

**Mandatory publication pursuant to Sections 1 para. 3 no. 2 lit. a, 34, 27 para. 3 sentence 1 and Section 14 para. 3 sentence 1 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz - WpÜG*)**

[non-binding English translation]



**Joint Statement  
of the Executive Board and the Supervisory Board**

of

**STADA Arzneimittel Aktiengesellschaft**

Stadastr. 2-18  
61118 Bad Vilbel  
Germany

**regarding the**

**Voluntary Public Takeover Offer  
(Cash Offer in accordance with Section 29 of the German Securities Acquisition and  
Takeover Act)**

by

**Nidda Healthcare Holding AG**

c/o Kirkland & Ellis International LLP  
Maximilianstr. 11  
80539 Munich  
Germany

**to the Shareholders of STADA Arzneimittel Aktiengesellschaft**

STADA Shares: ISIN DE0007251803  
Tendered STADA Shares: ISIN DE000A2E4R04

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## I. GENERAL INFORMATION ABOUT THIS REASONED STATEMENT

On 27 April 2017, Nidda Healthcare Holding AG, a stock corporation established under German law, with its registered office in Munich, Germany, entered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich under HRB 231228 (the *Bidder*), submitted, in accordance with Section 34, Section 29, Section 14 para. 2 sentence 1, para. 3 sentence 1 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*), through the publication of the offer document within the meaning of Section 11 WpÜG (the *Offer Document*), a voluntary public takeover offer (*Offer*) to the shareholders of STADA Arzneimittel Aktiengesellschaft (*STADA* or the *Company* and, together with its subsidiaries, the *STADA Group*).

The Offer is addressed to all shareholders of the Company (the *STADA Shareholders*) and concerns the acquisition of all non-par value registered shares (ordinary shares) held by them (ISIN DE0007251803), each share representing a proportionate amount of EUR 2.60 of the share capital in STADA (each a *STADA Share* and collectively, the *STADA Shares*) against a cash consideration of EUR 65.28 per STADA Share (cash offer). In addition, the STADA Shareholders shall benefit from the dividend for the financial year ending on 31 December 2016 in the amount of EUR 0.72 per STADA Share as proposed by the executive board and the supervisory board of STADA. If the settlement of the Offer, as expected, occurs prior to the day on which the Annual General Meeting 2017 is held, the Offer will be increased by EUR 0.72 per STADA Share to EUR 66.00.

The executive board (*Vorstand*) of the Company (*Executive Board*) forwarded the Offer Document without undue delay, after its transmission pursuant to Section 14 para. 4 sentence 1 WpÜG by the Bidder on 27 April 2017, to the supervisory board of the Company (*Supervisory Board*) and the works council of STADA.

In connection with the following reasoned statement within the meaning of Section 27 WpÜG regarding the Offer (the *Reasoned Statement* or the *Statement*), the Executive Board and the Supervisory Board point out the following:

### 1. Legal basis of this Reasoned Statement

Pursuant to Section 27 para. 1 sentence 1, para. 3 sentence 1 WpÜG, the Executive Board and the Supervisory Board must, without undue delay, after transmission of the Offer Document pursuant to Section 14 para. 4 sentence 1 WpÜG, submit and publish a reasoned statement on the offer and on each amendment to it. The scope of application of the aforementioned provisions of the WpÜG applies pursuant to Section 1 para. 3 no. 2 lit. (a), Section 34 WpÜG. The statement can be submitted jointly by the Executive Board and the Supervisory Board. The Executive Board and the Supervisory Board have decided to issue a joint statement in relation to the Bidder's Offer.

In their Statement, the Executive Board and the Supervisory Board must, pursuant to Section 27 para. 1 sentence 2 WpÜG, comment in detail on (i) the type and amount of the consideration offered, (ii) the expected consequences of a successful Offer for the Company, the employees and their representatives, the employment conditions and the locations of the Company, (iii) the objectives pursued by the Bidder with the Offer and (iv) the intentions of the members of the Executive Board and the Supervisory Board, to the extent that they are holders of securities of the Company, to accept the Offer.

## **2. Factual basis of this Reasoned Statement**

Except as otherwise stated, references to time in this Reasoned Statement are references to local time in Frankfurt am Main, Germany. To the extent that expressions such as “currently”, “at the present time”, “at the moment”, “now”, “at present” or “today” or similar terms are used in this Reasoned Statement, they refer, except as otherwise explicitly stated, to the date of publication of this Reasoned Statement.

References in this Reasoned Statement to a “Banking Day” refer to any day on which banks in Frankfurt am Main, Germany are open for general business. References to “EUR” relate to the Euro currency. References to “USD” relate to the United States Dollar currency. References to “subsidiaries” refer to subsidiaries within the meaning of Section 2 para. 6 WpÜG.

This Reasoned Statement includes forecasts, estimates, assessments, forward-looking statements and declarations of intent. Such statements are indicated by the use of expressions such as “expect”, “believe”, “is of the view”, “attempt”, “estimate”, “intend”, “plan”, “assume” and “endeavour”. Such statements, forecasts, estimates, assessments, forward-looking statements and declarations of intent are based on the information available to the Executive Board and the Supervisory Board on the date of publication of this Reasoned Statement and reflect its estimates or intentions at that time. These statements may be amended following the publication of this Reasoned Statement. Assumptions may also turn out to be incorrect in the future. The Executive Board and the Supervisory Board are under no obligation to update this Reasoned Statement unless such an updating of it is required by statutory provisions.

The information in this document regarding the Bidder and the Offer is based on information provided in the Offer Document and other publicly available information (except as stated explicitly otherwise elsewhere). The Executive Board and the Supervisory Board point out that they are not able to verify or to fully verify the information provided by the Bidder in the Offer Document nor to guarantee the implementation of the Bidder’s intentions.

## **3. Publication of this Reasoned Statement and of additional reasoned statements in relation to changes to the Offer**

The Statement is, as are all statements regarding any changes to the Offer, published on the internet under the heading “Investor Relations” on the website of the Company

at [www.stada.de](http://www.stada.de) pursuant to Section 27 para. 3 and Section 14 para. 3 sentence 1 WpÜG. Copies of the Reasoned Statement can also be obtained free of charge from Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany (orders by fax: +49 69 9103 8794 or by email to [dct.tender-offers@db.com](mailto:dct.tender-offers@db.com) specifying the full postal address) and from STADA Arzneimittel Aktiengesellschaft, Investor Relations, Stadastraße 2-18, 61118 Bad Vilbel, Germany, phone: +49 6101 603 113, fax: +49 6101 603 215 (inquiries by email to [ir@stada.de](mailto:ir@stada.de) specifying the full postal address). The publication and keeping available of copies free of charge is announced in the Federal Gazette (*Bundesanzeiger*).

This Reasoned Statement and any additional reasoned statements regarding the Offer are or will be published in German and in a non-binding English translation. The Executive Board and the Supervisory Board assume no liability for the correctness and completeness of the English translation. Only the German version is authoritative.

#### **4. Statement of the works council**

Pursuant to Section 27 para. 2 WpÜG, the competent works council of the Company may send a statement on the Offer to the Executive Board, which the Executive Board must, pursuant to Section 27 para. 2 WpÜG, attach to his own statement, without prejudice to his obligation pursuant to Section 27 para. 3 sentence 1 WpÜG.

#### **5. Own responsibility of the STADA Shareholders**

The Executive Board and the Supervisory Board point out that the statements and assessments in this Reasoned Statement are not binding on the STADA Shareholders. Each STADA Shareholder must make his own decision whether to accept the Offer and, if so, for how many STADA Shares, taking into account the overall circumstances, his individual situation (including his personal tax situation) and his individual assessment of the future development of the value and stock market price of the STADA Shares.

In deciding whether or not to accept the Offer, the STADA Shareholders should make use of all available sources of information and pay sufficient regard to their personal circumstances. In particular, the specific financial and tax situation of individual STADA Shareholders may in individual cases result in assessments that differ from those presented by the Executive Board and the Supervisory Board. The Executive Board and the Supervisory Board therefore recommend that the STADA Shareholders obtain on their own responsibility independent tax and legal advice, if necessary, and assume no liability for the decision taken by a STADA Shareholder in respect of the Offer.

In Section 1.1 of the Offer Document, the Bidder states that the Offer relates to all STADA Shares and will be implemented solely in accordance with the German Takeover Law and certain applicable securities law provisions of the United States of America (*United States*). The Bidder also points out in Section 1.2 of the Offer Document that STADA Shareholders in the United States should note that the Offer is

made in respect of securities of a company which is a foreign private issuer within the meaning of the U.S. Securities Exchange Act of 1934, as amended (the *U.S. Exchange Act*) and the shares of which are not registered pursuant to Section 12 of the U.S. Exchange Act. According to Section 1.2 of the Offer Document, if shareholders are residing in a country outside of the Federal Republic of Germany, it may be difficult for them to enforce rights and claims arising outside of the laws of their country of residency.

For holders of American depository receipts, the Offer Document includes more notices and information in Section 1.2 and in Section 13.10.

The Executive Board and the Supervisory Board point out that they are not able to verify whether the STADA Shareholders meet all the legal obligations applicable to them personally on acceptance of the Offer. The Executive Board and the Supervisory Board recommend, in particular, that anyone who receives the Offer Document or wishes to accept the Offer outside the Federal Republic of Germany but is subject to securities laws of jurisdictions other than the Federal Republic of Germany should inform himself about these laws and comply with them.

## **II. INFORMATION ABOUT THE COMPANY AND THE STADA GROUP**

### **1. Basis of the Company**

The Company is a stock corporation (*Aktiengesellschaft*) established under German law, with its registered office in Bad Vilbel, registered in the Commercial Register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under HRB 71290. The administrative headquarter of STADA is located in Stadastraße 2-18, 61118 Bad Vilbel, Germany.

The object of the Company as defined by its articles of association comprise

- (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 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.

Under its articles of association, the Company is also entitled to acquire interests in any manner in similar companies or companies of the same type within Germany or abroad. It can also establish branches or representative offices.

The STADA Shares (WKN 725180 / ISIN DE0007251803) are listed in the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional listing obligations (*Prime Standard*) and on the regulated market of the Düsseldorf Stock Exchange. In addition, the STADA Shares are traded via the XETRA electronic trading system as well as in the regulated unofficial market (*Freiverkehr*) on the regional stock exchanges in Berlin, Hamburg, Hanover, Munich, Stuttgart and via Tradegate Exchange. The STADA Share is currently included in the indices MDAX, EuroSTOXX 600 and MSCI Small Cap Europe.

## **2. Overview of the STADA Group**

A list of all subsidiaries of STADA is attached to this Statement as **Annex 1**. Pursuant to Section 2 para. 5 sentence 3 WpÜG these are persons considered to be acting with STADA and jointly with each other.

## **3. Capital structure of the Company**

### **3.1 Share capital**

At the time of publication of this Statement, the share capital (*Grundkapital*) of the Company amounts to EUR 162,090,344.00 and is divided into 62,342,440 non-par value registered shares. At the time of publication of this Reasoned Statement, STADA holds 84,311 treasury shares.

### 3.2 Authorised capital

Pursuant to Section 6 para. 1 of the articles of association of STADA of 9 December 2016, 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 4 June 2018 by up to EUR 77,134,304.00 through the issue of up to 29,667,040 registered shares against contributions in cash and/or in kind. Shareholders are entitled to statutory subscriptions rights. The new shares may also be subscribed for by one or more banks or companies defined by the Executive Board in the sense of Section 186 para. 5 sentence 1 of the German Stock Corporation Act (*Aktiengesetz - AktG*) subject to the condition that they in turn be offered for subscription to the shareholders (indirect subscription right). 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; (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 existing at the time this authorisation becomes effective or – if this amount is lower – 10% of the share capital existing at the respective time this authorisation is exercised, 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 in connection with Section 186 para. 3 sentence 4 AktG. Shares are to be credited against the above-mentioned 10% limit which are acquired due to an authorisation of the Annual General 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 AktG. Furthermore, shares are to be credited against this limit, which are issued for the purpose of servicing bonds with warrants or conversion rights or obligations, to the extent the bonds are issued during the term of this authorisation with Section 186 para. 3 sentence 4 AktG applying *mutatis mutandis* under the exclusion of subscription rights; (c) in the case of capital increases against contributions in kind for granting new shares in the context of business combinations or for the purpose of the direct or indirect acquisition of companies, divisions of companies or participations in companies and for other assets (including loans and other liabilities); (d) to the extent necessary in order to grant holders or creditors of bonds with warrants or conversion rights or obligations issued, or to be issued by the Company or its Group companies, a subscription right to new shares to the extent to which they would be entitled after the exercising of their warrants and/or conversion rights or after fulfilment of any option or conversion obligations. Shares that exclude the subscription rights of the shareholders which are issued during the term of this authorisation against contributions in cash and/or in kind shall not exceed a total share of 20% of share capital of the Company existing at the time the resolution is adopted by the Annual General Meeting. The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further content of the share rights, the individual details of the capital increase as well as the conditions of the share issue in particular the issue price.

### 3.3 Conditional capital

Pursuant to Section 6 para. 2 of the articles of association of 9 December 2016, the share capital of the Company is conditionally increased by up to EUR 69,188,340.00 by issuing up to 26,610,900 registered shares (*Conditional Capital 2013*). The conditional capital increase shall be effected only insofar as the holders or creditors of bonds with warrants and/or convertible bonds, participating bonds and/or participation rights with warrants and/or conversion rights or obligations – which the Company or its Group companies issue due to the Annual General Meeting's authorisation resolution from 5 June 2013 until 4 June 2018 – exercise their warrants or conversion rights for these bonds, or bond holders that are subject to option or conversion obligations fulfill their option or conversion obligations, as well as in all cases provided the Conditional Capital 2013 is needed in accordance with the terms of the bonds. The issue of new shares shall be carried out subject to the respective option and/or conversion price to be determined in accordance with the aforementioned authorisation resolution. The new shares shall share in the profits from the beginning of the financial year for which, as of the issue date, no decision has been made on the appropriation of profits. The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of implementing the conditional capital increase.

#### 4. **Members of the Executive Board and the Supervisory Board**

The Executive Board of STADA currently consists of Dr. Matthias Wiedenfels (Chairman of the Executive Board/CEO), Helmut Kraft (Chief Financial, Marketing & Sales Officer) and Dr. Barthold Piening (Chief Technical Officer).

Pursuant to Section 12 para. 1 of the Company's articles of association, the Supervisory Board shall consist of nine members and the composition of members shall arise from the legal requirements. The current members of the Supervisory Board are Carl Ferdinand Oetker, Jens Steegers (employee representative), Dr. Eric Cornut, Halil Duru (employee representative), Rolf Hoffmann, Dr. Birgit Kudlek, Tina Müller, Dr. Ute Pantke (employee representative) and Dr. Gunnar Riemann. The Chairman of the Supervisory Board of the Company is currently Carl Ferdinand Oetker; the Deputy Chairman of the Supervisory Board is currently Jens Steegers.

#### 5. **Overview of the business activities of the STADA Group**

STADA is an internationally operating healthcare company with a focus on the development, marketing, manufacture and distribution of off-patent active pharmaceutical ingredients within the healthcare and pharmaceutical market. The Group is oriented towards a long-term growth market and the business model comprises, since the optimisation of the group structure in the 3rd quarter of 2016, the two core segments Generics and Branded Products.

In the Generics segment, which currently accounts for approximately 60% of group sales adjusted for currency and portfolio effects, STADA owns a comprehensive

portfolio of generics including selected biosimilars. Generics, i.e. pharmaceutical products that contain the exact active pharmaceutical ingredient as the original patented product of the initial supplier, will continue to see growth opportunities in the pharmaceutical market because they represent a lower cost alternative to the often significantly more expensive original products. The sales focus in the Generics segment is thus on lower pricing. The Group's top 5 generics active ingredients in financial year 2016 were Tilidin Naloxon, Atorvastatin, Pantoprazol, Epoetin zeta and Diclofenac.

The Branded Products segment is characterised in particular by highly attractive margins. It currently contributes approximately 40% to group sales adjusted for currency and portfolio effects. In the Branded Products segment, the STADA Group pursues the concept of the so-called "strong brands", relying on high brand awareness for its products. The Group's top 5 products in this segment in financial year 2016 were APO-Go®, Grippostad®, Snup®, Fultium® and Vitaprost®.

The key customer groups in the Group include primarily patients and consumers, doctors, pharmacies and pharmacy chains, hospitals, mail-order companies, buying groups, wholesalers and other service providers in the healthcare market as well as cost bearers in the form of public or private health insurance organisations. The sales focus is on different target groups, depending on the individual market.

In financial year 2016, the STADA Group employed an average of 10,839 employees. On average, 1,164 employees were employed in Germany, of which approx. 158 were industrial workers whose activity was typically characterised by manual/physical work and often remuneration by hourly wages. Of the 1,164 employees in Germany, an average of 908 were employed at the Group headquarter in Bad Vilbel. The average number of employees at Group locations outside Germany was 9,675. Up-to-date figures can be found in the STADA interim report Q1 2017 which will be published on 11 May 2017.

In financial year 2016, the Executive Board of STADA agreed a revised corporate strategy. With an unchanged strategic orientation, numerous initiatives were introduced to improve the performance of the STADA Group with which competitiveness and innovation is to be increased and added value is to be achieved in the long-term. As part of the implementation of the initiatives, untapped sales potential will be leveraged, marketing expenses will be optimised, sales efficiency will be enhanced and cost of sales will be reduced. As part of the strategic development, also the organisational and sales structures will be reviewed. Further details on the newly agreed strategy of STADA can be also found in the Annual Report 2016 of STADA (in particular on pages 26 and 27).

## **6. Shareholder structure**

According to the voting right notifications, which STADA has received pursuant to Sections 21 et seqq. of the Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*), its surveys of shareholders and information provided by the Bidder in

Section 7.1 of the Offer Document, the following shareholders hold, directly or indirectly, 3.00% or more of the voting rights in STADA:

Mr Florian Schuhbauer and Mr Klaus Röhring together with BNY Mellon Service Kapitalanlage-Gesellschaft mbH (because they coordinate their conduct with regard to the exercise of voting rights) between 5% and 10% as well as The Goldman Sachs Group, Inc., Deutsche Bank Aktiengesellschaft, Société Générale S.A. and BlackRock, Inc. each between 3% and 5%.

### **III. INFORMATION ABOUT THE BIDDER**

The Bidder has published the following information in the Offer Document, unless otherwise specified. The Executive Board and the Supervisory Board have not been able to verify or to fully verify this information. The Executive Board and the Supervisory Board therefore assume no responsibility for its correctness.

#### **1. Legal basis and capital structure of the Bidder**

In respect of the legal basis and capital structure of the Bidder, the Offer Document contains the following information in Section 6.1:

The Bidder, Nidda Healthcare Holding AG, is a stock corporation under German law with registered office in Munich, Germany, registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 231228. The current business address of the Bidder is: c/o Kirkland & Ellis International LLP, Maximilianstr. 11, 80539 Munich, Germany. The share capital of the Bidder amounts to EUR 50,000 which is divided into 50,000 non-par value shares. The shares of the Bidder are not listed on a stock exchange. The Bidder was established on 20 January 2017 in Munich. The corporate purpose of the Bidder includes, *inter alia*, the administration of its assets as well as the acquisition, sale, holding and administration of participations in companies which are nationally and internationally active in the health care market.

The members of the management board of the Bidder are Benjamin Kunstler and Matthew Richard Norton.

The Bidder currently holds no shares in other undertakings and has no employees.

#### **2. Bidder's shareholder structure and information about Bain Capital and Cinven**

According to Section 6.2 of the Offer Document, the Bidder is a holding company which is indirectly held by funds advised by Bain Capital Private Equity (Europe) LLP (together with its affiliated entities, *Bain Capital*) and Cinven Partners LLP (together with its affiliated entities, *Cinven*). Bain Capital Private Equity (Europe), LLP and Cinven Partners LLP entered into a consortium agreement for the implementation of the Offer, which is described in Section 6.4 of the Offer Document.

According to Section 6.5 of the Offer Document, Bain Capital has partnered closely with management teams to provide the strategic resources and help the companies thrive since its founding in 1984. Bain Capital states that it has a long track record of supporting its portfolio companies in growing organically and through buy-and-build strategies. According to Bain Capital, its global team of approximately 220 investment professionals creates value for its portfolio companies through its global platform and depth of expertise in key vertical industries including healthcare, consumer/retail, financial and business services, industrials, and technology, media and telecommunications. Bain Capital has offices in Boston, Chicago, New York, Palo Alto, San Francisco, Dublin, London, Luxembourg, Munich, Melbourne, Mumbai, Hong Kong, Shanghai, Sydney and Tokyo and has, according to its statements, made investments in more than 300 companies to date. According to Bain Capital, it invests, in addition to private equity, across asset classes including credit, public equity and venture capital, managing approximately USD 75 billion in total.

According to Section 6.5 of the Offer Document, Cinven is a leading international private equity firm focused on building world-class European and global companies. Cinven states that the funds managed by it invest in companies with a European focus in six key sectors: Healthcare, Business Services, Consumer, Financial Services, Industrials, and Technology, Media and Telecommunications (TMT). Cinven's European focus and expertise are, according to Cinven, complemented by an ability to capitalise on global growth opportunities through offices in Asia and the United States. According to Cinven, it acquires successful and high quality companies which are well positioned in their respective markets and uses its proven economic growth strategies (such as buy-and-build) to further develop these companies and create value. Cinven states that, building on the existing foundation of its portfolio companies, it works closely with the management teams to facilitate growth and help them reach their full potential. According to Cinven, it has strong healthcare expertise and an extensive and successful track record of investing successfully in companies in the healthcare sector.

According to the statements in Section 6.2 of the Offer Document, the Bidder is indirectly controlled by Bain Capital Investors LLC and Cinven (Luxco 1) S.A. In addition, further companies and persons indirectly hold shares in the Bidder without being a Bidder Parent Company (as defined in Section 6.2 of the Offer Document) or a person acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG. The shareholder structure of the Bidder is, according to the statements in Section 6.2 of the Offer Document, as shown in **Annex 2**. In addition to the information reflected above, Section 6.2 of the Offer Document also contains further statements on the Bidder and persons acting jointly with the Bidder. Section 6.3 of the Offer Document contains information on the intended changes to the Bidder's shareholder structure prior to the settlement of the Offer.

### **3. Persons acting jointly with the Bidder**

In respect of persons acting jointly with the Bidder, the following statements are made in Section 6.6 of the Offer Document and in the Annex 3 referred to in that section:

The companies set forth in Part 1, 2 and 3 of Annex 3 are persons acting jointly with the Bidder within the meaning of Section 2 para. 5 sentence 1 and sentence 3 WpÜG. The companies outlined in Part 1 of Annex 3 are the Bidder Parent Companies (as defined in Section 6.2 of the Offer Document). The companies outlined in Part 2 of Annex 3 are (indirect) subsidiaries of Bain Capital Investors, LLC, and the companies outlined in Part 3 of Annex 3 are (indirect) subsidiaries of Cinven (Luxco 1) S.A. which, in each case, are not persons that control the Bidder. Beyond this, there are no other persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG. After implementation of the intended changes to the Bidder's shareholder structure outlined in Section 6.3 of the Offer Document, Nidda German Midco, Nidda German Topco, Bain Capital Holdco, Bain Capital Fund XI, L.P., and Bain Capital Partners XI, L.P., will be persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG.

According to Section 6.7 of the Offer Document, at the time of the publication of the Offer Document, the Bidder does not hold STADA Shares or corresponding voting rights based on STADA Shares, and no voting rights based on STADA Shares are attributed to the Bidder in accordance with Section 30 WpÜG.

Furthermore, neither the Bidder nor persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG nor their subsidiaries currently hold STADA Shares or voting rights based on STADA Shares and no voting rights based on STADA Shares are attributable to them pursuant to Section 30 WpÜG.

Finally, neither the Bidder nor persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG nor their subsidiaries hold voting rights in relation to STADA to be disclosed pursuant to Section 25 and Section 25a WpHG.

#### **4. Information about securities acquisitions**

In respect of the information about securities acquisitions, the Offer Document contains the following statements in Section 6.8:

Neither the Bidder nor persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG nor their subsidiaries have acquired STADA Shares nor concluded any agreement for the acquisition of STADA Shares during the six-month period prior to 10 April 2017 (the day of the publication of the decision to make the Offer) until 27 April 2017 (day of the publication of the Offer Document).

#### **5. Possible future acquisitions of STADA Shares**

According to Section 6.9 of the Offer Document, the Bidder states that it reserves the right, within the limits of the law, to acquire, directly or indirectly, additional STADA Shares outside of the Offer on or off the stock exchange. Any such purchases or arrangements to purchase STADA Shares will be made outside the United States and in compliance with applicable laws. The Bidder, however, does not currently intend to make acquisitions of STADA Shares outside of the Offer.

To the extent such acquisitions should occur nevertheless, according to Section 6.9 of the Offer Document, information about them, including the number and price of the acquired STADA Shares, will be published according to the applicable statutory provisions, especially Section 23 para. 2 WpÜG in conjunction with Section 14 para. 3 sentence 1 WpÜG, in the Federal Gazette (*Bundesanzeiger*) and on the internet at <http://www.niddahealthcare-angebot.de>. Corresponding information will also be published by way of an English translation at <http://www.niddahealthcare-angebot.de>.

#### **IV. INFORMATION ABOUT THE OFFER**

##### **1. Relevance of the Offer Document**

The following is a description of selected information from the Bidder's Offer. For more information and details (in particular, details of the offer conditions, the acceptance periods, the acceptance procedures and the withdrawal rights), STADA Shareholders are referred to the statements in the Offer Document. The information below merely summarises information included in the Offer Document. The Executive Board and the Supervisory Board point out that the description of the Offer in the Statement does not claim to be exhaustive and that, as for the content and settlement of the Offer, solely the provisions of the Offer Document are authoritative. It is the responsibility of each STADA Shareholder to read the Offer Document and to adopt the measures that are appropriate for such Shareholder. The Offer Document is published on the Internet at <http://www.niddahealthcare-angebot.de> and published by way of an announcement in the Federal Gazette (*Bundesanzeiger*). Copies of the Offer Document are available free of charge at BNP Paribas Securities Services S.C.A., Branch Office Frankfurt am Main, Europa-Allee 12, 60327 Frankfurt am Main, Germany (inquiries by fax to +49 69 1520 5277 or by email to [frankfurt.gct.operations@bnpparibas.com](mailto:frankfurt.gct.operations@bnpparibas.com)). Details can be found in the Offer Document.

##### **2. Implementation of the Offer**

The Offer is implemented by the Bidder pursuant to Section 34, Section 29 para. 1 WpÜG in the form of a voluntary public takeover offer (cash offer) for the acquisition of all STADA Shares.

The Offer is implemented as a voluntary public takeover offer under the laws of the Federal Republic of Germany, and in particular in accordance with the WpÜG and the Regulation of the Content of the Offer Document, the Consideration to be granted in Takeover Offers and Mandatory Takeover Offers and the Exemption from the Obligation to Publish and Launch an Offer (*WpÜG Angebotsverordnung – WpÜG-Offer Regulation*) as well as certain applicable securities law provisions of the United States of America.

The Executive Board and the Supervisory Board have not undertaken any review of their own of the Offer's compliance with the relevant statutory provisions.

### 3. Subject of the Offer and Offer Price

Subject to the terms and conditions set forth in the Offer Document, the Bidder offers to acquire all STADA Shares (ISIN DE0007251803), each STADA Share representing a proportionate amount of EUR 2.60 of the share capital, at a cash consideration in the amount of

**EUR 65.28 per STADA Share.**

If the settlement of the Offer occurs after the day of the Annual General Meeting 2017, all STADA Shareholders will receive the proposed dividend for the financial year ending on 31 December 2016 in the amount of EUR 0.72 per share first. STADA Shareholders who have tendered their STADA Shares will receive in addition EUR 65.28 per STADA Share from the Bidder upon settlement of the Offer. If the settlement of the Offer occurs, as expected, prior to the Annual General Meeting 2017, the offer price will be increased by EUR 0.72 per STADA Share to

**EUR 66.00 per STADA Share**

(the offer price, including a possible increase of EUR 0.72 per STADA Share, the *Offer Price*). The Annual General Meeting of STADA will be held on 30 August 2017.

### 4. Acceptance Period

#### 4.1 Acceptance Period

The period for acceptance of the Offer (including any extensions – for more details see below – the *Acceptance Period*) begins upon publication of the Offer Document on 27 April 2017 and ends on 8 June 2017, 24:00 hrs (Frankfurt am Main local time) / 18:00 hrs (New York local time). In the circumstances set out below, the period for acceptance of the Offer will in each case be extended automatically as follows:

- If the Bidder amends the Offer pursuant to Section 21 WpÜG within the last two weeks prior to expiry of the Acceptance Period, the Acceptance Period will be extended by two weeks (Section 21 para. 5 WpÜG), i.e. until 22 June 2017, 24:00 hrs (local time Frankfurt am Main) / 18:00 hrs (local time New York). This shall apply even if the amended Offer is prohibited or contravenes statutory provisions.
- If a competing offer is made by a third party during the Acceptance Period (see Section 22 para. 1 WpÜG), the Acceptance Period for the present Offer shall be extended to correspond to the expiry date of the acceptance period for the competing offer, if the Acceptance Period for the present Offer expires prior to the expiry of the acceptance period for the competing offer (Section 22 para. 2 WpÜG). This shall apply even if the competing offer is amended or prohibited or contravenes statutory provisions.

- If a general meeting (*Hauptversammlung*) of STADA is convened in connection with the Offer following publication of the Offer Document, the Acceptance Period in accordance with Section 16 para. 3 WpÜG will be extended to ten weeks after publication of the Offer Document. The Acceptance Period would then end on 6 July 2017, 24:00 hrs (Frankfurt am Main local time) / 18:00 hrs (New York local time).

With regard to the right of withdrawal in the event of an amendment to the Offer or the launching of a competing offer, reference is made to the statements contained in Section 16 of the Offer Document.

#### 4.2 Additional Acceptance Period

STADA Shareholders that have not accepted the Offer within the Acceptance Period can still accept the Offer within two weeks after publication of the results of the Offer by the Bidder according to Section 23 para. 1 sentence 1 no. 2 WpÜG (the ***Additional Acceptance Period***), provided none of the Offer Conditions set forth in Section 12.1 of the Offer Document have ultimately lapsed as at the end of the Acceptance Period and such condition has not been effectively waived. This means that the Offer can only be accepted during the Additional Acceptance Period if, in particular, the minimum acceptance threshold (please refer to Section 12.1.2 of the Offer Document) has been met as of the end of the Acceptance Period. After the end of the Additional Acceptance Period, the Offer cannot be accepted anymore unless a sell-out right pursuant to Section 39c WpÜG (as further described in Section 16(h) of the Offer Document) exists. Subject to an extension of the Acceptance Period as described in Section 4.1 and Section 5.2 of the Offer Document, the Additional Acceptance Period will presumably begin on 14 June 2017 and end on 27 June 2017, 24:00 hrs (Frankfurt am Main local time) / 18:00 hrs (New York local time).

### 5. Offer Conditions

The Offer and the contracts which come into existence as a result of its acceptance will only be closed if the closing conditions described in detail in the Offer Document in Section 12.1.1 (Merger control approvals), Section 12.1.2 (Minimum Acceptance Threshold), Section 12.1.3 (No resolution on a dividend exceeding the amount proposed by STADA's management board), Section 12.1.4 (No capital increase and no transfer or disposal of treasury shares by STADA) and Section 12.1.5 (No insolvency proceedings) have been fulfilled. The Executive Board and the Supervisory Board are of the opinion that these closing conditions correspond to what is reasonable within the framework of such transactions and take appropriate account of the legitimate interests of the Bidder and the Company.

As set out in Section 12.2 of the Offer Document, the Bidder may – to the extent permissible – pursuant to Section 21 para. 1 sentence 1 no. 4 WpÜG waive all or individual closing conditions up to one working day (*Werktag*) before expiry of the Acceptance Period. For the purposes of the Offer, closing conditions which the Bidder has effectively waived are considered as having occurred.

If the Offer Conditions specified in Section 12.1 of the Offer Document have either not occurred until the applicable date or have definitively failed before this date and the Bidder has not previously effectively waived them, the Offer shall lapse. More details regarding a potential non-fulfilment of closing conditions are described in greater depth in Section 12.2 of the Offer Document.

## **6. Status of official procedures and approvals**

In Section 11.1 of the Offer Document, the Bidder states that the planned acquisition of STADA Shares by the Bidder pursuant to the Offer (the *Transaction*), is subject to merger control approval by the European Commission and/or the competent authorities in the Member States of the European Union to which the Transaction may be referred, and by the competent authorities in China, Russia, Serbia, Montenegro, Macedonia, Turkey and Ukraine.

According to Section 11.2.1 of the Offer Document, the Bidder intended to initiate the preliminary procedure with the European Commission at the latest by 27 April 2017; a notification has meanwhile been received from the Bidder that the preliminary procedure was initiated on 4 May 2017. The Bidder does not believe that the Transaction requires the assumption of obligations or that the European Commission will initiate a Phase II. To the knowledge of the Bidder, no application for referral has been filed to date by any Member State of the European Union, in particular not by the Federal Republic of Germany. The Bidder also does not believe that a partial or complete referral by the European Commission will be made to competent authorities in the Member States of the European Union. The approval period is thus expected to end in June 2017, provided there is no reference, extension or initiation of Phase II.

In addition, the Bidder states in Section 11.2.2 of the Offer Document that it intends to initiate a preliminary procedure with the relevant authorities in China and submit the required filings with the relevant authorities in Russia, Serbia, Montenegro, Macedonia, Turkey and Ukraine at the latest by 27 April 2017; a notification has meanwhile been received from the Bidder that the preliminary procedure was initiated in China and filings were submitted in Serbia, Montenegro, Macedonia, Turkey and Ukraine between 25 and 28 April 2017.

The Bidder does not expect that the relevant authorities in these countries will launch an in depth investigation or that the Transaction will require the assumption of obligations. The conclusion of the merger control procedures is expected before the end of the Additional Acceptance Period.

## **7. Permission from BaFin to publish the Offer Document**

According to Section 11.3 of the Offer Document, BaFin approved the publication of the Offer Document on 26 April 2017.

## **8. Acceptance and settlement of the Offer**

Section 13 of the Offer Document describes the acceptance and settlement of the Offer including the legal consequences of acceptance (Section 13.4 der Offer Document).

In the Offer Document, the Bidder states that the settlement of the Offer and the payment of the purchase price to the accepting STADA Shareholders may be delayed until 11 January 2018 or may not take place at all as a result of the merger control procedures to be conducted (see also Section IV.6 of this Statement and Section 11.1 of the Offer Document). The Bidder, however, will seek to complete the merger control procedures by mid-July 2017. However, it is not possible to make a binding forecast about this.

## **9. Registration for the Annual General Meeting 2017 of STADA**

The Executive Board and the Supervisory Board recommend that shareholders of STADA register for the Annual General Meeting 2017 to be held on 30 August 2017 and exercise their voting rights in such Annual General Meeting, which will resolve, in particular, on the dividend for the financial year 2016, unless the settlement of the Offer occurs prior to such Annual General Meeting.

## **V. FINANCING OF THE OFFER**

Pursuant to Section 13 para. 1 sentence 1 WpÜG, the Bidder before publishing the Offer Document must take the measures necessary to ensure that the funds needed for complete fulfilment of the Offer will be available at the time the claim to the consideration falls due. According to the statements made by the Bidder in Section 14 of the Offer Document, the Bidder has met this obligation.

### **1. Maximum consideration**

According to the Bidder's calculations, the total amount the Bidder would need to settle the Offer, if the Offer were to be accepted by all STADA Shareholders and provided that the Offer Price is increased by EUR 0.72 per STADA Share to the Offer Price in accordance with Section 4 of the Offer Document, is EUR 4,114,601,040 (i.e. the Offer Price of EUR 66.00 per STADA Share multiplied by 62,342,440 currently issued STADA Shares (including treasury shares of STADA)).

Moreover, the Bidder expects that it will incur transaction costs, including any costs and fees resulting from a facilities agreement (as referred to in Section V.2 below and in Section 14.2 of the Offer Document), which amount up to EUR 170 million (collectively, the *Transaction Costs*). The total amount that the Bidder would need for the acquisition of all STADA Shares on the basis of the Offer would thus equal, including the Transaction Costs, a maximum of EUR 4,284,601,040 (the *Offer Costs*).

## 2. Financing measures

Pursuant to Section 14.2 of the Offer Document, the Bidder has taken the following financing measures:

Bain Capital Europe Fund IV, L.P., Bain Capital Fund XI, L.P., the Sixth Cinven Fund, Sixth Cinven Fund Co-Investment Limited Partnership as well as Partners Group Access 677 L.P., Partners Group Private Equity (Master Fund), LLC, Partners Group Summit PV, L.P. Inc., Partners Group FPP Plan, L.P., Partners Group Barrier Reef, L.P. and Partners Group Hearst Opportunities Fund, L.P. (collectively, the “Partners Group Funds”) undertook to the Bidder on 10 April 2017 to provide the Bidder, directly or indirectly, with an aggregate amount of up to EUR 2,627,778,040 in the form of equity and/or on the basis of shareholder loans or similar instruments to enable the Bidder to fulfil (in part) its payment obligations under the Offer (the **Equity Funding**). As investment funds, Bain Capital Europe Fund IV, L.P., Bain Capital Fund XI, L.P., the Sixth Cinven Fund, Sixth Cinven Fund Co-Investment Limited Partnership and the Partners Group Funds are financed by their investors, which are in turn obligated to Bain Capital Europe Fund IV, L.P., Bain Capital Fund XI, L.P., the Sixth Cinven Fund, Sixth Cinven Fund Co-Investment Limited Partnership and the Partners Group Funds to provide them with additional contributions upon request.

Each of Bain Capital Europe Fund IV, L.P., Bain Capital Fund XI, L.P. and the Sixth Cinven Fund are entitled under certain conditions to syndicate their respective portion of the Equity Funding to minority co-investors without control rights.

In addition, the Bidder (as borrower) has entered into external financing arrangements (the **External Financing**). The External Financing consists of commitments for (i) a EUR 1,950 million senior secured term loan facility with a term of up to seven years after the Completion Date to be made available to the Bidder and, following the first settlement date in respect of the Offer (the **Completion Date**), to STADA, (ii) a EUR 485 million senior secured bridge facility with a term of up to seven years after the Completion Date that has been made available to the Bidder, which it is anticipated will be refinanced by the issuance of EUR 485 million of senior secured fixed rate notes, (iii) a EUR 340 million senior unsecured bridge facility with a term of up to eight years after the Completion Date made available to Nidda Bondco, which it is anticipated will be refinanced by the issuance of EUR 340 million of senior unsecured fixed rate notes by Nidda Bondco, and (iv) a EUR 400 million senior secured revolving facility with a term of seven years after the Completion Date to be made available to the Bidder and, after the end of the Completion Date, STADA and certain of its subsidiaries. The commitments for the External Financing are provided pursuant to an interim facilities agreement dated 12 April 2017. The External Financing can be used, in particular, to finance the acquisition of the STADA Shares under this Offer and to satisfy the Transaction Costs as well as to refinance any existing credit lines of STADA becoming due under change of control clauses. The aggregate amount of the External Financing together with the Equity Funding exceeds the Offer Costs.

According to the Offer Document, the Bidder has thus taken the measures necessary to ensure that it will, on the relevant date, have available funds in the amount of the Offer Costs.

Pursuant to Section 14.3 of the Offer Document, J.P. Morgan Securities plc. Frankfurt am Main Branch, with registered office in Frankfurt am Main, an investment service provider that is independent of the Bidder, has issued the required financing confirmation pursuant to Section 13 para. 1 sentence 2 WpÜG, which is attached as Annex 5 of the Offer Document.

## **VI. TYPE AND AMOUNT OF THE CONSIDERATION**

### **1. Type and amount of the consideration**

The Bidder offers an Offer Price of EUR 65.28 in cash per STADA Share. In addition, the STADA Shareholders shall benefit from the dividend for the financial year ending on 31 December 2016 in the amount of EUR 0.72 per STADA Share as proposed by the Executive Board and the Supervisory Board of STADA. If the settlement of the Offer, as expected, occurs prior to the day on which the Annual General Meeting 2017 is held, the Offer Price will be increased by EUR 0.72 per STADA Share to EUR 66.00.

### **2. Statutory minimum price**

To the extent that the Executive Board and the Supervisory Board are able to examine this on the basis of the information available, the Offer Price for the STADA Shares complies with the provisions of Section 31 WpÜG and Sections 3 et seqq. WpÜG-Offer Regulation regarding the statutory minimum price, which is determined by applying the higher of the following thresholds:

#### **2.1 Prior acquisitions**

Pursuant to Section 4 WpÜG-Offer Regulation (in conjunction with Section 31 para. 6 WpÜG), the consideration must be at least equal to the highest consideration provided or agreed for the acquisition of STADA Shares (or the conclusion of corresponding agreements entitling to acquire STADA Shares) by the Bidder, a person acting jointly with the Bidder or their subsidiaries within the last six months prior to the publication of the Offer Document on 27 April 2017.

According to the Bidder's statements in Section 10.1(b) of the Offer Document, the Bidder or any persons acting jointly with the Bidder or their subsidiaries have not made any acquisitions of securities of STADA Shares and have not entered into contractual obligations in this respect.

#### **2.2 Stock exchange price**

If the shares of the target company are admitted to trading on a German stock exchange, pursuant to Section 5 para. 1 sentence 1 of the of the WpÜG-Offer

Regulation, the consideration must be at least equal to the weighted average domestic stock exchange price of these Shares during the last three months prior to the publication of the decision to launch an offer pursuant to Section 10 para. 1 sentence 1 WpÜG.

According to Section 10.1(a) of the Offer Document, the weighted average stock exchange price during the last three months up to and including 9 April 2017, i. e. the day prior to the publication by the Bidder of its decision pursuant to Section 10 para. 1 sentence 1 WpÜG, equals EUR 55.22 as communicated by BaFin by letter dated 18 April 2017. The Offer Price in the amount of at least EUR 65.28 per STADA Share significantly exceeds this figure.

### **3. Assessment of the consideration**

The Executive Board and the Supervisory Board have performed a careful and extensive examination and analysis of the fairness of the consideration offered by the Bidder for the STADA Shares from a financial perspective on the basis of the Company's current strategy and financial planning, the historical share prices of the STADA Shares and certain other assumptions and information (including the current geopolitical and macroeconomic situation). In its independent assessment, the Executive Board was advised by Deutsche Bank AG, Frankfurt am Main (*Deutsche Bank*), and Perella Weinberg Partners UK LLP (*Perella Weinberg Partners*). The Supervisory Board was advised by Evercore GmbH, Frankfurt am Main (*Evercore*).

The Executive Board and the Supervisory Board point out explicitly that each of them has assessed the fairness of the consideration independently of the other.

#### **3.1 Increase of the Offer Price of EUR 65.28 by the dividend for the financial year 2016**

As already discussed in Section IV.3, if the settlement of the Offer occurs after the day of the Annual General Meeting 2017, all STADA Shareholders will receive the proposed dividend for the financial year ending on 31 December 2016 in the amount of EUR 0.72 per share first. STADA Shareholders who have tendered their STADA Shares will receive in addition EUR 65.28 per STADA Share from the Bidder upon settlement of the Offer. If the settlement of the Offer - as expected - occurs prior to the day of the Annual General Meeting 2017, the Offer Price will be increased by EUR 0.72 per STADA Share to EUR 66.00 per STADA Share.

In the opinion of the Executive Board and the Supervisory Board, the Offer by the Bidder should thus be valued at an amount of EUR 66.00 per STADA Share. The Executive Board and the Supervisory Board have therefore respectively based their assessment of the fairness of the consideration offered on a total amount of the consideration of EUR 66.00 per STADA Share (hereinafter the *Total Consideration*).

### 3.2 Historical stock exchange prices

The Executive Board and the Supervisory Board of STADA believe that the stock exchange price of the STADA Share is a key criterion in examining the fairness of the Total Consideration. The STADA Shares are admitted to trading in the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange. The Executive Board and the Supervisory Board further believe that, in the relevant period under review, functioning stock market trading with sufficient trading activity exists for STADA Shares to be able to arrive at a meaningful market price for STADA Shares.

In assessing the fairness of the Total Consideration, the Executive Board and the Supervisory Board therefore also utilised the historical stock exchange prices of the STADA Share, which are also presented in Section 10.2 of the Offer Document.

Based on the stock exchange price of the STADA Share prior to the publication of the decision to make this Offer on 10 April 2017, the Total Consideration of EUR 66.00 (or the Offer Price of EUR 65.28) includes the following premiums:

- The stock exchange price (XETRA closing price) on 7 April 2017, the last trading day prior to publication of the decision to make this Offer, amounted to EUR 58.25 per STADA Share. Based on this stock exchange price, the Total Consideration of EUR 66.00 (the Offer Price of EUR 65.28) includes a premium of EUR 7.75 (EUR 7.03) or 13.3% (12.1%) (source: Bloomberg).
- The volume-weighted average stock exchange price in the last six months prior to (and including) 9 April 2017, the day prior to the publication of the decision to make the Offer, amounted to EUR 51.64. The Total Consideration of EUR 66.00 (the Offer Price of EUR 65.28) thus includes a premium of EUR 14.36 (EUR 13.64) or 27.8% (26.4%) in relation to this average price (source: Bloomberg).
- The volume-weighted average stock exchange price in the last nine months prior to (and including) 9 April 2017, the day prior to the publication of the decision to make the Offer, amounted to EUR 50.87. The Total Consideration of EUR 66.00 (the Offer Price of EUR 65.28) thus includes a premium of EUR 15.13 (EUR 14.41) or 29.7% (28.3%) in relation to this average price (source: Bloomberg).

On 12 December 2016, a number of press articles were published discussing potential attempts to take over STADA by Novartis and Mylan. Following publication of these articles, the share price of the STADA Shares increased and closed 10.5% over the previous trading day's closing price (9 December 2016 – based on the stock exchange price for the STADA Share in the electronic XETRA trading system of the Frankfurt Stock Exchange).

The Executive Board and the Supervisory Board of STADA believe that, from (and including) 12 December 2016 at the latest, the stock exchange prices of the STADA

Share were continuously influenced by specific takeover rumours and therefore consider 9 December 2016 to be the last relevant trading day on which the STADA Share was undisturbed by speculation regarding a takeover. The Executive Board and the Supervisory Board also point out that it is possible that the stock exchange prices of the STADA Share were influenced already before 9 December 2016 by takeover rumours repeatedly circulating in the market.

In this assessment, the Executive Board and the Supervisory Board also took into account that the stock exchange price of the STADA Share on 9 December 2016 was also undisturbed by the medium-term growth targets for 2019 communicated by the Executive Board on 17 March 2017.

The stock exchange price (XETRA closing price) on 9 December 2016 amounted to EUR 44.32 per STADA Share. Based on this stock exchange price, the Total Consideration of EUR 66.00 (Offer Price of EUR 65.28) includes a premium of EUR 21.69 (EUR 20.96) or 48.9% (47.3%).

- The volume-weighted average stock exchange price in the last three months prior to (and including) 9 December 2016 amounted to EUR 46.07. The Total Consideration of EUR 66.00 (the Offer Price of EUR 65.28) thus includes a premium of EUR 19.93 (EUR 19.21) or 43.2% (41.7%) in relation to this average price (source: Bloomberg).
- The volume-weighted average stock exchange price in the last six months prior to (and including) 9 December 2016 amounted to EUR 46.56. The Total Consideration of EUR 66.00 (the Offer Price of EUR 65.28) thus includes a premium of EUR 19.44 (EUR 18.72) or 41.7% (40.2%) in relation to this average price (source: Bloomberg).
- The volume-weighted average stock exchange price in the last nine months prior to (and including) 9 December 2016 amounted to EUR 43.92. The Total Consideration of EUR 66.00 (the Offer Price of EUR 65.28) thus includes a premium of EUR 22.08 (EUR 21.36) or 50.3% (48.6%) in relation to this average price (source: Bloomberg).

The Executive Board and the Supervisory Board further point out that the Offer Price of EUR 65.28 as well as the Total Consideration of EUR 66.00 are higher than any previous stock exchange closing price of the STADA Shares since the initial stock exchange listing of the STADA Shares on 29 October 1997 up to and including 7 April 2017, the last trading day prior to the announcement of the Bidder of its intention to launch the Offer pursuant to Section 10 para. 1 sentence 1 WpÜG.

### 3.3 Valuations by research analysts

In assessing the fairness of the Total Consideration, the Executive Board and the Supervisory Board have also taken into account recommendations and target prices for the STADA Share issued by selected research analysts, which were issued in the

period between 12 February 2017, the day on which the first ad-hoc announcement by STADA regarding the receipt of a non-binding expression of interest in a takeover was published, and 9 April 2017, the day prior to the publication of the decision of the Bidder to make the Offer pursuant to Section 10 para. 1 sentence 1 WpÜG (*current analyst target prices*).

In drawing comparisons with the analyst target prices, the Executive Board and the Supervisory Board have taken into account that the estimates and target prices of selected analysts may already have been influenced for a considerable period of time by the takeover speculations circulating in the public sphere and by the information, also made public by the Company on 12 February 2017, regarding expressions of interest in a takeover that had been received and regarding the structured bidding process. In the view of the Executive Board and the Supervisory Board, this is evidenced, in particular, by the fact that the vast majority of the analysts taken into account increased their price targets, in some cases significantly, after takeover speculations began on 12 December 2016. The Executive Board and the Supervisory Board have therefore also considered the recommendations and target prices published by the same selected analysts prior to 12 December (*undisturbed analyst target prices*).

The Executive Board and the Supervisory Board point out that it is possible that the price targets of individual analysts were influenced already before 12 December 2016 by takeover rumours repeatedly circulating in the market.

*Valuations by selected research analysts as at 9 April 2017 and 11 December 2016 (in alphabetical order by institution)*

Institution	Current analyst target prices (9 April 2017)		Undisturbed analyst target prices (11 December 2016)	
	Date	Target price	Date	Target price
AlphaValue	6 April 2017	50.00	8 December 2016	46.40
Bankhaus Lampe	22 March 2017	59.00	n. a.	n. a.
Commerzbank	24 March 2017	58.00	23 November 2016	43.00
DZ Bank	29 March 2017	56.50	11 November 2016	54.00
Independent Research	29 March 2017	60.00	11 November 2016	47.00
Jefferies	29 March 2017	48.00	10 November 2016	48.00
Kepler Cheuvreux	3 April 2017	62.00	24 November 2016	55.00
LBBW	1 March 2017	60.00	14 November 2016	50.00

M. M. Warburg	23 March 2017	58.00	11 November 2016	44.00
MainFirst Bank	13 February 2017	60.00	29 November 2016	55.00
Natixis	3 April 2017	56.00	11 November 2016	47.00
Nord/LB	29 March 2017	60.00	1 December 2016	46.00
Oddo	4 April 2017	49.00	4 August 2016	49.00
<b>Average</b>		<b>56.65</b>		<b>48.70</b>

Source: Bloomberg

Note: A report with the valuation “overweight”, “outperform” or “accumulate” is stated as “Buy”, one with “neutral” or “equal-weight” as “hold” and with “underweight”, “reduce” or “underperform” as “Sell”.

The analysts’ assessments are always the individual assessment made by the respective analyst. Their views of the value of a share naturally differ.

The Total Consideration and the Offer Price of EUR 65.28 each exceed both all current analyst target prices and all undisturbed analyst target prices. The average of the current analyst target prices is EUR 56.65. In relation thereto, the Offer Price in the amount of EUR 65.28 includes a premium of EUR 8.63 per STADA Share, or approximately 15.2%, and the Total Consideration of EUR 66.00 includes a premium of EUR 9.35 per STADA Share, or approximately 16.5%. In relation to the average of the undisturbed analyst target prices of EUR 48.70, the Offer Price in the amount of EUR 65.28 includes a premium of EUR 16.58 per STADA Share, or approximately 34.0%, and the Total Consideration of EUR 66.00 includes a premium of EUR 17.30 per STADA Share, or approximately 35.5%.

### 3.4 Valuation on the basis of multipliers

As at 9 May 2017, the average EBITDA 2017E for STADA expected by analysts is EUR 433 million. (Source: FactSet).

For the calculation of the multiplier “enterprise value” or “EV”/EBITDA, which is important in the view of STADA, on the basis of the Offer Price, it is also necessary to calculate the enterprise value that results implicitly from the consideration offered. The enterprise value is calculated on the basis of the value of the equity in accordance with the consideration of the Offer per share (EUR 66.00) and the number of outstanding shares (62.3 million), plus the net position of financial liabilities and cash and cash equivalents (EUR 1,118 million) plus the net position of other liabilities and assets of a financial nature (including pension obligations, shares relating to non-controlling shareholders, finance leasing, financial investments and investments measured at equity) of EUR 102 million, with all information on balance sheet items being based on the consolidated financial statements for the financial year 2016. The Executive Board and the Supervisory Board point out that there may also be

calculations of the enterprise value differing from this, and that there are also other relevant multipliers that can be used to value the Company.

On the basis of an EBITDA 2017E of EUR 433 million, the consideration offered results in an EV/EBITDA multiplier of 12.3x. This multiplier significantly exceeds the EV/EBITDA multipliers historically calculated at STADA, which were on average 10.2x over the last twelve months, 8.7x over the last three years and 8.2x over the last five years (source for all historical multipliers: FactSet). The historical multipliers are calculated using the average values on all trading days during the respective period. An enterprise value is calculated for each trading day on the basis of the closing price and the balance sheet information of the Company most recently available to the public at that time, and such enterprise value is divided by the average of analyst forecasts for the EBITDA for the period of the coming twelve months.

The Executive Board and the Supervisory Board point out that there are different sources and calculation methods for historical multipliers, meaning that values can be calculated that differ from the aforementioned. In addition, this section compares valuation multipliers for the financial year 2017, which ends in somewhat more than seven months, with historical valuation multipliers which assume an EBITDA for the respective coming twelve months.

### 3.5 Offer as result of a fair and transparent bidding process

The present Offer is the result of an open and transparent structured process initiated by the Executive Board and the Supervisory Board of STADA in February 2017. Following the due diligence review and extensive discussions with all interested parties, the Executive Board and the Supervisory Board of STADA received, in early April 2017, legally binding transaction offers from two consortia of bidders, one of which were Bain Capital and Cinven, for a public takeover offer for all outstanding STADA Shares, which were solely subject to the approval of the Executive Board. Bain Capital and Cinven submitted the most attractive offer from a financial point of view. After an extensive review of both transaction offers, the Executive Board and the Supervisory Board came to the conclusion that it would be in the best interest of the Company and, in particular, of the shareholders and other stakeholders of STADA to enter into the Investment Agreement with Bain Capital and Cinven.

### 3.6 Fairness opinions of Deutsche Bank and Perella Weinberg Partners

The Executive Board of STADA has commissioned Deutsche Bank and Perella Weinberg Partners to each render, for the purposes of this Statement, a written opinion on the fairness of the Total Consideration from a financial point of view. Deutsche Bank and Perella Weinberg Partners each presented to the Executive Board on 8 April 2017 and discussed in detail the analyses performed by them and the conclusions drawn by them independently of each other. On 8 April 2017, Deutsche Bank presented its written opinion and updated it on 8 May 2017 (the *DB Fairness Opinion*); on 10 April 2017, Perella Weinberg Partners presented its written opinion

and updated it on 8 May 2017 (*PWP Fairness Opinion* and together with the DB Fairness Opinion the *DB/PWP Fairness Opinions*).

Deutsche Bank and Perella Weinberg Partners each conclude that, subject to the assumptions made respectively in the DB/PWP Fairness Opinions, the Total Consideration of EUR 66.00 per STADA Share was, from a financial point of view, fair to the STADA shareholders on the day the respective Fairness Opinion was issued. The full wording of the DB/PWP Fairness Opinions each in its updated version is attached to this Statement as **Annex 3**.

As part of the preparation of the DB/PWP Fairness Opinions, Deutsche Bank and Perella Weinberg Partners each performed a number of financial analyses, as are carried out in comparable transactions and appear appropriate to provide the Executive Board with a sound basis for assessment of the fairness of the Total Consideration from a financial point of view. The methods adopted by Deutsche Bank and Perella Weinberg Partners are described in the respective DB/PWP Fairness Opinions.

The analyses performed by Deutsche Bank and Perella Weinberg Partners are based in part on the Offer Document and other information available to the public, financial forecasts and explanatory documents provided by STADA as well as on conversations with employees of the senior management at STADA. In addition, for the updated DB/PWP Fairness Opinions, the Investment Agreement entered into between STADA and the Bidder on 10 April 2017 (as defined in Section VII.1.1) was reviewed and other studies and analyses conducted. Other factors regarded by Deutsche Bank and Perella Weinberg Partners as relevant were also taken into consideration. The methods described in the DB/PWP Fairness Opinions are, in the opinion of the Executive Board, internationally customary and recognised ones, whose application is regarded as appropriate by the Executive Board of the Company also in the present case.

The DB/PWP Fairness Opinions include, among other things, statements regarding certain assumptions respectively underlying them, information that Deutsche Bank and Perella Weinberg Partners have relied on, procedures adopted, aspects taken into account and limits to the review performed by Deutsche Bank and Perella Weinberg Partners. These should be read in their entirety for an understanding of the scope and conclusion of the DB/PWP Fairness Opinions. The DB/PWP Fairness Opinions do not constitute a valuation as typically prepared by auditors on the basis of the requirements of German corporate law (e.g. an enterprise valuation in accordance with the Principles for the Performance of Business Valuations (IDW S1) published by the German Institute of Auditors (*Institut der Wirtschaftsprüfer, IDW*), such as a valuation for the purposes of concluding a domination and profit and loss transfer agreement), and are not intended as such, nor are they to be interpreted or regarded as such. A Fairness Opinion of the type submitted by Deutsche Bank and Perella Weinberg Partners for the assessment of the fairness from a financial point of view differs in many important respects from an enterprise valuation undertaken by an auditor and from valuations for accounting purposes in general. The Executive Board points out that it also has not carried out its own enterprise valuation of STADA on the basis of IDW S1.

The DB/PWP Fairness Opinions relate exclusively to the fairness of the Total Consideration from a financial point of view on the day the respective Fairness Opinion was issued. Neither of them relates to other aspects of the Offer and neither makes any recommendation as to whether STADA Shareholders should or should not tender their STADA Shares under the Offer.

The Executive Board expressly points out that Deutsche Bank submitted its DB Fairness Opinion and Perella Weinberg Partners submitted its PWP Fairness Opinion exclusively for the information and support of the Executive Board in connection with the assessment of the Offer by the Executive Board. The DB/PWP Fairness Opinions are not addressed to third parties, nor do they confer any rights on third parties. Neither the fact that the DB/PWP Fairness Opinions were submitted to the Executive Board of the Company, nor the consent given by Deutsche Bank and Perella Weinberg Partners for the DB/PWP Fairness Opinions to be attached to the Reasoned Statement as an annex, entitles third parties (including the STADA Shareholders and the creditors of outstanding bonds) to rely on the DB/PWP Fairness Opinions or derive rights from the DB/PWP Fairness Opinions. Neither Deutsche Bank nor Perella Weinberg Partners is liable towards third parties for the DB/PWP Fairness Opinions. The DB/PWP Fairness Opinions are in particular not addressed to the STADA Shareholders, nor do they constitute a recommendation as to whether STADA Shareholders should accept the Offer.

For their activity as financial advisers of the Executive Board of STADA in connection with the Offer commissioned to submit an opinion regarding the valuation of the consideration offered from a financial point of view, Deutsche Bank and Perella Weinberg Partners receive from STADA a standard market remuneration, which becomes due after the publication of the Offer and after the settlement or failure of the takeover offer or in the event of withdrawal. Moreover, STADA has undertaken to reimburse certain expenses and release Deutsche Bank and Perella Weinberg Partners from certain liability risks in connection with taking on these mandates. The remuneration of Deutsche Bank and Perella Weinberg Partners depends partly and under certain conditions on the success of the potential takeover.

On the basis of its own experience, the Executive Board has convinced itself of the plausibility and appropriateness of the procedures, methods and analyses applied by Deutsche Bank and Perella Weinberg Partners.

### 3.7 Fairness Opinion of Evercore

The Supervisory Board of STADA commissioned Evercore to render, for the purposes of this Statement, a written opinion on the fairness of the Total Consideration from a financial point of view. On 9 April 2017, Evercore presented and explained to the Supervisory Board the analyses performed by it and the conclusions drawn by it on the basis of such analyses, and on 2 May 2017, submitted its original opinion letter (the *Evercore Fairness Opinion*, together with the DB/PWP Fairness Opinions, the *Fairness Opinions*).

Evercore concluded that, subject to the assumptions underlying the Evercore Fairness Opinion, the Total Consideration of EUR 66.00 per STADA Share was, from a financial point of view, fair to the STADA shareholders on the day the Evercore Fairness Opinion was issued. The full wording of the Evercore Fairness Opinion is attached to this Statement as **Annex 4**.

As part of the preparation of the Evercore Fairness Opinion, Evercore performed a number of financial analyses, as are carried out in comparable transactions and appear appropriate to provide the Supervisory Board with a sound basis for assessment of the fairness of the Total Consideration from a financial point of view. The methods adopted by Evercore are described in the Evercore Fairness Opinion.

The analysis performed by Evercore is based in part on the Offer Document and other information available to the public as well as financial forecasts and explanatory documents provided by STADA. In addition, the Investment Agreement (as defined in Section VII.1.1) was analysed and other studies and analyses conducted. Other factors regarded by Evercore as relevant were also taken into consideration. The methods described in the Evercore Fairness Opinion are, in the opinion of the Supervisory Board, internationally customary and recognised ones, whose application is regarded as appropriate by the Supervisory Board of the Company also in the present case.

The Evercore Fairness Opinion includes, among other things, statements regarding certain assumptions respectively underlying them, information that Evercore has relied on, procedures adopted, aspects taken into account and limits to the review performed by Evercore. These should be read in their entirety for an understanding of the scope and conclusion of the Evercore Fairness Opinion. The Evercore Fairness Opinion does not constitute a valuation as typically prepared by auditors on the basis of the requirements of German corporate law (e.g. an enterprise valuation in accordance with the Principles for the Performance of Business Valuations (IDW S1) published by the IDW, such as a valuation for the purposes of concluding a domination and profit and loss transfer agreement), and is not intended as such, nor is it to be interpreted or regarded as such. A Fairness Opinion of the type submitted by Evercore for the assessment of the fairness from a financial point of view differs in many important respects from an enterprise valuation undertaken by an auditor, in particular in accordance with IDW S8, and from valuations for accounting purposes in general. The Supervisory Board points out that it also has not carried out its own enterprise valuation of STADA on the basis of IDW S1.

The Evercore Fairness Opinion relates exclusively to the fairness of the Total Consideration from a financial point of view on the day the Evercore Fairness Opinion was issued. It does not relate to other aspects of the Offer and nor does it make any recommendation as to whether a STADA Shareholder should or should not tender his STADA Shares under the Offer

The Supervisory Board expressly points out that Evercore submitted its Evercore Fairness Opinion exclusively for the information and support of the Supervisory Board in connection with the assessment of the Offer by the Supervisory Board. The

Evercore Fairness Opinion is not addressed to third parties, nor does it confer any rights on third parties. Neither the fact that the Evercore Fairness Opinion was submitted to the Supervisory Board of the Company, nor the consent given by Evercore for the Evercore Fairness Opinion to be attached to the Reasoned Statement as an annex, entitles third parties (including the STADA Shareholders and the creditors of outstanding bonds) to rely on the Evercore Fairness Opinion or derive rights from the Evercore Fairness Opinion. Evercore is not liable towards third parties for the Evercore Fairness Opinion. The Evercore Fairness Opinion is in particular not addressed to the STADA Shareholders, nor does it constitute a recommendation as to whether STADA Shareholders should accept the Offer.

For its activity as financial adviser of the Supervisory Board of STADA in connection with the Offer commissioned to submit an opinion regarding the valuation of the Total Consideration from a financial point of view, Evercore receives from STADA a standard market remuneration, which becomes due after the submission of the Evercore Fairness Opinion. Evercore also advises the Supervisory Board as exclusive financial adviser and receives for such activity a standard market remuneration to be paid on a monthly basis. Moreover, STADA has undertaken to reimburse certain expenses and release Evercore from certain liability risks in connection with taking on its mandate. The remuneration of Evercore does not depend on the success of the takeover.

On the basis of its own experience, the Supervisory Board has convinced itself of the plausibility and appropriateness of the procedures, methods and analyses applied by Evercore.

### 3.8 Overall assessment of the fairness of the consideration by the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board have carefully and intensively analysed and assessed the fairness of the consideration offered. The Executive Board and the Supervisory Board have both made own assessments and taken into account the content of the Fairness Opinions, and have convinced themselves on the basis of their own experience of the plausibility of the procedure of the investment banks.

In their own assessments, the Executive Board and the Supervisory Board have taken into account in particular (but not only) the following aspects:

- The Total Consideration includes a premium of approx. 49% in relation to the last XETRA closing price of the STADA Share before takeover speculations began in December 2016.
- The premium included in the Total Consideration so determined significantly exceeds the average of the historical takeover premia paid in takeover transactions with a transaction volume of more than EUR 100 million in Germany during the last fifteen years.

- The Total Consideration also includes a premium of approx. 35.5% in relation to the average of the undisturbed analyst target prices (as described above) determined as described above. This premium, too, exceeds the average of the historical takeover premia so determined.
- The structured bidding process carried out by the Company was transparent; both investors and analysts had ample opportunity to express their expectations as to the outcome of the structured bidding process by their trading behaviour and determination of target prices, respectively. The Total Consideration exceeds the last XETRA closing price of the STADA Share prior to the Bidder's publication of the decision to make the Offer by approx. 13% and the average of the current analyst target prices (determined as described above) by approx. 16% and, in addition, exceeds the highest of the current analyst target prices taken into account by approx. 16%.
- The EV/EBITDA multiplier that results implicitly from the consideration offered (determined as described above) largely exceeds the historical average multipliers determined on a comparable basis during the last twelve months, the last three years and the last five years.
- The Total Consideration gives the Shareholders the possibility of a secure and timely value realisation.

On the basis of an overall assessment of, in particular, the aspects described above, the overall circumstances of the Offer and of the Fairness Opinions that were used (among other things) by the Executive Board and the Supervisory Board as a basis of their respective assessment, the Executive Board and the Supervisory Board are of the opinion that the Total Consideration is attractive from a financial point of view. With regard to the question of the fairness (within the meaning of Section 31 para. 1 WpÜG) of the consideration offered for the STADA Shares to which the Offer relates, the Executive Board and the Supervisory Board, independently of each other, have come to the following conclusion:

The Executive Board and the Supervisory Board believe that the amount of the Offer Price is fair within the meaning of Section 31 para. 1 WpÜG. The Offer Price complies with the statutory requirements and, in the view of the Executive Board and the Supervisory Board, fairly reflects the value of the Company.

## **VII. OBJECTIVES AND INTENTIONS PURSUED BY THE BIDDER AND THEIR ASSESSMENT BY THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD**

The Bidder explains the background to the Offer as well as the economic and strategic rationale in Section 8 of the Offer Document. The intentions of the Bidder and the Bidder Parent Companies (as defined in Section 6.2 of the Offer Document) with regard to STADA are set out in Section 9 of the Offer Document. The shareholders of STADA are advised to read these sections of the Offer Document carefully. The

following summarised description is intended to provide an overview of the background to the Offer set out in the Offer Document (see Section VII.1.1) as well as the intentions of the Bidder and the Bidder Parent Companies (as defined in Section 6.2 of the Offer Document) (see Section VII.1.2), and it makes no claim to be exhaustive. Thereafter, the Executive Board and the Supervisory Board state their assessment (see Section VII.2).

## **1. Information provided by the Bidder in the Offer Document**

### **1.1 Background of the Offer**

#### **1.1.1 Economic and strategic background of the Transaction**

According to Section 8 of the Offer Document, the economic and strategic rationale of the Offer is the objective to strengthen STADA's position as a global healthcare company. Bain Capital and Cinven are therefore intending to support extensive and necessary investments which relate both to new product development as well as the organic expansion of the company and accelerated growth through targeted acquisitions. However, Bain Capital and Cinven believe that the implementation of this strategy will take time, effort and considerable investment. Furthermore, according to their expectations, considerable investments (such as financial support for the expansion of the product portfolio and the access of growth markets) will be needed to realise STADA's full long-term potential. As STADA is working through significant challenges, Bain Capital and Cinven provide, according to the statements of the Bidder, further capabilities to support the intended change agenda (*Strategiewandel*) of the management. According to their own assessment, they possess considerable sector expertise, a unique global network in the healthcare industry and a proven track record of successful buy-and-build strategies. According to the statements of the Bidder, they are best positioned to support the existing management team and the employees of STADA on this journey to future growth. According to the Bidder, the settlement of the Offer is not aimed to achieve operational synergies between the Bidder and the STADA Group.

#### **1.1.2 Investment Agreement between STADA, the Bidder and Nidda Topco**

In Section 8.2 of the Offer Document, the Bidder states that the Offer is the result of an open and transparent structured bidding process initiated by the Executive Board and the Supervisory Board of STADA in February 2017. Following the due diligence review and extensive discussions with all interested parties, the Executive Board and the Supervisory Board of STADA received legally binding transaction offers from Bain Capital and Cinven and another consortium for a public takeover offer for all outstanding STADA Shares solely subject to the approval of the Executive Board (the *Transaction Offers*).

The Bidder stated, moreover, that following the analysis of the benefits of the Transaction, the Executive Board and the Supervisory Board of STADA have reached the conclusion that it would be in the best interests of STADA as well as in the best

interests of the STADA Shareholders and its other stakeholders to support the transaction offer by Bain Capital and Cinven. As a consequence, the Bidder and Nidda Topco on the one side and STADA on the other, entered into an investment agreement on 10 April 2017 (the *Investment Agreement*) which stipulates the principal terms and conditions as well as the mutual intentions and understanding with regard to this Offer. According to the information in the Offer Document, the material terms of the Investment Agreement can be summarised as follows:

(a) Material Offer Conditions

In the Investment Agreement, the Bidder has undertaken to submit an offer based on the cash consideration as set forth in the Offer and the Offer Conditions described in Section 12.1 of the Offer Document.

(b) Support of the Offer

The Executive Board of STADA undertakes, to the extent legally possible and subject to applicable law and its fiduciary duties, to support the Offer and to recommend the acceptance thereof in its statement pursuant to Section 27 para. 1 WpÜG. Such support and recommendation is subject to certain conditions agreed to in the Investment Agreement. In case of the receipt of a fully financed competing offer made by a third party which STADA's Executive Board, taking into account all terms and condition of such offer, determines to provide more beneficial terms than this Offer (the *Superior Offer*), STADA will have the right to terminate the Investment Agreement unless the Bidder exercises its right, as stipulated in the Investment Agreement, to amend its Offer in order to match the terms of the Superior Offer. The parties to the Investment Agreement have also agreed to cooperate with each other in all respects relating to the Offer, in particular with regard to obtaining the necessary merger control approvals.

(c) Future cooperation

The parties to the Investment Agreement agreed on certain guiding principles in relation to the proposed cooperation between the Bidder on the one side and STADA on the other side. The Bidder refers to Section 9 of the Offer Document for further details on the Bidder's intentions in relation to the headquarters, sites and locations of STADA and the STADA Group as well as workforce, employees, employee representation and employment conditions of STADA Group as stipulated in the Investment Agreement.

(d) Term of the Investment Agreement

The Investment Agreement has a fixed term of two years except for certain provisions relating to workforce, employees, employee representation and employment conditions, which shall have a term of four years subject to the detailed timing provisions further described in Section 9.3 of the Offer

Document. In addition, the Investment Agreement provides each party with termination rights in certain defined circumstances.

Having conducted a transparent, structured bidding process, the Executive Board and the Supervisory Board are now convinced that the binding transaction offer submitted by the Bain Capital und Cinven consortium, including its willingness to make certain commitments in an investor agreement, is in the best interests of STADA. The Executive Board and the Supervisory Board have therefore granted their approval to the conclusion of the Investment Agreement.

## 1.2 Intentions of the Bidder and the additional Bidder Parent Companies

The intentions of the Bidder are described in Section 9 of the Offer Document as the uniform intentions of the Bidder and the Bidder Parent Companies (as defined in Section 6.2 of the Offer Document). According to the Offer Document, the Bidder Parent Companies (as defined in Section 6.2 of the Offer Document) have no intentions deviating from these intentions. The Bidder states that the intentions set out in Sections 9.1 to 9.7 of the Offer Document have their legal basis in the Investment Agreement.

According to the Offer Document, these intentions shall not be construed to limit any rights of the Bidder which might arise from the potential conclusion of a domination and profit and loss transfer agreement pursuant to Section 291 AktG (as further described in Section 9.6 (b) of the Offer Document) between the Bidder and STADA.

### 1.2.1 Future business activity, assets and future obligations of STADA

According to Section 9.1 of the Offer Document, the objective of the Bidder's Offer is the continued strengthening and the growth of STADA Group's business. The Bidder intends to add value to STADA Group by supporting the Executive Board of STADA to continue successfully the initiated transformation process of the STADA Group in investing in new product developments, conducting acquisitions and pursuing organic growth to ensure the success of its business.

Save for the potential conclusion of a domination and profit and loss transfer agreement with the Bidder, the Executive Board of STADA will continue to manage STADA independently and exclusively in its own responsibility pursuant to and within the framework of German law.

The Bidder intends to provide STADA with credit lines for refinancing of any financial liabilities becoming due according to change-of-control clauses. Any dividend policy implemented by the Bidder will duly consider the financial needs of STADA and its affiliated companies in light of its business strategy.

The Bidder intends not to arrange for STADA or any member of the STADA Group to change its company name after settlement of the Offer, and the Bidder will maintain the STADA Group brands as independent brands and will support the STADA Group

in further enhancing its brand awareness. The Bidder further intends not to, directly nor indirectly, initiate or support any sale or other disposal of material assets of the STADA Group, unless agreed with the Executive Board of STADA.

Furthermore, the Bidder has no intentions regarding future obligations of STADA.

#### 1.2.2 Registered office of STADA and location of material parts of the business

According to Section 9.2 of the Offer Document, the Bidder does not intend to cause STADA to relocate its corporate seat and headquarter from Bad Vilbel, nor to cause any other member of the STADA Group to relocate its respective corporate seat and respective headquarter or any of its important operations and assets (*wesentliche Unternehmensteile*).

#### 1.2.3 Employees, employee representatives and working conditions

According to its statements made in Section 9.3 of the Offer Document, the Bidder acknowledges that the dedicated workforce of the STADA Group is the foundation of the continued success of STADA, which will, also in the future, depend on the creativity and performance of STADA Group's workforce and their potential for innovation. The Bidder intends to continue and further deepen the constructive dialogue with all of STADA Group's workforce constituencies and to support the Executive Board of STADA in maintaining and developing an attractive and competitive framework to retain an excellent global employee base.

The Bidder states, moreover, that it does not intend to cause STADA to take or initiate any action aimed at the amendment or termination of existing shop agreements (*Betriebsvereinbarungen*), collective bargaining agreements (*Tarifverträge*) or similar agreements, in particular relating to work conditions, of the STADA Group.

According to the Offer Document, the Bidder further intends to respect the rights of the employees and works councils (*Betriebsräte*) in the STADA Group, including the current structures established in connection therewith, and not to cause STADA to take actions that would result in a change of the existing level of co-determination (*Unternehmensmitbestimmung*) in the Supervisory Board of STADA, unless STADA comes into a situation in which its existence is at risk and therefore justifies compulsory redundancies (*betriebsbedingte Kündigungen*). Furthermore, the Bidder states its intention not to cause STADA to issue, in the period from 2017 through 1 January 2020, terminations for operational reasons (*betriebsbedingte Kündigungen*) of industrial employees (*gewerbliche Mitarbeiter*) in Germany, and the Bidder does not intend to cause STADA to reduce the remaining current workforce of the STADA Group in excess of workforce reductions foreseen by the Executive Board of STADA, unless STADA comes into a situation in which its existence is at risk and therefore justifies compulsory redundancies.

#### 1.2.4 Composition of the boards

The Executive Board of STADA consists of three members. According to the Offer Document, the Bidder intends to fully support the Executive Board of STADA in the implementation of its revised corporate strategy, and to work with the Executive Board of STADA to achieve the envisaged efficiencies and goals.

The Bidder does not intend to change the size of the Supervisory Board of STADA and acknowledges the rules of the German One-Third Participation Act (*Drittelbeteiligungsgesetz*). The Bidder intends to be represented in the Supervisory Board of STADA in a manner which appropriately reflects its shareholding following settlement of the Offer. However, the Bidder acknowledges that the Supervisory Board shall comprise at least one independent member (as defined by the German Corporate Governance Code – *Deutscher Corporate Governance Kodex*).

#### 1.2.5 Intended structural measures

In Section 9.5 of the Offer Document, the Bidder describes the structural measures that it intends to take after the settlement of the Offer, insofar as these measures are economically and operationally rational at the relevant time. These are the following measures:

(a) Squeeze-out

Insofar as the Bidder directly or indirectly holds such number of STADA Shares that a shareholder of a stock corporation needs to demand transfer of the STADA Shares of the outside shareholders in exchange for granting reasonable cash compensation (squeeze-out), the Bidder intends to take all measures necessary for such a squeeze-out, as described in Section 9.5 (a) of the Offer Document.

Depending on the amount of its shareholding and the circumstances under which the respective threshold is achieved, the Bidder may implement (i) a squeeze-out pursuant to Sections 327a et seqq. AktG, (ii) a squeeze-out pursuant to Section 62 para. 5 of the German Transformation Act (*Umwandlungsgesetz – UmwG*) or (iii) a squeeze-out pursuant to Section 39a para. 1 sentence 1 WpÜG.

The details presented by the Bidder regarding the necessary amount of its shareholding and the conditions for these squeeze-out measures, including the requirement for reasonable compensation for the outside shareholders, are set out in Section 9.5(a) of the Offer Document. The Bidder informs the STADA Shareholders that (i) the amount of the cash compensation payable as part of the a squeeze-out procedure could be equal to the Offer Price, but could also be lower or higher, and (ii) completion of the squeeze-out under stock corporation law and under transformation law would automatically result in delisting of the STADA Shares from the stock exchange.

(b) Domination and profit and loss transfer agreement

If the Bidder holds more than 75% of the voting share capital in STADA after settlement of the Offer, the Bidder intends, as described in Section 9.5(b) of the Offer Document, to conclude a domination and profit and loss transfer agreement according to Sections 291 et seqq. AktG with STADA as the dominated company. Such domination and profit and loss transfer agreement would stipulate, *inter alia*, an obligation on the part of the Bidder (i) to acquire the STADA Shares of the outside STADA Shareholders upon their request in exchange for reasonable cash compensation, and (ii) to pay to the remaining outside shareholders annually recurring payments (guaranteed dividend). The reasonableness of the amount of the recurring payments and the cash compensation can be examined in court proceedings. The amount of the reasonable cash compensation could be equivalent to the Offer Price but could also be lower or higher.

(c) Delisting

According to Section 9.5(c), the Bidder intends - in mid or long term - to discontinue the stock listing of the STADA Shares by way of implementation of a squeeze out or otherwise.

(d) Intentions with regard to the business activities of the Bidder

Except for the effects on the Bidder's assets, financial position and results of operation described in Section 15 of the Offer Document, there are, according to Section 9.6 of the Offer Document, there are no intentions to change the business activities of the Bidder, especially regarding the registered offices of the companies, the locations of material parts of the business, the use of the assets, the future obligations or the members of the boards of the Bidder and the Bidder Parent Companies, or, where relevant, the employees, their representatives and the employment conditions.

**2. Assessment of the intentions of the Bidder and the expected consequences for STADA**

The Executive Board and the Supervisory Board have carefully and extensively examined the intentions of the Bidder and the Bidder Parent Companies (as defined in Section 6.2 of the Offer Document) as described in the Offer Document. Following intensive negotiations, the proposed measures and objectives have already been largely agreed in the Investment Agreement. The Executive Board and the Supervisory Board welcome the fact that, in concluding the Investment Agreement, the Bidder has established a reliable and viable basis for its objectives and intentions regarding the Offer. This creates clarity and a stable foundation for the future partnership. The Executive Board and the Supervisory Board are of the opinion that the intentions and their possible consequences are beneficial for the future of STADA and its business activities and, therefore, support them.

The Executive Board and the Supervisory Board point out that, according to the Bidder's statements, the measures and intentions agreed in the Investment Agreement shall not be construed to limit any rights of the Bidder which might arise from the potential conclusion of a domination and profit and loss transfer agreement between the Company and the Bidder.

## 2.1 Future business activity, assets and future obligations of STADA

The Executive Board and the Supervisory Board welcome the Bidder's interest in STADA and its intentions declared in this connection. They particularly welcome the Bidder's stated objective of continuing to strengthen the business of the STADA Group and of generating growth. The Executive Board and the Supervisory Board particularly approve the Bidder's intention to add value to STADA Group by supporting the STADA Executive Board in successfully continuing the initiated transformation process of the STADA Group in investing in new product developments, conducting acquisitions and pursuing organic growth to ensure the success of its business. This confirms, in the opinion of the Executive Board and the Supervisory Board, the good positioning and proper strategic orientation of the STADA Group.

The Executive Board and the Supervisory Board also welcome the Bidder's statement that, save for the potential conclusion of a domination and profit and loss transfer agreement with it, the Executive Board of STADA will continue to manage STADA independently and in its own responsibility pursuant to and within the framework of German law.

The Executive Board and the Supervisory Board are of the opinion that the Offer will not negatively affect STADA's operational independence, but will instead enable STADA to continue its current business activities and possibly pursue its strategically objectives even more quickly and effectively. In the opinion of the Executive Board and the Supervisory Board, this not only confirms the successful business model and the validity of STADA's strategic change undertaken by way of the STADA Plus programme, but it also leaves scope for a continued, positive development of the STADA Group. In view of all of this, the Executive Board and the Supervisory Board expressly welcome that, according to the Offer Document, the Bidder does not intend to cause STADA or any member of the STADA Group to change its company name after settlement of the Offer, and that it will maintain the STADA Group brands as independent brands and will support the STADA Group in further enhancing its brand awareness. In this connection, the Executive Board and the Supervisory Board also welcome that the Bidder intends not to, directly nor indirectly, initiate or support any sale or other disposal of material assets of the STADA Group, unless agreed with the Executive Board of STADA.

The Executive Board and the Supervisory Board welcome the intention of the Bidder to provide STADA with credit lines for refinancing of any financial liabilities becoming due according to change-of-control clauses, and that any dividend policy implemented by the Bidder will duly consider the financial needs of STADA and its

affiliated companies (which will also include the Bidder after the completion of the takeover) in light of its business strategy. Various important financing agreements of the STADA Group, particularly the two bonds in a total amount of EUR 650 million as well as promissory notes and loans in a total amount of EUR 779 million, contain change-of-control clauses providing for an early redemption or repayment at the option of the respective holders or lenders. If the holders or lenders exercise this option and trigger an early redemption or repayment, the credit lines provided by the Bidder will ensure that STADA is not negatively affected. Up-to-date figures can be found in the STADA interim report Q1 2017 which will be published on 11 May 2017.

The Executive Board and the Supervisory Board acknowledge the Bidder also has no intentions regarding the future obligations of STADA.

## 2.2 Registered office of STADA and location of material parts of the business

The Executive Board and the Supervisory Board welcome that the Bidder does not intend to cause STADA to relocate its corporate seat and headquarter from Bad Vilbel, nor to cause any other member of the STADA Group to relocate its respective corporate seat and respective headquarter or any of its important operations and assets. This also clearly shows that the Bidder is interested in preserving the identity of the STADA Group.

## 2.3 Employees, employee representation and employment conditions

The Executive Board and the Supervisory Board also consider the Bidder's statements regarding STADA's employees as particularly important. The Executive Board and the Supervisory Board share the Bidder's opinion that the dedicated workforce of the STADA Group is the foundation of the continued success of STADA, which will, also in the future, depend on the creativity and performance of STADA Group's workforce and their potential for innovation. The Executive Board and the Supervisory Board, therefore, welcome that the Bidder proposes to continue and further deepen the constructive dialogue with all of STADA Group's workforce constituencies and to support the Executive Board of STADA in maintaining and developing an attractive and competitive framework to retain an excellent global employee base. Likewise, the Executive Board and the Supervisory Board support the Bidder's intention to respect the rights of the employees and works councils (*Betriebsräte*) in the STADA Group, including the current structures established in connection therewith, and not to cause STADA to take actions that would result in a change of the existing level of co-determination (*Unternehmensmitbestimmung*) in STADA's Supervisory Board, unless STADA comes into a situation in which its existence is at risk and therefore justifies compulsory redundancies (*betriebsbedingte Kündigungen*).

A decisive factor in the weighing of circumstances by the Executive Board and the Supervisory Board required with regard to their recommendation to accept the Offer is that the Bidder has also stated its intention not (i) to cause STADA to issue, in the period from 2017 through 1 January 2020, terminations for operational reasons (*betriebsbedingte Kündigungen*) of industrial employees (*gewerbliche Mitarbeiter*) in

Germany and (ii) to cause STADA to reduce the remaining current workforce of the STADA Group in excess of workforce reductions foreseen by the Executive Board of STADA, unless STADA comes into a situation in which its existence is at risk therefore justifies compulsory redundancies. The Executive Board and the Supervisory Board also welcome that the Bidder intends not to cause STADA to take or initiate any action aimed at the amendment or termination of existing shop agreements (*Betriebsvereinbarungen*), collective bargaining agreements (*Tarifverträge*) or similar agreements, in particular relating to work conditions, of the STADA Group.

The completion of the takeover offer and of the Transaction have no immediate effects on the employees of the STADA Group, their employment relationships or their rights, or to the statutory obligations assumed in respect of them. All current employment relationships with the respective companies of the STADA Group will continue, without the takeover offer or the Transaction triggering a business transfer (*Betriebsübergang*). The completion of the Transaction, moreover, has no effects on the organisation of the employee representatives and the bodies established under the German Works Constitution Act.

#### 2.4 Composition of the boards

The Executive Board and the Supervisory Board welcome the Bidder's statements concerning its intention to fully support of the Executive Board in the implementation of its revised corporate strategy and to work with the Executive Board to achieve the envisaged efficiencies and goals. In their view, this confirms the Bidder's stated intention to preserve the independence of STADA and to maintain the existing strategic orientation.

The Executive Board and the Supervisory Board welcome that the Bidder does not intend to change the size of the Supervisory Board of STADA, and that it acknowledges the rules of the German One-Third Participation Act (*Drittelbeteiligungsgesetz*). It is also welcome that the Supervisory Board shall comprise at least one independent member (as defined by the German Corporate Governance Code – *Deutscher Corporate Governance Kodex*). The Bidder's intention to seek to be represented in the Supervisory Board of STADA in a manner which appropriately reflects the importance of its shareholding following settlement of the Offer is considered as understandable by the Executive Board and the Supervisory Board.

#### 2.5 Consequences of the intended structural measures

The Executive Board and the Supervisory Board consider the proposed domination and profit and loss transfer agreement as an economically comprehensible measure. The legal limitations on the so-called de facto group (*faktischer Konzern*), i.e. that exists without a domination agreement, often entails a considerable amount of time and resources to be spent, especially within the dominated entities, because both the management board as well as other departments (especially the legal, finance and accounting department) would need to be involved in every measure initiated by the

Bidder, and into every legal transaction concluded with the Bidder in order to ensure compliance with the regulations applicable to this de facto group. Moreover, the proposed domination and profit and loss transfer agreement would, in principle, lead to the operating results of STADA being offset against the Bidder's financing costs.

If the Bidder achieves the amount of shareholding permitting the outside shareholders of STADA to be squeezed out – which, with a squeeze-out according to the Transformation Act (UmwG) is already the case at an amount of 90% of the issued STADA Shares –, the Executive Board and the Supervisory Board is of the opinion that this measure is also justified from a business perspective. If the Bidder achieves this amount of shareholding, the trading in the STADA Shares will no longer be sufficiently liquid for the function of a “capital collecting company” (*Kapitalsammelstelle*). Furthermore, the outside STADA Shareholders are protected by the legal regulations applicable to such structural measures, especially the judicial appraisal proceedings in which the offered cash compensation is reviewed.

The Executive Board and the Supervisory Board are currently not able to assess the advantages and disadvantages of the delisting intended by the Bidder in the medium or long-term. Depending on the amount of shareholding achieved by the Bidder upon settlement of the takeover offer, the Executive Board and the Supervisory Board will assess if a listing of the STADA Shares on the stock exchange and/or in the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*) would still be in the interests of STADA and its Shareholders, given the volume of trading of STADA Shares that would then exist on the market, as well as the strict publication and reporting duties.

Regarding the consequences of the structural measures for the STADA Shareholders, reference is made to Section VIII.

## 2.6 Future business activities of the Bidder

The Executive Board and the Supervisory Board acknowledge the Bidder's statements made in the Offer Document regarding the continuation of the current business activities of the Bidder and the Bidder Parent Companies (as defined in Section 6.2 of the Offer Document).

## 2.7 Tax consequences

Generally, the Executive Board does not identify any negative tax consequences for STADA on the basis of the Offer Document published by the Bidder. The Executive Board is of the opinion that tax loss carry-forwards existing within the Group should be covered by sufficient hidden reserves, meaning that no loss of loss carry-forwards is anticipated. If a domination and profit and loss transfer agreement is concluded between the Bidder and STADA (see in Sections VII.1.2.5(b) and VII.2.5 above), this would, in principle, lead to the operating results of STADA being offset against the Bidder's financing costs.

## 2.8 Financial consequences

The Executive Board draws attention to the following effects under existing financing agreements or arrangements of STADA:

### 2.8.1 Main financing agreements with change-of-control clauses

There are the following main financings that have been drawn and disbursed to STADA, under which the bondholders or lenders are entitled to a termination right in the event of a change of control:

- *Two bonds in the amount of EUR 650 million:* In the event of a change of control, the terms of the bonds provide for a right of the holders to require STADA, within 45 days after a put event notice is given by STADA, to redeem the outstanding bonds at their principal amount together with interest accrued on the optional redemption date.
- *Promissory note loans (Schuldscheindarlehen) in the amount of EUR 600 million supported by Landesbank Hessen-Thüringen – Girozentrale (Helaba) and Landesbank Baden-Württemberg (LBBW):* In the event of a change of control, the terms of the loans provide for a right of the lenders to require STADA, within 45 days after a put event notice is given by STADA, to repay the outstanding loan amount together with interest accrued on the optional redemption date.
- *Three additional issues of promissory note loans (Schuldscheindarlehen) in a total amount of EUR 65 million:* In the event of a change of control, the terms of the loans provide for a right of the lenders to require STADA, within 45 days after a put event notice is given by STADA, to repay the outstanding loan amount together with interest accrued on the optional repayment date and to pay – in two cases – a prepayment penalty until the next interest payment date.
- *Three additional loan agreements in a total amount of EUR 70 million:* In the event of a change of control, the terms of the loans provide for a right of the lenders to require STADA, within 45 days after a put event notice is given by STADA, to repay the outstanding loan amount together with interest accrued on the optional repayment date and to pay – in one case – a prepayment penalty until the next interest payment date.

The occurrence of a change of control within the meaning of the terms of the financings of STADA described above is subject to the condition of cumulative occurrence of the following events:

- (i) any person or persons acting in concert within the meaning of Section 30 para. 2 of the German Securities Acquisition and Takeover Act, or any person or persons acting on behalf of such persons, directly or indirectly acquire(s) or come(s) to own at any time the majority (>50%) of the issued share capital of

STADA or such number of shares in STADA carrying more than 50% of the voting rights in STADA normally exercisable at a general meeting of STADA, and

- (ii) within a period defined as “Change of Control Period”, an external rating is (a) withdrawn or (b) changed from an investment grade rating (BBB- by S&P/Baa3 by Moody's, or its equivalent for the time being, or better) to a non-investment grade rating (BB+ by S&P/Ba1 by Moody's, or its equivalent for the time being, or worse) or (c) if the external rating is a non-investment grade rating and is lowered one full rating notch (e.g. from BB+ to BB by S&P or Ba1 to Ba2 by Moody's); this condition is also satisfied if, at the time of the change of control, there is no rating assigned to the notes or the issuer and no rating agency assigns during the Change of Control Period an investment grade credit rating.

The Change of Control Period commenced at the latest at the time of the ad hoc announcement of 10 April 2017 in which the public was informed about the voluntary public takeover offer made by Bain Capital and Cinven, and will end on the 90<sup>th</sup> day following the occurrence of the change of control as defined above.

In addition, there are the following main financings not yet drawn and disbursed to STADA, under which the lenders are entitled to a termination right in the event of a change of control:

- *Two credit facility agreements in the amount of EUR 70 million:* In the event of a change of control, the terms of these agreements provide for an option of the lenders to terminate for cause in the event of a change of control.
- *One credit facility agreement in the amount of EUR 50 million:* In the event of a change of control, the terms of this agreement provide for an obligation of STADA to inform the lenders and a special termination right of the lenders.
- *Two credit facility agreements in the amount of EUR 75 million:* In the event of a change of control, the terms of these agreements provide for a special termination right of the lenders.

In this context, the term ‘change of control’ generally means that a person or entity directly or indirectly acquires the majority (>50%) of the share capital or voting rights in STADA. However, the existence, withdrawal or downgrading of a rating of the issuer is not relevant for these financings.

It cannot be predicted with certainty whether and to what extent the bonds, promissory notes, loan agreements or credit facility agreements described in this Section VII.2.8.1 will be terminated by the respective bondholders, lenders or lending banks upon the occurrence of a change of control. Likewise, it cannot be ruled out that the interest rates under the new financing structure to be agreed will be higher than the current rates.

## 2.8.2 Other key financing agreements

There are main credit facility agreements in an amount of approx. EUR 54.0 million which have been drawn and disbursed to Hemofarm AD, an indirect subsidiary of STADA based in Serbia. In addition, there are main customary credit lines which have not yet been drawn and disbursed in an amount of approx. EUR 200 million.

All agreements specified in this Section VII.2.8.2 are based on a *pari passu* agreement, the purpose of which is ensuring equal treatment of all creditors in connection with loan collateral. It cannot be ruled out that any change to the homogenous financing structure, with a *pari passu* basis and without covenants, which currently exists with all lenders could result in a termination or non-renewal of the agreements specified in this Section VII.2.8.2. Likewise, it cannot be ruled out that the interest rates under the new financing structure to be agreed will be higher than the current rates.

## VIII. EFFECTS ON THE STADA SHAREHOLDERS

The following remarks are intended to provide the STADA Shareholders with information concerning the assessment of the effects of the acceptance or non-acceptance of the Offer. The following comments do not claim to be exhaustive. It is the own responsibility of each STADA Shareholder to evaluate the effects of an acceptance or non-acceptance of the Offer. The Executive Board and the Supervisory Board therefore recommend that STADA Shareholders seek professional advice, if necessary.

The Executive Board and the Supervisory Board furthermore point out that they do not and cannot assess whether STADA Shareholders, through accepting or not accepting the Offer, might be exposed to possible tax disadvantages (especially any tax liability on capital gains) or if tax benefits could be forfeited. The Executive Board and the Supervisory Board recommend that, before deciding to accept or not accept the Offer, STADA Shareholders should seek tax advice, taking into consideration the personal circumstances of the Shareholder in question.

### 1. Possible effects in case that the Offer is accepted

STADA Shareholders intending to accept the Bidder's Offer should, in particular, consider the following in the light of the remarks made above:

- STADA Shareholders who accept or will accept the Offer, will in future no longer be able to benefit from any positive performance of the stock exchange price of the STADA Shares, or from any positive development of the business of the Company and its subsidiaries. It cannot be ruled out, inter alia, that, as occurred in the past, STADA will in the – possibly near – future again generate value potential through the acquisition of companies (*mergers and acquisitions*), and that the stock exchange price will correspondingly perform positively;

STADA Shareholders who accept or will accept the Offer would not participate in such performance.

- The Offer will only be settled following the fulfilment of all closing conditions to which the Offer is subject, or if the Bidder has waived them, insofar as possible. Whether the closing conditions have been fulfilled or the Bidder has waived them, where possible, may become evident only following the expiry of the Acceptance Period.
- According to the German Securities Acquisition and Takeover Act, the Bidder is entitled to modify the offer consideration up to one business day prior to the end of the acceptance period. After the Offer is accepted, the STADA Shareholders will, however, no longer benefit from a positive performance of the Company or the price of the STADA Shares with respect to the STADA Shares tendered by them.
- With the transfer of the STADA Share upon the settlement of the Offer, all outstanding and future dividend entitlements will be transferred to the Bidder. However, as explained in Section 4 of the Offer Document, the STADA Shareholders will, in any event, benefit from the dividend proposed for the financial year 2016 (also see Section IV.3 of this Reasoned Statement).
- A withdrawal from the acceptance of the Offer is possible only under the narrow conditions set out in Section 17 of the Offer Document, and only before the Acceptance Period has expired. The STADA Shareholders' freedom of disposal is restricted in relation to those STADA Shares for which they have accepted the Offer. According to Section 13.9 of the Offer Document, STADA Shares for which the Offer has been accepted within the Acceptance Period (***Tendered STADA Shares***) can be traded on the regulated market of the Frankfurt Stock Exchange (*Prime Standard*) under the ISIN DE000A2E4R04. Trading will presumably start on the third Banking Day following the commencement of the Acceptance Period. Trading in the Tendered STADA Shares on the regulated market of the Frankfurt Stock Exchange will be suspended (i) at the end of the last day of the Acceptance Period if all Offer Conditions (as defined in Section 12.1 in the Offer Document) have been met or effectively waived or (ii) at the end of the third stock exchange trading day directly preceding the settlement of this Offer. The acquirers of STADA Shares traded under ISIN DE000A2E4R04 assume all rights and obligations arising from the contracts concluded by accepting the Offer with respect to these STADA Shares. The Bidder points out that trading volumes and liquidity of the Tendered STADA Shares depend on the relevant acceptance rate, and therefore may not exist at all or may be low and may be subject to heavy fluctuations. Therefore, it cannot be ruled out that, in the absence of demand, it will be impossible to sell Tendered STADA Shares on the stock exchange. Since, according to the statements of the Bidder, the settlement of the Offer may, as a result of the various merger control approvals to which the Offer is subject (for more details, see Sections 11.1 and

12.1.1 of the Offer Document, and Section IV.6 of this Statement), be delayed until as late as 11 January 2018, or might not even take place at all (also see Section IV.8 of this Statement), the aforementioned restrictions relating to the trading volume and the liquidity of the Tendered STADA Shares may remain in place for a corresponding length of time. The acquirers of the Tendered STADA Shares will, moreover, assume all the rights and obligations arising from the acceptance of the Offer.

- If the Bidder, or one of the individuals acting jointly with it or their subsidiaries, acquire, within one year of the publication of the number of STADA Shares to which it or they are entitled following the expiry of the Acceptance Period and resulting from the acceptance of the Offer (Section 23 para. 1 no. 2 WpÜG), STADA Shares off the exchange, and the value of the consideration granted or agreed in this respect is higher than that specified in the Offer, the Bidder shall be obliged to pay to the STADA Shareholders who have accepted the Offer a consideration corresponding to the applicable difference. On the other hand, there is no such claim to the subsequent improvement of the consideration under the Offer for acquisitions made off the exchange made in return for a higher consideration following the expiry of this subsequent acquisition period of one year. Such a claim to improvement also does not exist in the case of share acquisitions in connection with a statutory obligation to pay a compensation to STADA Shareholders. The Bidder can, moreover, also purchase STADA Shares on the stock exchange at a higher price during the aforementioned one-year subsequent acquisition period without having to adjust the consideration in favour of those STADA Shareholders who have already accepted the Offer.
- STADA Shareholders who accept the Offer shall not participate in any cash compensation of whatever type that is legally payable in the case of certain structural measures implemented following the settlement of the Offer (for more details, see the remarks contained in Section 9.5 of the Offer Document). As a rule, any compensation payments will be determined on the basis of the total value of an enterprise, and may be reviewed in judicial proceedings. Such compensation payments may be equal to the amount of the cash compensation, but may also be higher or lower. The Executive Board and the Supervisory Board are of the opinion that it cannot be ruled out that compensation payments made at a future point in time could exceed the Offer Price. Even if this is the case, the STADA Shareholders accepting the Offer will not be entitled to such compensation payments or to any additional payments.

## **2. Possible effects in case that the Offer is not accepted**

STADA Shareholders who do not accept the Offer and who do not otherwise dispose of their STADA Shares will remain Shareholders of STADA as before. However, they should take note, in particular, of the Bidder's remarks set out in Section 16 of the Offer Document, together with the following:

- They will bear the risks and rewards of the future performance of those STADA Shares in respect of which they do not accept the Offer.
- The current stock market price of the STADA Share also reflects the fact that the Bidder published its decision to launch this Offer on 10 April 2017 as well as the fact that since 12 December 2016 there had been specific takeover speculations in the market. It is uncertain whether, following the settlement of the Offer, the stock market price of the STADA Shares will remain at its present level or rise above or fall below it.
- The settlement of the Offer will result in a reduction of the free float of the issued STADA Shares. It is further expected that the supply of and demand for STADA Shares will be less than today after settlement of the Offer, and therefore that the liquidity of the STADA Shares will decrease. It will therefore be possible that buy and sell orders with respect to STADA Shares cannot be executed or cannot be executed in a timely fashion. Moreover, the possible limitation of the liquidity of STADA Shares could result in substantially heavier price fluctuations of the STADA Shares in the future.
- The STADA Share is currently included in the MDAX index, meaning that institutional funds and investors, which invest in components of indexes such as the MDAX, are currently obliged to hold STADA Shares, if they wish to reflect the performance of the MDAX. The STADA Shares could be excluded from the MDAX as a consequence of the settlement of the takeover offer. Index investors still holding STADA Shares following the completion of the takeover offer might then possibly sell them on the market. This could then result in an excessive supply of STADA Shares on a comparatively illiquid market, which can, in turn, result in price decreases for the STADA Shares.
- After settlement of the Offer, the Bidder will presumably have the voting majority at the general meeting and, depending on the acceptance rate, also have the necessary voting majority to enforce all important structural measures and other measures under corporate law at the general meeting of STADA. This includes, for example, election and dismissal of shareholder representatives of the Supervisory Board, election of the statutory auditor, granting or rejecting discharge of Executive Board or Supervisory Board members, amendments to the articles of association, capital increases, to demand the transfer of the STADA Shares of the outside shareholders to the main shareholder in exchange for reasonable cash compensation (squeeze-out) and, if the majority requirements under statutory law and articles of association have been satisfied, the exclusion of subscription rights for shareholders in capital measures as well as reorganisations, mergers, the approval of a domination and profit and loss transfer agreement, as well as the dissolution of STADA. Only in the case of some of the aforementioned measures would there be an obligation on the part of the Bidder under German law to submit to the minority shareholders, on the basis of a company valuation for STADA, an offer to acquire their STADA

Shares in exchange for reasonable compensation or to grant other compensation (for more details, see Section VII.2.5 above). Because such company valuation would have to be based on circumstances existing at the time of the resolution adopted by the STADA general meeting for the respective measure, such offer for compensation could be equivalent in value to the Offer Price but it could also be lower or higher. The implementation of some of these measures could also result in the delisting of the STADA Shares.

- Provided it holds the required majority of STADA Shares, the Bidder could resolve in the general meeting in its sole discretion on the appropriation of a potential distributable profit (*Bilanzgewinn*).
- The Bidder could demand the transfer of the STADA Shares of the outside shareholders to the main shareholder in exchange for reasonable cash compensation (squeeze-out), if it directly or indirectly holds the required number of STADA Shares.
- The Bidder could cause the conclusion of a domination and profit and loss transfer agreement with STADA as the dominated company. In this case, the Bidder, as the dominating company could issue binding instructions to the Executive Board of STADA concerning the management of the business. The obligation to transfer profits means that the Bidder could demand the transfer of the total distributable profit of STADA in return for a guaranteed dividend to the outside shareholders.
- After settlement of the Offer or at a later time within the limits of the law, the Bidder could cause STADA to apply for delisting of the STADA Shares from the regulated market of the Frankfurt Stock Exchange with additional listing obligations (*Prime Standard*) after the conditions required for this have been met, or to suspend trading at the Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart stock exchanges as well as Tradegate Exchange. In the former case, the STADA Shareholders would no longer profit from the increased reporting duties of the regulated market.
- If the Bidder holds at least 95% of the share capital of STADA following the settlement of the takeover offer, the STADA Shareholders who have not accepted the takeover offer by the end of the Acceptance Period or by the end of the Additional Acceptance period, are, in accordance with Section 39c WpÜG, entitled to accept the takeover offer within a period of three months after the Acceptance Period (sell-out right).

## **IX. INTERESTS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD**

The Bidder and the persons acting jointly with it have not exerted any influence on STADA or its bodies in connection with the Offer and this Statement.

The members of the Executive Board and the Supervisory Board have not received or been promised any unjustified payments or other unjustified non-cash benefits from the Bidder or the persons acting jointly with it in connection with the Offer.

## **X. INTENTION TO ACCEPT THE OFFER**

Among the members of the Executive Board, only Mr. Helmut Kraft holds STADA Shares. He intends to accept the Offer for all the STADA Shares held by him.

Among the members of the Supervisory Board, Mr. Carl Ferdinand Oetker, Mr. Jens Steegers, Dr. Birgit Kudlek and Dr. Ute Pantke hold STADA Shares. Mr. Oetker and Dr. Kudlek intend to accept the Offer for all the STADA Shares held by them; Mr. Steegers and Dr. Pantke intend to not accept the Offer.

## **XI. FINAL ASSESSMENT**

In accordance with their respective own examination performed independently of one another, the Executive Board and the Supervisory Board believe that the amount of the Offer Price is fair within the meaning of Section 31 para. 1 WpÜG. In their examination of the fairness of the Offer Price, they took into account, in particular, the Fairness Opinions prepared by the financial advisers Deutsche Bank, Perella Weinberg Partners and Evercore. The Offer Price considerably exceeds the statutory requirements and, in the view of the Executive Board and the Supervisory Board, appropriately reflects the value of the Company at the present time – i.e. also taking into account the current overall geopolitical and macro-economic situation. In addition, the Executive Board and the Supervisory Board consider the intentions of the Bidder stated in the Offer Document concerning STADA's future business operations as positive. The Executive Board and the Supervisory Board therefore support the Bidder's Offer, which they consider to be in the best interests of the Company.

On this basis and taking into account the statements made above, the Executive Board and the Supervisory Board recommend that the STADA Shareholders accept the Offer.

Notwithstanding this, each STADA Shareholder is, in any event, responsible for making its own decision whether or not to accept the Offer, taking into account the overall circumstances, his personal situation and his own assessment of the possible future performance of the value and stock market price of the STADA Shares. Subject to applicable law, the Executive Board and the Supervisory Board accept no liability should a STADA Shareholder suffer any economic disadvantages as a result of accepting or not accepting the Offer.

The contents of this Joint Statement have been approved by the Executive Board of the Company unanimously. The contents of this Joint Statement have been approved by the Supervisory Board by majority vote with three negative votes. The Executive Board and the Supervisory Board – following a final prior discussion of corresponding drafts – finally discussed the contents of this Statement on 10 May 2017.

Bad Vilbel, dated 10 May 2017

**STADA Arzneimittel Aktiengesellschaft**

**Executive Board**

**Supervisory Board**

<b><u>Annex 1</u></b>	List of all subsidiaries of STADA Arzneimittel AG
<b><u>Annex 2</u></b>	Shareholder structure of the Bidder
<b><u>Annex 3</u></b>	Fairness Opinion of Deutsche Bank AG, Frankfurt am Main, dated 8 May 2017
	Fairness Opinion of Perella Weinberg Partners UK LLP, London, dated 8 May 2017
<b><u>Annex 4</u></b>	Fairness Opinion of Evercore GmbH, Frankfurt am Main, dated 2 May 2017

## ANNEX 1 – SUBSIDIARIES OF STADA

Persons acting jointly with STADA within the meaning of Section 2 para. 5 WpÜG

Valid as at: 10 May 2017

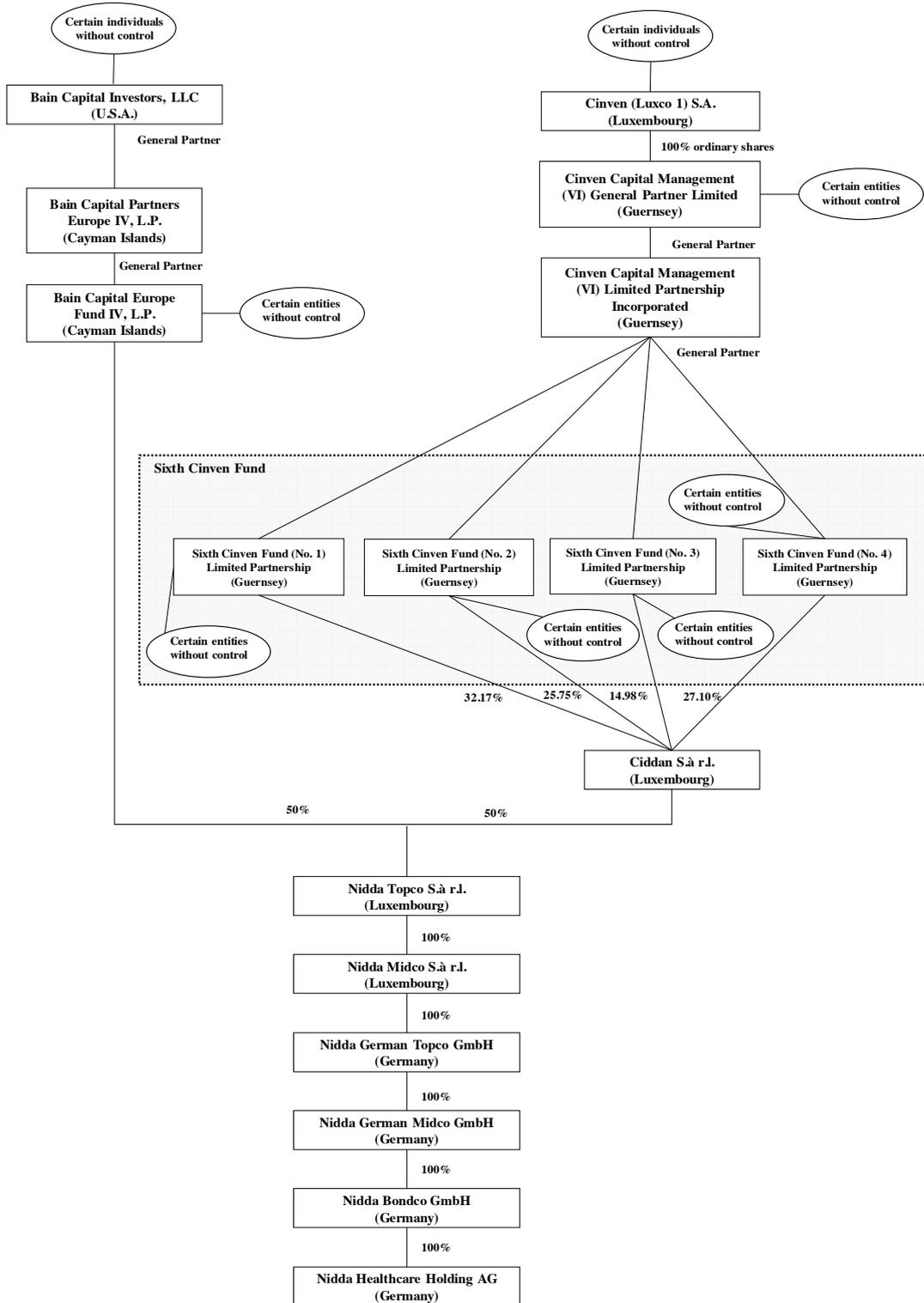
Company	Registered office/Land
ALIUD PHARMA GmbH	Laichingen, Germany
AO Nizhpharm	Nischni Novgorod, Russia
BEPHA Beteiligungsgesellschaft für Pharmawerte mbH	Bad Vilbel, Germany
Blitz F15-487 GmbH	Bad Vilbel, Germany
Britannia Pharmaceuticals Limited	Reading, United Kingdom
BSMW Limited	Huddersfield, United Kingdom
cell pharm Gesellschaft für pharmazeutische und diagnostische Präparate mbH	Bad Vilbel, Germany
Centrafarm B.V.	Etten-Leur, the Netherlands
Centrafarm Nederland B.V.	Etten-Leur, the Netherlands
Centrafarm Services B.V.	Etten-Leur, the Netherlands
Ciclum Farma, Unipessoal, LDA.	Paço de Arcos, Portugal
Clonmel Healthcare Limited	Clonmel, Ireland
Crinos S.p.A.	Milan, Italy
Croma Medic, Inc.	Makati City, Philippines
Crosspharma Limited	Belfast, United Kingdom
EG Labo - Laboratoires Eurogenerics SAS	Boulogne-Billancourt, France
EG S.p.A.	Milan, Italy
Fresh Vape Electronic Cigarettes Limited	Huddersfield, United Kingdom
Genus Pharmaceuticals Holdings Limited	Huddersfield, United Kingdom
Genus Pharmaceuticals Limited	Huddersfield, United Kingdom
Grippostad GmbH	Bad Vilbel, Germany
Healthypharm B.V.	Etten-Leur, the Netherlands
Hemofarm A.D.	Vršac, Serbia
Hemofarm d.o.o. Banja Luka	Banja Luka, Bosnia-Herzegovina
Hemofarm Komerc d.o.o.	Skopje, Macedonia
Hemomont d.o.o.	Podgorica, Montenegro
Hemopharm GmbH Pharmazeutisches Unternehmen	Bad Homburg, Germany
HTP Huisapotheek B.V.	Etten-Leur, the Netherlands
Internis Pharmaceuticals Limited	Huddersfield, United Kingdom

<b>Company</b>	<b>Registered office/Land</b>
Laboratorio STADA, S.L.	Barcelona, Spain
Laboratorio Vannier S.A.	Buenos Aires, Argentina
LAS Trading Limited	Huddersfield, United Kingdom
LCM Limited	Huddersfield, United Kingdom
Lowry Solutions Limited	Huddersfield, United Kingdom
Mobilat Produktions GmbH	Pfaffenhofen a.d. Ilm, Germany
Natures Aid Limited	Huddersfield, United Kingdom
Nizhpharm-Kazakhstan TOO DO	Almaty, Kazakhstan
Nizhpharm-Ukraine DO	Kiev, Ukraine
OOO Aqualor	Moscow, Russia
OOO Hemofarm	Obninsk, Russia
OOO STADA CIS	Nischni Novgorod, Russia
OOO STADA Marketing	Nischni Novgorod, Russia
OOO STADA PharmDevelopment	Nischni Novgorod, Russia
Pegach AG	Egerkingen, Switzerland
PharmaSwyzz Deutschland GmbH	Bad Homburg, Germany
PYMEPHARCO JOINT STOCK COMPANY	Tuy Hoa City, Vietnam
Quatropharma Holding B.V.	Etten-Leur, the Netherlands
S.A. Eurogenerics N.V.	Brussels, Belgium
SCIOTEC Diagnostic Technologies GmbH	Tulln, Austria
Slam Trading Limited	Huddersfield, United Kingdom
Socialites E-Commerce Limited	Huddersfield, United Kingdom
Socialites Nederland B.V.	Beuningen, the Netherlands
Socialites Retail Limited	Huddersfield, United Kingdom
Spirig Healthcare AG	Egerkingen, Switzerland
STADA (Shanghai) Company Management Consulting Co., Ltd.	Shanghai, People's Republic of China
STADA (Thailand) Company, Limited	Bangkok, Thailand
STADA Aesthetics AG	Bottighofen, Switzerland
STADA Aesthetics Belgique BVBA	Zaventem, Belgium
STADA Aesthetics Deutschland GmbH	Bad Homburg, Germany
STADA Aesthetics Italia S.R.L.	Verona, Italy
STADA Aesthetics UK Limited	West Wickham, United Kingdom
STADA Arzneimittel Gesellschaft m.b.H.	Vienna, Austria

<b>Company</b>	<b>Registered office/Land</b>
STADA CEE GmbH	Bad Vilbel, Germany
STADA d.o.o.	Ljubljana, Slovenia
STADA d.o.o.	Zagreb, Croatia
STADA Egypt Limited	Cairo, Egypt
STADA Financial Investments Limited	Clonmel, Ireland
STADA Genericos, S.L.	Barcelona, Spain
STADA GmbH	Bad Vilbel, Germany
STADA HEMOFARM SRL	Timisoara, Romania
STADA IT SOLUTIONS d.o.o.	Vršac, Serbia
STADA Lux S.à.R.L.	Luxembourg, Luxembourg
STADA M&D SRL	Bucharest, Romania
STADA Medical GmbH	Bad Vilbel, Germany
STADA MENA DWC-LLC	Dubai, United Arab Emirates
STADA Nordic ApS	Herlev, Denmark
STADA PHARMA Bulgaria EOOD	Sofia, Bulgaria
STADA PHARMA CZ s.r.o.	Prague, Czech Republic
STADA Pharma International GmbH	Bad Vilbel, Germany
STADA Pharma Services India Private Limited	Mumbai, India
STADA PHARMA Slovakia s.r.o.	Bratislava, Republic of Slovakia
STADA Pharmaceuticals (Asia) Limited	Hong Kong, Hong Kong
STADA Pharmaceuticals (Beijing) Limited	Peking, People's Republic of China
STADA Pharmaceuticals Australia Pty. Limited	Sydney, Australia
STADA Poland Sp. z o.o.	Piaseczno, Poland
STADA Service Holding B.V.	Etten-Leur, the Netherlands
STADA UK Holdings Limited	Reading, United Kingdom
STADA Vietnam J.V. Co., Limited	Ho Chi Minh City, Vietnam
STADA, LDA.	Paço de Arcos, Portugal
STADapharm GmbH	Bad Vilbel, Germany
STAdata LLC	Kiev, Ukraine
STADAvita GmbH	Bad Homburg, Germany
Sundrops Limited	Huddersfield, United Kingdom
Thornton & Ross Ireland Limited	Clonmel, Ireland
Thornton & Ross Limited	Huddersfield, United Kingdom
UAB STADA-Nizhpharm-Baltija	Vilnius, Lithuania

<b>Company</b>	<b>Registered office/Land</b>
Velexfarm d.o.o. Beograd	Belgrade, Serbia
Well Light Investment Services JSC	Ho Chi Minh City, Vietnam
ZAO Makiz-Pharma	Nischni Novgorod, Russia
ZAO Skopinpharm	Nischni Novgorod, Russia
Zeroderma Limited	Huddersfield, United Kingdom

## ANNEX 2 – SHAREHOLDER STRUCTURE OF THE BIDDER



**ANNEX 3 – FAIRNESS OPINIONS**

**Deutsche Bank**

**and**

**Perella Weinberg Partners**



**For use by the executive board (Mitglieder des Vorstands) of  
Stada Arzneimittel AG only**

Frankfurt am Main, 8 May 2017

STADA Arzneimittel AG  
Members of the Executive Board (*Vorstand*)  
Stadastr. 2-18  
61118 Bad Vilbel  
Germany

Dear Sirs:

Deutsche Bank AG ("**Deutsche Bank**") is acting as joint financial advisor to Stada Arzneimittel AG (the "**Client**") in connection with the voluntary public tender offer for all of the issued and outstanding registered shares of the Client (the "**Offer**") made by Nidda Healthcare Holding AG (the "**Purchaser**"), a holding company which is jointly controlled by Bain Capital Europe Fund IV, L.P. ("**Bain**") and Cinven Partners LLP ("**Cinven**"). The terms and conditions of the Offer are described in the offer document (*Angebotsunterlage*) prepared in relation to the Offer (the "**Offer Document**") published pursuant to section 14 of the German Takeover Act (*WpÜG*) on 27 April 2017. The consideration paid by the Purchaser to the Shareholders (as defined below) pursuant to the terms and conditions of the Offer Document (the "**Consideration**") is €65.28 per Client share plus the dividend amount of €0.72 per Client share for the fiscal year 2016 as proposed by the executive board of the Client (the "**Executive Board**").

The Client has requested Deutsche Bank to provide an opinion addressed to the members of the Executive Board (*Mitglieder des Vorstands*) as to whether the Consideration proposed to be paid by the Purchaser to the Shareholders is fair, from a financial point of view, to the Shareholders.

For the purposes of this letter: "**Client Group**" shall mean the Client, the parent undertakings and subsidiary undertakings of the Client and any subsidiary undertakings of such parent undertakings from time to time; "**DB Group**" shall mean



Deutsche Bank AG and its subsidiary undertakings from time to time; “**Shareholders**” shall mean the holders of shares in the share capital of the Client from time to time; “**subsidiary undertakings**” shall be construed in accordance with section 15 of the German Stock Corporation Act; and “**person**” shall include a reference to an individual, body corporate, association or any form of partnership (including a limited partnership).

In connection with Deutsche Bank’s role as joint financial advisor to the Client, and in arriving at the opinion contained in this letter, Deutsche Bank has:

- (i) reviewed certain publicly available financial information in relation to the Client, including the audited consolidated group annual reports as of 31 December 2015 and 31 December 2016;
- (ii) reviewed selected research reports published on the Client and certain other companies conducting business in the same industry in which the Client is active;
- (iii) reviewed the business plan for the Client as prepared by the Client (the “**Business Plan**”);
- (iv) held discussions with members of the senior management of the Client as well as commercial advisors to the Client regarding the businesses and prospects of the Client;
- (v) reviewed the reported prices and trading activity for the shares of the Client;
- (vi) to the extent publicly available, compared certain financial and stock market information for the Client with similar information for certain selected companies which Deutsche Bank has considered comparable and whose securities are publicly traded;
- (vii) reviewed the financial aspects of certain selected merger and acquisition transactions which Deutsche Bank has considered comparable to the Offer;
- (viii) reviewed the investment agreement between the Client and the Purchaser dated 10 April 2017 (the “**Investment Agreement**”);
- (ix) reviewed the Offer Document; and
- (x) performed such other studies and analyses, and considered such other factors, as it deemed appropriate.

In conducting its analyses and arriving at the opinion contained in this letter, Deutsche Bank utilized a variety of generally accepted valuation methods commonly used for these types of analyses. The analyses conducted by Deutsche Bank were prepared solely for the purpose of enabling Deutsche Bank to provide the opinion contained in this letter to the Executive Board as to the fairness, from a financial point of view, of the Consideration proposed to be paid by the Purchaser to the Shareholders and do not purport to be appraisals or necessarily reflect the prices at



which businesses or securities may actually be sold, which are inherently subject to uncertainty.

The opinion contained in this letter is not based on a valuation as it is typically prepared by auditors with regard to German corporate law requirements, and Deutsche Bank has not prepared a valuation on the basis of IDW Standard S 1 Principles for the Performance of Business Valuations (*Grundsätze zur Durchführung von Unternehmensbewertungen*) published by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW). Also, the opinion contained in this letter has not been prepared in accordance with the IDW Standard S 8 Principles for the preparation of Fairness Opinions (*Grundsätze für die Erstellung von Fairness Opinions*).

Deutsche Bank has not assumed responsibility for, and has not independently verified, any information, whether publicly available or furnished to it, concerning the Client or the Purchaser, including, without limitation, any financial information, forecasts or projections considered in connection with the rendering of the opinion contained in this letter. Accordingly, for the purposes of the opinion contained in this letter, Deutsche Bank has, with the Client's permission, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank has not conducted a physical inspection of any of the properties or assets, and has not prepared or obtained any independent valuation or appraisal of any of the assets or liabilities (including, without limitation, any contingent, derivative, or off-balance sheet assets and liabilities), of the Client or the Purchaser or any of their respective affiliates, nor has Deutsche Bank evaluated the solvency or fair value of the Client or the Purchaser under any applicable law relating to bankruptcy, insolvency or similar matters.

With respect to the financial forecasts and projections made available to Deutsche Bank and used in its analyses, Deutsche Bank has assumed, with the Client's permission, that they have been reasonably prepared on bases reflecting the best currently available estimates and judgements of the management of the Client as to the matters covered thereby. In rendering the opinion contained in this letter, Deutsche Bank expresses no view as to the reasonableness of such financial information, forecasts and projections or the assumptions on which they are based.

For purposes of rendering the opinion contained in this letter, Deutsche Bank has assumed, with the Client's permission, that the Offer will, in all respects material to its analysis, be consummated in accordance with the terms of the Offer Document and the Investment Agreement, without any material waiver, modification or amendment



of any term, condition or agreement. Deutsche Bank has also assumed, with the Client's permission, that all material governmental, regulatory or other approvals and consents required in connection with the making of the Offer will be obtained and that, in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no material restrictions will be imposed.

Deutsche Bank is not a legal, regulatory, tax or accounting expert and has relied on the assessments made by the Client and its professional advisors with respect to such issues.

The opinion contained in this letter is: (i) limited to the fairness, from a financial point of view, of the Consideration to the Shareholders; (ii) subject to the assumptions, limitations, qualifications and other conditions contained in this letter; and (iii) necessarily based on financial, economic, market and other conditions, and the information made available to Deutsche Bank, as of the date of this letter.

The Client has not asked Deutsche Bank to, and the opinion contained in this letter does not, address the fairness of the Offer, or any consideration received in connection with the Offer, to the holders of any class of securities (other than the Shareholders), creditors or other constituencies of the Client, nor does it address the fairness of the contemplated benefits of the Offer (other than the Consideration). Deutsche Bank expressly disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this letter or the opinion contained in this letter of which it or any other member of the DB Group becomes aware after the date of this letter. Deutsche Bank expresses no opinion as to the merits of the underlying decision of the Shareholders to accept the Offer. In addition, Deutsche Bank does not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to, or to be received pursuant to the Offer by, any of the officers, directors, or employees of any of the persons to whom the Offer is made, or any class of such persons. The opinion contained in this letter does not address the prices at which the ordinary shares in the share capital of the Client or any other securities will trade following the making or acceptance of the Offer.

It has not been requested, that Deutsche Bank considers or will consider, and the opinion contained in this letter does not address, the relative merits of the Offer as compared to any alternative business strategies.



In consideration for its services as joint financial advisor to the Client in connection with the Offer, Deutsche Bank will be paid a fee, the majority of which is contingent upon the completion of the Offer. The Client has also agreed to indemnify Deutsche Bank and, *inter alia*, each other member of the DB Group against, and, at all times, hold Deutsche Bank and, *inter alia*, each other member of the DB Group harmless from and against, certain liabilities in connection with the engagement of Deutsche Bank as a financial advisor to the Client in connection with the Offer.

One or more members of the DB Group has, over the last years, provided material investment banking, commercial banking (including, without limitation, extension of credit) and other financial services to the Client, Bain and Cinven or their respective affiliates for which it has received compensation. After the announcement of the intention to launch the Offer and with the Client's consent, Deutsche Bank has been engaged by the Purchaser as a lender in connection with the financing of the Offer. In the ordinary course of its business, one or more members of the DB Group may actively trade in the ordinary shares in the share capital or any other securities, and other instruments and obligations, of the Client for its own account and/or for the account of its respective customers. Accordingly, one or more members of the DB Group may, at any time, hold a long or short position in any such ordinary shares, securities, instruments and obligations. For the purpose of rendering the opinion contained in this letter, Deutsche Bank has not considered any information that may have been provided to it in any of the above capacities, or in any capacity other than in its capacity as fairness opinion provider.

Based upon, and subject to, the foregoing, it is Deutsche Bank's opinion as investment bankers that, as of the date of this letter, the Consideration is fair, from a financial point of view, to the Shareholders.

This letter has been approved and authorized for issuance by a fairness opinion review committee, is addressed to, and is for the use and benefit of, the Executive Board, and is not a recommendation to the Shareholders to accept or reject the Offer. This letter, and the opinion contained in this letter, is intended solely for the use of the Executive Board in considering the Offer. This letter and its contents, including the opinion contained in this letter, shall not be used or relied upon by any other person or for any other purpose.

Without the prior written consent of Deutsche Bank, this letter shall not, in whole or in part, be disclosed, reproduced, disseminated, summarised, quoted or referred to as



any time in any manner or for any purpose to any other person or in any public report, public document, press release, public statement or other public communication (each, a “**Public Disclosure**”), *provided, however, that* the Client shall be entitled to disclose this letter and its contents, including the opinion contained in this letter: (i) as expressly required by applicable law or regulation (including, without limitation, in any disclosure document expressly required by applicable law or regulation to be filed by the Client with any applicable securities regulatory authorities with respect to the Offer); or (ii) on a confidential and non-reliance basis to the professional advisers of the Client in relation to the Offer, *provided, further, that* this letter is disclosed in full, and that any description of, or reference to, Deutsche Bank or any other member of the DB Group in such Public Disclosure is in a form acceptable to Deutsche Bank and its professional advisers.

In the event that Deutsche Bank grants its prior written consent to any such disclosure, reproduction, dissemination, summary, quotation of, or reference to, this letter to any such other person (each, a “**Third Party Recipient**”), or in any such Public Disclosure, or in the event that this letter or the opinion contained in this letter is otherwise disclosed to any Third Party Recipient, neither Deutsche Bank nor any other member of the DB Group assumes or will assume any liability or is or will be liable to any such Third Party Recipient, or to any person claiming through any such Third Party Recipient in relation to this letter or the opinion contained in this letter. For the avoidance of doubt, no contractual relationship shall exist or arise under any circumstances between any such Third Party Recipient and Deutsche Bank in relation to this letter or the opinion contained in this letter. Furthermore, Deutsche Bank has agreed with the Client that no such Third Party Recipient is included in the scope of protection of this letter or the opinion contained in this letter, even if this letter or the opinion contained in this letter has been disclosed to such Third Party Recipient with the prior written consent of Deutsche Bank.

Yours faithfully,

**Deutsche Bank AG**

Name: Dr. Stefan Teufer

Name: Carsten Laux

An die Mitglieder des Vorstands der

STADA Arzneimittel AG  
Stadastraße 2-18  
61118 Bad Vilbel  
Deutschland

8. Mai 2017

## **Öffentliches Übernahmeangebot der Nidda Healthcare Holding AG**

Sehr geehrte Mitglieder des Vorstands,

die Nidda Healthcare Holding AG (früher: Blitz 17-621 AG) (die „Bieterin“) hat den Aktionären der STADA Arzneimittel AG („STADA“ oder die „Gesellschaft“) am 27. April 2017, vorbehaltlich bestimmter Bedingungen, ein Angebot (das „Übernahmeangebot“) gemäß § 29 Wertpapiererwerbs- und Übernahmegesetz („WpÜG“) zum Erwerb aller ausstehenden nennwertlosen Namensaktien der Gesellschaft (die „STADA-Aktien“) unterbreitet (die „Akquisition“). Die Bieterin hat die Angebotsunterlage gemäß § 14 Abs. 3 WpÜG am 27. April 2017 veröffentlicht (die „Angebotsunterlage“). Gemäß der Angebotsunterlage sollen die Aktionäre von STADA nach Absicht der Bieterin wirtschaftlich eine Gesamtgegenleistung in Höhe von EUR 66,00 je STADA-Aktie in bar (die „Gesamtgegenleistung“) erhalten. Die Gesamtgegenleistung setzt sich zusammen aus dem Angebotspreis in Höhe von EUR 65,28 je STADA-Aktie gemäß dem Übernahmeangebot (der „Angebotspreis“) sowie der Partizipation der Aktionäre von STADA an der von dem Vorstand der STADA für das am 31. Dezember 2016 endende Geschäftsjahr vorgeschlagenen Dividende in Höhe von EUR 0,72 je STADA-Aktie, sofern und soweit diese von der derzeit für den 30. August 2017 geplanten Hauptversammlung (die „Ordentliche Hauptversammlung 2017“) beschlossen wird. Wenn der Vollzug des Übernahmeangebots nach dem Tag der Ordentlichen Hauptversammlung 2017 erfolgt, erhalten die Aktionäre von STADA zunächst von der Gesellschaft die in der Ordentlichen Hauptversammlung 2017 beschlossene Dividende; nachfolgend erhalten Aktionäre von STADA, die das Übernahmeangebot angenommen haben, mit Vollzug des Übernahmeangebots von der Bieterin zusätzlich den Angebotspreis in Höhe von EUR 65,28 je STADA-Aktie. Gemäß der Angebotsunterlage wird der Angebotspreis um EUR 0,72 auf EUR 66,00 je STADA-Aktie erhöht, wenn der Vollzug des Übernahmeangebots vor dem Tag der Ordentlichen Hauptversammlung 2017 erfolgt. Für nähere Einzelheiten wird auf die Angebotsunterlage verwiesen.

STADA hat Perella Weinberg Partners UK LLP („Perella Weinberg Partners“ oder „wir“) gebeten, für Sie in Ihrer Funktion als Vorstand die Abgabe einer Stellungnahme zur

Angemessenheit der Gesamtgegenleistung für die Aktionäre von STADA (mit Ausnahme der Bieterin und der mit ihr verbundenen Unternehmen oder gemeinsam handelnden Personen) aus finanzieller Sicht zu prüfen und eine dahingehende Stellungnahme (die „Stellungnahme“) abzugeben, welche in diesem Schreiben enthalten ist.

Im Zusammenhang mit der Erstellung dieser Stellungnahme haben wir:

- i. das zwischen STADA und der Bieterin geschlossene Investment Agreement vom 10. April 2017 und die Angebotsunterlage durchgesehen;
- ii. öffentlich verfügbare Geschäfts- und Finanzdaten der Gesellschaft analysiert;
- iii. bestimmte Finanzprognosen und andere Daten durchgesehen, die uns die Gesellschaft im Hinblick auf ihre Geschäftstätigkeit vorgelegt hat;
- iv. Gespräche mit den Mitgliedern des Vorstands und anderen Angestellten der Gesellschaft über die vergangene und laufende Geschäftstätigkeit der Gesellschaft, die Finanz- und Ertragslage, ihre jeweilige Einschätzung zu den Zukunftsaussichten und geschäftlichen Aktivitäten der Gesellschaft sowie über verschiedene andere Themen geführt;
- v. Sitzungen und Telefonkonferenzen zwischen dem Ad hoc-Ausschuss des Aufsichtsrats und dem Vorstand beigewohnt, in denen verschiedene Aspekte sowie unterschiedliche Ansichten bezüglich der Zukunftsaussichten und der Finanzprognosen der Gesellschaft diskutiert wurden, und haben unsere Interpretation dieser Diskussionen in Sensitivitätsszenarien im Hinblick auf eine mögliche Unter- bzw. Übererfüllung der Finanzprognosen reflektiert;
- vi. verschiedene öffentlich verfügbare Geschäfts- und Finanzinformationen über das Geschäftsumfeld, in dem die Gesellschaft tätig ist, und über bestimmte andere Unternehmen mit einer vergleichbaren Geschäftstätigkeit berücksichtigt;
- vii. öffentlich verfügbare Informationen über die finanziellen Konditionen von aus unserer Sicht grundsätzlich relevanten Transaktionen analysiert, an denen bestimmte andere Unternehmen beteiligt waren;
- viii. die Entwicklung des Börsenkurses der Aktien der Gesellschaft herangezogen und Erwägungen dahingehend angestellt, zu welchen Börsenkursen die Aktien der Gesellschaft derzeit möglicherweise gehandelt würden, wenn bestimmte Gerüchte und/oder Nachrichten bezüglich eines möglichen oder tatsächlichen Interesses an einer Übernahme der Gesellschaft nicht aufgekommen wären;

- ix. Prämien aus bestimmten, aus unserer Sicht grundsätzlich relevanten, früheren Übernahmeangeboten in Deutschland analysiert;
- x. die Prognosen von Aktienanalysten hinsichtlich der zukünftigen finanziellen Entwicklung der Gesellschaft sowie deren Bewertungen und Kursziele für die STADA-Aktien analysiert;
- xi. Discounted-Cash-Flow-Analysen durchgeführt;
- xii. andere Studien und Analysen vorgenommen sowie andere Faktoren berücksichtigt, die wir als zweckmäßig erachtet haben.

Bei der Erstellung dieser Stellungnahme sind wir davon ausgegangen und haben uns mit Ihrem Einverständnis ohne weitere eigenständige Prüfung darauf verlassen, dass die von der Gesellschaft zur Verfügung gestellten Informationen, Berichte und Zusicherungen sowie auch die öffentlich verfügbaren Informationen richtig und vollständig sind und die gegenwärtige Lage der Gesellschaft richtig wiedergeben. Mit Ihrem Einverständnis sind wir des Weiteren davon ausgegangen, dass die Finanzprognosen und Projektionen, die uns vorgelegt wurden, ambitionierte, jedoch vertretbare Einschätzungen und Beurteilungen der möglichen künftigen finanziellen Entwicklung der Gesellschaft darstellen, dass die tatsächliche zukünftige finanzielle Entwicklung der Gesellschaft davon abweichen kann und dass die jeweilige Wahrscheinlichkeit einer positiven bzw. negativen Abweichung nicht notwendigerweise symmetrisch ist. Mit der Abgabe dieser Stellungnahme übernehmen wir keine Verantwortung für die Angemessenheit dieser Prognosen, Projektionen und Einschätzungen oder der ihnen zugrundeliegenden Annahmen.

Darüber hinaus sind wir davon ausgegangen, dass das Übernahmeangebot und die Akquisition in Übereinstimmung mit der Angebotsunterlage ohne Verzicht, Veränderung oder Ergänzung ihrer wesentlichen Inhalte oder Bestimmungen umgesetzt werden. Wir sind ferner davon ausgegangen, dass im Zusammenhang mit dem Erhalt der für die Akquisition gegebenenfalls notwendigen regulatorischen und sonstigen Freigaben und Zustimmungen Dritter keine Veränderungen, Verzögerungen, Ein- oder Beschränkungen oder Bedingungen auferlegt werden, die eine wesentliche nachteilige Auswirkung auf die Gesellschaft oder die Akquisition haben.

Im Zusammenhang mit der Erstellung dieser Stellungnahme haben wir keine unabhängige Bewertung, Schätzung oder Begutachtung der Vermögensgegenstände oder Verbindlichkeiten (Eventual- und anderweitiger Verbindlichkeiten) der Gesellschaft, der Bieterin oder eines anderen Beteiligten durchgeführt, und wir haben weder eine physische Begutachtung der Grundstücke oder Einrichtungen der Gesellschaft oder der Bieterin durchgeführt noch übernehmen wir eine Verpflichtung zu einer solchen Begutachtung. Wir haben ebenfalls nicht die Solvenz der an der Akquisition beteiligten Parteien geprüft und waren dazu auch nicht beauftragt. Uns sind auch keine diesbezüglichen Bewertungen oder Begutachtungen vorgelegt worden.

Unsere Stellungnahme bezieht sich nicht auf rechtliche, regulatorische, steuerliche oder die Rechnungslegung betreffende Fragen. Diese Stellungnahme behandelt einzig die Angemessenheit der Gesamtgegenleistung gegenüber den zum Bezug dieser Gesamtgegenleistung berechtigten Aktionären der Gesellschaft (mit Ausnahme der Bieterin und der mit ihr verbundenen Unternehmen oder gemeinsam handelnden Personen) aus finanzieller Sicht. Jeglicher anderer Aspekt oder jegliche weitere Auswirkung der Umsetzung oder Nichtumsetzung der Akquisition ebenso wie jegliche weiteren Vereinbarungen, Absprachen oder Übereinkommen, die im Zusammenhang mit dem Übernahmeangebot und/oder der Akquisition getroffen wurden oder werden, sind nicht Gegenstand unserer Stellungnahme.

Unsere Stellungnahme befasst sich nicht mit den relativen Vorzügen des Übernahmeangebots oder der Akquisition im Vergleich zu alternativen Transaktionen, Angeboten oder Strategien, die der Gesellschaft zur Verfügung stehen könnten. Auch befasst sie sich nicht mit der zugrundeliegenden unternehmerischen Entscheidung des Vorstands, den Aktionären der Gesellschaft gegebenenfalls die Annahme des Übernahmeangebots zu empfehlen oder davon abzuraten.

Im Zusammenhang mit der Erstellung dieser Stellungnahme hat Perella Weinberg Partners eine Mehrzahl von für die Erstellung solcher Stellungnahmen unter Investmentbanken üblichen Bewertungsmethoden herangezogen. Dieser Stellungnahme von Perella Weinberg Partners liegt jedoch keine Unternehmensbewertung zu Grunde, wie sie typischerweise von Wirtschaftsprüfern gemäß den Erfordernissen des deutschen Gesellschafts- und Handelsrechts durchgeführt wird und sie sollte dementsprechend auch nicht als solche aufgefasst werden. Insbesondere hat Perella Weinberg Partners kein Wertgutachten nach den vom Institut der Wirtschaftsprüfer e.V. (IDW) veröffentlichten Grundsätzen zur Durchführung von Unternehmensbewertungen (IDW S 1) erstellt, und auch die vom Institut der Wirtschaftsprüfer e.V. (IDW) herausgegebenen Grundsätze für die Erstellung von Fairness Opinions (IDW S 8) fanden bei der Anfertigung dieser Stellungnahme keine Berücksichtigung. Eine Beurteilung der Angemessenheit aus finanzieller Sicht unterscheidet sich in mehreren wichtigen Gesichtspunkten von Bewertungen durch Wirtschaftsprüfer und von finanziellen Bewertungen im Allgemeinen.

Unsere Stellungnahme beruht naturgemäß auf den uns bis zu dem Datum dieses Schreibens zur Verfügung gestellten Informationen und auf den finanziellen, gesamtwirtschaftlichen, marktbezogenen und sonstigen Rahmenbedingungen, wie sie derzeit vorliegen und zum jetzigen Zeitpunkt berücksichtigt werden können. Umstände, Entwicklungen und Ereignisse, die nach dem Datum dieses Schreibens eintreten, oder Informationen, die wir nach dem Datum dieses Schreibens erhalten, könnten Auswirkungen auf unsere Stellungnahme haben und die zugrunde liegenden Annahmen beeinflussen. Wir übernehmen jedoch keine Verpflichtung, unsere Stellungnahme auf Basis neuer Umstände, Entwicklungen, Ereignisse oder sonstiger nach Abgabe dieser Stellungnahme eintretender Anlässe oder erhaltener Informationen zu aktualisieren, zu überarbeiten oder zu bestätigen.

Im Zusammenhang mit dem Übernahmeangebot handeln wir als Finanzberater der Gesellschaft und erhalten für unsere Beratungsleistungen ein Honorar, dessen Höhe

unter anderem davon abhängig ist, ob und gegebenenfalls unter welchen Umständen die Akquisition umgesetzt wird. Darüber hinaus hat die Gesellschaft zugestimmt, die uns im Zusammenhang mit der Ausübung dieses Mandats entstehenden Kosten zu erstatten sowie uns von bestimmten Haftungsrisiken, Kosten und anderen Umständen freizustellen, die aus unserer Beauftragung resultieren könnten.

Es ist möglich, dass Perella Weinberg Partners oder mit Perella Weinberg Partners verbundene Unternehmen Beratungs- oder andere Finanzdienstleistungen für die Gesellschaft oder für andere an der Akquisition Beteiligte erbracht haben, erbringen oder erbringen werden und für diese Leistungen eine Vergütung erhalten haben oder erhalten werden. Es ist jederzeit möglich, dass Perella Weinberg Partners oder mit Perella Weinberg Partners verbundene Unternehmen im Rahmen ihrer gewöhnlichen Geschäftstätigkeit für eigene und/oder fremde Rechnung Bestände an Wertpapieren jeglicher Art und/oder Finanzinstrumenten hinsichtlich der Gesellschaft, der Bieterin oder der mit der Gesellschaft oder der Bieterin verbundenen Unternehmen oder anderer an der Akquisition Beteiligter halten.

Diese Stellungnahme wurde von uns ausschließlich für den Vorstand der Gesellschaft erstellt, damit dieser sich ein eigenes Urteil über die Gesamtgegenleistung bilden kann. Die Stellungnahme wurde nicht für die Aktionäre der Gesellschaft, die Bieterin oder sonstige Personen (jeweils ein „Nicht-Adressat“) erstellt, und enthält keine Empfehlung dahingehend, wie ein solcher Nicht-Adressat im Rahmen des Übernahmeangebotes handeln sollte, ob er STADA-Aktien erwerben oder veräußern sollte oder ob er von ihm gehaltene STADA-Aktien im Rahmen des Übernahmeangebots andienen sollte oder nicht. Diese Stellungnahme wurde nicht im Auftrag oder im Namen eines Aktionärs, Gläubigers oder sonstigen Dritten erstellt und begründet weder Rechte noch Schutzwirkungen zugunsten der Vorgenannten. Der Vorstand darf dieses Schreiben als Ganzes seiner begründeten Stellungnahme beifügen, die gemäß § 27 Abs. 1 und Abs. 3 WpÜG zu veröffentlichen ist. Der Vorstand darf ebenfalls in den die Veröffentlichung der begründeten Stellungnahme begleitenden Dokumenten auf dieses Schreiben verweisen. Mit Ausnahme der vorgenannten gestatteten Offenlegung darf dieses Schreiben ohne unsere vorherige schriftliche Zustimmung weder anderen Personen gegenüber offen gelegt werden, noch darf es – ganz oder teilweise – zitiert oder darauf Bezug genommen werden, und es darf für keinen anderen als den hierin vorgesehenen Zweck verwendet werden. Nicht-Adressaten gegenüber besteht keine Haftung, selbst wenn diese Stellungnahme mit unserer Zustimmung offengelegt wurde.

Auf dieser Grundlage und vorbehaltlich des Vorstehenden, einschließlich der hierin enthaltenen verschiedenen Annahmen und Einschränkungen, sind wir zum Zeitpunkt dieses Schreibens der Auffassung, dass die Gesamtgegenleistung für die Aktionäre der Gesellschaft (ausgenommen die Bieterin und die mit ihr verbundenen Unternehmen oder gemeinsam handelnden Personen) aus finanzieller Sicht angemessen ist.

**P / W / P**

/ PERELLA WEINBERG  
PARTNERS

Mit freundlichen Grüßen,

*Perella Weinberg Partners UK LLP*

PERELLA WEINBERG PARTNERS UK LLP

**THIS LETTER IS WRITTEN IN  
THE GERMAN LANGUAGE AND  
PROVIDED WITH AN ENGLISH  
LANGUAGE TRANSLATION. THE  
GERMAN TEXT SHALL BE  
CONTROLLING AND BINDING.  
THE ENGLISH LANGUAGE  
TRANSLATION  
IS FOR CONVENIENCE ONLY**

For the attention of the Executive Board of

STADA Arzneimittel AG  
Stadastraße 2-18  
61118 Bad Vilbel  
Germany

8 May 2017

**Public takeover offer by Nidda Healthcare Holding AG**

Dear members of the Executive Board,

On 27 April 2017, Nidda Healthcare Holding AG (formerly: Blitz 17-621 AG) (the “Bidder”) has made a public takeover offer (the “Takeover Offer”) to the shareholders of STADA Arzneimittel AG (“STADA” or the “Company”) to acquire, subject to certain conditions, all outstanding no-par value registered shares of the Company (“STADA Shares”) in accordance with § 29 German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – “WpÜG”) (the “Acquisition”). The Bidder published the offer document on 27 April 2017 (the “Offer Document”) pursuant to § 14 Para. 3 WpÜG. According to the Offer Document, the Bidder intends the shareholders of the Company to receive a total amount of EUR 66.00 per STADA Share in cash (the “Total Consideration”). The Total Consideration comprises an offer price of EUR 65.28 per STADA Share pursuant to the Takeover Offer (the “Offer Consideration”) and the benefit from the payment of the dividend proposed by the Executive Board of the Company for the fiscal year ending on 31 December 2016 of EUR 0.72 per STADA Share, if and as approved by STADA’s annual general meeting of shareholders currently scheduled to take place on 30 August 2017 (the “Annual General Meeting 2017”). If the settlement of the Takeover Offer occurs after the day of the Annual General Meeting 2017, shareholders of STADA will receive the dividend resolved by the Annual General Meeting 2017 from the Company first and shareholders of STADA who have tendered their STADA Shares into the Takeover Offer will receive the Offer Consideration of EUR 65.28 per STADA Share from the Bidder later upon settlement of the Takeover Offer. According to the Offer Document, the Offer Consideration will be increased by EUR 0.72 to EUR 66.00 per STADA Share if the settlement of the Takeover Offer occurs prior to the day of the Annual General Meeting 2017. Further details are contained in the Offer Document.

STADA has requested Perella Weinberg Partners UK LLP (“Perella Weinberg Partners” or “we”) to assess, for you in your capacity as Executive Board, the issuance of an opinion regarding the fairness (in German “*Angemessenheit*”), from a financial point of view, to the shareholders of the Company (other than the Bidder and its affiliates or persons acting jointly with the Bidder) of the Total Consideration and to issue to the Executive Board a respective opinion (the “Opinion”), which is contained in this letter.

In the context of preparing this Opinion we have:

- i. reviewed the investment agreement between STADA and the Bidder dated 10 April 2017 and the Offer Document;
- ii. analysed publicly available business and financial information relating to the Company;
- iii. reviewed certain financial forecasts and other data which the Company provided to us with regard to its business activities;
- iv. held talks with the members of the Executive Board as well as certain other employees of the Company and discussed the past and current commercial activity of the Company, the financial position and profitability, their assessment of the future prospects and business activities of the Company as well as several other topics;
- v. attended meetings and telephone conferences of the Ad hoc-Committee of the Supervisory Board with the Executive Board during which various aspects of, and perspectives on the future prospects of the Company and the financial projections for the Company were discussed and have reflected our interpretation of the discussions in sensitivity scenarios concerning possible under- or overachievement of the financial projections;
- vi. considered various publicly available business and financial information concerning the business environment in which the Company operates, as well as concerning certain other companies with a similar business activity;
- vii. analysed the publicly available information concerning the financial terms and conditions of transactions involving certain other companies which we generally believe to be relevant;
- viii. reviewed the development of the prices at which the Company's stock has been traded and considered price levels at which the Company's stock

might be traded at present if certain rumours and / or news related to possible or actual takeover interest in the Company had not occurred;

- ix. reviewed the takeover premia implied in certain takeover offers in Germany in the past which we generally believe to be relevant;
- x. analysed equity research analysts' financial projections for the Company, as well as their evaluation of price targets for the Company's stock;
- xi. conducted certain discounted cash flow analyses;
- xii. conducted other studies, analyses and evaluations of other factors which we deemed to be appropriate.

In preparing this Opinion, we have assumed and relied thereupon, with your consent, without any further independent verification, that the information, reports and assurances provided by the Company as well as the publicly available information are correct and complete and accurately reflect the current state of the Company. With respect to the financial forecasts and projections provided to us, we have further assumed, with your consent, that they represent ambitious, but reasonable estimates and judgments as to the possible future financial performance of the Company, that the actual future performance of the Company may deviate therefrom, and that the respective probability of positive and negative deviations may not be symmetric. In rendering this Opinion, we assume no responsibility for the reasonableness of such forecasts and projections or the assumptions on which they are based.

Furthermore, we have assumed that the Takeover Offer and the Acquisition will be carried out in accordance with the Offer Document without waiver, alteration or amendment of any of its material content, terms or conditions. We have further assumed that in the context of the receipt of the regulatory and other approvals and third party consents necessary for the Acquisition no alterations, delays, restrictions or conditions are imposed which have a material adverse impact on the Company or the Acquisition.

In the context of the preparation of this Opinion we did not perform an independent evaluation, appraisal or assessment of the assets or liabilities (contingent or other liabilities) of the Company or the Bidder or any other party, and we have not assumed any obligation to conduct, nor have we conducted, any physical inspection of the properties or facilities of the Company or the Bidder. We furthermore did not review the solvency of any party to the Acquisition and were not mandated to do so. We were also not presented with any assessments or reviews in regards thereto.

Our Opinion does not address any questions dealing with legal, regulatory, tax or accounting matters. The sole question addressed in this Opinion is whether the Total Consideration is fair, from a financial point of view, to the shareholders of the Company

entitled to payment thereof (other than the Bidder and its affiliates or persons acting jointly with the Bidder) and our Opinion does not address any other aspect or further effect of the completion or non-completion of the Acquisition or other agreements, arrangements and undertakings, which are or will be made in the context of the Takeover Offer and/or the Acquisition.

Our Opinion does not consider the relative merits of the Takeover Offer or the Acquisition when compared to alternative transactions, offers or strategies, which might be available to the Company. Likewise, it does not consider the underlying business decision of the Executive Board to potentially recommend to the Company's shareholders to accept or not accept the Takeover Offer.

In the context of the preparation of this Opinion, Perella Weinberg Partners has given consideration to several valuation methods which are customarily considered by investment banks in the preparation of such opinions. This Opinion is however not based on a valuation as is typically carried out by auditors in accordance with German corporate and commercial law and should therefore not be deemed as such. In particular, Perella Weinberg Partners has not prepared a valuation on the basis of the Principles for the Performance of Business Valuations (*Grundsätze zur Durchführung von Unternehmensbewertungen - IDW S 1*) published by the Institute of Auditors in Germany (*Institut der Wirtschaftsprüfer e.V. - IDW*) and this Opinion also does not take into account the Principles for the Preparation of Fairness Opinions (*Grundsätze für die Erstellung von Fairness Opinions - IDW S 8*) published by the Institute of Auditors in Germany (*Institut der Wirtschaftsprüfer e.V. - IDW*). An assessment regarding the fairness, from a financial point of view, differs in several important aspects from assessments by auditors and from financial assessments in general.

Our Opinion is necessarily solely based on the information and data received up to the date of this letter and on the financial, macroeconomic, market and other conditions as they currently exist and can be considered at this moment in time. Subsequent circumstances, developments and events which occur, or information and data which we receive, after the date of this letter may have an effect on our Opinion and the underlying assumptions. We do not, however, assume any obligation to update, edit or confirm our Opinion on the basis of new circumstances, developments or events, or otherwise which arise, or information and data which we receive, after the delivery of this Opinion.

We are acting as financial advisor of the Company in relation to the Takeover Offer and will receive a fee for our services, the magnitude of which is dependent, among others, on whether and possibly under which circumstances the Acquisition is completed. Moreover, the Company has agreed to reimburse us for our expenses incurred in connection with the performance of this mandate and the Company has agreed to indemnify us against certain liabilities, costs and other circumstances which may result out of our mandate.

It is possible that Perella Weinberg Partners or companies affiliated with Perella Weinberg Partners may have provided, provide or will provide advisory or other financial services to the Company or any other party to the Acquisition and that we have received

or will receive fees for such services. It is possible at any time that Perella Weinberg Partners or companies affiliated with Perella Weinberg Partners hold, in the ordinary course of their business, any kind of securities and/or financial instruments regarding the Company, the Bidder or affiliated companies of the Company or the Bidder or any other party to the Acquisition for their own account or for the account of third parties.

This Opinion has been prepared by us solely for the Executive Board of the Company in relation to and with the purpose of enabling the Executive Board to form its own view on the Total Consideration. This Opinion was not prepared for any shareholder of the Company, the Bidder or any other person (in each case a “Non-Addressee”) and does not contain any recommendation as to how such a Non-Addressee should act in the context of the Takeover Offer, whether any such Non-Addressee should acquire or dispose of STADA Shares or whether or not any such Non-Addressee should tender any STADA Shares into the Takeover Offer. This Opinion was not prepared on behalf of or in the name of a shareholder, creditor or any other third party and does not afford any rights or protections to any such aforementioned parties. The Executive Board may attach this letter as a whole to its reasoned opinion, which is to be published in accordance with § 27 Para. 1 and Para. 3 WpÜG. The Executive Board may also refer to this letter in documents published in the context of the publication of its reasoned opinion. With the exception of the aforementioned authorised disclosure, this letter may not, without our prior written consent, be disclosed to any further persons or - as a whole or in part - be quoted from or made reference to and it may not be used for any purpose other than the one stipulated herein. There is no liability towards any Non-Addressee even if this Opinion has been publicly disclosed with our consent.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion that, as of the date of this letter, the Total Consideration is fair, from a financial point of view, to the shareholders of the Company (other than the Bidder and its affiliates or persons acting jointly with the Bidder).

Yours sincerely,

PERELLA WEINBERG PARTNERS UK LLP

## **ANNEX 4 – FAIRNESS OPINION**

### **Evercore**

2 May 2017

**Strictly Confidential**

The Supervisory Board of  
STADA Arzneimittel AG  
Stadastr. 2-18  
61118 Bad Vilbel  
Germany

Members of the Supervisory Board:

We have been engaged as sole financial advisor to the Supervisory Board of STADA Arzneimittel AG (the “**Company**”) in connection with the voluntary public takeover offer (the “**Offer**”) to the shareholders of the Company by Nidda Healthcare Holding AG, Munich (the “**Bidder**”), a holding company jointly controlled by funds advised by Bain Capital Private Equity LP and by Cinven Partners LLP, to acquire all of the outstanding registered shares with no-par value of the Company (the “**Shares**”) for a consideration (the “**Consideration**”) of EUR 65.28 in cash per Share plus the shareholders of the Company shall benefit from a dividend of EUR 0.72 per Share, as proposed by the Management Board of the Company for distribution for its financial year 2016. The terms of the Offer are set forth in an offer document (the “**Offer Document**”) that was published on 27 April 2017 pursuant to Section 14 para. 3 WpÜG (German Takeover Act). The acquisition of Shares pursuant to the Offer shall be referred to herein as the “**Transaction**”.

The Supervisory Board has asked us whether, in our opinion, the Consideration is fair, from a financial point of view, to the holders of Shares entitled to receive such Consideration (the “**Opinion**”).

In connection with rendering our Opinion, we have, among other things:

- (i) reviewed certain publicly available business and financial information relating to the Company that we deemed to be relevant, including publicly available research analysts’ estimates;
- (ii) reviewed alternative business assumptions prepared and furnished to us by management of the Company;
- (iii) reviewed the Business Plan 2017 - 2021 of the Company, including certain non-public underlying data relating to the Company, prepared and furnished to us by management of the Company;
- (iv) reviewed the reported prices and the historical trading activity of the Shares;

- (v) compared the financial performance of the Company and its stock market trading multiples with those of certain other publicly traded companies that we deemed relevant;
- (vi) compared the financial performance of the Company and the valuation multiples relating to the Transaction with those of certain other transactions that we deemed relevant;
- (vii) reviewed the agreement entered into between the Bidder and the Company on 10 April 2017 (the “**Investor Agreement**”);
- (viii) reviewed the Offer Document; and
- (ix) performed such other analyses and examinations and considered such other factors that we deemed appropriate.

For purposes of our analysis and Opinion, we have assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by us, and we assume no liability therefor. With respect to financial forecasts and projections relating to the Company, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of management of the Company as to the future financial performance of the Company under the alternative business assumptions reflected therein. We express no view as to any financial forecasts and projections relating to the Company or the assumptions on which they are based.

For purposes of rendering our Opinion, we have assumed, in all respects material to our analysis, that all conditions to the consummation of the Transaction will be satisfied without material waiver or modification thereof and that the other terms of the Offer will remain unchanged. We have further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the Transaction will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on the Company or the consummation of the Transaction or materially reduce the benefits to the holders of the Shares.

This Opinion is based on a valuation of the Company as typically performed by financial advisors in these type of transactions. This Opinion is not based on valuation methodologies typically prepared by auditors under German law requirements and was not prepared in accordance with IDW S 1 Principles for the Performance of Business Valuations or the IDW Standard S 8 Principles for the preparation of Fairness Opinions published by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW). We have not made nor assumed any responsibility for making any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals, nor have we evaluated the solvency or fair value of the Company under any laws relating to bankruptcy, insolvency or similar matters. Our Opinion is necessarily based upon information made available to us as of the date hereof and financial, economic, market and other conditions as they exist and as can be evaluated on the date hereof. It is understood that subsequent developments may affect this Opinion and that we do not have any obligation to update, revise or reaffirm this Opinion.

We have not been asked to pass upon, and express no opinion with respect to, any matter other than the fairness to the holders of Shares, from a financial point of view, of the Consideration. We do not express any view on, and our Opinion does not address, the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any other securities, creditors or other constituencies or stakeholders of the Company, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or any class of such persons, whether relative to the Consideration or otherwise. We have assumed that any modification to the structure of the Transaction will not vary in any respect material to our analysis. Our Opinion does not address the relative merits of the Transaction as compared to other business or financial strategies that might be available to the Company, nor does it address the underlying business decision of the Company to engage in the Transaction. In arriving at our Opinion, we were not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any or all of the Shares or any business combination or other extraordinary transaction involving the Company.

This letter, and our Opinion, is addressed to and provided solely for the information and assistance of the Supervisory Board in connection with the evaluation of the Transaction and does not constitute a recommendation to the Supervisory Board regarding the reasoned opinion to be issued by the Supervisory Board of the Company pursuant to Section 27 para. 1 WpÜG (German Takeover Act), or to any other persons in respect of the Transaction, including as to how any holder of Shares should act in respect of the Transaction. The issuance of this Opinion has been approved by an Opinion Committee of Evercore GmbH's immediate parent. We express no Opinion herein as to the price at which shares of the Company will trade at any time. We are not legal, regulatory, accounting or tax experts and have assumed the accuracy and completeness of assessments by the Company and its advisors with respect to legal, regulatory, accounting and tax matters.

We will receive a fee for our services upon the rendering of this Opinion. The Company has also agreed to reimburse our expenses and to indemnify us against certain liabilities arising out of our engagement. In connection with this engagement, we, Evercore GmbH, and its affiliates provide financial advisory services to the Company and receive fees for the rendering of these services, including the reimbursement of expenses. In the ordinary course of business, affiliates of Evercore GmbH may hold and actively trade shares and other securities, or related derivatives, or financial instruments of the Company and its affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments. In providing this Opinion, we have not considered any information that may have been provided to us or our affiliates in any such capacity, or in any capacity other than as provider of this Opinion.

The existence and the content of this Opinion are confidential and it may not be disclosed, quoted, referred to or communicated (in whole or in part) to any third party for any purpose whatsoever, except with our prior written approval, provided that the Supervisory Board may reproduce this Opinion in its entirety as an appendix to the reasoned opinion required from the Supervisory Board with respect to the Offer according to Section 27 para. 1 WpÜG (German Takeover Act).

Opinion Letter to The Supervisory Board of  
STADA Arzneimittel AG  
2 May 2017  
Page 4

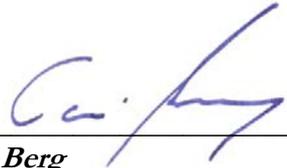
Evercore GmbH and its affiliates accept no responsibility to any person other than the members of the Supervisory Board of the Company in relation to the contents of this Opinion, even if it has been disclosed with our consent. This Opinion is subject to German law.

**Based upon and subject to the foregoing, it is our opinion as financial advisor that, as of the date hereof, the Consideration is fair, from a financial point of view, to the holders of the Shares entitled to receive such Consideration.**

Very truly yours,

EVERCORE GMBH

By:   
\_\_\_\_\_  
**Dr. Walter Kuna**  
Senior Managing Director

By:   
\_\_\_\_\_  
**Dr. Cai Berg**  
Managing Director