

Non-binding English translation from the German original version for convenience purposes only

**Articles of Association of  
STADA Arzneimittel AG  
- Bad Vilbel -**

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February 14, 2011

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## **I. GENERAL PROVISIONS**

**§ 1**  
(Name)

The name of the Company is:

STADA Arzneimittel Aktiengesellschaft.

The registered office of the Company is in Bad Vilbel.

The term of the Company is not limited to a specific period.

**§ 2**  
(Object of the Company)

1. The object of the Company is:

- (a) the development, manufacture and distribution as well as trading of products of any kind whatsoever for the worldwide health care market, in particular, in the pharmaceutical, biotechnical, chemical and cosmetics industry, medical and laboratory technology, clinic requisites as well as in the dietary food and candy manufacturing industry;
- (b) the establishment, operation, acquisition as well as the sale of capital interests in business enterprises which are active in the worldwide health care market, in particular, in the pharmaceutical, biotechnical, chemical and cosmetics industry, medical and laboratory technology, as well as in the dietary food and candy manufacturing industry;
- (c) the development and rendering of services of any kind whatsoever for the worldwide health care market against remuneration; services without remuneration may also be developed and rendered, in particular, for patients and consumers as well as medical/pharmaceutical specialist groups provided that they are of such nature to supplement, promote or support other business enterprises of the Company;
- (d) the procurement, acquisition, the taking out or granting of a licence as well as trading in intangible assets as regards the worldwide health care market, in particular, software and Internet applications as well as pharmaceutical product marketing authorisations, trademarks, industrial property rights and co-marketing rights for products, in particular, in the pharmaceutical, biotechnical, chemical and cosmetics industry, medical and laboratory technology, clinic requisites as well as in the dietary food and candy manufacturing industry; the Company may also grant licences to pharmacies directly or indirectly via its subsidiaries, pursuant to which they are authorised to assume manufacturing processes for selected products themselves;

- (e) the undertaking of all business activities which seems necessary or expedient to serve the object of the Company.
- 2. The Company is entitled to acquire interests in any manner in similar companies or companies of the same type within Germany and abroad. The Company may establish branches or representative offices.

**§ 3**  
*(Financial Year)*

The financial year is the calendar year.

**§ 4**  
*(Notices)*

Notices of the Company shall be published in the electronic German Federal Gazette ("elektronischer Bundesanzeiger"), unless any other form is prescribed by law.

**II. SHARE CAPITAL AND SHARES**

**§ 5**  
*(Share Capital)*

The share capital of the Company amounts to EUR 153,078,536.00 and is divided into 58,876,360 registered shares of restricted transferability with no par value.

**§ 6**  
*(Authorised and Conditional Capital)*

1. The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions by 10 June 2013 by up to EUR 76,346,010.00 through the issue of up to 29,363,850 registered shares with restricted transferability against contributions in cash and/or in kind. Shareholders are to be granted subscription rights. The Executive Board shall nevertheless be authorised, with the approval of the Supervisory Board, to exclude the statutory subscription rights of the shareholders in the following cases:

- (a) for fractional shares (Spitzenbeträge);
- (b) in the case of capital increases against cash contributions up to an amount that in total does not exceed 10 % of the share capital, if the issue price of the new shares is not significantly lower than the stock exchange price of already listed shares carrying the same rights within the meaning of section 203, para. 1, sentence 1 and sentence 2, section 186, para. 3, sentence 4 of the German Stock Corporation Act. Shares are to be credited against the above mentioned 10 % limit which are acquired due to an authorisation of the Annual General Shareholders' Meeting and are sold during the term of this authorisation pursuant to section 71, para. 1 no. 8 sentence 5 in connection with section 186 para. 3 sentence 4 of the German Stock Corporation Act. Furthermore, shares are to be credited against this limit, which are issued for the purpose of servicing subscription rights under bonds with warrants and/or convertible bonds, to the extent the bonds with warrants and/or convertible bonds are issued within section 186, paragraph 3, sentence 4 of the German Stock Corporation Act applying mutatis mutandis under the exclusion of subscription rights;
- (c) in the case of capital increases against contributions in kind up to an amount which in total does not exceed 20 % of the share capital, in order to be able to offer the new shares of the company to third parties within the context of mergers between undertakings or the acquisition of business undertakings, divisions of business undertakings or participations in business undertakings and of other assets, including loans and other liabilities;
- (d) to the extent necessary and up to an amount which in total does not exceed 20 % of the share capital to grant holders of option rights and/or creditors of convertible

bonds that will be issued by the company or its subordinated group companies, a subscription right to new shares to the extent to which they would be entitled after the exercising of their option and/or conversion rights or after fulfilment of any conversion obligations.

The Executive Board is further authorised, with the approval of the Supervisory Board, to fix further details for implementing capital increases from the authorised capital.

2. The share capital of the Company is conditionally increased by up to EUR 9,136,036.00 by issuing up to 3,513,860 registered shares with restricted transferability (Conditional Capital 2004/I). The conditional capital increase will be effected only insofar as the holders of option rights exercise their option rights. The new shares will share in the profits from the beginning of the financial year when the option rights have been exercised.
3. The share capital is conditionally increased by up to EUR 66,823,458.00 by issuing up to 25,701,330 registered shares with restricted transferability and carrying a dividend right as of the beginning of the financial year in which they are issued. The conditional capital increase serves the purpose of granting shares to the holders or creditors of bonds with warrants and/or convertible bonds issued by the Company or a subordinated group company on the basis of the authorisation of the Annual General Shareholders' Meeting of 10 June 2008. The conditional capital increase is to be effected only insofar as option and/or conversion rights relating to the option and/or conversion bonds are exercised or any option and/or conversion obligations under these bonds with warrants and/or conversion bonds are fulfilled and insofar as no cash settlement is granted and no own shares are used for servicing. The Executive Board is authorised to determine the further details of implementation of the conditional capital increase (Conditional Capital 2008/I).
4. The Supervisory Board is authorised both in the case of capital increase by the authorised capital pursuant to section 1 as well as in the case of the realisation of conditional capital increase pursuant to sections 2 and 3 to adjust the wording of sections 5 and 6, section 1, sentence 1, section 2, sentence 1 as well as section 3, sentence 1 of the Articles of Association according to the particular utilisation of the authorised capital and/or conditional capital. This also applies to the adjustment of section 6 of the Articles of Association in the cases of non-utilisation at the expiry of the authorisation.

## **§ 7**

### *(Dividend Entitlement)*

If the share capital is increased, the entitlement to a dividend of new shares may be determined in derogation of § 60 German Stock Corporation Act ("*Aktiengesetz – AktG*").

## **§ 8**

*(Shares and Class of Shares)*

1. Registered shares can only be transferred with the approval of the Executive Board (registered shares of restricted transferability).
2. Shareholders shall not be entitled to demand the issuance of share certificates (§ 10 para. 5 AktG).
3. Shareholders shall inform the Company of any changes of their address and banking account. Notices and requests to the holders of registered shares will be directed at the last given address.

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### **III. CONSTITUTION OF THE COMPANY**

## A. Executive Board

### **§ 9**

#### *(Composition)*

1. The Executive Board of the Company shall consist of two or more persons. The number of the members of the Executive Board shall be determined by the Supervisory Board. It may also appoint deputy members of the Executive Board.
2. The Supervisory Board may assign the conclusion and the amendment of the service agreements to a Supervisory Board committee.

### **§ 10**

#### *(Representation of the Company)*

1. The Company shall be legally represented by two members of the Executive Board or by one member of the Executive Board jointly with a holder of a general commercial power of representation ("*Prokurist*").
2. The Supervisory Board may determine that individual members of the Executive Board are entitled to solely represent the Company.
3. *Prokuristen* are entitled to represent the Company jointly with a member of the Executive Board or another *Prokurist*.

### **§ 11**

#### *(Management)*

The Executive Board shall manage the Company in accordance with the legal provisions and the provisions of the articles of incorporation. The Executive Board shall adopt its rules of procedure in accordance with legal requirements.

## B. Supervisory Board

### **§ 12**

#### *(Composition)*

1. The Supervisory Board shall consist of 9 members. The composition of members shall arise from the legal requirements.
2. The election is made for a period until the end of the Shareholders' Meeting which decides on the discharge of the Supervisory Board from responsibility for the fourth financial year following the election. The financial year in which the election took place shall not be counted.
3. If a member elected by the Shareholders' Meeting resigns before the end of his term of office, by-elections shall be held to replace the resigning member. The term of office of the newly elected member shall run for the remainder of the term of office of the resigning member.
4. The Shareholders' Meeting may, for the Supervisory Board members to be elected by itself, appoint substitute members who will become members of the Supervisory Board, in the order to be determined upon election, if the Supervisory Board members resign before expiration of their term of office. The term of office of the substitute member shall expire at the end of the Shareholders' Meeting in which an election according to section 3 takes place.
5. Resigning members may be re-elected.

### **§ 13**

#### *(Resignation of Office)*

Any member of the Supervisory Board may resign from his office subject to one month's notice by declaration addressed to the chairman or to the Executive Board.

**§ 14**

*(Chairman of the Supervisory Board)*

1. Following the Shareholders' Meeting at which all members of the Supervisory Board to be elected by the Shareholders' Meeting have been elected, the Supervisory Board shall, in a meeting held without notice, elect from among its members a chairman and a deputy chairman for the duration of its term of office. If the chairman or his deputy resign from office during the term of office, the Supervisory Board shall immediately hold a by-election to replace the resigning chairman/deputy.
2. The election shall be chaired by the oldest member of the Supervisory Board.

**§ 15**

*(Meetings of the Supervisory Board)*

The meetings of the Supervisory Board shall be called in writing subject to 14 days' notice by the chairman or his deputy enclosing the agenda. In urgent cases, this period may be shortened and/or the meeting may be called by telegraph, telephone or telefax.

The meetings of the Supervisory Board and its committees shall as a rule be by personal attendance. The Supervisory Board may in its rules of procedure provide that in reasonable exceptional cases the meetings of the Supervisory Board and its committees may be held by way of telephone or video conference or that individual members of the Supervisory Board may participate by way of video transmission, provided that in these cases the passing of resolutions may also take place by way of telephone or video conference or video transmission, respectively.

## **§ 16**

### *(Resolutions of the Supervisory Board)*

1. Resolutions of the Supervisory Board shall be passed at meetings. Resolutions by way of votes cast in writing or by telegraph, telephone or telefax may only be passed if no member of the Supervisory Board objects to such procedure.
2. The Supervisory Board shall constitute a quorum if at least two thirds of its members, including the chairman or its deputy, are present, or absent members have another member of the Supervisory Board submit their written vote in accordance with § 108 para. 3 sentence 1, 2 German Stock Corporation Act ("*Aktiengesetz – AktG*").
3. Resolutions of the Supervisory Board shall be passed by a simple majority of the votes cast. In case of a tie, the chairman of the meeting shall have the casting vote. The chairman of the meeting shall determine the manner of voting. These provisions apply accordingly in case of votes cast in writing or by telegraph, telephone or telefax.
4. Minutes of the meetings of the Supervisory Board shall be prepared and shall be signed by the chairman of the meeting. Minutes on the resolutions passed by votes cast in writing or by telegraph, telephone or telefax must be signed by the chairman of the Supervisory Board.
5. Meetings of the Supervisory Board shall be held once each calendar quarter and must be held twice each calendar half-year.

## **§ 17**

### *(Committees)*

1. The Supervisory Board is authorised to establish committees from among its members and to lay down their functions and powers in its rules of procedure. To the extent permitted by law, decision-making powers of the Supervisory Board may also be delegated to the committees.
2. Declarations of intent of the Supervisory Board and its committees shall be made in the name of the Supervisory Board by the chairman or, in case of him being prevented, his deputy.

## **§ 18**

### *(Remuneration of the Supervisory Board)*

1. Apart from the reimbursement of their expenses, the members of the Supervisory Board shall receive for the respective preceding financial year a) an annual fixed remuneration of EUR 25,000.00, and b) a further remuneration in the amount equalling 0.03 per cent.

of the earnings of the group before taxes. The chairman of the Supervisory Board shall receive three times, his deputy twice these amounts. In addition, value-added tax is on the remuneration payable.

2. The members of the Supervisory Board shall receive for their activities in a committee of the Supervisory Board for the respective preceding year an annual fixed remuneration of EUR 10,000.00. The chairman of the committee of the Supervisory Board shall receive twice this amount. In addition, value-added tax is on the remuneration payable.

### C. Shareholders' Meeting

#### **§ 19** (*Venue*)

The Shareholders' Meeting of the Company shall take place at the Company's registered office or in a German city with over 100,000 inhabitants or at the location of a German stock exchange.

#### **§ 20** (*Notice*)

The Annual General Meeting shall be called by the Executive Board or by the Supervisory Board in accordance with legal requirements.

**§ 21**  
(Attendance)

1. Entitled to attend the Annual General Meeting and to exercise their shareholders' rights are only those shareholders who are registered in the share register of the Company on the date of the Annual General Meeting, and who gave prior notice of their participation in accordance with section 2.
2. The notice of attendance must be delivered to the Company within the legal time period at the address specified for this purpose in the notice calling the shareholders' meeting.
3. The members of the Executive Board and of the Supervisory Board shall attend the Shareholders' Meeting in person. If it is not possible for a member of the Supervisory Board to attend at the place of the Shareholders' Meeting, because he is abroad for an important reason or his residence is long way off, in particular abroad, he may participate in the Shareholders' Meeting by means of audio and video transmission.
4. The voting right may be exercised by proxy. Proxies may also be submitted to the Company electronically as specified by the Executive Board.
5. The chairman of the meeting is entitled to restrict the shareholders right to pose questions and hold the floor (*Frage- und Rederecht*) in terms of time subject to the following provisions:
  - (a) If, pursuant to the agenda (including minority requests (if any) in accordance with § 122 German Stock Corporation Act), a resolution merely needs to be adopted in relation to issues pertaining to the appropriation of the annual balance sheet profits, formal approval of the acts of members of the Executive Board, formal approval of the acts of members of the Supervisory Board, the election of an auditor and authorisation to acquire own shares or in relation to any of the aforementioned individual agenda items, the chairman of the meeting may limit the shareholders' right to pose questions and hold the floor in terms of time to ensure that the Shareholders' Meeting does not exceed six hours in total. When determining the duration of the Shareholders' Meeting, time lost due to interruptions to the Shareholders' Meeting and due to the speech given by a member of the Executive Board as well as the comments by the chairman of the meeting prior to the commencement of the general debate, shall not be taken into account.
  - (b) If, according to the agenda, (including minority requests (if any) in accordance with § 122 German Stock Corporation Act), a resolution also needs to be adopted in relation to issues other than under letter (a), the chairman of the meeting may limit the shareholders' right to pose questions and hold the floor in terms of time to ensure that the Shareholders' Meeting does not exceed ten hours in total. Letter (a), sentence 2 shall apply *mutatis mutandis*.

- (c) The chairman of the meeting may set a time limit of 15 minutes per shareholder for asking questions and speaking for each request for leave to speak and, to 10 minutes if at the time of the beginning of his speech at least three other speakers have applied for time. The chairman of the meeting may limit a shareholder's right to pose questions and hold the floor, to which he is entitled in total during the Shareholders' Meeting, to 45 minutes.
  - (d) The restrictions of letters (a) to (c) may be stipulated by the chairman at any time, including at the beginning of the meeting.
  - (e) The restrictions pursuant to the above letters (a) to (d) are deemed to be fair and reasonable within the meaning of § 131 para. 2 sentence 2 German Stock Corporation Act.
6. Notwithstanding the right of the chairman of the meeting to restrict the shareholders' right to pose questions and hold the floor in accordance with section 5, the chairman may at 10:30 p.m. on the day of the meeting, order that the debate be concluded and may commence with the casting of votes in relation to the items on the agenda. Upon the ordering of the conclusion of the debate, further questions in relation to the cases set out in sentence 1 are no longer permissible.
7. The right of the chairman of the meeting to further limit the shareholders' right to pose questions and hold the floor beyond section 5 and 6 in accordance with the statutory provisions or in accordance with other principles recognised by established case law shall remain unaffected by the provisions in section 5 and 6.

## **§ 22**

### *(Chairmanship)*

1. The Shareholders' Meeting shall be chaired by the chairman of the Supervisory Board or his deputy or by another member of the Supervisory Board to be determined by the Supervisory Board. In the event that no member of the Supervisory Board takes the chair, the chairman shall be elected by the Shareholders' Meeting.
2. The chairman of the meeting may determine an order of the agenda items to be dealt with which differs from the one announced in the agenda. He also determines the manner and form of voting.
3. The Annual General Meeting may be recorded in sound and vision in part or in full. Details shall be prescribed by the Executive Board and, during the Annual General Meeting, the chairman of the meeting. Should public broadcast be planned, the convening notice of the Annual General Meeting shall indicate this and further details.

## **§ 23**

### *(Resolutions)*

1. Resolutions of the Shareholders' Meeting shall be passed by simple majority of the votes cast, provided there is no mandatory legal provisions of the German Stock Corporation Act ("*Aktiengesetz – AktG*") to another effect. As far as the German Stock Corporation Act ("*Aktiengesetz – AktG*") requires, in addition, a majority of the share capital represented at the time the resolution is passed, a simple majority of the capital represented shall be sufficient, to the extent that this is legally possible. In case of a tie, a motion shall be deemed denied.
2. If during election the first voting fails to result in a majority, a second restricted voting shall take place between the two candidates who received the highest number of votes. In case of a tie, the election shall be decided by lot drawn by the chairman of the meeting.

## **§ 24**

### *(Voting rights)*

Each registered share of restricted transferability shall grant one vote at the Shareholders' Meeting.

#### **IV. ADVISORY BOARD**

**§ 25**  
*(Advisory Board)*

1. The Company has an Advisory Board. It shall support the Executive Board and the Supervisory Board in its functions and assist with advice. It may give recommendations and suggestions to the Executive Board and the Supervisory Board. The legal rights of the Supervisory Boards remain unaffected.
2. The members of the Advisory Board shall serve as proxies in the Shareholders' Meeting for shareholders who do not want to exercise their rights in the Shareholders' Meeting in person. For this purpose, the Company shall send a form to delegate the voting rights along with the convening notice to the Shareholders' Meeting.
3. The Supervisory Board shall adopt rules of procedure for the Advisory Board.

**§ 26**  
*(Meetings of the Advisory Board)*

1. The Advisory Board shall elect amongst its members a chairman and a deputy chairman. The chairman, in case of him being prevented, his deputy, shall call a meeting of the advisory board enclosing the agenda, and shall chair the meeting.
2. The chairman of the Supervisory Board, in case of him being prevented, his deputy, are obliged to attend the meetings of the Advisory Board or to delegate another member of the Supervisory Board to the meeting.
3. The Advisory Board shall convene to meetings at least twice a year.

**§ 27**  
*(Appointment)*

1. The members of the Advisory Board shall be appointed by the chairman of the Supervisory Board on a proposal of the Executive Board and the Supervisory Board.
2. The members of the Advisory Board shall be appointed for a period of five years.

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## **V. ANNUAL FINANCIAL STATEMENTS AND DISTRIBUTION OF PROFITS**

**§ 28**

*(Annual Financial Statements)*

1. Within the first three months of the financial year, the Executive Board must prepare the annual financial statements and the management report for the preceding financial year and submit them to the auditor. Immediately after receipt of the auditor's report, the Executive Board must submit the annual financial statement, the management report, the auditor's report and the proposal for appropriation of the balance sheet profit to the Supervisory Board.
2. The Shareholders`Meeting which is held each year within the legal time period of eight months to accept the approved annual financial statements and the management report or to approve the annual financial accounts, and to resolve on the appropriation of the balance sheet profit, also resolves on the discharge of the Executive Board and the Supervisory Board from responsibility and the appointment of the auditor.
3. Each shareholder shall have access to the annual financial statements, the management report and the proposal for appropriation of the balance sheet profit together with the report of the Supervisory Board in accordance with legal requirements.

**§ 29**

*(Statutory Reserves)*

An amount corresponding to the 20th part of the net income for the year, after deducting any loss carried forward from the previous year, shall be appropriated to the statutory reserves, as long as the statutory reserves and the capital reserves together have not reached or again reached 50 per cent. of the share capital pursuant to § 272 para. 2 No. 1-3 HGB.

**§ 30**

*(Earnings Reserves)*

1. If the Shareholders' Meeting approves the annual financial statements, half of the net income for the year shall be appropriated to other earnings reserves. Amounts to be appropriated to the statutory reserves and any loss carried forward are to be deducted in advance from the net income for the year.
2. If the Executive Board and the Supervisory Board approve the annual financial statements, they may appropriate amounts up to half of the net income for the year to other earnings reserves. The Executive Board and Supervisory Board are also authorised to appropriate up to 50 per cent. of the net income for the year, provided that the other earnings reserves do not exceed half of the share capital and that they would not exceed half of the share capital following the appropriation. Section 1 sentence 2 applies accordingly.

**§ 31**

*(Balance Sheet Profit)*

1. The Shareholders' Meeting shall resolve on the appropriation of the balance sheet profit taking into account additional expenditure resulting from the resolution on the appropriation of the balance sheet profit.
2. The balance sheet profit resulting from the annual financial statements after deduction of depreciations, value adjustments, provisions and reserves, shall be distributed among the the shareholders unless the Shareholders' Meeting resolves to appropriate it in another manner.

### **3. VI. FINAL PROVISIONS**

**§ 32**

*(Amendments to Articles of Association)*

The Supervisory Board is authorised to resolve on amendments and additions to the Articles of Associations which relate only to their wording.

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