



Corporate Governance

Declaration of Compliance 2004

Joint Declaration of the Executive and Supervisory Board of STADA Arzneimittel AG concerning the German Corporate Governance Code, pursuant to Section 161 of the German Stock Corporation Act (AktG)

At the time this declaration was submitted, STADA Arzneimittel AG complied with the recommendations of the German Corporate Governance Code in the version of May 21, 2003 (published in the electronic Federal Gazette on July 4, 2003) with the following exceptions:

Section 3.8: D&O insurance - deductible for board members

The D&O insurance policy covering board members and top management, which is part of a common group insurance policy, does not contain a deductible since it is not customary in international practice to have such a deductible for top management, and in the opinion of the Supervisory and Executive Boards, board members should not be placed in a worse position than the Company's top management.

Section 5.4.1: Age limit for members of the Supervisory Board

The Supervisory Board's rules of order do not provide for an age limit.

Section 6.6: Shares held by members of the Executive Board and Supervisory Board

The purchase and sale of STADA shares and options by members of the Executive Board and Supervisory Board and by closely related persons mentioned in the law are reported to the Company itself and to the German Federal Financial Supervisory Authority (BAFin) in accordance with legal requirements and are published on the Company's website in accordance with legal requirements. However, the shares and the options to purchase and sell such shares held by individual members of the Executive Board and Supervisory Board are not published in the Notes to the Company's financial statements. The Supervisory Board and the Executive Board are of the opinion that compliance with the legal requirements provides sufficient transparency.

Section 7.1.4: Consolidated financial statements - information about outside companies

STADA does not publish any disclosures relating to the previous year's equity or financial results of external companies in which STADA holds a material interest. STADA operates predominantly in markets that are subject to well-developed state regulation on the national level. The possibility exists that disclosure of the allocation of equity and/or profits within the Group could lead to a disadvantageous competitive situation in individual national markets. Transparency for shareholders is adequately guaranteed by detailed segment reporting on each line of business.

Since the most recent declaration of compliance was issued in the fourth quarter of 2003, STADA Arzneimittel AG has complied with the recommendations of the German Corporate Governance Code in the version applicable at the time, with the following exceptions:

Section 3.8: D&O insurance - deductible for board members

The D&O insurance policy covering board members and top management, which is part of a common group insurance policy, does not contain a deductible since it is not customary in international practice to have such a deductible for top management, and in the opinion of the Supervisory and Executive Boards, board members should not be placed in a worse position than the Company's top management.

Section 5.4.1: Age limit for members of the Supervisory Board

The Supervisory Board's rules of order did not provide for an age limit.

Section 5.4.5: Compensation of Supervisory Board members for serving on committees

Supervisory Board members who belong to committees do not receive any additional compensation for their committee activities.



Section 6.6: Shares held by members of the Executive Board and Supervisory Board

The purchase and sale of STADA shares and options by members of the Executive Board and Supervisory Board and by the related parties mentioned in the law are reported to the Company itself and to the German Federal Financial Supervisory Authority (BAFin) in accordance with legal requirements and are published on the Company's website in accordance with legal requirements. However, the shares and the options to purchase and sell such shares held by individual members of the Executive Board and Supervisory Board are not published in the Notes to the Company's financial statements. The Supervisory Board and the Executive Board are of the opinion that compliance with the legal requirements provides sufficient transparency.

Section 7.1.4: Consolidated financial statements - information about outside companies

STADA does not publish any disclosures relating to the previous year's equity or financial results of external companies in which STADA holds a material interest. STADA operates predominantly in markets that are subject to well-developed state regulation on the national level. The possibility exists that disclosure of the allocation of equity and/or profits within the Group could lead to a disadvantageous competitive situation in individual national markets. Transparency for shareholders is adequately guaranteed by detailed segment reporting on each line of business.

Bad Vilbel, December 10, 2004

(signed) **Dr. E. Brüggemann**
Chairman of the Supervisory Board

(signed) **Hartmut Retzlaff**
Chairman of the Executive Board