims to identify inhibitors which are able to block key viral enzymes. These novel mechanisms will provide options for new therapies with distinctly improved tolerability in comparison to current therapy of chronic hepatitis C infection. The leading test substance in Boehringer Ingelheim's hepatitis C portfolio is BI 201335, an orally administered protease inhibitor from our own research and development. It will enter phase III clinical development this year.

There is as yet no convincing therapy for the treatment of **idiopathic pulmonary fibrosis** in the USA or Europe. According to the results of the phase II TOMORROW trial, a 12-month treatment with BIBF 1120 led to a clinically relevant amelioration of the deterioration of

lung function in IPF patients. We consider the results to be highly promising. Overall, these results provide a solid and promising platform for the commencement of a phase III program before the end of this year.

All in all, ladies and gentlemen, I would for our research and development maintain that these new medicines in what for us are new indication areas bring distinct therapeutic progress for patients.

### **Chart 31: Diabetes – Alliance with Eli Lilly and Company**

Ladies and Gentlemen,

As you know, Boehringer Ingelheim invests in organic growth.

But, alongside our own strong research and development, we also invest in targeted inlicensing, selected drug acquisitions and also goal-orientated alliances.

Accordingly, Boehringer Ingelheim and the pharmaceuticals group Eli Lilly and Company have entered into a global agreement to jointly develop and commercialise a portfolio of diabetes compounds in the intermediate and late development stages.

Boehringer Ingelheim and Lilly have opted for this strategic alliance in the diabetes sector at a time when we at Boehringer Ingelheim are venturing into another new therapeutic area with innovative active substances from our own R&D.

With this long-term strategic alliance in the therapeutic area diabetes Boehringer Ingelheim is combining the advantages of the diabetes market expertise that Lilly has developed over a long period, and its innovative diabetes pipeline of two experimental basal insulin analogues, with Boehringer Ingelheim's innovative pipeline of substances in new therapeutic areas in the late development stage.

### **Chart 32: Boehringer Ingelheim at Bio-Bay area: Fremont, USA**

In 2011, we also acquired a development and production facility for biopharmaceuticals at Fremont, California, USA from Amgen Inc.

The Fremont site, which currently employs 300 people, consists of a modern production facility with an area of more than 18,000 square metres as well as development facilities and laboratories for process development that are suitable for the production of active substances for clinical trials and for supply of the market.

### **Chart 33: Biopharmaceuticals: Our Sites**

As a fully integrated research and production site, Fremont will supplement the available resources and state-of-the-art technology of the existing biopharmaceutical network of Boehringer Ingelheim in Biberach, Germany and Vienna, Austria.

Our presence in Fremont is another foundation stone in our growth strategy. With this strategic choice to be represented in the San Francisco Bay area with a modern facility for development and contract production in the biotechnology centre, we will be able to

serve our existing and future customers even more effectively and better cooperate with them. In addition, the technical know-how at Fremont will help to reinforce our leading international position in process development and the production of biopharmaceuticals.

### **Chart 34: Animal Health**

Ladies and Gentlemen,

Today Boehringer Ingelheim is already the leading company in the area of swine vaccines. We are committed to the development of innovations so that the best possible agents for preventing animal diseases are available to farmers and veterinary surgeons.

Wherever possible, we follow the maxim that prevention is preferable to therapeutic intervention. This approach, which is anyway purposeful from a purely medical point of view, furthermore allows reduced use of antibiotics.

Besides swine vaccines, vaccines are becoming increasingly important for all animal species.

We are adapting to this with our new European Veterinary Research Center in Hanover, Germany. We expect it to start operating at the end of this year.

### **Chart 35: Innovative power of our employees as bridge to the future**

The company's soul – what really motivates is – is the innovativeness and productivity of our well trained and committed employees who share the change in our industry, show continual high-level commitment and live out Boehringer Ingelheim's special culture. Our employees thus form a bridge between today and tomorrow and thereby contribute towards Boehringer Ingelheim remaining as an independent and successful family-owned company in the future too.

In 2010, our headcount increased by 700 compared to the previous year to over 42,200. As a further contribution to our company's future viability, we have expanded strategic talent management.

For us, talent management is a strategic priority for winning through in a rapidly changing and fiercely contested environment.

Talent management is designed to ensure that employees have the possibility to develop in their present area of responsibility or work towards a new role. Employees should have the opportunity to grow by meeting new challenges.

Ladies and Gentlemen,

I am also concerned to say something about the promotion of women.

The Boehringer Ingelheim companies in Germany have 1,310 people in management. Of these, 300 (23%) are female.

Of the 516 in senior management, 86 are women. That is to say almost 17%. For cultural reasons, this percentage varies greatly worldwide. While the share of females in management is very small in, for example, Japan, it is considerably greater in the USA at 31%.

We see a need for improvement here and have for that reason set up a Diversity Advisory Council for Women that is working on concrete proposals. For the improved combining of career and family, in particular for men and women in Germany, we have established crèches, child care in special cases, the possibility of teleworking, flexible working hours, part-time working, care during school holidays and takeaway meals from the canteen. Furthermore, we want to target women for management positions when posts are filled by having women participate in the selection process.

### **Chart 36: Key Messages 2011**

And now for the outlook for 2011.

In general, the results for 2010 and our preparations for the future confirm our strategy of internally generated organic growth, based on our own research and development.

Where we see specific opportunities to make sensible additions to our product portfolio, whether quite early in the research phases or, as was possible in Animal Health in 2010, with products already on the market, individual business areas will also be supplemented by targeted acquisitions in future.

The following key points are especially important for the future of Boehringer Ingelheim in 2011 and beyond. I would therefore like to summarise and emphasise them:

We want to successfully bring substances resulting from our own research and development to market. We are planning introductions of new drugs in therapeutic areas with high, as yet unmet medical needs: in diabetes and oncology, as well as in hepatitis C and in idiopathic pulmonary fibrosis. To this end, we also want to make considerable investments in our own research and development.

The successful positioning of PRADAXA® in the market and the successful launch of our diabetes medicine linagliptin will be the top priority for us in 2011.

Thus, 2011 will herald the dawn of a new growth phase for Boehringer Ingelheim. With PRADAXA®, linagliptin for diabetes in a promising alliance and further growth of our core portfolio, we expect Boehringer Ingelheim to deliver sound mid-single-digit growth. We are also looking for an improvement in our profitability. And we will achieve this whilst also wanting to increase our investment in our own research and development yet again.

Today, we have reported to you on a 2010 that developed as we had wished and we are confident that, thanks to the efforts of our employees, we can also look ahead to 2011 and beyond with great confidence.

Thank you.