

**Invitation to the 2010 Annual General Meeting**  
**ISIN DE000CLS1001**  
**WKN (German Securities Code) CLS 100**

**Convenience Translation from German into English**

**Key financial figures of the Celesio Group: Five-year overview**

		2005	2006	2007	2008	2009
<b>Earnings position</b>						
Revenue	EUR m	20,491.1	21,569.1	22,349.5	<sup>1)</sup> 21,166.6	<b>21,497.2</b>
Gross profit	EUR m	2,235.5	2,431.6	2,523.7	2,410.5	<b>2,507.2</b>
EBITDA	EUR m	745.9	803.7	842.5	657.3	<b>627.6</b>
EBIT	EUR m	648.2	685.8	727.7	256.2	<b>237.6</b>
adjusted <sup>2)</sup>	EUR m	648.2	685.8	727.7	543.2	<b>511.9</b>
Profit before tax	EUR m	554.5	590.1	608.8	125.2	<b>115.3</b>
adjusted <sup>2)</sup>	EUR m	554.5	590.1	608.8	412.2	<b>389.6</b>
Net profit/loss	EUR m	<sup>3)</sup> 386.0	425.6	435.4	-18.5	<b>2.3</b>
adjusted <sup>2)</sup>	EUR m	<sup>3)</sup> 386.0	425.6	435.4	268.5	<b>268.7</b>
Earnings per share	EUR	<sup>3)</sup> 2.24	2.49	2.53	-0.12	<b>0.00</b>
adjusted <sup>2)</sup>	EUR	<sup>3)</sup> 2.24	2.49	2.53	1.56	<b>1.56</b>
<b>Financial position</b>						
Cash inflow from operating activities <sup>9)</sup>	EUR m	460.7	733.1	170.7	536.4	<b>578.2</b>
Cash outflow from investing activities	EUR m	-499.5	-325.2	-528.0	-265.2	<b>-203.1</b>
<b>Assets position<sup>4)</sup></b>						
Total assets	EUR m	7,511.7	7,926.5	8,343.2	7,523.3	<b>8,066.5</b>
Equity	EUR m	2,284.2	2,628.1	2,819.6	2,269.6	<b>2,347.4</b>
Equity ratio	%	30.4	33.2	33.8	30.2	<b>29.1</b>
Non-current assets	EUR m	3,225.1	3,446.8	3,866.9	3,287.1	<b>3,434.0</b>
Current assets	EUR m	4,286.6	4,479.7	4,476.2	4,236.2	<b>4,632.5</b>
Non-current liabilities	EUR m	2,110.0	1,962.8	2,325.0	2,257.5	<b>2,413.1</b>
Current liabilities	EUR m	3,117.5	3,335.6	3,198.6	2,996.2	<b>3,306.0</b>
<b>The share</b>						
Closing share price (Xetra) <sup>5)</sup>	EUR	36.33	40.64	42.50	19.40	<b>17.80</b>
Dividend per share <sup>5)</sup>	EUR	<sup>6)</sup> 0.70	0.75	0.77	0.48	<sup>7)</sup> <b>0.50</b>
Dividend yield <sup>8)</sup>	%	1.9	1.8	1.8	2.5	<sup>7)</sup> <b>2.8</b>
<b>Employees<sup>4)</sup></b>						
		35,407	36,442	37,516	37,746	<b>46,095</b>
<b>Retail pharmacies<sup>4)</sup></b>						
		2,045	2,100	2,273	2,337	<b>2,296</b>
<b>Wholesale branches<sup>4)</sup></b>						
		138	135	123	120	<b>137</b>

<sup>1)</sup> Restated to reflect the change in accounting policies in the Movianto business area.

<sup>2)</sup> Adjusted for impairment losses recognised on intangible assets consisting of impairment losses on goodwill and brand names. The tax impact of the impairment losses is also included in the 2009 figure.

<sup>3)</sup> Adjusted for trade tax reimbursements.

<sup>4)</sup> Closing figures as at 31 December.

<sup>5)</sup> Adjusted for the 1:2 share split carried out on 24 July 2006.

<sup>6)</sup> This includes a special dividend of EUR 0.03.

<sup>7)</sup> Proposed by the Management Board and Supervisory Board to the 2010 annual general meeting.

<sup>8)</sup> Related to closing share prices (Xetra).

<sup>9)</sup> Since 2008: interest paid and received is allocated to cash flow from financing activities.

Dear Shareholders,

You are hereby invited to attend the Annual General Meeting of Celesio AG

**Thursday, 6 May 2010**  
**at 10:00 a.m.**

in the Porsche-Arena  
Mercedesstr. 69  
70372 Stuttgart

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## Agenda

- 1. Presentation of the adopted annual financial statements of Celesio AG and the approved consolidated financial statements as at 31 December 2009, the combined management report for Celesio AG and the Group, including the explanatory report of the Management Board on the disclosures pursuant to §§ 289 (4), 315 (4) German Commercial Code (*Handelsgesetzbuch*, "HGB") and the report of the Supervisory Board for financial year 2009**

The aforementioned documents are available for inspection online at [www.celesio.com/hauptversammlung](http://www.celesio.com/hauptversammlung) and at the business premises at the Company's registered office. Shareholders may also request that copies be made available to them by post. These documents will also be available for inspection at the Annual General Meeting. The Management Board will discuss these documents and the Chairman of the Supervisory Board will comment on the Report of the Supervisory Board at the Annual General Meeting. This agenda item will not be subject to any resolution.

- 2. Resolution on the appropriation of net retained profit for financial year 2009**

The Management Board and the Supervisory Board propose that the net retained profit of EUR 85,050,000 reported for financial year 2009 be appropriated as follows:

- Distribution of a dividend of EUR 0.50 per share in the dividend-bearing share capital of EUR 217,728,000, which is divided into 170,100,000 no-par value shares = EUR 85,050,000
- The dividend is payable on 7 May 2010.

- 3. Resolution to ratify the actions of the members of the Management Board for financial year 2009**

The Management Board and the Supervisory Board propose that the actions of the Management Board members holding office during financial year 2009 be ratified for this period.

**4. Resolution to ratify the actions of the members of the Supervisory Board for financial year 2009**

The Management Board and the Supervisory Board propose that the actions of the Supervisory Board members holding office during financial year 2009 be ratified for this period.

**5. Election of the auditor and Group auditor for financial year 2010**

Based upon the recommendation of the Audit Committee, the Supervisory Board proposes that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, be elected as auditors of the Company and the Group for financial year 2010, as well as to perform the audit review of the interim financial reports for financial year 2010 and the audit review of the interim financial reports for financial year 2011, to be prepared prior to the Annual General Meeting in 2011, if an audit review of the interim financial reports is commissioned.

**6. Resolution on the authorisation to acquire own shares and use treasury shares pursuant to § 71 (1) no. 8 German Stock Corporation Act (*Aktiengesetz*, "AktG") and to exclude pre-emptive subscription rights**

Due to the fact that the authorisation to acquire own shares adopted by the Annual General Meeting on 8 May 2009 will expire on 7 November 2010, it shall be proposed to the Annual General Meeting that it rescind the existing authorisation and replace it with the following authorisation.

The Management Board and the Supervisory Board propose adoption of the following resolution:

- a) The Company is authorised to acquire shares in the Company representing up to 10% of the share capital existing at the date the resolution is adopted. The authorisation may not be used for trading in treasury shares.

At the Management Board's discretion, own shares may be purchased (1) on the open market or (2) by way of a public tender offer addressed to all shareholders of the Company.

- (1) If own shares are acquired on the open market, the consideration per share paid by the Company (excluding incidental transaction costs) may not deviate by more than 10% above or below the price calculated in the opening auction in

Xetra trading (or a comparable successor) on the Frankfurt Stock Exchange on the date on which the shares are acquired.

- (2) If own shares are acquired by way of a public tender offer addressed to all shareholders of the Company, the purchase price, or the limits of the purchase price range, offered per share (excluding incidental transaction costs) may not deviate by more than 20% above or below the arithmetic mean of the closing auction price in Xetra trading (or a comparable successor) on the Frankfurt Stock Exchange on the last three trading days prior to the date on which the tender offer is made public. Should any material deviations in the relevant price arise following publication of the tender offer, the offer may be adjusted. In such instances, any adjustment would be applied to the price quoted on the third trading day prior to publication of the adjustment of the tender offer. The volume of the tender offer can be limited. In event the offer is over-subscribed, tenders must be accepted in proportion to the respective number of shares tendered. The right of the shareholders to tender their shares in proportion to their equity interest is excluded. The preferential acceptance of tenders of small quantities of shares not exceeding 100 shares per shareholder may be stipulated. The tender offer may be subject to further terms and conditions.
- b) The Management Board is authorised to sell treasury shares acquired on the basis of this or any prior authorisation, either on the open market or on the basis of an offer addressed to all shareholders, in keeping with the principle of equal treatment of shareholders.
  - c) The Management Board is authorised, with the consent of the Supervisory Board, to use the treasury shares of the Company acquired on the basis if this or any prior authorisation for the following purposes:
    - (1) Sale to third parties in the context of the acquisition of companies, parts of companies or equity interests in companies as consideration for the transfer of companies, parts of companies or equity interests in companies.
    - (2) Retirement of shares, without the retirement or the implementation of thereof requiring any further resolution by the Annual General Meeting. The retirement of shares results in a reduction of the Company's share capital. This reduction of share capital may take place for any purpose permissible by law. Alternatively, the Management Board may stipulate that retiring shares will not alter the share capital as such but instead increase the proportionate interest held therein pursuant to § 8 (3) AktG. In this case, the Management Board is



authorised to amend the number of shares set out in the Articles of Association.

- (3) Sale by any means other than the open market or a tender offer to all shareholders, provided the sale is effected against cash payment at a price that is not substantially below the quoted price of the Company's shares as at the date of sale. However, this authorisation is valid only subject to the stipulation that the shares sold without shareholders' pre-emptive rights under § 186 (3) sentence 4 AktG do not represent more than a total of 10% of the Company's share capital either at the date on which the authorisation enters into effect or is exercised. Any shares issued from Authorised Capital without shareholders' pre-emptive rights under § 186 (3) sentence 4 AktG during the term of this authorisation shall be counted toward this limit. Furthermore, any shares that have been or will be issued in order to service bonds with conversion or option rights or a conversion obligation shall be counted toward this limit if the bonds were issued during the term of this authorisation without pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG.
- (4) Issue of shares to secure and satisfy conversion or option rights granted by the Company or by a subordinate Group company upon the issue of bonds, or to secure and satisfy conversion obligations arising from bonds issued by the Company or by a subordinate Group company.
- d) The authorisation to acquire own shares, to retire them and to re-sell them pursuant to a), b) and c) above may be exercised on one or on several occasions, in whole or in part, to fulfil one or several purposes and – to the extent permissible – may also be exercised by subordinate Group companies or by third parties on the account of the Company or subordinate Group companies.
- e) Shareholders' pre-emptive rights shall be excluded where treasury shares are utilised pursuant to c) (1), (3) and (4) above.
- f) The authorisation to acquire own shares is valid until the expiry of 4 November 2011. The authorisation to acquire own shares and use treasury shares resolved by the Annual General Meeting on 8 May 2009 shall be superseded by this new authorisation once it enters into effect.

The report of the Management Board on this agenda item is reproduced at the end of the agenda.

**7. Resolution on the rescission of Authorised Capital 2009 and the creation of a new Authorised Capital (Authorised Capital 2010), the exclusion of pre-emptive subscription rights and the corresponding amendment to the Articles of Association**

Pursuant to § 3 (3) of the Articles of Association, the Management Board is currently authorised, with the consent of the Supervisory Board, to increase the Company's share capital on one or several occasions on or before 30 April 2014 by up to a total of EUR 65,318,400 by issuing new no-par value registered shares against cash and/or non-cash contributions (Authorised Capital 2009). The Company has not exercised this authorisation to date.

The issue of a convertible bond for a total principle amount of EUR 350,000,000 – which can be converted into shares in Celesio AG and which was issued in October 2009 under the exclusion of shareholders' pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG – precludes the exercise of this authorisation to the extent that the option to exclude shareholders' pre-emptive rights pursuant to § 186 (3) sentence 4 AktG lapses if capital increases are implemented from authorised capital on the basis of Authorised Capital 2009. In order to provide management with the room to manoeuvre that had previously been afforded to it, Authorised Capital 2009 shall be rescinded and replaced by a new Authorised Capital 2010. The rescission of Authorised Capital 2009 must not enter into effect unless Authorised Capital 2009 is replaced by the new Authorised Capital 2010 in accordance with the following proposed resolution.

The Management Board and the Supervisory Board propose adoption of the following resolution:

- a) The authorisation of the Management Board resolved by the Annual General Meeting on 8 May 2009, to increase, with the consent of the Supervisory Board, the Company's share capital on one or several occasions on or before 30 April 2014 by up to a total of EUR 65,318,400 by issuing new no-par value registered shares against cash and/or non-cash contributions (Authorised Capital 2009), shall be rescinded upon the entry into effect of the new Authorised Capital 2010 resolved by the 2010 Annual General Meeting.
- b) The Management Board is authorised, with the consent of the Supervisory Board, to increase the Company's share capital on one or several occasions on or before 5 May 2015 by up to a total of EUR 65,318,400 by issuing new no-par value registered shares against cash and/or non-cash contributions (Authorised Capital 2010).

If the share capital is increased against cash contributions, the shareholders shall be granted pre-emptive subscription rights. Pursuant to § 186 (5) AktG, the new shares may also be purchased by banks, subject to the stipulation that they offer the shares to shareholders for subscription. The Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' pre-emptive rights:

- for fractional amounts;
- to the extent necessary in order to grant to the holders of bonds with conversion or option rights or conversion obligations issued by the Company or subordinate Group companies pre-emptive rights to subscribe new shares to which they would be entitled upon the exercise of their conversion or option rights or upon satisfaction of a conversion obligation;
- if the issue price of the new shares is not substantially lower than the quoted share price and if the shares issued without pre-emptive rights under § 186 (3) sentence 4 AktG represent no more than a total of 10% of the share capital either at the date on which this authorisation enters into effect or is exercised. The number of treasury shares sold shall count toward this limit if they are sold during the term of this authorisation without shareholders' pre-emptive rights under § 186 (3) sentence 4 AktG. Furthermore, any shares that have been or will be issued in order to service bonds with conversion or option rights or a conversion obligation shall be counted toward this limit if the bonds were issued during the term of this authorisation without pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG.

In addition, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' pre-emptive rights in the case of capital increases against non-cash contributions.

The Management Board is also authorised, with the consent of the Supervisory Board, to stipulate the further details of the capital increase and its implementation, particularly with regard to share rights and the terms and conditions of the share issue.

- c) § 3 (3) of the Articles of Association shall be amended and reworded as follows:

"The Management Board is authorised, with the consent of the Supervisory Board, to increase the Company's share capital on one or several occasions on or before 5 May

2015 by up to a total of EUR 65,318,400 by issuing new no-par value registered shares against cash and/or non-cash contributions (Authorised Capital 2010).

If the share capital is increased against cash contributions, the shareholders shall be granted pre-emptive subscription rights. Pursuant to § 186 (5) AktG, the new shares may also be purchased by banks, subject to the stipulation that they offer the shares to shareholders for subscription. The Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' pre-emptive rights:

- for fractional amounts;
- to the extent necessary in order to grant to the holders of bonds with conversion or option rights or conversion obligations issued by the Company or subordinate Group companies pre-emptive rights to subscribe new shares to which they would be entitled upon the exercise of their conversion or option rights or upon satisfaction of a conversion obligation;
- if the issue price of the new shares is not substantially lower than the quoted share price and if the shares issued without pre-emptive rights under § 186 (3) sentence 4 AktG represent no more than a total of 10% of the share capital either at the date on which this authorisation enters into effect or is exercised. The number of treasury shares sold shall count toward this limit if they are sold during the term of this authorisation without shareholders' pre-emptive rights under § 186 (3) sentence 4 AktG. Furthermore, any shares that have been or will be issued in order to service bonds with conversion or option rights or a conversion obligation shall be counted toward this limit if the bonds were issued during the term of this authorisation without pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG.

In addition, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' pre-emptive rights in the case of capital increases against non-cash contributions.

The Management Board is also authorised, with the consent of the Supervisory Board, to stipulate the further details of the capital increase and its implementation, particularly with regard to share rights and the terms and conditions of the share issue."

- d) The Supervisory Board is authorised to amend the language of § 3 of the Articles of Association to reflect any utilisation of Authorised Capital 2010 or after the authorisation period has expired.

The report of the Management Board on this agenda item is reproduced at the end of the agenda.

**8. Resolution on the authorisation to issue bonds with warrants and/or convertible bonds with the option of excluding pre-emptive subscription rights, the creation of an additional Contingent Capital (Contingent Capital 2010) and the corresponding amendment to the Articles of Association**

By issuing a convertible bond for a total principal amount of EUR 350,000,000 via Celesio Finance B.V., the Netherlands, in October 2009, the Company exercised the majority of the authorisation granted by the Annual General Meeting on 8 May 2009 to issue bonds with warrants or convertible bonds for a total principal amount of up to EUR 500,000,000. In accordance with § 3 (4) of the Articles of Association, Contingent Capital 2009, which was created by the Annual General Meeting on 8 May 2009, serves to secure the pre-emptive right of the holders of the convertible bond issued on the basis of this authorisation to subscribe to Celesio shares. On the basis of the authorisation issued on 8 May 2009, it is virtually no longer possible to issue additional bonds with warrants or convertible bonds under the exclusion of shareholders' pre-emptive subscription rights in accordance with § 186 (3) sentence 4 AktG. However, the Company believes that the ability to continue to rely on bonds with warrants and/or convertible bonds as a financing tool is indispensable. Therefore, in order to continue to afford the Company the necessary flexibility in raising capital, the authorisation granted by the Annual General Meeting on 8 May 2009 to issue bonds with warrants or convertible bonds shall be rescinded, to the extent that it was not exercised. A new authorisation to issue bonds with warrants or convertible bonds shall be granted, along with the option of excluding pre-emptive subscription rights, and a further contingent capital (Contingent Capital 2010) shall be created. Doing so will ensure the pre-emptive rights of the bondholders to subscribe to shares in Celesio arising from bonds with warrants and convertible bonds issued on the basis of the new authorisation.

The Management Board and the Supervisory Board propose adoption of the following resolution:

a) **Rescission of the existing authorisation**

The authorisation resolved by the Annual General meeting on 8 May 2009 granting the Management Board the right, with the consent of the Supervisory Board, to issue on one or several occasions on or before 7 May 2014 bearer bonds with warrants or convertible bearer bonds with a principal amount totalling up to EUR 500,000,000 and to grant option rights to the holders of bonds with warrants, and conversion rights to holders of convertible bonds, to receive registered shares in the Company representing a total notional interest in the share capital of EUR 21,772,800 in accordance with the more detailed provisions of the terms and conditions for bonds with warrants and convertible bonds is rescinded, to the extent that such authorisation was not exercised.

b) **Authorisation to issue bonds with warrants and/or convertible bonds and to exclude pre-emptive subscription rights**

The Management Board is authorised, with the consent of the Supervisory Board, to issue on one or several occasions on or before 5 May 2015 bearer bonds with warrants and/or convertible bearer bonds (together "bonds") with a principal amount totalling up to EUR 500,000,000 and to grant option rights to the holders of bonds with warrants, and conversion rights to holders of convertible bonds, to receive registered shares in the Company representing a total notional interest in the share capital of EUR 21,772,800 in accordance with the more detailed provisions of the terms and conditions for bonds with warrants and convertible bonds.

Such bonds may be denominated in euros or – in the equivalent amount – in the legal currency of any OECD country. They may also be issued by any German or foreign company in which Celesio AG directly or indirectly controls a voting and capital majority ("majority-owned subsidiary"). In such instances, the Management Board is authorised, with the consent of the Supervisory Board, to assume the guarantee for the bonds on behalf of the issuing company and to grant the holders of bonds with warrants and convertible bonds option or conversion rights for registered shares in Celesio AG, or to impose a conversion obligation on the holders of convertible bonds.

Statutory subscription rights are granted to shareholders by virtue of the fact that the bonds are purchased by a bank or banking syndicate subject to the stipulation that they offer the bonds to shareholders for subscription. If the bonds are issued by a majority-owned subsidiary of Celesio AG, such subsidiary must ensure that the

statutory subscription rights are granted to Celesio AG's shareholders in accordance with the provisions of the foregoing sentence.

However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude from the shareholders' pre-emptive rights any fractional amounts resulting from the subscription ratio and to exclude pre-emptive rights to the extent necessary in order to grant the bearers of existing option or conversion rights and obligations the pre-emptive rights to which they would be entitled as shareholders upon exercising their option or conversion rights or upon satisfying their option or conversion obligations.

Furthermore, the Management Board is authorised, with the consent of the Supervisory Board, to exclude in full shareholders' pre-emptive rights to bonds issued against cash contributions and carrying option or conversion rights or obligations, provided that after performing a due and proper review the Management Board concludes that the issue price of the bonds is not substantially lower than their hypothetical market value as calculated in accordance with recognised methods of mathematical finance. This authorisation to exclude pre-emptive subscription rights applies to bonds issued with share option or conversion rights or obligations. The total notional interest of such shares in the share capital may not exceed 10% of the share capital, either at the date on which this authorisation enters into effect, or – if this amount is less – at the date on which it is exercised. The aforementioned 10% threshold shall apply to the following:

- new shares issued from Authorised Capital without pre-emptive rights under § 186 (3) sentence 4 AktG during the term of this authorisation, until such time as bonds with option or conversion rights or obligations that carry no pre-emptive rights under § 186 (3) sentence 4 AktG are issued,
- as well as any own/treasury shares acquired on the basis of any authorisation granted by the Annual General Meeting and sold without pre-emptive rights pursuant to § 71 (1) no. 8 sentence 5 in conjunction with § 186 (3) sentence 4 AktG, until such time as bonds with option or conversion rights or obligations that carry no pre-emptive rights under § 186 (3) sentence 4 AktG are issued.

If bonds with warrants are issued, each shall have one or several warrants attached to it, granting the holder the right to subscribe to no-par value registered shares in Celesio AG in accordance with the more detailed provisions of the option terms and conditions to be stipulated by the Management Board. The option terms and conditions for euro-denominated bonds with warrants issued by Celesio AG may

stipulate that the option price may also be paid via the transfer of the bonds and, if applicable, via an additional cash contribution. The notional interest in the share capital represented by the shares to be issued for each bond may not exceed the principal amount of the bond. To the extent fractional shares are created, the option or bond terms and conditions may stipulate that such fractional shares may be combined to subscribe for whole shares, where necessary against an additional contribution.

If convertible bonds are issued, the bondholders shall have the irrevocable right to convert their bonds into no-par value registered shares in Celesio AG in accordance with the convertible bond terms and conditions stipulated by the Management Board. The conversion ratio is calculated by dividing the principal amount, or the issue price of the bond if this is lower than the principal amount, by the conversion price stipulated for one share in the Company, and may be rounded to the nearest whole number; an additional cash contribution may also be stipulated, as well as the combination of fractional shares or compensation for non-convertible fractional shares. The notional interest in the share capital represented by the shares to be issued for each bond may not exceed the principal amount of the bond.

The relevant warrant or conversion price to be stipulated shall be calculated in accordance with the following principles:

The warrant or conversion price must amount to no less than 80% of the volume-weighted average quoted price of the Company's shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system),

- during the period between the beginning of the bookbuilding process and final pricing of the bonds by the underwriting banks or,
- if shareholders have pre-emptive rights to subscribe to the bonds, in the closing auction during the days on which the pre-emptive rights to the bonds are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days for pre-emptive rights.

Without prejudice to § 9 (1) AktG, the warrant or conversion price may be adjusted in accordance with the more detailed provisions of the bond terms and conditions in order to preserve their value in accordance with an anti-dilutory clause if the Company increases its share capital or issues or guarantees further bonds with warrants or convertible bonds or bonds with conversion obligations prior to the expiry of the warrant or conversion period and grants the shareholders a pre-



emptive subscription right and no pre-emptive subscription right is granted to the holders of existing bonds with warrants or convertible bonds. The bond terms and conditions may also provide for an adjustment of the warrant or conversion price in order to preserve their value in connection with other measures initiated by the Company that may lead to the dilution of the value of the warrants or conversion rights.

The bond terms and conditions may stipulate that when conversion or option rights are exercised, the Company is not required to grant new shares but may instead elect to pay out a sum in cash equivalent to the amount of the shares otherwise deliverable, which corresponds to the non-volume-weighted arithmetic mean of the daily volume-weighted average prices for Celesio AG's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange during the ten trading days following exercise of conversion or option rights. If following the exercise of conversion or option rights, the Company announces its intention to exercise its right to pay out a cash sum, the period of ten trading days shall not commence until two trading days following the announcement of the Company's intention to pay out a cash sum. The bond terms and conditions may also stipulate that rather than converting bonds with warrants or convertible bonds into new shares from Contingent Capital, the Company may opt to convert them into existing shares of the Company or into shares in another listed company, and that the option right or obligation may be satisfied through the delivery of such existing shares or shares in another listed company.

The bond terms and conditions may also stipulate a conversion or option obligation upon maturity (or at any other date), or may grant the Company the right to grant shares in the Company or in another listed company to the bond creditors upon final maturity of bonds carrying conversion or option rights (this also includes maturity upon redemption) as full or partial substitution for payment of the cash sum due. The notional interest in the share capital represented by the shares to be issued upon conversion or the exercise of options may not exceed the principal amount of the bonds. § 9 (1) in conjunction with § 199 (2) AktG must be observed.

The Management Board is authorised, with the consent of the Supervisory Board, to stipulate any further specifications regarding the issue and features of the bonds, particularly with regard to the interest rate, coupon, issue price, term and denomination, any anti-dilution provisions, and the option or conversion period, or to stipulate such specifications in consultation with the governing bodies of the majority-owned subsidiaries of Celesio AG issuing the bonds with warrants or convertible bonds.

**c) Creation of an additional contingent capital (Contingent Capital 2010)****(1) Creation of an additional Contingent Capital**

The share capital is contingently increased by up to EUR 21,772,800, divided into up to 17,010,000 no-par value registered shares (Contingent Capital 2010). The contingent capital increase shall only be implemented to the extent that (i) the holders of option or conversion rights or bondholders required to exercise conversion or option rights under bonds with warrants or convertible bonds issued or guaranteed by the Company, or any majority-owned subsidiary of Celesio AG, based on the authorisation resolved by the Annual General Meeting on 6 May 2010, exercise their option or conversion rights or, to the extent they are required to exercise their conversion or option rights, satisfy their conversion obligations or exercise their options, and (ii) no cash compensation is granted and no treasury shares or shares in any other listed company are used to service such transactions. The new shares are issued at the relevant option or conversion price in accordance with the provisions of this authorisation. The new shares issued based on the exercise of option or conversion rights or the satisfaction of option or conversion obligations carry dividend rights from the beginning of the financial year in which they are created. The Management Board is authorised, with the consent of the Supervisory Board, to stipulate the further details for implementing the contingent capital increase.

**(2) Amendments to the Articles of Association**

(a) § 3 of the Articles of Association shall be amended to include the following new paragraph (5):

"The share capital is contingently increased by up to EUR 21,772,800, divided into up to 17,010,000 no-par value registered shares (Contingent Capital 2010). The contingent capital increase shall only be implemented to the extent that (i) the holders of option or conversion rights or bondholders required to exercise conversion or option rights under bonds with warrants or convertible bonds issued or guaranteed by the Company, or any majority-owned subsidiary of Celesio AG, based on the authorisation resolved by the Annual General Meeting on 6 May 2010, exercise their option or conversion rights or, to the extent they are required to exercise their conversion or option rights, satisfy their conversion obligations or exercise their options, and (ii) no cash

compensation is granted and no treasury shares or shares in any other listed company are used to service such transactions. The new shares are issued at the relevant option or conversion price in accordance with the provisions of the authorisation issued by the Annual General Meeting on 6 May 2010. The new shares issued based on the exercise of option or conversion rights or the satisfaction of option or conversion obligations carry dividend rights from the beginning of the financial year in which they are created. Subject to the Supervisory Board's consent, the Management Board is authorised to stipulate the further details for implementing the contingent capital increase."

- (b) The subsequent paragraphs of § 3 of the Articles of Association shall be renumbered accordingly.

(3) Authorisation to amend the Articles of Association

The Supervisory Board is authorised to amend the language of § 3 of the Articles of Association to reflect each issue of new shares, and to make any other amendments to the Articles of Association necessary in this context, provided that such amendments are limited to the wording. The same applies in the event the authorisation to issue bonds with warrants or convertible bonds is not exercised during the term of the authorisation and in the event that Contingent Capital is not utilised prior to the end of the exercise periods for option or conversion rights or for the satisfaction of conversion or option obligations.

The report of the Management Board on this agenda item is reproduced at the end of the agenda.

**9. Resolution on the amendment to the Articles of Association in accordance with the Act Implementing the Shareholder Rights Directive**

The Act Implementing the Shareholder Rights Directive (*Gesetz zur Umsetzung der Aktionärsrechterichtlinie*, "ARUG") represents a significant reform of shareholder rights. Celesio AG's Articles of Association shall be amended to reflect this new legal situation.

The Management Board and the Supervisory Board propose adoption of the following resolution:

- a) § 6 (3) of the Articles of Association shall be amended and reworded as follows:

"In accordance with § 7 (2) of the Articles of Association, the Annual General Meeting shall be convened within the period of notice set forth by law."

- b) § 7 (2) of the Articles of Association shall be amended and reworded as follows:

"Registrations shall be received by the Management Board at the registered office of the Company or any other address indicated in the convocation no later than six days prior to the date of the Annual General Meeting and may be submitted in writing, by fax or, if the Management Board so deems, electronically by a medium to be specified by the Management Board. The day of the Annual General Meeting and the day on which registrations are received are not included in these six days. The Management Board may stipulate a shorter period of notice in the invitation to the Annual General Meeting. No deletions or new entries will be recorded in the share register on the day of the Annual General Meeting or on the last six days prior to the Annual General Meeting."

- c) § 7 (3) of the Articles of Association is rescinded.

- d) § 7 (4) of the Articles of Association shall be renumbered as § 7 (3) of the Articles of Association, amended and reworded as follows:

"Voting rights may be exercised by proxy. Proxies must be granted and revoked in writing and verification of proxies must be submitted to the Company in writing. This shall not affect § 135 AktG. If shareholders appoint more than one person to serve as proxy, the Company may reject one or more of these persons."

#### **10. Resolution on the Amendment to § 3 (6) of the Articles of Association**

In accordance with § 3 (6) sentence 2 subsentence 2 of the Articles of Association, the Management Board shall stipulate the form and content of the share certificates, profit participation certificates and renewal coupons with the consent of the Supervisory Board. Since the right of the shareholders to securitise their shares is excluded in accordance with § 3 (6) sentence 1 of the Articles of Association, the form and content of the share certificates, profit participation certificates and renewal coupons is of no material significance. Therefore, the requirement to seek the Supervisory Board's consent shall be rescinded. Given the foregoing, the statement that the Management Board is authorised to issue share certificates for several shares (global shares) shall

be rescinded. The right of the shareholders to securitise their shares shall continue to be excluded.

The Management Board and the Supervisory Board propose adoption of the following resolution:

"§ 3 (6) sentence 2 of the Articles of Association shall be rescinded; § 3 (6) of the Articles of Association shall be reworded as follows:

"The right of the shareholders to securitise their shares is excluded."

#### **11. Resolution on the election of a new member to the Supervisory Board**

Pursuant to §§ 96 (1), 101 (1) AktG, §§ 1 (1), 7 (1) no. 1 German Co-Determination Act (*Mitbestimmungsgesetz*, "MitbestG") and § 5 (1) sentence 1 of the Articles of Association, the Supervisory Board is composed of six members to be elected by the Annual General Meeting (shareholder representatives) and six members to be elected by the Company's employees (employee representatives).

Dr. Eckhard Cordes, elected by the Annual General Meeting on 30 April 2008, resigned his office with effect from 31 December 2009. By virtue of a decision by the Local Court (*Amtsgericht*) of Stuttgart dated 8 December 2009, Professor Dr Jürgen Kluge was appointed to serve in his stead as member of the Supervisory Board of Celesio AG, with effect from 1 January 2010. The Supervisory Board elected Professor Dr Kluge as its chairman on 3 January 2010. In accordance with § 104 (5) AktG, the term of office of the court-appointed member of the Supervisory Board shall expire whenever the situation is rectified; in this instance, it shall expire upon the election of the member of the Supervisory Board by the Annual General Meeting. If elected by the Annual General Meeting, Professor Dr Kluge intends to stand as a candidate for chairman of the Supervisory Board at the next meeting of the Supervisory Board.

The Annual General Meeting is not bound by election proposals.

The Supervisory Board nominates Professor Dr Jürgen Kluge, Düsseldorf, Chairman of the Board of Management of Franz Haniel & Cie. GmbH, as shareholder representative on the Supervisory Board.

Membership on supervisory boards and comparable supervisory bodies: SMS GmbH, Düsseldorf.

## **12. Resolution on the Remuneration system for members of the Management Board of Celesio AG**

The German Act on the Appropriateness of Executive Board Compensation (*Gesetz zur Angemessenheit der Vorstandsvergütung*, "VorstAG"), which entered into force on 5 August 2009, created the option of the Annual General Meeting resolving to approve the compensation system for members of the Executive Board. It is intended that this option be exercised.

The resolution on this agenda item relates to the compensation system currently in place for the members of Celesio AG's Management Board, which served as a basis for determining the remuneration of the Management Board in financial year 2009. The details of this system are laid out in the compensation report, which is a component of the documents made available to the Annual General Meeting.

The Management Board and Supervisory Board propose that the system of Management Board compensation in accordance with § 120 (4) AktG, as described in the compensation report on page 33 of the annual report for the 2009 financial year, be approved.

### **Reports of the Management Board**

#### **Report of the Management Board on agenda item 6 pursuant to § 71 (1) no. 8 sentence 5 in conjunction with § 186 (4) sentence 2 AktG**

On 8 May 2009, the Annual General Meeting of Celesio AG passed a resolution authorising the acquisition of own shares and use of treasury shares. The authorisation expires on 7 November 2010. Due to the fact that the authorisation will expire prior to the 2011 Annual General Meeting, the Company will rescind this authorisation on the date on which the authorisation to be resolved by this Annual General Meeting enters into effect. The new authorisation to acquire own shares is valid until the expiry of 4 November 2011. The proposed resolution sets forth the prerequisites and options for the acquisition and subsequent utilisation of own/treasury shares.

The Company will be able to acquire own shares on the open market or by way of a public tender offer addressed to all shareholders. If the number of shares tendered in a public offer exceeds the target number of shares to be acquired, shares shall not be acquired in proportion to the equity interest they represent, but instead in proportion to shares tendered.

The foregoing serves to simplify the allocation process. This is intended to render the preferential acceptance of small offers or small parts of offers up to a maximum of 100 shares possible. This option helps to prevent fractional amounts when determining the quantities to be acquired, as well as small remainders, thus simplifying the technical settlement process.

It will be possible to sell the treasury shares acquired on the basis of this or any prior authorisation on the open market or by way of an offer addressed to all shareholders, as well as to use them for the following purposes:

Treasury shares should be placed at the Company's disposal so that it will be able to grant these without pre-emptive rights as consideration in the context of corporate mergers or for the acquisition of companies, parts of companies or equity interests in companies. Treasury shares are a key instrument used as form of currency in this regard. They can represent a cost-effective financing option for the Company. Sellers often insist that they be offered as consideration in such transactions. The present authorisation is being proposed in order to enable the Company to take advantage of opportunities as they present themselves to acquire companies, parts of companies or equity interests in companies, both on the German and the international markets, in a rapid and flexible manner, particularly without having to convene the Annual General Meeting, which is often not possible due to time constraints. The use of treasury shares is also favourable to existing shareholders in that the Company's acquisition of own/treasury shares does not result in the dilution of existing shareholders' equity interest in the Company. The Management Board will ensure that the interests of the shareholders are adequately safeguarded when determining the pricing ratios. The Management Board will use the quoted price of the shares as a guideline in measuring their value as consideration. However, the Management Board does not intend to use the quoted price as a systematic point of reference, particularly because it wishes to avoid having fluctuations in the quoted price compromise any deals once they have been negotiated.

The Company should be able to retire treasury shares without requiring an additional resolution by the Annual General Meeting (§ 71 (1) no. 8 sentence 6 AktG). The proposed authorisation stipulates in accordance with § 237 (3) no. 3 AktG that the Management Board may retire shares without reducing the share capital. This reduction of share capital may take place for any purpose permissible by law. Retiring shares without reducing the share capital increases the notional interest of the remaining no-par value shares in the share capital of the Company. The Management Board is authorised to amend the Articles of Association to reflect any changes in the number of no-par value shares.

Under the proposed resolution, the Company should also be able to sell treasury shares without pre-emptive rights against cash payments instead of on the open market or by way of an offer to the shareholders. This option is particularly aimed at making it possible for the

Company to offer its shares to institutional investors, hence broadening the Company's shareholder base. The proposed authorisation serves to adequately secure the Company's equity base over the long term. The Management Board will ensure that any discount on the quoted price is as low as possible following placement, taking into account prevailing market conditions. However, this authorisation is valid only subject to the stipulation that the shares sold without shareholders' pre-emptive rights under § 186 (3) sentence 4 AktG do not represent more than a total of 10% of the Company's share capital either at the date on which the authorisation enters into effect or is exercised. Treasury shares shall count toward this limit if they are sold during the term of this authorisation without shareholders' pre-emptive rights under § 186 (3) sentence 4 AktG. Furthermore, any shares that have been or will be issued in order to service bonds with conversion or option rights or a conversion obligation shall be counted toward this limit if the bonds were issued during the term of this authorisation without pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG. The limitation on the number of shares to be sold and the obligation to set the sale price of the new shares close to the quoted price serve to adequately protect shareholders from a dilution of their interests. At the same time, they ensure that the consideration to be received by the Company is appropriate.

The Company should also be able to use shares to secure (e.g., by pledge, transfer of title as security) and to satisfy the conversion rights and obligations of holders or creditors of bonds with warrants and/or convertible bonds issued by the Company or subordinate Group companies without shareholders' pre-emptive rights. Using treasury shares to secure (e.g., by pledge, transfer of title as security) and to satisfy conversion rights, in whole or in part, may be more expedient than using new shares from a capital increase for these purposes.

The authorisation may not be used for trading in treasury shares.

The Management Board will use its due discretion in deciding to exercise the proposed authorisation and using own shares acquired. Furthermore, it will only use treasury shares acquired on the basis of the instant authorisation after receiving the consent of the Supervisory Board, to the extent required by the resolution of the Annual General Meeting.

Pursuant to § 71 (3) sentence 1 AktG, the Management Board will report to the subsequent Annual General Meeting on the utilisation of the instant authorisation.

**Report of the Management Board on agenda item 7 pursuant to § 203 (2) sentence 2 in conjunction with § 186 (4) sentence 2 AktG**

The Annual General Meeting on 8 May 2009 created a authorised capital (Authorised Capital 2009) totalling up to EUR 65,318,400 with the option of a less stringent exclusion of pre-



emptive subscription rights in accordance with § 186 (3) sentence 4 AktG if the issue price of the new shares is not substantially lower than the quoted share price and if the shares issued without pre-emptive rights under § 186 (3) sentence 4 AktG represent no more than a total of 10% of the share capital. Any shares that have been or will be issued in order to service bonds with conversion or option rights or a conversion obligation shall be counted toward this limit if the bonds were issued during the term of this authorisation without pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG. Backed by a guarantee issued by Celesio AG, Celesio Finance B.V., the Netherlands, a wholly owned subsidiary of Celesio AG, issued a convertible bond in October 2009 with a principle amount totalling up to EUR 350,000,000, which is convertible into shares in Celesio AG. The company exercised the option of issuing the bonds under the exclusion of pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG. The issue of a convertible bond under the exclusion of pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG precludes the exercise of the authorisation under Authorised Capital 2009 to the extent that the exclusion of pre-emptive rights pursuant to § 186 (3) sentence 4 AktG lapses if capital increases are implemented from authorised capital on the basis of Authorised Capital 2009. In order to provide management with the full room to manoeuvre that had previously been afforded to it by the Annual General Meeting on 8 May 2009, Authorised Capital 2009 shall be rescinded and replaced by a new Authorised Capital 2010. To date, the Company has not exercised Authorised Capital 2009.

With exception to the term of the authorisation, Authorised Capital 2010 is identical in content to Authorised Capital 2009. It will be ensured that the rescission of Authorised Capital 2009 will not enter into effect unless Authorised Capital 2009 is replaced by the new Authorised Capital 2010.

Authorised Capital 2010 is intended to be available both for cash and non-cash capital increases. The new Authorised Capital 2010 is intended to supplement the existing Authorised Capital 2007, which the Company also has not utilised to date. If utilised in full, the proposed amount of new authorised capital totalling up to EUR 65,318,400 would represent an increase of the current share capital by approximately 30%. Together with the existing Authorised Capital 2007, Authorised Capital 2010 amounts to 50% of the existing share capital as permitted by law.

Authorised Capital 2010 is intended, *inter alia*, to enable the Company to finance acquisitions, whether against cash consideration or against shares.

Shareholders are generally entitled to a subscription right when Authorised Capital 2010 is utilised for cash capital increases. However, the proposed authorisation provides that the Management Board may, with the consent of the Supervisory Board, exclude pre-emptive

rights for fractional amounts. The exclusion of pre-emptive rights for any fractional amounts serves merely to render it possible to utilise the authorisation in whole amounts. The new shares that are excluded from shareholders' pre-emptive subscription rights as floating fractional shares will be liquidated at the most favourable terms possible for the Company. Pre-emptive rights may further be excluded to the extent this is necessary in order to grant the holders of conversion or option rights the right to subscribe for new shares, provided that the terms and conditions of the relevant bonds so stipulate. In the interest of facilitating capital market placement, such bonds feature an anti-dilution mechanism that stipulates that bondholders or creditors may be granted the right afforded to shareholders to subscribe for new shares during subsequent share issues. In this way, they are treated as if they were already shareholders. In order to render it possible to equip the bonds with such an anti-dilution feature, it is necessary to exclude the pre-emptive rights of the shareholders to subscribe for these shares. This facilitates the placement of the bonds, hence serving the shareholders' interests in the Company having an optimal financial structure.

Furthermore, it is intended that the Management Board may, with the consent of the Supervisory Board, exclude pre-emptive rights in the event of cash capital increases if the shares are issued at a price that does not fall substantially below their quoted price. This authorisation enables the Company to take advantage of market opportunities swiftly and flexibly and to cover any related capital requirements at short notice. The exclusion of pre-emptive rights makes it possible to place the shares near their quoted price, thus eliminating the usual discount for rights issues. In the event of such an exclusion of pre-emptive rights near the quoted price, the cash capital increase may not exceed 10% of the existing share capital at the time of its exercise. The needs of the shareholders to protect their holdings from dilution are accounted for in this manner. Shareholders can maintain their equity interest in the Company by purchasing shares on the open market at virtually the same terms. Treasury shares shall count toward this limit if they are sold during the term of this authorisation without shareholders' pre-emptive rights under § 186 (3) sentence 4 AktG. Furthermore, any shares that have been or will be issued in order to service bonds with conversion or option rights or a conversion obligation shall be counted toward this limit if the bonds were issued during the term of this authorisation without pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG.

For non-cash capital increases, pre-emptive rights may be excluded in full. The Company should be able to take quick and flexible action at any time on international or regional markets in the interests of its shareholders. This includes being able to acquire companies or equity interests in companies at short notice to bolster the Company's competitive position. It may be expedient to issue shares as consideration in order to avoid weakening the Company's liquidity position or in order to comply with the relevant tax conditions. The proposed authorisation to issue shares from Authorised Capital 2010 against non-cash

contributions is in turn intended to enable the Company to offer, with the consent of the Supervisory Board, shares in Celesio AG as consideration for the acquisition of companies or equity interests in companies rapidly and flexibly, without having to turn to the open market. The proposed exclusion of shareholders' pre-emptive rights in the context of non-cash contributions also serves this purpose.

Analogous precautionary resolutions passed in advance and offering the option of excluding pre-emptive rights to subscribe shares are common. In all instances, the Management Board will exercise due care to ensure that the use of Authorised Capital 2010 is in the interest of the Company and its shareholders. The Management Board will report to the subsequent Annual General Meeting on any utilisation of Authorised Capital 2010.

**Report of the Management Board on agenda item 8 pursuant to § 221 (4) sentence 2, in conjunction with § 186 (4) sentence 2 AktG**

By issuing a convertible bond for a total principal amount of EUR 350,000,000 via Celesio Finance B.V., the Netherlands, in October 2009, the Company exercised the majority of the authorisation granted by the Annual General Meeting on 8 May 2009 to issue bonds with warrants or convertible bonds for a total principal amount of up to EUR 500,000,000. In accordance with § 3 (4) of the Articles of Association, Contingent Capital 2009, which was created by the Annual General Meeting on 8 May 2009, serves to secure the pre-emptive right of the holders of the convertible bonds issued on the basis of this authorisation to subscribe to Celesio shares. On the basis of the authorisation issued on 8 May 2009, it is virtually no longer possible to issue additional bonds with warrants or convertible bonds. However, the Company believes that the ability to continue to rely on bonds with warrants and/or convertible bonds as a financing tool is indispensable. Therefore, in order to continue to afford the Company the necessary flexibility in raising capital, the authorisation granted by the Annual General Meeting on 8 May 2009 to issue bonds with warrants or convertible bonds shall be rescinded, to the extent that it was not exercised. A new authorisation to issue bonds with warrants and/or convertible bonds shall be granted, along with the option of excluding pre-emptive subscription rights, and a further contingent capital (Contingent Capital 2010) shall be created. Doing so will ensure the pre-emptive rights of the bondholders to subscribe to shares in Celesio arising from bonds with warrants and convertible bonds issued on the basis of the new authorisation.

The purpose of the proposed new authorisation to issue bonds with warrants or convertible bonds ("bonds") for a total principal amount of up to EUR 500,000,000 and to create an associated additional Contingent Capital of up to EUR 21,772,800 is to offer Celesio AG the required flexibility in the financing of its activities, as well as to continue to pave the way for the Management Board, with the consent of the Supervisory Board, to obtain financing in a

rapid and flexible manner that is in line with the interests of the Company, particularly given favourable capital market conditions. The new authorisation replaces the authorisation which had been resolved by the Annual General Meeting on 8 May 2009 and largely utilised to issue bonds. An additional contingent capital shall be created in order to secure the claims of holders of bonds issued on the basis of the new authorisation.

The primary difference between Contingent Capital 2009 and Contingent Capital 2010 is that Contingent Capital 2010 affords the management greater room for manoeuvre in setting the issue price. The Contingent Capital 2009 created by the Annual General Meeting on 8 May 2009 aimed to reflect the rulings of lower and upper courts, which called for a concrete conversion and/or option price to be set for such resolutions, rather than permitting the previously standard practice of setting the bases of calculation for a minimum issue price. Since then, both the German Federal Court of Justice and the legislature have clarified the legal situation, affording companies legal certainty and an economically sensible framework for structuring contingent capital.

By law, shareholders generally have the right to subscribe for bonds carrying option or conversion rights or obligations (§ 221 (4) in conjunction with § 186 (1) AktG). In order to facilitate placement of the bonds, the Company intends to use the option of issuing the bonds to a bank or banking syndicate, provided that they offer the bonds to the shareholders for subscription in line with their pre-emptive rights (indirect subscription right within the meaning of § 186 (5) AktG).

The exclusion of pre-emptive rights for fractional amounts renders it possible to utilise the proposed authorisation in whole amounts. This facilitates the settlement of shareholders' pre-emptive rights. The advantage of excluding pre-emptive rights for holders of conversion or option rights or obligations already granted is that the conversion or option price for the conversion or option rights or obligations already granted need not be discounted, hence making it possible to generate greater cash inflows overall. Both rights exclusion scenarios are therefore in the interest of the Company and its shareholders.

The Management Board is further authorised, with the consent of the Supervisory Board, to exclude in full shareholders' pre-emptive rights if the bonds with option or conversion rights or obligations are issued at a price that does not fall substantially below the market value of these bonds. This provision renders it possible for the Company to quickly leverage favourable market situations at extremely short notice and to obtain better conditions in setting the interest rate and issue price of the bonds in line with standard market conditions. It would not be possible to obtain standard market conditions and effect a smooth placement without excluding pre-emptive rights. Section 186 (2) AktG permits the subscription price (and thus the terms and conditions of these bonds) to be published up to the third-to-last day

of the subscription period. However, given the rather common volatility on the equities markets, this then also gives rise to a market risk over several days, which leads to haircuts in setting the bond terms and conditions, i.e., conditions are set which are not in line with the market. Furthermore, the mere existence of pre-emptive rights jeopardises the successful placement of the bonds with third parties or may give rise to additional costs due to the uncertainty as to whether the pre-emptive rights will be exercised (subscription behaviour). Finally, if pre-emptive rights are granted, the Company is not able to react accordingly to favourable or unfavourable market conditions at short notice due to the length of the subscription period. Instead, it is exposed to falling share prices during the subscription period, which may place the Company at a disadvantage in raising capital.

Pursuant to § 221 (4) sentence 2 AktG, in the event of the full exclusion of pre-emptive rights, the provisions of § 186 (3) 4 AktG apply *mutatis mutandis*. The proposed resolution ensures that the threshold for the exclusion of pre-emptive rights (10% of the share capital) stipulated in those provisions is complied with. The volume of Contingent Capital, which would be available solely for the purpose of securing the option or conversion rights or obligations, is exactly 10% of the current share capital. A corresponding provision in the proposed authorisation resolution also ensures that even in the event of a capital reduction, the 10% threshold will not be exceeded, as the authorisation to exclude pre-emptive rights expressly states that it may not exceed 10% of the share capital either at the date on which such authorisation enters into effect, or – if this amount is less – at the date on which it is exercised. The foregoing 10% threshold will apply to new shares issued from Authorised Capital without pre-emptive rights under § 186 (3) sentence 4 AktG during the term of this authorisation, until such time as bonds with option or conversion rights or obligations that carry no pre-emptive rights under § 186 (3) sentence 4 AktG are issued, as well as such shares acquired on the basis of the authorisation granted by the Annual General Meeting on 6 May 2010 and sold without pre-emptive rights pursuant to § 71 (1) no. 8 sentence 5 in conjunction with § 186 (3) sentence 4 AktG, until such time as bonds with option or conversion rights or obligations that carry no pre-emptive rights under § 186 (3) sentence 4 AktG are issued.

Moreover, § 186 (3) sentence 4 AktG stipulates that the issue price may not fall substantially below the quoted price. This provision is intended to ensure that the economic value of the shares is not subject to any material dilution. It is possible to determine whether such a dilution has occurred in connection with the issue of bonds carrying option or conversion rights or obligations without pre-emptive rights by calculating the hypothetical quoted price of the bonds using recognised methods of mathematical finance and comparing this hypothetical price to the issue price. If after a due and proper review this issue price is not substantially below the hypothetical quoted price at the time the bonds are issued, the exclusion of pre-emptive rights is permissible in accordance with the spirit and intent of §

186 (3) sentence 4 AktG due to the immateriality of the discount. The resolution therefore stipulates that the Management Board, prior to issuing bonds carrying option or conversion rights or obligations, must come to the conclusion on the basis of a due and proper review that the proposed issue price does not lead to any material dilution of the value of the shares. This would lead the arithmetical market value of a pre-emptive right to fall to nearly nil, ensuring that the shareholders suffer no material economic detriment as a result of the exclusion of pre-emptive rights. Notwithstanding this review by the Management Board, this makes it possible to ensure that conditions are set in line with the market, hence avoiding any material dilution during any bookbuilding process. In such a process, although the bonds are offered for sale at a fixed issue price, individual terms and conditions of the bonds (such as interest rate and term, where applicable) are arranged on the basis of purchase orders submitted by investors, meaning that the overall value of the bond is determined in line with the market. All of this is intended to ensure that the value of the shares is not subject to any material dilution caused by the exclusion of pre-emptive rights.

Even after option or conversion rights have been exercised or option or conversion obligations have arisen, shareholders have the option of maintaining their interest in the share capital of the Company by purchasing shares on the open market at any time. In return, the authorisation to exclude pre-emptive rights makes it possible for the Company to set conditions in line with the market, reinforces to the greatest extent possible its ability to place bonds with third parties and affords it room to manoeuvre when leveraging favourable market conditions at short notice.

Analogous precautionary resolutions passed in advance and offering the option of excluding pre-emptive rights to subscribe shares are common. In all instances, the Management Board will exercise due care to ensure that the issue of convertible bonds and/or bonds with warrants is in the interest of the Company and its shareholders. The Management Board will report to the subsequent Annual General Meeting on any utilisation of the authorisation.

### **Attendance at the Annual General Meeting**

Pursuant to § 7 of the Articles of Association, those shareholders who are registered in the Company's share register are entitled to attend the Annual General Meeting and to exercise their voting rights, provided they have registered to do so in good time, and the registration of the shareholders was received by the Company by no later than the close of Thursday, 29 April 2010 (24:00).

Shareholders may submit their written registration to the Management Board at the Company's registered office, or to

Celesio AG  
Aktionärservice  
Postfach 940002  
69940 Mannheim  
Germany

or by fax to +49(0)69.2222-34281, or may register online at <https://aktie.celesio.com>.

Shareholders who register to attend the Annual General Meeting will automatically receive admission tickets by post. Admission tickets serve merely as organisational aids and not as a prerequisite for attending the Annual General Meeting and exercising voting rights. Please bring your admission ticket with you and have it ready for inspection at the main entrance to the Annual General Meeting.

### **Shares and voting rights; free disposability of shares**

The share capital of the Company is divided into 170,100,000 no-par value registered shares granting a total of 170,100,000 voting rights. The Company held no treasury shares at the date on which the Annual General Meeting was convened.

Registration to attend the Annual General Meeting does not preclude the tradability of shares; shareholders may therefore continue to freely dispose of their shares after having registered to attend. However, no deletions or new entries will be recorded in the share register on the day of the Annual General Meeting or on the last six days prior to the Annual General Meeting. Shareholdings registered in the share register on the day of the Annual General Meeting shall be decisive with regard to the allocation of voting rights.

### **Proxy voting**

Shareholders may opt to authorise a proxy voting agent, such as a bank, a shareholders' association or another person, to exercise their voting rights on their behalf. In such cases, shareholders, proxies, banks, or shareholders' associations are responsible for promptly notifying the Company of their intention to attend the Annual General Meeting. Proxies must be granted and revoked in writing and verification of proxies must be submitted to the Company in writing. This shall include, for example, the granting of a proxy (with the option of issuing voting instructions) electronically via the Company's website [www.celesio.com/hauptversammlung](http://www.celesio.com/hauptversammlung) or by fax to +49(0)69.2222-34281. Shareholders registered in the share register will receive detailed information on issuing proxies and voting instructions along with their invitation to attend the Annual General Meeting. Enclosed with

the invitation is a form for issuing proxies and for issuing voting instructions. This information is also accessible online at [www.celesio.com/hauptversammlung](http://www.celesio.com/hauptversammlung).

There may be exceptions for the granting or revocation of proxies to banks, shareholders' associations or other equivalent institutions or persons under § 135 AktG and the verification of such to the Company. If you wish to authorise a bank, a shareholders' association or any other equivalent institution or person under § 135 AktG to act as a proxy, please discuss the required form of the proxy or the revocation of such with such institutions or persons.

If shareholders appoint more than one person to serve as proxy, the Company may reject one or more of these persons.

### **Company-appointed proxies**

As an additional service, we offer the shareholders registered in our share register the opportunity to have the Company appoint a proxy to vote on their behalf. The necessary proxy form and any instructions may be issued in writing at the following address:

Celesio AG  
Aktionärsservice  
Postfach 940002  
69940 Mannheim  
Germany

They may also be issued electronically at [www.celesio.com/hauptversammlung](http://www.celesio.com/hauptversammlung) or by fax to +49(0)69.2222-34281. Proxies may also be submitted at the main entrance on the day of the Annual General Meeting beginning at 9:00 a.m. The same applies with respect to modifications to instructions and the revocation of the proxy. No separate verification of the proxy must be presented to the Company. The proxies appointed by the Company are required to vote in accordance with the instructions issued to them. Please note that proxies must be issued to Company-appointed representatives with instructions; otherwise, they will be null and void.

Proxies must be received at the above address, website or fax number by no later than the expiry of 29 April 2010 (24:00 midnight). The revocation of proxies granted to Company-appointed representatives and modifications to instructions must be received at the above address, website or fax number by no later than 12:00 noon on 5 May 2010. You may appoint or revoke proxies and issue or rescind instructions to proxies on the day of the Annual General Meeting between 9:00 a.m. and shortly prior to the beginning of voting at the main entrance to the Annual General Meeting.



Shareholders registered in the share register will receive detailed information on granting and revoking proxies and issuing and rescinding voting instructions along with their invitation to attend the Annual General Meeting. This information is also accessible online at [www.celesio.com/hauptversammlung](http://www.celesio.com/hauptversammlung).

**Shareholders' rights: motions to amend the agenda**

Shareholders whose combined holdings represent a proportionate interest equivalent to at least EUR 500,000 of the share capital may request pursuant to § 122 (2) AktG that items be placed on the agenda and announced. Each new item must be accompanied by supporting information or a draft resolution. The request must be sent in writing to the Management Board of Celesio AG. Requests may be sent to the following address:

Celesio AG  
Management Board  
c/o Corporate Legal  
Neckartalstraße 155  
70376 Stuttgart

Requests to place items on the agenda must be received by Celesio AG at least 30 days prior to the day of the Annual General Meeting, i.e., by no later than the expiry of 5 April 2010 (24:00). Shareholders must show that they have been the holders of the shares since at least midnight on 6 February 2010 (0:00).

**Shareholders' rights: shareholder counter-motions/nominations**

Shareholders of Celesio AG may send to the Company any counter-motions to any proposal of the Management Board and Supervisory Board in relation to a given agenda item in accordance with § 126 (1) AktG and nominations in accordance with § 127 AktG. Such counter-motions and nominations must be sent exclusively to the following address:

Celesio AG  
Corporate Legal  
Neckartalstraße 155  
70376 Stuttgart  
Fax +49(0)711.50 01-590  
[legal@celesio.com](mailto:legal@celesio.com)

Counter-motions and nominations sent to any other address will not be considered.

All duly submitted counter-motions and nominations sent to the aforementioned address at least 14 days prior to the Annual General Meeting, i.e., by no later than the expiry of 21 April 2010 (24:00), will be published online at [www.celesio.com/hauptversammlung](http://www.celesio.com/hauptversammlung), together with the name of the submitting shareholder, the information in support of the counter-motion or proposal and any statements on behalf of the management.

Under given circumstances, Celesio AG is not obliged to publish a counter-motion or proposal and the relevant information in support of such. Such is the case if:

- making such information available would subject the Management Board to criminal liability
- the counter-motion would result in a resolution by the Annual General Meeting that would be illegal or in violation of the Articles of Association
- the supporting information contains statements which are manifestly false or misleading in material respects or which are defamatory
- a shareholder counter-motion based on the same set of facts has already been made available to an Annual General Meeting of Celesio AG pursuant to § 125 AktG
- the same shareholder counter-motion, including substantially the same supporting information, has already been made available pursuant to § 125 AktG to at least two Annual General Meetings of the Company within the past five years and less than one-twentieth of the share capital represented at those meetings voted in favour of such counter-motion
- the shareholder indicates that he/she will not attend or be represented at the Annual General Meeting or
- at two Annual General Meetings within the past two years the shareholder has failed to put forward or have put forward on his/her behalf a counter-motion notified by such shareholder.

The information in support of a valid counter-motion need not be made available if the text is more than 5,000 characters.

If several shareholders submit counter-motions for the adoption of a resolution in respect of the same subject matter, the Management Board of Celesio AG may consolidate such counter-motions and the respective supporting information.

The foregoing applies *mutatis mutandis* to shareholder nominations of Supervisory Board candidates, although nominations need not be accompanied by supporting information (§ 127 AktG).

Celesio AG need not publish nominations for election for the reasons cited above, or if the nomination does not contain the name, profession and residential address of the nominee and information on any positions held by such nominee(s) on other supervisory boards to be created by law in accordance with § 125 (1) sentence 5 AktG.

### **Shareholders' rights: shareholders' right to information**

Each shareholder of Celesio AG shall, upon request, be provided with information at the Annual General Meeting by the Management Board regarding the Company's affairs, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The duty to provide information also extends to legal and business relations between the Company and its affiliates as well as the position of the Group and that of the entities included in the consolidated financial statements.

### **Website providing access to information pursuant to § 124a German Stock Corporation Act (*Aktiengesetz*, "AktG")**

This invitation to the Annual General Meeting, the documents to be made available to the Annual General Meeting and further information in connection with the Annual General Meeting will be available at the Company's website [www.celesio.com](http://www.celesio.com) immediately after the Annual General Meeting is convened.

The results of the voting will be announced on the same website subsequent to the conclusion of the Annual General Meeting.

The documents required to be made available to the Annual General Meeting will be laid out for inspection at the meeting on 6 May 2010.

### **Webcast**

The address by the Chairman of the Management Board will be broadcast live on our website on the day of the Annual General Meeting, beginning at approximately 10:00 a.m. In addition, the complete address will be posted online following the Annual General Meeting.

**Contact information**

To request information materials and for any questions relating to the Annual General Meeting, you may contact us at:

Celesio AG  
Corporate Investor Relations  
Neckartalstraße 155  
70376 Stuttgart  
Germany  
Telephone +49(0)711.50 01-735  
Fax +49(0)711.50 01-740  
investor@celesio.com  
www.celesio.com

Stuttgart, March 2010

Celesio AG

The Management Board

**Directions to the Porsche-Arena, Stuttgart****By car****On the A81 from Singen**

- Take the A81 until the Stuttgart motorway junction (*Autobahnkreuz Stuttgart*)
- Follow the A831 straight on towards Stuttgart until the end of the motorway
- Take B14 towards Stuttgart-Zentrum
- Follow B14 through the whole city
- Follow the NeckarPark signs to the car park
- There is free parking at the P10 car park on Talstraße.

**On the A81 from Heilbronn**

- Exit A81 at Zuffenhausen
- Take B10 towards Stuttgart-Zentrum
- Exit B10/B27 towards Stuttgart-Zentrum; keep to the right
- Follow B10 (on Heilbronner Straße, then Pragstraße until you reach Wilhelma)
- Follow the NeckarPark signs to the car park
- There is free parking at the P10 car park on Talstraße.

**On the A8 from Karlsruhe**

- Take the A8 until the Leonberg motorway junction (*Autobahndreieck Leonberg*)
- Take A81 towards Heilbronn
- Exit A81 at Zuffenhausen
- Take B10 towards Stuttgart-Zuffenhausen/Kornwestheim
- Follow B10 (on Heilbronner Straße, then Pragstraße until you reach Wilhelma)
- Follow the NeckarPark signs to the car park
- There is free parking at the P10 car park on Talstraße.

**On the A8 from Munich**

- Exit A8 at Wendlingen
- Take B313 towards Esslingen-Zentrum/Plochingen
- Follow B313 until B10 towards Stuttgart/Esslingen/Plochingen
- Follow B10 until Stuttgart-Ost/Stuttgart-Bad Cannstatt exit, and turn right on Talstraße
- There is free parking at the P10 car park on Talstraße.

**By public transport****S-Bahn lines S1, S2, S3**

- Take S-Bahn line S1, S2 or S3 until Bad Cannstatt Bahnhof
- Transfer to Bus line 56 towards Wagenburgstraße
- Alight at NeckarPark (Stadion)

**Stadtbahn lines U1, U2**

- Take Stadtbahn line U1 or U2 to Bad Cannstatt Wilhelmsplatz
- Walk to Bad Cannstatt Bahnhof, just a few metres away from Bad Cannstatt Wilhelmsplatz
- Transfer to Bus line 56 towards Wagenburgstraße
- Alight at NeckarPark (Stadion)

**Stadtbahn line U13**

- Take Stadtbahn line U13 to Badstraße (Wilhelmsplatz)
- Walk to Bad Cannstatt Bahnhof, just a few metres away from Badstraße (Wilhelmsplatz)
- Transfer to Bus line 56 towards Wagenburgstraße
- Alight at NeckarPark (Stadion)

**Financial calendar**

Press conference on Annual Results	23 March 2010
Analyst and investor conference 2010	23 March 2010
Annual general meeting 2010	6 May 2010
Interim report, 1st quarter 2010	12 May 2010
Interim report, 1st half year 2010	12 August 2010
Interim report, 1st – 3rd quarter 2010	11 November 2010
Annual report 2010	March 2011

Subject to amendment. Other dates and updates can be found at [www.celesio.com](http://www.celesio.com) under Investor Relations/Financial Calendar.

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