



Corporate Governance

Declaration of Compliance 2005

Joint Declaration of the Executive and Supervisory Board of STADA Arzneimittel AG concerning the German Corporate Governance Code, pursuant to § 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 June 2, 2005 (published in the electronic Federal Gazette on July 12, 2005) 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 Board, board members should not be placed in a worse position than the Company's top management.

Section 3.10: Corporate Governance Report

The reporting obligation in accordance with Section 3.10 of the Corporate Governance Code and the reporting requirements set out in §161 of the German Stock Corporation Act (AktG) partially deviate from one another in terms of content. The Executive Board and Supervisory Board have decided to orient the company's reporting on Corporate Governance in line with the legal requirements.

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 because such an age limit would shorten the voting rights of the shareholders in the Annual Shareholders' Meeting.

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.

For STADA, the recommendations of the Corporate Governance Code serve as a general basis for the Company's activity. In daily practice, however, individual situations can occur in which the application of the Code could lead to limitations in the flexibility of the Company or in the proven corporate practice. In these individual cases, contrary to the Declaration of Compliance, deviations from the recommendation of the Code can take place. STADA will, however, regularly review and, if necessary correct compliance with the Code and the above mentioned exceptions.

Since the most recent Declaration of Compliance was issued in the fourth quarter of 2004, 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

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Bad Vilbel, December 9, 2005



Dr. Eckhard Brüggemann
Chairman of the Supervisory Board



Hartmut Retzlaff
Chairman of the Executive Board