

Shareholders' Agreement

of Grünenthal GmbH

I. General provisions

§1 Company name and registered office

- (1) The name of the company is:
"Grünenthal GmbH".
- (2) The Company's registered office is in Aachen.

§2 Object and purpose of the enterprise

- (1) The object and purpose of the enterprise is the development, production, and distribution of chemical/pharmaceutical, biotech, medical technology, dietetic, and other products, and in particular the production and trade in such products worldwide under the "GRÜNENTHAL" trademark.
- (2) The Company may perform any actions suitable for directly or indirectly serving this purpose. It may also acquire or participate in other enterprises.

§3 Duration, Business year

- (1) The Company is established for an indefinite period of time.

- (2) The business year is the calendar year.

§4 Share capital

- (1) The Company's share capital is €50,000,000 (fifty million euros).
- (2) All shares are held by Grünenthal Pharma GmbH & Co. KG, a limited commercial partnership with its registered office in Aachen.
- (3) Multiple fully-paid shares belonging to a single shareholder may be consolidated into one business share by resolution of the shareholders.

§5 Voting rights

Each €50 of the face value of a business share provides one vote.

II. Executive bodies

§6 Executive bodies of the Company

The Company's executive bodies are:

- a) General Managers,
- b) Statutory Supervisory Board,
- c) Supervisory Board,
- d) Shareholders' Meeting.

§7 Managing Board

- (1) The company has one or more General Managers. The General Managers are determined by the Supervisory Board. If more than one General Manager is appointed, the company is represented by two General Managers jointly or by one General Manager together with one executive vested with full power of commercial representation under German law (Procura holder). By a three-fourths majority the Supervisory Board may grant authority to individual General Manager to represent the company alone. For legal transactions with shareholders and with companies in which the shareholders directly or indirectly hold the same proportion of interest as they do in the Company, the General Managers are exempted from the restrictions of BGB Section 181.
- (2) The General Managers are appointed and dismissed by the Supervisory Board by a three-fourths majority for a term not to exceed five years. Reappointment is permitted. It is also the Supervisory Board's responsibility to conclude, modify, and cancel (terminate) the employment agreements with the General Managers, which it does by simple majority unless the decision is made by the Personnel Committee. Section 9 (12) sentence 1 shall apply, but not §9 (15).
- (3) The General Managers should at the same time be General Managers of Grünenthal Verwaltungs GmbH, Vaduz, Liechtenstein.

§8 Statutory Supervisory Board (Aufsichtsrat)

- (1) The Company has a Statutory Supervisory Board.
- (2) The Statutory Supervisory Board consists of three members. Two of them are elected by the Shareholders' Meeting. One member is elected by the employees in accordance with Section 1 (1) (3) in conjunction with Section 4 (1) of the DrittelbG (One-Third Participation Act).
- (3) The election is for the time until the end of the Shareholders' Meeting that decides on formal approval for the fourth business year since the start of the Statutory Supervisory Board member's term. The business year in which the election is held does not count.

- (4) Any Statutory Supervisory Board member may resign from office even without good cause by sending a written statement to the General Managers. Three months' advance notice must be given.
- (5) The Statutory Supervisory Board elects a Chairman and Vice-Chairman from among its members for the duration of the Statutory Supervisory Board term.
- (6) Arrangements for calling Statutory Supervisory Board meetings, determining a quorum, and the structure of the meeting may be provided in the internal rules of procedure of the Supervisory Board, which it adopts for itself.
- (7) The Statutory Supervisory Board must monitor the General Managers as part of its legal responsibilities. The Shareholders' Meeting has the authority to make actions of the Managing Board subject to the Statutory Supervisory Board's consent.
- (8) Each member of the Statutory Supervisory Board receives reasonable compensation, to be determined by resolution of the Shareholders' Meeting, after the conclusion of a business year. The Company reimburses the Statutory Supervisory Board members for their expenses.
- (9) Members of the Statutory Supervisory Board may not disclose the Company's confidential information and secrets, viz. business or operating secrets, which they learn through their work. Persons present at Statutory Supervisory Board meetings who are not members of the Statutory Supervisory Board must be expressly required to maintain secrecy.
- (10) Confidential information within the meaning of paragraph (9) is any information that is expressly designated as secret by the person providing it and for which it cannot be ruled out from a reasonable business standpoint that its disclosure might harm the Company's interests. A secret within the meaning of paragraph (9) is any fact directly or indirectly connected with business affairs that is known only to a limited group, for which it must be assumed from a reasonable business standpoint that secrecy is desired by the business owner and for which the need for secrecy cannot be denied in the Company's interest.

- (11) If a member of the Statutory Supervisory Board intends to share information with third parties, he must first notify the Statutory Supervisory Board of his intention, identifying the persons who are to receive the information. Before sharing the information, the Supervisory Board must be given an opportunity to respond whether sharing the information is consistent with paragraphs (9) and (10). The response will be given by the chairman.

§9 Supervisory Board (Beirat)

- (1) The Supervisory Board generally consists of five members. The members of the Supervisory Board are elected by the Shareholders' Meeting with a simple majority. The Shareholders' Meeting may elect additional members of the Supervisory Board unanimously at any time for the respective term of office; a new election is not necessary upon the departure of such a Supervisory Board member.
- (2) Members of the Supervisory Board are elected for one term of office at a time. The first term ends at the conclusion of the Shareholders' Meeting that decides regarding official approval of the General Manager's actions for the third business year after all seats on the Supervisory Board are filled. The business year in which the Supervisory Board is filled does not count. The subsequent term of office always runs until the conclusion of the fourth Regular Shareholders' Meeting thereafter. However, if not all seats on the Supervisory Board are filled at that Regular Shareholders' Meeting, then the term of the current Supervisory Board is extended until it is completely filled, but not longer than eight months; at that time the term of the new Supervisory Board begins even if it is not yet completely filled. Notwithstanding the foregoing, the Supervisory Board members elected to office as of 1 January 2010 are elected until the conclusion of the Regular Shareholders' Meeting that decides regarding official approval of the General Managers' actions for 2013.
- (3) Any member of the Supervisory Board may resign his office by sending a written statement to the Company, even without good cause. Three months' advance notice must be given. Supervisory Board members automatically leave office as of the end of the business year in which they turn seventy years of age, unless a majority of the other members of the Supervisory Board decide otherwise. If a Supervisory Board member resigns his office or leaves for other reasons, a new election must be held without delay for the departing Supervisory Board member. The new election follows the procedure set forth in item (1). The term of office of the new Supervisory Board member runs until the end of the term of the other Supervisory Board members.

- (4) The Shareholders' Meeting chooses the Chairman of the Supervisory Board when it elects the members thereof. The Vice-Chairman of the Supervisory Board is elected by the Supervisory Board from among its members.
- (5) Statements of intent by the Supervisory Board are given by the Chairman or Vice-Chairman in the Supervisory Board's name. If it is the Vice-Chairman, it is not necessary to prove to third parties that the Chairman was unable to do so.
- (6) Supervisory Board meetings are called and conducted by the Chairman or, if he is unable, the Vice-Chairman.
- (7) The Supervisory Board has a quorum if it consists of at least three members and at least three members are present at the meeting. Resolutions of the Supervisory Board are adopted by simple majority, unless the Shareholders' Agreement specifies otherwise. In all cases, the majority is figured according to the number of existing members on the Supervisory Board, not the number of votes cast (in person or by proxy). Members of the Supervisory Board may appoint other Supervisory Board members to be their proxy in a written authorization, which must be presented at the Supervisory Board meeting. Supervisory Board members who are represented by proxy are considered to be present.
- (8) Supervisory Board resolutions may also be adopted without calling a meeting, by voting in writing, by telegram, or telephone, if no member objects to this procedure.
- (9) The Supervisory Board forms a Personnel Committee which—unless the Supervisory Board decides otherwise by a three-fourths majority in a specific case—is responsible for preparing the Supervisory Board resolutions to appoint and dismiss the General Managers and for passing resolutions on the conclusion, modification, and termination of the employment agreements with the General Managers. The Personnel Committee consists of no more than three members, none of whom may be family members of indirect shareholders. Moreover, the Supervisory Board adopts its own internal rules of procedure.

- (10) Each Supervisory Board member is entitled to receive all special audit reports and access to the tax audit reports.
- (11) The General Managers must report to the Supervisory Board on a quarterly basis. It must make available to the Supervisory Board as a whole the investigations and documents required to fulfill its responsibilities and decisions. Furthermore, the Chairman of the Supervisory Board must receive reports on other important occasions; important occasions are also taken to mean any business event at an affiliated enterprise which General Managers learn of that can have a significant influence on the Company's position.
- (12) The Supervisory Board performs its responsibilities in lieu of the shareholders primarily for the Company, but also with due consideration for the shareholders' interests; neither it nor its members are obligated to follow instructions from the shareholders. In addition to the other responsibilities assigned to the Supervisory Board in this Shareholders' Agreement, it also has the following functions:
 - a) It advises and monitors the General Managers, without prejudice to the corresponding rights of the Statutory Supervisory Board. The Supervisory Board or at least two of its members may require that a special audit be performed by the Company's accountant, after the usefulness of such an audit was previously discussed at the Supervisory Board. The Supervisory Board may also decide that the special audit will be performed by a different accountant (accounting firm), which it appoints.
 - b) It decides in case of differences of opinion between the General Managers in the affairs of the General Managers. Each General Manager has the right to present the contentious management issue to the Supervisory Board. Furthermore, the Supervisory Board may also issue instructions to the General Managers concerning management issues.
- (13) The following actions by the General Managers always require the consent of the Supervisory Board:

- (a) Appointment of members of Management Board, members of Executive Boards, and members of supervisory bodies (in particular advisory and supervisory boards (Aufsichtsräte und Beiräte) of:
- Affiliated domestic companies, and
 - Affiliated foreign companies achieving a turnover of more than €50 million in the previous business year or those of strategic significance for the Grünenthal Group; the Supervisory Board may define strategic significance criteria more closely;
- (b) Interest in other companies in any form and their revocation, amendment, sale or encumbrance
- Acquisition or sale of businesses or business parts;
- Formation, amendment or termination of consortiums of considerable significance;
- (c) Fundamental questions of company policy;
- (d) Not applicable
- (e) Significant changes in business activities within the business objective and significant changes in company organization;
- (f) Investments not included in the budget for the current business year already approved by the Supervisory Board and exceeding €1 million individually (single project); for leasing agreements, the value of the leased property is the relevant figure;
- (g) Establishment and closure of branch offices;
- (h) Granting full power of commercial representation (Prokura);
- (i) Purchase, sale, and encumbrance of land and equivalent rights not included in the budget for the current business year already approved by the Supervisory Board, insofar as this exceeds €1 million individually (single project);

- (j) Assumption of obligations exceeding €1 million in each case, unless:
- They are obligations that are included in the budget for the current business year already approved by the Supervisory Board, or
 - It is for raising operating merchandise and bank loans for working capital;
- (k) Providing of suretyships and guarantees or granting of other security not included as security in the budget for the current business year already approved by the Supervisory Board. This duty to obtain approval does not include suretyships, guarantees and other securities for affiliated companies if the value in each case does not exceed 5.0 Mio € and the total value for an individual affiliated company does not exceed 10.0 Mio € and the total value of all assumed suretyships, guarantees and securities for affiliated companies does not exceed 10% of the balance sheet total of the Grünenthal Group.;
- (l) Leases and rental agreements longer than three years with (estimated) annual compensation exceeding €1 million, unless they are already included in the budget for the current business year approved by the Supervisory Board;
- License agreements longer than three years with (estimated) annual compensation exceeding €5 million, unless they are already included in the budget for the current business year approved by the Supervisory Board;
- (m) Sale of trademarks and other industrial property rights if they are of considerable significance for the Company;
- (n) Initiating of litigations whose value exceeds €1 million or that are of considerable significance for the Company for other reasons; the Supervisory Board must be informed of legal disputes of the aforementioned type in which the Company is the defendant;
- (o) Significant changes in pay and social arrangements including changes in the basic principles of the remuneration structure for staff of the second management level of the Grünenthal Group as far as they have considerable effects on the profitability of the Grünenthal Group;

- (p) Budget of the next financial year. This covers the planning of revenue, costs, earnings, financing, investments, personnel and organization of the whole Grünenthal Group and Grünenthal Group Divisions defined in consultation with the Supervisory Board (Beirat) and shall be passed at the last meeting of the Supervisory Board (Beirat) in a financial year.

Medium and long-term company plannings serving the company's strategy which is to be submitted for approval at intervals specified by the Supervisory Board (Beirat);

- (q) Loans to:

- Partners of Grünenthal Pharma GmbH & Co. KG,
- Members of the Supervisory Board, Statutory Supervisory Board, and General Managers of Grünenthal GmbH and Grünenthal Pharma GmbH & Co. KG,
- As well as relatives and close associates of the above,

and other legal transactions between the Company and the persons named above;

- (r) Any other transactions going beyond the ordinary business of the enterprise;

- (s) Consent for management actions at dependent companies (excepting the personally liable partner and Grünenthal GmbH) that would require the approval of the Supervisory Board according to (b) to (r) above if they occurred at the Company;

The General Managers must ensure that such actions are submitted to the Supervisory Board for its consent.

The Supervisory Board may give its consent for certain types of transactions in general or on a case-by-case basis. It may resolve by a three-fourths majority to expand the list of transactions requiring consent; however, any such resolution expires three months after the end of the term of office of the Supervisory Board unless it is confirmed before that time by the new Supervisory Board.

- (14) After discussion with the General Managers, the Supervisory Board may adopt internal rules of procedure for the General Managers Board, and may also modify them.

- (15) All shareholders must promptly be notified in writing of any resolutions by the Supervisory Board relating to items (12) (b), (13), or (14) that are adopted without the votes of all members of the Supervisory Board, unless the Supervisory Board members who did not vote “yes” expressly waive this notification requirement. Shareholders holding 50 percent of the share capital may promptly lodge a written objection (no later than 14 days after receiving written notification of the Supervisory Board’s resolution) with the Chairman of the Supervisory Board against the resolutions subject to notification under sentence 1. The reasons for the objection must be stated. The Supervisory Board may sustain the objection or overrule it. This may also occur in writing, by telegram, or telephone. The objecting party and the General Managers must be notified of the result. If the Supervisory Board stands by its resolution, the Shareholders’ Meeting—which must be called promptly and with one week’s notice in this case—will have the final decision. If the resolution relates to an action by General Managers, such action must be suspended pending the resolution by the Shareholders’ Meeting. Resolutions within the meaning of the above rules are also taken to be those by which a motion by the General Managers or a member of the Supervisory Board for a resolution was rejected; if such resolution motions are deferred, precluded by the internal rules of procedure, or otherwise not decided, this is equivalent to a negative vote on the resolution if the postponement of the vote essentially results in its rejection or if there are insufficient objective reasons.
- (16) Members of the Supervisory Board receive reimbursement for their expenses, as well as compensation determined by the Shareholders’ Meeting.
- (17) Members of the Supervisory Board must maintain absolute confidentiality toward third parties regarding everything they learn based on their activity. They are authorized to notify shareholders, including indirect shareholders, regarding business incidents and decisions of the Supervisory Board. Where this occurs, the involved shareholders have the obligation and indirect shareholders must assume the obligation to maintain absolute confidentiality toward third parties.
- (18) If the Supervisory Board is temporarily incapable of acting because it has fewer than three members, its rights and responsibilities are performed by the Shareholders’ Meeting, which decides by the same majority as is provided for the Supervisory Board.

- (19) The liability of members of the Supervisory Board for their activity on the Supervisory Board is limited to intentional misconduct and gross negligence.
- (20) In order to allow a reasonable exchange of information and opinion between the indirect shareholders and the Supervisory Board, the following rule applies starting with the term of office beginning at the conclusion of the Shareholders' Meeting that decides regarding official approval of the actions of the General Managers for business year 2004:

The Shareholders' Meeting may name additional persons who are authorized to attend Supervisory Board meetings in a consultative and nonvoting capacity. Such persons and the duration of their appointment are governed accordingly by items (2) and (3). Information and documents provided to all Supervisory Board members will also go to authorized attendees. They are invited to attend all meetings of the Supervisory Board. They are notified of the start of written procedures to pass resolutions. Authorized attendees receive reimbursement for their expenses. They are obligated to maintain confidentiality in the same way as the other members of the Supervisory Board (item [17]).

- (21) Contrary to the provision in Section 9 of the Shareholder's Agreement of Grünenthal GmbH in conjunction with Section 20 of the Shareholders' Agreement of Grünenthal Pharma GmbH & Co. Kommanditgesellschaft, Hanne Sürmann, born on 15 October 1963, resident in 69509 Mörlenbach, has been elected as an advisory, non-voting member of the Supervisory Board of the GmbH.

§10 Shareholders' Meeting

- (1) The Shareholders' Meeting may be called by General Managers with authority to represent the Company or by the Chairman or Vice-Chairman of the Supervisory Board by mailing the registered letter containing the meeting announcement and agenda with 21 days' notice. The day of mailing and the day of the meeting do not count when figuring the notice period. Hand-delivery of the written announcement is a substitute for the form of registered letter.
- (2) The Regular Shareholders' Meeting shall be held annually, within the first eight months of the business year if possible, to pass resolutions on approving the annual financial statements for the past business year, appropriation of net profits, approval of the governing bodies' actions, and selection of the Auditors for the current business year. Another Shareholders' Meeting should also be held each year to inform the shareholders about the course of business and the anticipated results.

- (3) The Shareholders' Meeting is conducted by the chairman of the Supervisory Board or, if he is unable, by his alternate, unless the Meeting selects a different person as Chairman.
- (4) Unless otherwise provided for in this Shareholders' Agreement or by law, the Shareholders' Meeting decides by simple majority.
- (5) In all places, the majority is figured according to the total number of votes belonging to existing shareholders, not the number of votes cast (in person or by proxy).
- (6) Unless a special rule is provided in this agreement, changes to the shareholders' agreement require a three-fourths majority; this also applies for any increase in capital.
- (7) A record of the Shareholders' Meeting must be prepared and must include the resolutions adopted. This record must be signed by the chairman of the meeting and a copy sent to all shareholders. Resolutions adopted through a written procedure must be sent to all shareholders in writing by the Managing Board. Shareholder resolutions may be challenged by the shareholders only within two months after receipt of the record or written notification by filing suit against the Company; the deadline may be extended by the Supervisory Board up to one year for an individual case.

III. Annual financial statements and appropriation of profits

§11 Annual financial statements

- (1) Within three months after the end of each business year, the General Managers must prepare the annual financial statements and management report in accordance with commercial legal principles. Following examination by the Auditors, the annual financial statements and the management report must be sent to the Supervisory Board with the report from the Auditors. The annual financial statements are then approved by the Shareholders' Meeting on the joint recommendation of the General Managers and Supervisory Board. If the General Managers and Supervisory Board do not reach a joint recommendation, the annual financial statements prepared by the General Managers must be submitted to the Shareholders' Meeting for approval, together with the statements by the General Managers and the Supervisory Board.

- (2) The annual financial statements and management report, auditor's report, and the joint recommendation by the General Managers or, if none was reached, the statements from the General Managers and Supervisory Board, must be sent to the shareholders at least eight days before the Shareholders' Meeting.

§12 Appropriation of profits

- (1) Of the stated surplus for the year remaining after compensating for any loss carried forward, 20 percent must be transferred to retained earnings unless the shareholders decide otherwise by a three-fourths majority. If no minimum distribution can be paid in accordance with paragraph (2) from the Company's balance sheet profit, the transfer to retained earnings according to sentence 1 is reduced accordingly.
- (2) The Shareholders' Meeting decides regarding use of the balance sheet profit by simple majority. Of the balance sheet profit, any amount that remains after compensation for any loss carried forward, equal to at least 20 percent of the consolidated annual surplus of Grünenthal Pharma GmbH & Co. KG, must be distributed unless the shareholders decide on a different use by a three-fourths majority.
- (3) The Managing Board must see to it, through profit distributions by the affiliated companies and possibly through liquidation of retained earnings or capital reserves, that a distributable balance sheet profit is stated that allows the minimum distribution according to paragraph (2).
- (4) Distributions from the reserves require a resolution passed by the Shareholders' Meeting with a three-fourths majority.

- (5) In any case, if possible without drawing on the registered share capital, an amount must be distributed to the shareholders which the shareholders, or those to whom the business shares and profit shares are attributed for tax purposes, must pay in the event a wealth tax or comparable charge is assessed on the business shares. In such a case, the taxes on the income (figured according to the maximum rates) which the shareholders, or those to whom the income from the Company is attributed for tax purposes, must pay for the wealth tax or any comparable charge on account of the distribution, must additionally be distributed. However, if it must be withdrawn from the reserves, the amount for the taxes on income (sentence 2) must be distributed only if the Shareholders' Meeting so decides by simple majority.
- (6) Non-cash benefits may be extended to the limited partners of Grüenthal Pharma GmbH & Co. KG, or related or associated third parties, only if there is adequate consideration in return.

IV. Sale or transfer of business shares

§13 Sale or transfer of business shares

The transfer of whole or fractional business shares requires consent from the Shareholders' Meeting.

V. Liquidation of the Company

§14 Liquidation

The decision to liquidate the Company requires a three-fourths majority. The General Managers are the liquidators, unless the shareholders decide otherwise by a two-thirds majority.

VI. Saving clause, announcements, applicability

§ 15 Saving clause

- (1) Should provisions of this shareholders' agreement or any future provision of this agreement be legally invalid or later lose its legal validity, partially or in total, the validity of the remaining provisions of the agreement shall not be affected thereby. The same shall apply if a lacuna in the agreement becomes evident. In lieu of the lacuna, a reasonable rule should take effect that, as far as legally possible, most nearly approximates what the contracting parties would have wished if they had considered the point when drafting the agreement.
- (2) The shareholders are required to record that which has applicability according to paragraph (1) and set it forth in the proper form through a formal change in the text of the shareholders' agreement.

§16 Announcements

Company announcements are made in the electronic Federal Gazette.