

# Conditions of Warrants

**(This is a non-binding translation of the original German version.)**

## **§ 1**

### **Option rights and option price**

(1) Together with the €75,000,000 7<sup>1</sup>/<sub>2</sub>% bonds of 2000/2005 ('bonds'), STADA Arzneimittel Aktiengesellschaft, Bad Vilbel ('Company'), will issue 450,000 bearer warrants ('warrants'). Six warrants are initially attached to each bond of a par value of €1,000. Holders of warrants ('warrant holders') are entitled, in accordance with the following Conditions, to purchase a registered common share of the company (with limited transferability) at a notional par value of currently (rounded) €25.56 ('share') at the option price mentioned in subsection (2). The warrants may be detached in full, but not partially, from the bond to which they are initially attached and then transferred separately.

(2) The option price payable for the exercise of option rights initially amounts to €350 ('original option price'). The original option price will be reduced to €300 ('reduced option price') if the arithmetic mean of the shares' official cash price on the Frankfurt Stock Exchange on the 20 trading days preceding June 26, 2005 is lower than the threshold price of €300 ('threshold price'). The Company will officially announce the reduction of the option price without delay in accordance with section 8. If the option price is reduced, the reduced option price will apply for the first time to the exercise of option rights that become effective on the first bank working day after June 26, 2005. The original and the reduced option prices are jointly referred to hereinafter as the 'option price'. If the Company increases or reduces its capital, the option price and the threshold price will be adjusted accordingly in accordance with the provisions of section 7.

## **§ 2**

### **Certification and delivery of warrants**

(1) The warrants are certificated in a global bearer warrant ('global warrant'), which is deposited with Clearstream Banking AG, Frankfurt am Main ('Clearstream'). The global warrant bears the handwritten signatures of two members of the Company's Executive Board. Physical warrants are not issued.

(2) The warrant holders are entitled to co-ownership shares of the global warrant, which can be transferred in accordance with the provisions and rules of Clearstream.

## **§ 3**

### **Exercise period**

Option rights can be exercised on any bank working day during the period from June 26, 2000 to June 26, 2015 inclusive ('exercise period'). In each case, however, this excludes the period

a) between the third business day prior to the last day for depositing and registering shares (exclusive) for the Company's shareholders' meetings and the second business day after the shareholders' meeting (inclusive),

b) of 14 calendar days prior to the end of the company's financial year, and

c) between the day (inclusive) on which the Company publishes in the Federal Gazette of the Federal Republic of Germany an offer to its shareholders to subscribe for new shares, bonds or profit participation certificates with conversion or option rights or option rights without bonds and the last day (inclusive) of the period stipulated for the exercise of subscription rights.

If June 26, 2015 falls in a period in which the exercise of option rights is excluded by the aforementioned provisions, the exercise period will end on the last bank working day prior to the beginning of the respective period. Once the exercise period has elapsed, all option rights not validly exercised by then will expire. A 'bank working day' within the meaning of these Conditions of Warrants is any day on which the banks in Düsseldorf are open for business.

## **§ 4**

### **Exercise of option rights**

(1) In order to exercise option rights validly, warrant holders must

- a) issue to the warrant agent (as defined by section 6) a written declaration ('notice of exercise') containing all information prescribed by subsection (2),
- b) pay to the warrant agent the option price in euros plus any taxes or levies payable on the exercise of option rights, and
- c) deliver the warrants to the account of the warrant agent at Clearstream.

(2) The notice of exercise must contain

- a) the name and address of the person exercising the option rights,
- b) the number of warrants for which the option rights are being exercised, and
- c) details of the account at a German bank to which the shares are to be transferred.

(3) Once received by the warrant agent, the notice of exercise is binding and irrevocable. The notice of exercise becomes effective once it, the option price and the warrants have been received by the warrant agent. Notices of exercise that are received by the warrant agent or become effective during a period in which the exercise of option rights is excluded by section 3 are deemed to have been issued and received or to have become effective on the next bank working day on which option rights are allowed to be exercised, provided that this bank working day falls within the exercise period.

(4) The shares issued as a result of the exercise of option rights are made available in deliverable form by the warrant agent without delay once the notice of exercise has become effective and are then transferred by the warrant agent to the account named by the warrant holder.

## **§ 5**

### **Dividend entitlement**

The shares resulting from the exercise of option rights entitle the holder to receive dividends for the entire financial year in which the notice of exercise becomes effective.

## **§ 6**

### **Warrant agent**

(1) The warrant agent is HSBC Trinkaus & Burkhardt Kommanditgesellschaft auf Aktien, Düsseldorf. It is exempted from the restrictions of section 181 of the German Civil Code (BGB).

(2) The warrant agent is entitled, but not obliged, to check the entitlement of warrant holders.

## **§ 7**

### **Adjustment of the option price and the threshold price**

(1) a) If the Company increases its capital by issuing new shares within the exercise period, granting direct or indirect subscription rights to its shareholders, or issues bonds or profit participation certificates with conversion or option rights or option rights without bonds, the option price and the threshold price are reduced by an amount corresponding to the arithmetic mean of the official cash prices of the subscription rights granted to shareholders on all trading days on the Frankfurt Stock Exchange, rounded up or down to the nearest euro; however, the option price is never reduced to less than the notional proportion of one equity share of the Company's share capital.

b) Irrespective of the reduction of the threshold price in accordance with subsection a) above, the option price is not reduced if the Company grants warrant holders subscription rights corresponding to the shareholders' subscription rights.

c) The reference date for reducing the option price and the threshold price in each case is the first trading day on the Frankfurt Stock Exchange after expiry of the subscription period for the new shares or bonds or warrants with conversion or option rights or option rights without bonds. In accordance with section 8, the Company will officially announce without delay the reduced option price and the reduced threshold price as well as the reference date from which the reduced option price and the reduced threshold price apply.

(2) a) If the Company increases its capital from its own funds, instead of reducing the option price it increases its conditional capital in accordance with statutory law (section 218 of the German Joint Stock Corporation Act) to the same extent as its share capital. Warrant holders' entitlement to purchase shares by exercising their option rights increases to the same extent.

- b) If the Company increases its capital from its own funds, the threshold price is reduced to an amount corresponding to the product of the most recently valid threshold price and the ratio of the original number of shares to the new number of shares.
- c) The reference date for delivery of additional shares by the Company and reduction of the threshold price is the trading date on which the shares are traded without bonus shares on the Frankfurt Stock Exchange.
- d) In accordance with section 8, the Company will officially announce without delay the delivery of additional shares and the reduced threshold price as well as the reference date from which additional shares are to be delivered and the reduced threshold price applies.

(3) a) In the event of a stock split, the number of shares that warrant holders are entitled to purchase by exercising their option rights increases by the same ratio as the stock split. The option price remains unchanged.

b) In the event of a stock split, the threshold price is reduced to an amount corresponding to the product of the most recently valid threshold price and the ratio of the original number of shares to the new number of shares.

(4) If the Company reduces its capital by combining shares or by withdrawing shares from circulation, the number of shares that warrant holders are entitled to purchase by exercising their option rights decreases by the same ratio as the share combination. The option price and the threshold price remain unchanged.

(5) Fractional amounts of shares are not delivered when option rights are exercised. If the notice of exercise reveals that the same warrant holder intends to exercise option rights from several warrants, the shares' fractional amounts arising from the exercise of option rights are added together and the whole shares resulting from the addition of the fractional amounts are delivered. Once the notice of exercise becomes effective, the warrant agent will try to sell any remaining fractional amounts for the account of the warrant holders.

## **§ 8**

### **Official announcements**

All official announcements relating to warrants are to be published in at least one statutory journal for the stock exchanges on which the warrants are officially listed.

## **§ 9**

### **Applicable law, place of performance, place of jurisdiction and partial invalidity**

(1) The form and content of warrants as well as all rights and obligations of warrant holders, the Company and the warrant agent are governed in all respects by the laws of the Federal Republic of Germany.

(2) The place of performance is Frankfurt am Main.

(3) The place of jurisdiction for all disputes arising in connection with all matters governed by these Conditions of Warrants is Frankfurt am Main for businessmen, public-sector legal entities, public-sector special funds and persons without general jurisdiction in the Federal Republic of Germany. The courts in Frankfurt am Main have exclusive jurisdiction for all legal action taken against the Company.

(4) If one of the provisions of these Conditions of Warrants is or becomes wholly or partly invalid or impracticable, the remaining provisions will not be affected thereby. Any omissions created by the invalidity or impracticability of one of the provisions of these Conditions of Warrants are to be completed by analogy in a way that interprets these Conditions in the interests of the parties involved.