



Corporate Governance

Declaration of Compliance 2011

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

STADA Arzneimittel AG complies with the recommendations of the German Corporate Governance Code in the version of May 26, 2010 (published on July 2, 2010 in the electronic Federal Gazette) with the following deviations:

Section 5.3.3: Nomination Committee for Supervisory Board elections

In view of the size of STADA's Supervisory Board with six shareholder representatives the Supervisory Board believes that such an additional committee is structurally superfluous, but assigned the task of a nomination panel to the Chairmen of the Human Resources Committee and the Audit Committee; the additional remuneration, which pursuant to the articles of incorporation would be payable to Supervisory Board members involved in such a committee, is thus avoided.

Section 5.4.1, para. 2: Specification of objectives regarding the composition of the Supervisory Board

The Supervisory Board has started to specify concrete objectives regarding its composition and will publish such objectives in time before the next election of members of the Supervisory Board.

Section 6.6, para. 1 and 2: 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 in accordance with legal requirements. However, the respective holdings of shares and options to purchase and sell such shares by individual members of the Executive Board and Supervisory Board are not published in the Notes to the Company's consolidated financial statements. The Supervisory Board and the Executive Board are of the opinion that compliance with the legal requirements provides sufficient transparency. Accordingly, the Corporate Governance Report will not contain any respective disclosures.

Since the last joint declaration in Q4 2010, STADA Arzneimittel AG complied with the recommendations of the German Corporate Governance Code with the following exceptions:

Section 4.2.3, para. 5: Arrangements for payments in the case of early termination of Executive Board mandate

The regulations in existing Executive Board contracts with regard to payments in the case of early termination of the Executive Board mandate do not comply with the German Corporate Governance Code, but only with respect to the CEO. For the future, the Supervisory Board will also not rule out completing Executive Board contracts with regulations which, in this regard, do not comply with the German Corporate Governance Code. It is the position of the Supervisory Board that, for the completion of Executive Board contracts, detailed individual regulations may not be prejudged, but rather that the Supervisory Board must be able to take advantage of the full legal framework in the configuration of Executive Board contracts in order to achieve a situationally optimal filling of Executive Board positions.

Section 5.3.3: Nomination Committee for Supervisory Board elections

In view of the size of STADA's Supervisory Board with six shareholder representatives the Supervisory Board believes that such an additional committee is structurally superfluous, but assigned the task of a nomination panel to the Chairman of the Personal Committee and the Chairman of the Audit Committee; the additional compensation, which pursuant to the articles of incorporation would be payable to Supervisory Board members involved in such a committee, is thus avoided.

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For STADA, the recommendations of the German Corporate Governance Code serve as a general basis for the Company's activity. In daily practice, however, individual situations may 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 recommendations of the Code may take place. STADA will, however, regularly review and, if necessary correct compliance with the code and the above mentioned exceptions.

Bad Vilbel, September 01, 2011

sgd.

Dr. Martin Abend
Chairman of the Supervisory Board

sgd.

Hartmut Retzlaff
Chairman of the Executive Board