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*Chart 1: Annual General Meeting, June 16, 2011*



Mr. Chairman,  
dear shareholders,  
honored guests,

On behalf of the entire Executive Board, I would also like to welcome you to the 2011 Annual General Meeting of STADA Arzneimittel AG.

Before I talk in detail about the particular challenges of the past financial year, then report on the operating results, which in our view, were nevertheless good, and finally address the positive perspectives for our Group, I would like to first of all express a few words of thanks.

On behalf of the entire Executive Board, I would like to

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thank our Supervisory Board and our Advisory Board for the continuing professional cooperation characterized by mutual respect. In addition, my thanks goes to all employees of the STADA Group, who, again in 2010, with their tremendous commitment and their extraordinary performance made a decisive contribution to STADA's good operating development.

When I speak of good operating results that we achieved in the past financial year, ladies and gentlemen, it must be considered that they are all the more significant in light of the great challenges that faced STADA in 2010. On the one hand, we had to contend with difficult framework conditions in markets that are important to us. On the other hand, we had to cope with high one-time special effects.

2010 demonstrated how difficult the generics market can be, particularly in the German domestic market – the overall development of our German activities however, was negatively affected by the dreadful local framework conditions for generics, which even the pleasing development of our German branded products business could not fully offset.

As regards the tiresome subject of discount agreements –

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this special type of tender system, particular to Germany, which places all generics suppliers in this country under extreme margin pressure – most health insurance organizations now prefer so-called multi-source agreements which are offered to several suppliers, thus giving more companies the possibility of receiving an award. However, at the same time, the tenders have considerably increased the continuous pressure to offer the respective active ingredients at the lowest price possible. And so, this almost monopolistic position of the health insurance organizations in Germany, which was obviously desired by German legislators, has since created an absolute price war which of course puts pressure on the margin from a certain point. And then one must balance sales growth against profitability.

But don't get me wrong: We are very happy with our tender results to date – particularly in the most recent large, already sixth round of AOK tenders. As is known, in this round, we won the best-selling molecule Omeprazol, among other things, which shows how competitive our supply chain is. However, due to the one-sided direction of the pricing trend – that is, downwards, – sooner or later, there comes a point for any sensible business man, when he must consider if the expansion of sales can be the only

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meaningful goal.

The goal we pursue in the tenders at any rate remains unchanged: We participate using various bid strategies characterized by margin and market share aspects and consequently also with a large variation in terms of award results – always, however, in accordance with our primary objective – that is, appropriate operating profitability in the German market.

And therefore we will continue in the future to make exact calculations for every tender and decide if we should perhaps decline certain discount agreements if they are not profitable for us. Because the trick in Germany is not to generate sales, but rather to achieve appropriate profitability. But we do not fail to consider two aspects: On the one hand, that the tenders we win help us in the utilization of our production capacities and on the other hand, that they are good for our value creation chain, as with their help, we have considerably more bargaining power with respect to our suppliers.

Although the strategy we pursued in the German market in the past financial year led to a decrease in sales and market share of our German Generics segment, it must

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also be clearly stressed in this connection that STADA's position as clear number three in the German generics market was and remains in no way jeopardized. This is because our competitors are subject here to the same conditions, which are not exactly generics-friendly, as we are.

We had had some hope that the new CDU/CSU-FDP government would at least partly modify and weaken the regulatory and health care policy mistake of the obviously intentional health insurance organization monopoly, but a few new regulations – such as an increased share in decisions for product selection linked to a co-payment ability of the patient – are not effective in the face of extremely complicated regulatory statutes.

But that unfortunately is not all. The respective Pharmaceutical Market Restructuring Act, known as AMNOG, which took effect as of January 1 this year, not only failed to bring about the hoped-for moderate improvement for generics, it also contains a revised package size regulation imposed at short notice, which is highly complicated, overlooks cost-effectiveness and results in more uncertainty and costs than benefits.

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After a storm of protest from associations, industry and pharmacists and an absolute flood of amendment proposals for exactly this package size regulation, the Federal Ministry of Health in the end accepted that the transitional regulations under consideration, although well intended, in their originally planned rigidity, would place an untenable changeover burden on the entire industry. For this reason, although the situation was improved with longer transitional periods, the costs for STADA solely as a result of the package size regulation and which were originally feared to be in the range of millions, are nevertheless still in the six-digit Euro area, as we, as generics suppliers, with our wide product range, are much more affected by regulations on package size than initial suppliers

You can therefore see, ladies and gentlemen, that the German government has, despite numerous protestations of finally achieving the "great success" with these legal innovations and despite many promises to at least not burden the German generics industry any further in the process, again managed to impose burdens also on those suppliers who already contribute to significant cost savings in the German health system with their business model. I believe that the misguided health care policy is partly

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reflected in the current election results.

However, as we have already had to deal with this approach in the past, we are continuously looking for solutions with which we can best counter these challenges.

We were able to mitigate some of the effects of the unfavorable regulatory framework conditions on our German generics segment in the past financial year with the further successful expansion of our German branded products segment.

But, only some of the effects. Because not even such a successful brand as our multivitamin preparation EUNOVA®, with which we achieved significant sales growth of 150 percent in 2010 and which has now also been very successfully launched in Eastern European markets, or our best-selling branded product Ladival®, which continues to achieve leading positions in the market for sunscreens, or our profitable cold remedy brand Grippostad®, were in position to compensate for the decrease in sales in STADA's German generics in 2010.

Although sales generated by STADA in Germany with branded products, which now make up a share of a little

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over 20 percent of our total sales in Germany, saw a plus of nine percent in the past financial year, this increase was unable to offset the minus of six percent in the German generics area, so that our total sales generated in the German market in 2010 decreased by 3 percent.

Also in the first quarter of 2011, STADA's sales in Germany declined by a total of 11 percent. For the outlook for the full-year 2011 however, we continue to expect to be able to achieve our primary objective of reaching an appropriate operating profitability in the German market – while, however, certainly allowing for further sales decreases.

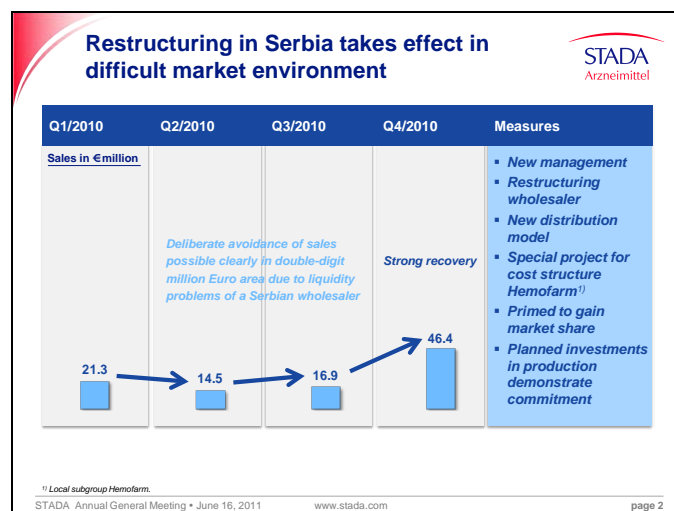
In addition to the expansion of branded products, which are less dependent on regulations, the key strategic response to the adverse environment in the domestic market can therefore only be the international route – and, as is known, we have been consistently taking this approach for many years.

Even here, there are one or two challenges awaiting us, but in view of the framework conditions imposed by German legislators, for which unfortunately no future improvement is visible, our strategy of further driving

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forward our international business activities and so becoming increasingly more independent of the German market – yet without ignoring it – has, in any event, overall more than ever proven to be correct. But more on that later in the context of our internationalization strategy.

*Chart 2: Restructuring in Serbia takes effect in difficult market environment*



Another country in which we had to overcome great challenges in the international business in the past financial year is Serbia. This market, which in our assessment continues to be a growth market in the mid and long term, was particularly hard hit by the financial and economic crisis in 2009 and as a result continued to show a very tense overall economic situation in 2010. The limited liquidity situation of many local Serbian companies

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also had a corresponding impact on the pharmaceutical sector and thus also on the development of our Serbian subsidiary. Even the good position in the STADA Group was unfortunately unable to prevent Hemofarm – like, incidentally, all other market participants there – being severely affected by the ongoing liquidity problems on the part of local wholesalers.

Although Hemofarm is aware of its leading role in the Serbian pharmaceutical market, the company – in contrast to state-run or state-controlled Serbian companies – must however always take into account the interests of STADA's shareholders. And so, in order to limit the overall default risk for the Group, in the past financial year, we deliberately avoided further sales possible in the accumulated double-digit million Euro area, for which we would have otherwise been concerned about our payment.

In spite of this, however, we had to make value adjustments on receivables from Serbian wholesalers, which resulted in high one-time special effects for us in 2010 in the painful total amount of almost Euro 35 million.

By far the highest individual sum concerned trade accounts receivable due to Hemofarm from the Serbian

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wholesaler group Velefarm, in which our Serbian subsidiary – in addition to a participation of the Serbian state – currently still holds a minority interest of around 20 percent. In order to sustainably secure these receivables, a strict restructuring plan between both companies was signed at the end of September 2010 for the Velefarm liabilities with respect to Hemofarm, compliance with which is monitored by a restructuring officer, and which now must particularly take into account the adjusted business and distribution model that we introduced with the goal of an improved risk profile with respect to wholesalers and customers.

Today, after three quarters of a year, we can again look with more confidence toward Serbia – because, among other things, the personnel decisions we made there at the time, replacing the entire top management with Executive Board function and placing the local management under German leadership, looking back, have proven to be correct.

This is also shown by the sales and earnings figures we achieved in Serbia in the first quarter of 2011, which point to a recovery in STADA's Serbian business activities. Thus, in the first three months of the current financial year

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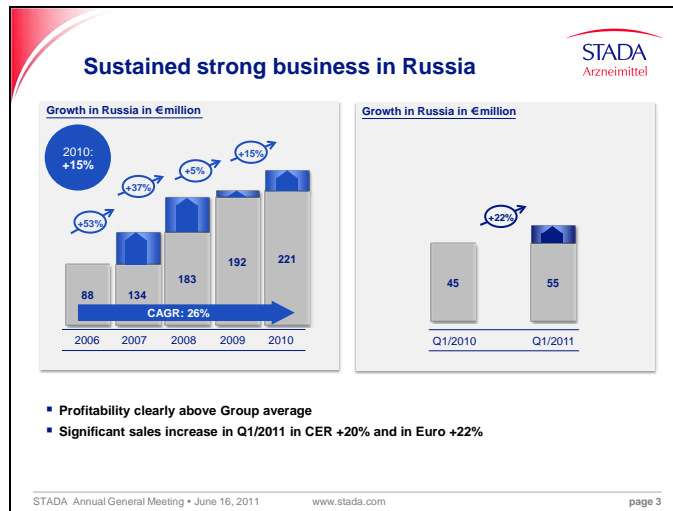
we achieved a considerable sales increase of 16 percent, when applying the exchange rates of the previous year or 11 percent in Euro.

In view of the measures we took to counteract the situation and the visible recovery, we expect sales growth in local currency in Serbia for the full year 2011. Operating profitability – provided the Serbian state does not impose any mandatory discounts on Hemofarm – should be slightly above the Group average, due, among other reasons, to the direction setting restructuring plan just mentioned and further cost reductions in operating business activities.

Because in the context of our Group-wide cost efficiency program “STADA – build the future”, which I will speak about shortly, our Serbian subgroup remains a focus for measures to improve earnings, which also include a further optimization in the number of employees there in the coming years. In the first quarter of 2011, we initiated projects for this purpose.

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*Chart 3: Sustained strong business in Russia*



The more positive outlook for our involvement in Serbia, brings me, ladies and gentlemen, to another pleasing development in a national market that is even more important for us – Russia.

Looking at our Russian activities fills me with great pride as it shows that our early entry in 2005 into this excellent growth market in the context of our very long-term internationalization strategy was exactly the right course to take.

Russia is now our second most important national market after Germany and STADA CIS is the second largest local Russian generics supplier.

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How successful we are in the Russian market is proven by the growth rates we have achieved there. In financial year 2010, the sales plus was 9 percent, when applying the exchange rates of the previous year or in Euro 15 percent – despite the local price regulation, effective since April 1, 2010, for so-called essential pharmaceuticals, which affected approximately 40 percent of our sales there.

In the first quarter of 2011, we even surpassed these pleasing figures with a considerable sales increase when applying the exchange rates of the previous year of 20 percent or 22 percent in Euro.

The outlook for our Russian business is also very promising as we are ideally positioned for the upcoming changes to the local regulatory framework conditions.

Thus, STADA's most important Russian production facilities, for example, are currently already in line with the global so-called GMP standard – the international production standard in the pharmaceutical industry. This means that for the vast majority of our local production capacities, we are already fulfilling the technical production requirements that the Russian state has laid down to start from 2014. For the smaller production facilities which do

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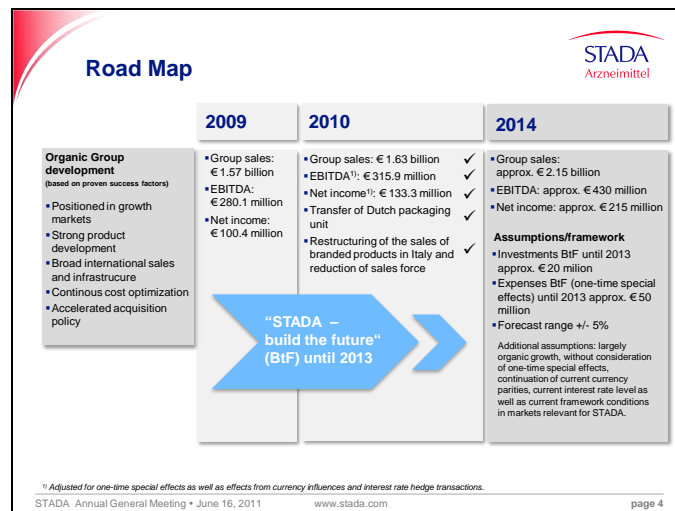
not yet fully meet this standard, we are currently investigating various options.

With our acquisitions in recent years of the local suppliers Nizhpharm and Makiz-Pharma as well as the Russian operating unit of Hemofarm, we are ideally positioned for the additional target parameter set by the Russian government of at least 50 percent of pharmaceuticals being supplied by local manufacturers by the year 2020.

In view of these entirely positive conditions, we continue to expect successful development in Russia in the future, with strong sales growth in local currency and operating profitability above Group average. Furthermore, we are always looking out for profitable OTC brands that we can integrate into STADA CIS.

**Translation from the German Version / for convenience only / the spoken word is final**

*Chart 4: Road Map*



With a view to the many different topics that I am reporting on today, I would now like to move on to a point of central importance for the Group – the Group-wide cost efficiency program “STADA – build the future”, which aims to improve our mid and long-term earnings prospects.

At this point, I only want to give a few selected examples, as they are indicative of all the achievements that we have already made during the course of the implementation of the project measures to date.

First, the area of manufacturing and production facilities, which surely hides the most cost reduction potential. In this area, in the past financial year, we have started to increasingly put products on a common basis, to

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harmonize dossiers and to optimize production processes and production capacities.

In view of the continuous adjustment necessary of organizational, reporting and personnel structures to meet economic requirements, we already announced last year that production facilities would be sold or abandoned and individual functional areas outsourced to third-party providers.

Overall this is associated with a significant reduction in staff in all Company divisions and regions. Taking into account outsourcing and disposals, approximately 800 full-time positions, that is approximately 10 percent of the existing Group-wide personnel level at the beginning of 2010 are affected by the staff reductions.

Of course, such measures are also always painful for us in the Executive Board and for this reason, we try – wherever it makes economic sense – to sell objects rather than close them in order to give the employees affected the chance for further employment.

Overall we have already implemented some steps in the context of the planned disposals.

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For example, in the past financial year, we transferred our local packaging unit in the Netherlands and thus reduced our staff by the 113 employees there, who were transferred to the acquiring company.

In addition, the restructuring of sales initiated in Italy as of January 1 this year led to a corresponding reduction in the sales force there.

And the sale carried out in the first quarter of 2011 of a small chemical plant in Serbia, which was not part of our core business, also allowed us to further reduce the number of employees.

As you can see, we have already made considerable progress in this ongoing process and will also deliver further results in the current financial year.

In Ireland in the current second quarter, we initiated the evaluation of a potential sale of the Irish production facilities, which is expected to be completed by the end of this year.

Furthermore – as already mentioned – we are investigating various options for smaller plants in Russia.

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Most importantly, this means that the transfer of production of individual products from the respective plants to other plants – preferably and primarily of course to other STADA plants – has already got under way according to plan. However, as such transfers in the case of pharmaceuticals generally take a period of around two years, we are not under pressure with these facilities.

Another point I would like to address in the context of "STADA – build the future" has to do with our procurement and production concept, as in this area too, significant cost savings can be made in the long term.

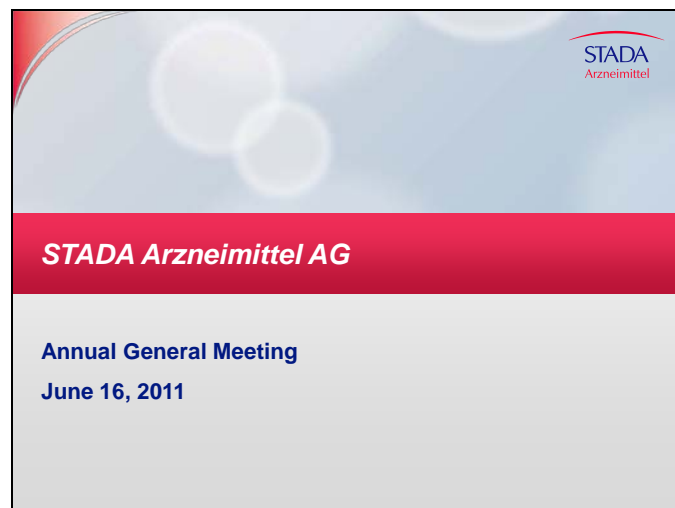
For this reason, for the purpose of cost optimization in the context of this cost efficiency program, we also implemented measures to optimize our procurement chain. That these measures have already led to cost advantages has been proven, among other things, by the strong results already mentioned that were achieved by STADA in the last round of health insurance organization tenders for discount agreements in the German market.

These results give us cause for optimism that the measures still in progress will allow us to leverage further cost reduction potential and thus make the Group even

**Translation from the German Version / for convenience only / the spoken word is final**

more competitive. With a view to our long-term targets presented last year, we can, at any rate, report here and now that the implementation of "STADA – build the future" has got under way according to plan and from today's perspective, will continue to deliver the expected results until the end of the program in 2013.

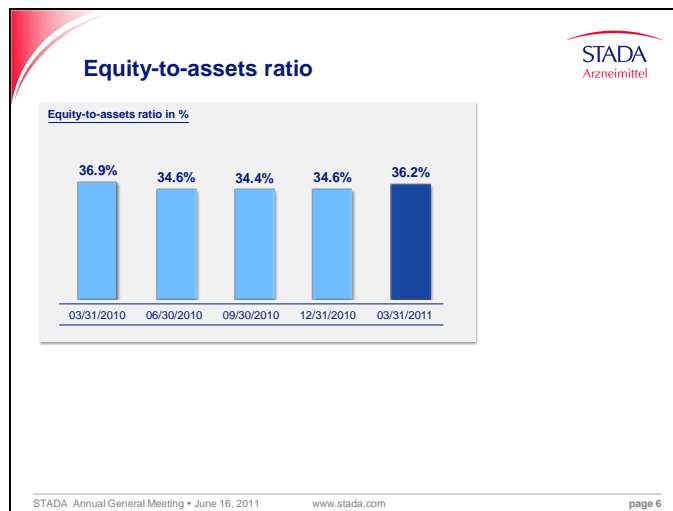
*Chart 5: Annual General Meeting, June 16, 2011*



Ladies and gentlemen, let me now comment on another important topic that not only represents the financial basis for our past growth but particularly the foundation for our future growth – STADA's stable financial situation.

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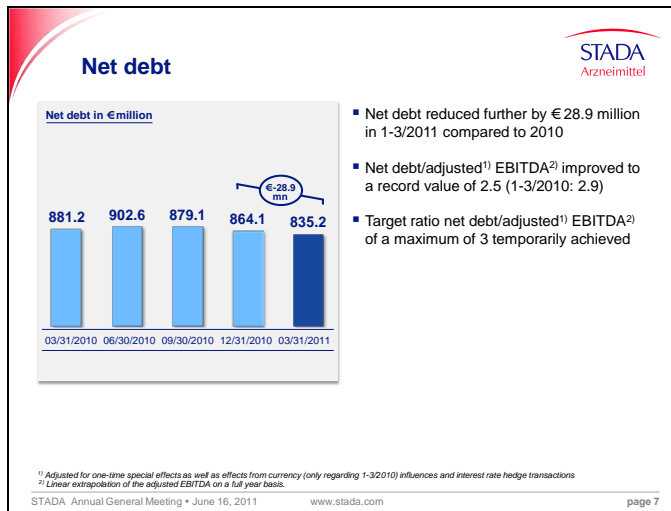
*Chart 6: Equity-to-assets ratio*



First a look at our equity-to-assets ratio, which has continued to show pleasing development. Both the value of 34.6 percent as of December 31, 2010 as well as that of 36.2 percent as of March 31, 2011, continue to be clearly above the minimum ratio we targeted in the Executive Board.

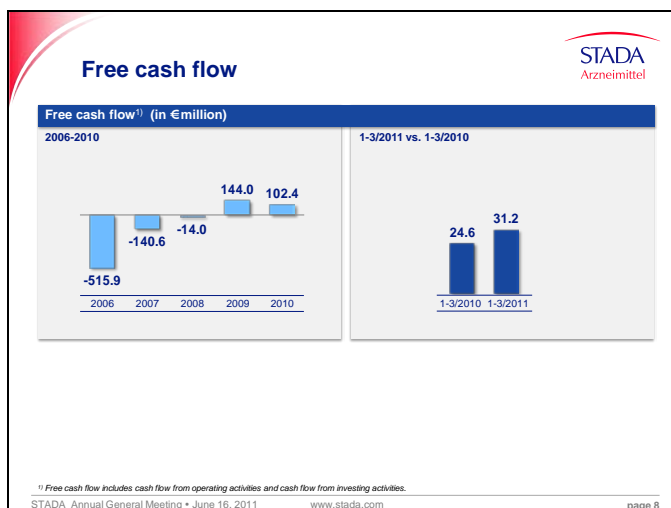
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*Chart 7: Net debt*



A second positive development we recorded with regard to our net debt. First, as of December 31, 2010, we achieved a reduction to Euro 864.1 million, then, as of March 31, 2011, we further reduced the debt level to Euro 835.2 million.

*Chart 8: Free cash flow*



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Cash flow from operating activities and free cash flow, at Euro 194.8 million and Euro 102.4 million respectively, declined in 2010 – primarily due to the continuing difficult market environment in Serbia described earlier. Both values were, however, still at a high level. In the first quarter of 2011, cash flow from operating activities decreased to Euro 42.5 million – particularly due to the reduction in trade accounts payable. Free cash flow, however, increased in the same period by a pleasing 27 percent to Euro 31.2 million.

In general, we will continue to aim to further increase our cash flow in the future – not considering acquisition effects. In addition, we continuously work toward improving important key figures such as days inventory outstanding as well as days sales outstanding and days payable outstanding.

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*Chart 9: Annual General Meeting, June 16, 2011*



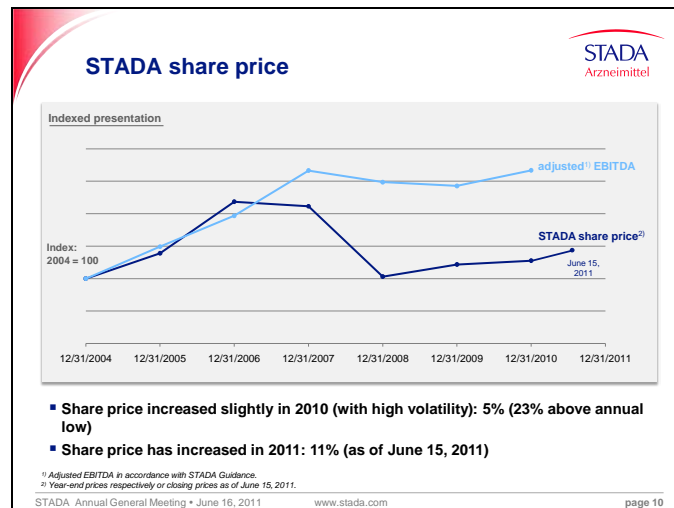
And now to another important key figure, which we consider for the operational management of our Group – the net debt to adjusted EBITDA ratio. In 2010, we already reduced this key figure to 2.7, thus a value significantly below the target ratio of a maximum of 3 that we strive for. And in the first quarter of 2011, we even succeeded in reducing the value to the record value for STADA of 2.5 – which has opened up clear flexibility for us for our acquisition policy, which this year will again be accelerated.

We will generally continue in the future to maintain the target value of 3 for this key figure. Temporarily exceeding this target ratio in the case of very interesting acquisition objects – such as those we reported on in this quarter – is

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acceptable for us, however only if it is clear that we can return to our target value within a reasonable period of 12 to 18 months.

*Chart 10: STADA share price*

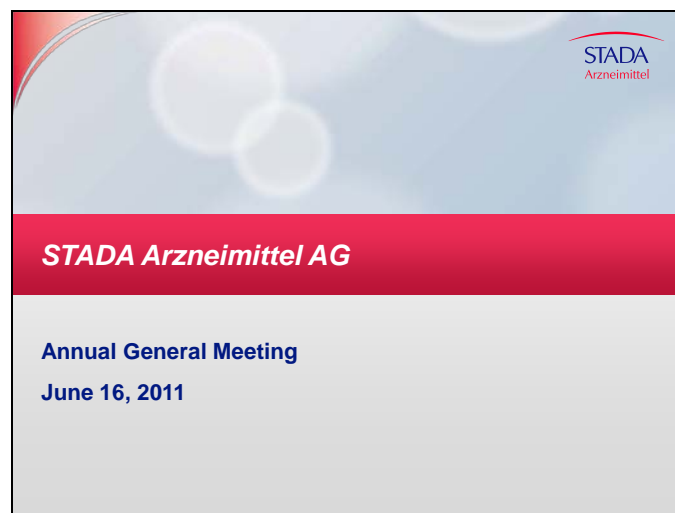


The good, from our perspective, operational development, the achievements already made in the context of our cost efficiency program and the continuing solid financial situation were unfortunately not sufficiently recognized by the capital markets in 2010 – despite intensive investor-relations activities – with our share price at times being characterized by high volatility and at the end of the year just slightly above the level of the previous year. The great challenges described earlier that we faced in 2010, especially in the German market, were obviously too strongly at the forefront of investors' considerations.

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Because on the stock markets, it is primarily the future prospects of a company that are evaluated, we will, also in the future, do everything to show that STADA has a sustainable and viable business model with long-term structural growth potential, for which the further internationalization of the Group activities should have a positive impact on sales growth and profitability. The upward trend of the share price development to date in the current year is already in the right direction.

*Chart 11: Annual General Meeting, June 16, 2011*



And now, ladies and gentlemen, to another topic where we have again been very active this year – STADA's again accelerated acquisition policy.

**Translation from the German Version / for convenience only / the spoken word is final**

Overall, an extensive process of consolidation is visible in the pharmaceuticals and generics sector, which will also continue in the future. In view of this increasing concentration of processes, we also want to complement and further optimize our organic growth with acquisitions. Starting in the current financial year, we have therefore again been pursuing an accelerated approach to acquisition.

Thus, we are focusing on the one hand on the regional expansion of our business activities with concentration on high-growth emerging markets. On the other hand, we are increasingly driving the expansion and internationalization of our Branded Products core segment, which is generally characterized by better margins and fewer regulatory framework conditions than the area of generics. A very good past example is the purchase of the branded product EUNOVA®, whose extremely pleasing development I mentioned earlier.

An even better example are the exclusive negotiations with Grünenthal on the purchase of a branded product portfolio in Central and Eastern Europe as well as the Middle East including all legal sales units, brand names, existing licenses and the existing product pipeline, which we

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announced a little over a month ago.

With over 14 own and licensed brands, the portfolio includes such successful brands as Tramal®, Zaldiar®, Transtec® und Palexia®. The products are for the most part prescription drugs, positioned primarily in the pain area of indication and generally market leaders in their relevant areas of indication.

The purchase price amounts to approximately Euro 360 million. In return, we receive sales with the existing products, which will amount to approximately Euro 68.6 million in the current financial year. As to the expected EBITDA contribution for 2011, we expect approximately Euro 25.6 million before synergies. And both values do not yet contain the sales and earnings of the innovative and thus very attractive licensed product Palexia® from the acquired product pipeline, which will be gradually introduced in the next two years and whose additional annual sales contribution we estimate to be Euro 20 to 25 million. The sales multiple after introduction of Palexia® is then in the region of four, which we view as justified. We estimate that the future EBITDA contribution of Palexia® will be approximately Euro seven million after completed market penetration.

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The entire product portfolio is really something special and fits perfectly into STADA's existing range, as there are many diverse opportunities offered by this transaction – from a strategic, synergetic and financial point of view.

First to the strategic potential: The acquisition is our first opportunity to build up a stable-margin business with prescription branded products without carrying out risk-intensive research ourselves.

In addition, we can take advantage of the new sales platform for prescription branded products in two respects: On the one hand, for the additional sale of existing generics approvals from our Group portfolio, also as higher-margin branded products, and on the other hand, for the in-licensing of further prescription branded products. Furthermore, the acquisition has allowed us to further reduce our historical dependence on the German market.

From a synergy point of view, we receive a good basis on which to expand STADA's activities in Poland and the so-called MENA region. The advantage of this is that we do not have to make a cost-intensive acquisition in Poland nor painstakingly carry out purchases country by country but

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instead receive them en masse. In countries such as Russia and the Czech Republic, the existing experience in the area of marketing and sales will benefit us. Other Eastern European countries such as Bulgaria and Lithuania will serve as a platform for the introduction of the acquired products and the products already in STADA's portfolio.

With a view to STADA's financial key figures, the acquisition is also to be positively valued in our opinion. First of all, the acquired business's expected EBITDA margin for 2011 of around 37 percent will improve our Group profitability. Second, the immediate positive cash contribution upon completion of the transaction makes the higher level of debt manageable. And third, we expect a positive contribution to net income as of 2012 from the acquisition.

In total we are purchasing six own brands, eight licensed products and a strong pipeline. Looking at the time, I would like to mention just three examples, at this point, which demonstrate the excellent potential of the complete product portfolio:

Tramal®, a brand known throughout the world, is very

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successful in all of the countries where it is marketed and, despite generic competition, succeeded not only in holding its position, but also in expanding it. Zaldiar®, an interesting combination of the two active pharmaceutical ingredients tramadol and paracetamol. And, as mentioned earlier, Palexia®, which is a real innovation because tapentadol is the first new active pharmaceutical ingredient in the last 25 years for the treatment of severe chronic pain.

Since the successful completion of the decentralized European drug approval process in 2010, Palexia® is currently going through national approval processes in the European countries. We therefore expect to commence with marketing presumably as of 2012. In additional non-EU countries, the approval process of Palexia® will go through the approval procedure at a later stage and will then be marketed by us in these countries. The substance's patent protection will run until the year 2020 in the so-called CEE region, which means that we will benefit here from exclusive marketing for the same period.

An equally important point is that we can strategically expand our STADA sales model with products like Palexia®, because we gain access to the marketing of

**Translation from the German Version / for convenience only / the spoken word is final**

innovative prescription products while nevertheless remaining true to our strategic premise of not carrying out our own risky research for new active pharmaceutical ingredients.

As the changed business models of pharmaceutical and generics manufacturers shows, the typical mono-generics provider will soon no longer exist – at least not in the international context. With this acquisition we now have the chance – one could say – of building up a third pillar of business: prescription branded products with patent protection, all while completely avoiding the huge risk of our own research activities for new active pharmaceutical ingredients.

There will be various constellations depending on the particular country in the contract area. We will take over subsidiaries from Grünenthal in some countries including Croatia and Slovenia, also two countries that offer us a new platform. Furthermore, there are markets in which we will take over the existing sales via local partners who will be active for us on an exclusive basis. Our sales thereby gain access to ten new countries in which we have not yet been represented with our own subsidiaries. This fills many blank areas on STADA's map in one fell swoop. And

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then there are additional contract areas, such as Bulgaria and Lithuania, where no local sales are generated as of yet and which we can develop.

We will finance the acquisition with cash on hand, our free cash flow and existing free credit lines – therefore completely avoiding a capital increase.

On the whole we are already relatively well on in the context of our contract negotiations and expect the signing and processing of the final contracts in the third quarter of the current financial year. A proportional consolidation could follow, depending on the approval of anti-trust authorities, in the fourth quarter of 2011.

You can see upon the basis of these statements, ladies and gentlemen, that we are going to purchase a real highlight, that will significantly advance the further expansion of our activities and further strengthen our competitive position.

You can also see that we are taking the accelerated approach to acquisition seriously, in view of another intended acquisition.

In the context of the intended acquisition, we are currently

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in negotiations with Spirig Pharma AG regarding an extensive generics product portfolio including the product pipeline for Switzerland.

The portfolio comprises 56 prescription and 15 non-prescription and discretionary prescription products, primarily from the indication areas of cardiovascular, pain, antibiotics, respiration and gastroenterology.

We estimate that these products will achieve an annual sales volume of approximately Euro 36 million.

Neither would this purchase result in the acquisition of production facilities.

With the purchase of the Spirig products, we could strengthen our presence in Western Europe as well as further expand our OTC area. Furthermore, we would benefit from the large market potential of upcoming patent expirations in the next few years. It should be noted for the status of negotiations with Spirig that certain facts forced us to report the negotiations at a very early stage via an ad hoc release. Whether we will be successful in the end in this case still depends on organizational and technical topics, as well as bidder competition, of course.

**Translation from the German Version / for convenience only / the spoken word is final**

Another acquisition that has already been agreed deals with the British branded product Cetraben®, which is used in the therapeutic area of dermatology for the treatment of skin eczema and dry skin. Since 2006, our British subsidiary, Genus Pharmaceuticals, in the UK, has sold a moisturizing cream and a bath additive as licensed products under the brand name of Cetraben®. With the conclusion of the contractually-agreed purchase three weeks ago at a price of approximately Euro 34.6 million, the previously in-licensed products will come under the ownership of Genus Pharmaceuticals.

In 2010, Genus Pharmaceuticals achieved sales of approximately Euro 8.7 million with these high-margin and seasonally independent products, which represents sales growth of 27 percent compared to 2009.

Between 2006 and 2010, the average annual growth rates achieved with these products amounted to 30 percent. After the purchase, from today's perspective, Genus Pharmaceuticals sees good chances of continuing this strong growth at a similar level. The planned introduction of additional products under the brand name of Cetraben® should contribute to this.

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With the acquisition of the Cetraben® branded products, we have secured these two strong growth products, for which the license contract would have expired at the end of 2012, for the product portfolio of our British subsidiary for the long term. Furthermore, the profitability of Genus Pharmaceuticals will be significantly improved with the lack of license payments in future.

Within the context of the acquisition, we purchased the brands, the approvals, the product pipeline and the domain names for Europe and numerous East-European countries including Russia as well as joint-ownership of the dossier. We therefore have the opportunity to internationalize the Cetraben® products in the STADA Group and thus develop additional growth impulses for both products. In addition, we will expand our expertise in the area of dermatology with this acquisition.

We will use cash on hand to finance the acquisition.

At this point we should mention, in order to cover all the recent acquisitions, an additional – although small, but nevertheless promising – investment increase, with which we have further secured our presence in Vietnam.

In financial year 2008, we had already acquired a stake of

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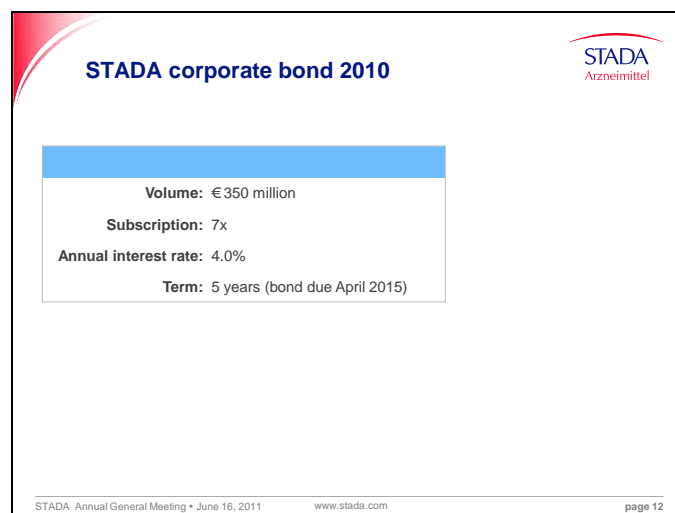
11.2 percent in the local pharmaceutical company Pymepharco Joint Stock Company in the Vietnamese market. The company's business activities include the production and sale of own pharmaceutical products as well as import activities for the Vietnamese health and pharmaceutical market. At that same time, we acquired the option of increasing the shareholding in Pymepharco in the following two years in further steps at already determined times and prices to up to 49 percent. It is also agreed, that if agreed objectives relating to return on investment are not reached by the presentation of the 2011 annual financial statements, we have the possibility to return all shares acquired up to that point in return for the reimbursement of the relevant purchase price.

In the past financial year we took advantage of this option and STADA increased its shareholding in Pymepharco to 23.7 percent. As we were able to increase sales consolidated on a pro rata basis generated in the scope of a joint venture with a local partner in Vietnam by a satisfying 18 percent when applying the exchange rates of the previous year and in Euro by 16 percent in 2010, and as this promising development continued into the first quarter with a strong plus in sales of 46 percent when applying the exchange rates of the previous year and in

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Euro 37 percent, we used our last option in the current second quarter and increased our investment to the maximum level agreed of 49 percent in order to benefit even more from growth opportunities in the Vietnamese market.

*Chart 12: STADA corporate bond 2010*



On the whole, the planned objects for acquisition remain in a range for which we would not need to borrow additional equity. If the opportunity for a larger purchase arises, we could also turn to other capital measures for their financing, such as the placement of an additional corporate bond.

As you know, we optimized our long-term refinancing structure according to plan in the past year – among other

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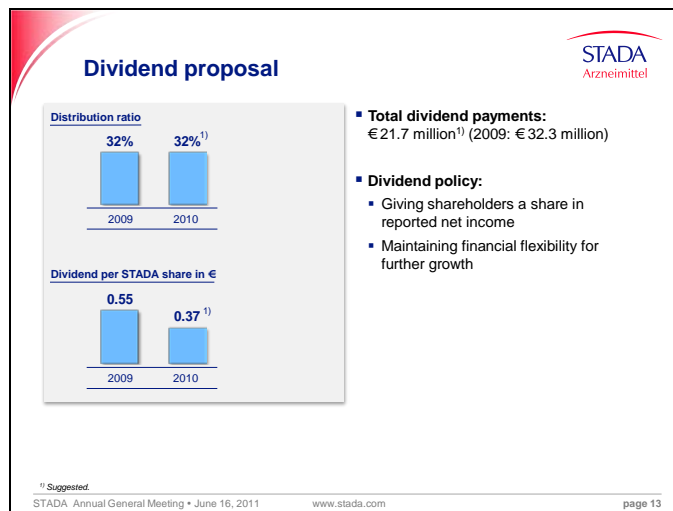
things, by issuing a corporate bond with a volume of Euro 350 million, a term of five years and an annual interest rate of 4.0 percent.

The bond and, therefore, STADA's debut on the bond market were very successful and showed that investors in this market segment have tremendous confidence in the viability and performance of our Group. Against this backdrop, it would naturally make sense to take advantage of this instrument again.

Even in the absence of a larger acquisition, however, we in the Executive Board are currently considering the possibility of placing a second corporate bond in the autumn of this year in order to refinance some of our promissory notes, of which a large tranche will reach maturity in the fourth quarter of the current financial year. Because the issue of the bond last year clearly showed us that STADA would still have significant leeway on the capital market for additional financing possibilities other than capital increases, if we were to need them.

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*Chart 13: Dividend proposal*



Ladies and gentlemen, please allow me to now turn to another important point that, as every year, is also listed on today's agenda – the dividend proposal for the past financial year.

As noted at the beginning of my speech, in 2010 we had to cope with high one-time special effects, which led to a decrease in the reported key earnings figures. Due to this, STADA's reported net income decreased by 32 percent to Euro 68.4 million.

If last year's unchanged dividend ratio of 32 percent of reported net income is taken as a basis, the dividend proposal of the Executive Board and the Supervisory Board is also thereby reduced. We therefore propose

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under item 2 of today's agenda distributing a dividend of Euro 0.37 per STADA common share for financial year 2010, and carrying the remaining excess forward.

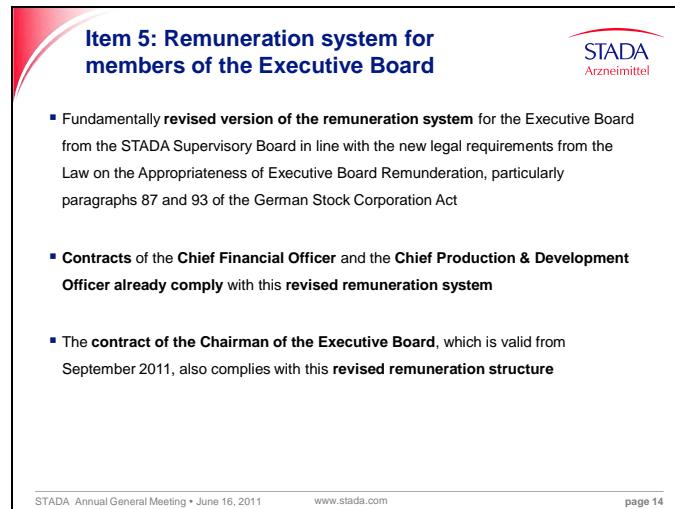
With this proposed resolution, we aim to give you, our shareholders, an appropriate share in reported net income without, however, placing too great a restriction on the Group's financial flexibility for further growth. In view of this, I ask you for your approval on this item.

The decrease in reported net income, for that matter, will leave its mark on Executive Board remuneration as well. As you can read in our remuneration report, my performance-related remuneration was reduced by almost 25 percent in financial year 2010.

With a view to today's agenda please allow me to now take a brief look at two other items on the agenda for today's Annual General Meeting.

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*Chart 14: Item 5: Remuneration system for members of the Executive Board*



**Item 5: Remuneration system for members of the Executive Board**

STADA  
Arzneimittel

- Fundamentally **revised version of the remuneration system** for the Executive Board from the STADA Supervisory Board in line with the new legal requirements from the Law on the Appropriateness of Executive Board Remuneration, particularly paragraphs 87 and 93 of the German Stock Corporation Act
- **Contracts of the Chief Financial Officer and the Chief Production & Development Officer already comply** with this revised remuneration system
- The **contract of the Chairman of the Executive Board**, which is valid from September 2011, also complies with this revised remuneration structure

STADA Annual General Meeting • June 16, 2011      www.stada.com      page 14

Under item 5 of the agenda, the Executive Board and the Supervisory Board present approval of the remuneration system of the Executive Board members for resolution. I will only briefly comment on this item, since Dr. Abend, in his position of Chairman of the Supervisory Board, will subsequently address it in more detail. In addition, the revised remuneration system for the Executive Board is presented in detail in our Annual Report for financial year 2010.

Therefore, only a few words on this matter on behalf of the entire Executive Board:

In financial year 2010, the STADA Supervisory Board

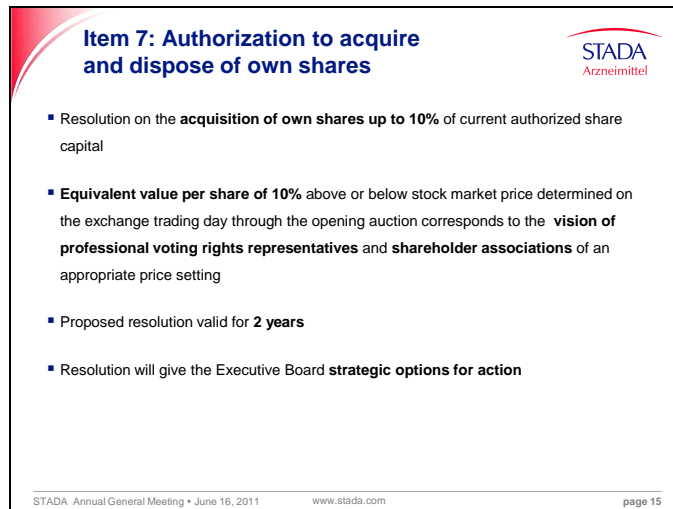
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fundamentally reformulated the Executive Board remuneration system in line with the new regulations of the Law for the Appropriateness of Executive Board Remuneration, particularly Sections 87 and 93 of the German Stock Corporation Act.

In light of this, the contracts of my two Executive Board colleagues Helmut Kraft and Dr. Axel Müller already conform to this revised system. My Executive Board contract, valid until August 31 of this year, has not yet been aligned to this new remuneration system, because it was concluded before the Law for the Appropriateness of Executive Board Remuneration came into effect. My subsequent Executive Board contract valid from September 1 this year until August 31, 2016 will, however, also conform with this revised remuneration structure.

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*Chart 15: Item 7: Authorization to acquire and dispose of own shares*



**Item 7: Authorization to acquire and dispose of own shares**

STADA  
Arzneimittel

- Resolution on the **acquisition of own shares up to 10%** of current authorized share capital
- **Equivalent value per share of 10%** above or below stock market price determined on the exchange trading day through the opening auction corresponds to the **vision of professional voting rights representatives and shareholder associations** of an appropriate price setting
- Proposed resolution valid for **2 years**
- Resolution will give the Executive Board **strategic options for action**

STADA Annual General Meeting • June 16, 2011      www.stada.com      page 15

And now, ladies and gentlemen, finally some details on item 7 of the agenda.

In previous years, the Annual General Meeting has – apart from 2010 – always passed an advance resolution on the purchase and use of own shares. Last year, this advance resolution found a majority, but not the qualifying majority required for the approval.

Although, with the exception of the moderate term extension for the authorization sought last year, all parameters of the resolution proposed were completely identical compared to resolutions of previous years, professional voting representatives of institutional

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investors recommended to reject this proposal last year – despite the fact that they had always recommended to approve the same resolutions before.

An analysis we carried out has shown that the professional voting representatives in the meantime have considered the leeway of the consideration per share paid by the Company of 20 percent above or below the share price determined by the opening auction on the trading day as too big.

We have therefore taken up this issue, so that this consideration amounts to ten percent in the resolution proposed today under item 7 of the agenda, which answers both the expectations of the professional voting representatives and the notions of shareholders' associations of appropriate price determination.

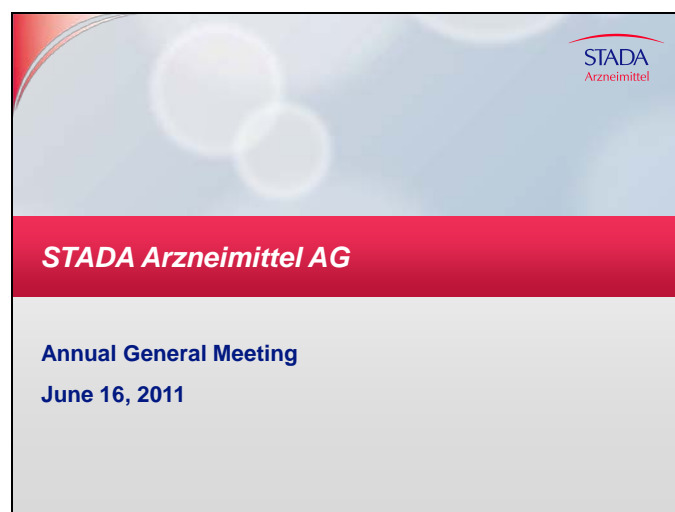
Even though the legal framework has in the meantime allowed for obtaining authorizations covering a period of up to five years, we do not intend to take advantage of this maximum term by far. With the resolution we propose today, we ask for your approval for a period of 24 months. By doing this, the term of the authorization would, on the one hand, have an annual rhythm in line

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with STADA's Annual General Meetings, and on the other, we would not have to carry out again the same vote every year.

As in the past, today's proposal on this item on the agenda is not intended to represent the concrete start of a share buyback program, but a fundamental strategic option for the Executive Board and Supervisory Board. Because particularly at times when the generics industry is increasingly characterized by consolidation processes, both committees remain of the opinion that it is necessary to generally keep all strategic options open. I thus also ask for your approval on this item on the agenda.

*Chart 16: Annual General Meeting, June 16, 2011*



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Please allow me to say a few words at this point on the proportion of women, a subject much discussed in public and even disputed in the German government.

Generally, and the Executive Board and Supervisory Board continue to agree on this, the basic principle for the Group is: When selecting candidates for both positions in committees and management positions below the Executive Board, the gender is not decisive at STADA, but rather qualification.

In the context of filling positions on the Executive Board, Supervisory Board and in management below the Executive Board, the German Corporate Governance Code uses the term "diversity", which means nothing other than considering various criteria such as expertise, background and internationality in such selection and decision processes. The criterion of the adequate representation of women is only one aspect among others.

In all objectivity, you will certainly agree with staffing a position with a male applicant, who we consider to be the right candidate due to his technical and personal qualifications, and not give preference to a woman who

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is less qualified, just to meet a quota. Because in the end, it is the appropriate qualification that is relevant for fulfilling one's responsibilities and not gender.

By the way, the percentage of women on the STADA Supervisory Board is currently 20 percent, which is not that bad at all for an MDAX-listed company. And the percentage of women in STADA management positions stood at an average of nearly 50 percent last year. In our view, these both are figures we need not be ashamed of.

Of course, we will also in future, as in the past, ensure the appropriate consideration of women – regardless at which level.

But generally, qualification, and not gender, is and remains the decisive criterion for the filling of positions in the STADA Group.

And now, ladies and gentlemen, I would like to close my speech with some remarks on the perspectives of our Group and therefore on a topic that is a particular focus on the capital markets, as it is there that the future is traded.

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For many years, STADA's business model has been constant and sustainable. And also in the past financial year we have once again proven that we are in a position to generate good operating results despite huge challenges.

In view of this, we will continue also in the future to focus on products with off-patent active pharmaceutical ingredients in selected segments of the pharmaceutical and, in particular, the generics market.

We thereby continue to rely on markets with long-term structural growth potential, which, on the one hand, are based on general trends benefiting the pharmaceutical markets such as the increasing age of the world population and medical progress, and, on the other, on generics-specific developments such as an increasing generics penetration and continuous patent expiration.

But these growth opportunities are inextricably associated with risks resulting from regulatory interventions, intensive competition and significant margin pressure.

The latter applies in particular to markets such as Germany, which are characterized by an increasing

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number of tenders. Against this background, it should really be considered in the future whether to avoid one or the other discount agreement due to profitability aspects – always, however, also keeping in mind the utilization of production capacities mentioned above and the purchasing power of suppliers.

Markets such as Russia show that regulation can also have positive effects. Here, as a result of regulatory interventions, among other things, we expect continued high growth rates, as the Russian government will in the future support companies producing locally through the introduction of state programs.

And also in markets such as Italy, Spain or Belgium, which currently show only a low penetration with generics and thus promise high volume growth, regulation can mean something positive to us. This is be the case, if the governments of these countries show with their legislation that they are intelligent enough to deliberately support generics suppliers, having realized that these can help the national economies save money.

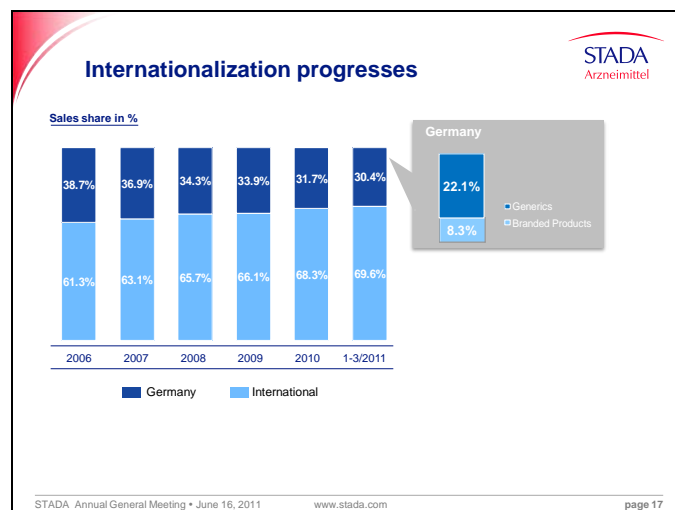
Apart from such specific risks – but also opportunities – of the business model, we will also in the future, of course,

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continue to have to deal with economic influences such as marked currency volatilities or liquidity bottlenecks. We have shown in the first quarter of the current financial year with again pleasing growth rates in Serbia that we are in a position to overcome also those challenges.

As you can see, STADA's business development will continue to be characterized by differing and partially contradictory factors. In light of this, we cannot rule out a weakened growth dynamic or a temporary downturn in the case of an accumulation of difficult framework conditions in national markets that are particularly important for us. With regard to the Group's strategic success factors, however, we continue to be well positioned for the future.

*Chart 17: Internationalization progresses*



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One of these success factors is our international sales structure with own sales companies in currently 31 countries, with which we market the products from the Group portfolio in a way which is adapted to the different regulatory and competitive framework conditions in the individual national markets.

As before, we will further expand this global sales network in order to be able to better counteract local challenges and risks in different national markets and to optimally use the respective growth potential.

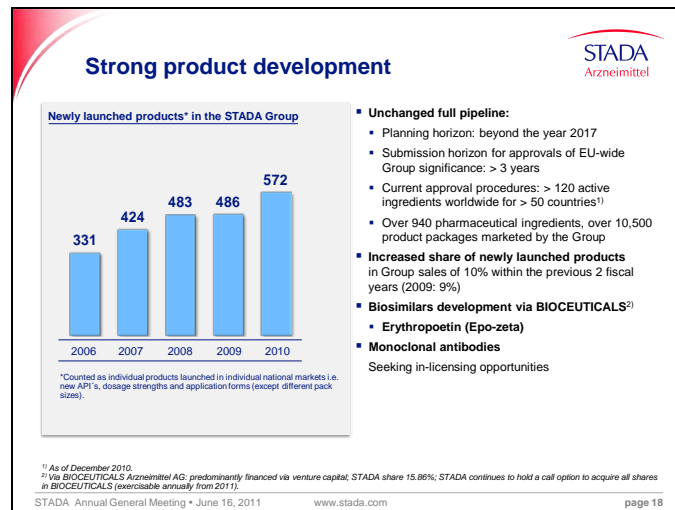
The Group's internationalization, which we have deliberately accelerated, has proven to be the right strategic answer to the increased burdens which we had to cope with in our German home market in the last years. Because we would not have been able to offset the financial consequences resulting from this without our increasingly international sources of earnings on a Group level.

We will thus consistently continue our path of internationalization. This has also been demonstrated by the share of our international activities, which has in the meantime increased to almost 70 percent of our total sales

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in the first quarter of 2011. The acquisitions previously mentioned will also make an appropriate contribution toward increasing this share outside of Germany.

*Chart 18: Strong product development*



One of the success factors that has also contributed to the positive Group outlook is our strong product development. The product pipeline remains well-filled into the year 2020, which will thus enable us to continuously expand the product portfolio – especially in the Generics core segment – also in the future.

The high importance of the successful STADA product development was shown, among other things, in the ten percent of Group sales in 2010 generated by products which we have only introduced in the last two years.

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In addition to launching the individual products on schedule, a competitive cost situation has, however, in the meantime also become necessary in order to succeed in the long term. This applies both to the development process itself and to the appropriate creation of formulations and dossiers with regard to subsequent production of the finished developed products.

Against this backdrop, we have, in the context of "STADA – build the future", centralized and streamlined the areas of product development and pharmaceutical approval – service functions which were previously in the area of responsibility of STADA subsidiaries – under the uniform operational leadership of the Group, so that these measures will also contribute to further cost savings.

Another important topic in the area of product development, which we have also analyzed in detail with regard to continuous cost optimization, is our biosimilar activities.

In view of STADA's cost and risk profile, we had to decide last year whether to continue the preparatory development activities for further biosimilar products from the product category of monoclonal antibodies started in 2009.

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In this connection we investigated various financing models, as the development of biosimilar products is connected with significantly higher costs and more risks of failure than is the case for classic generics.

Last year, we thereby already ruled out commencing the costly development phase of clinical trials without a corresponding financing concept including an external partner.

After intensive examination of various financing possibilities, we terminated this project in 2010, as it would have negatively affected the risk profile for the Group.

This decision now proves to be right not only with regard to cost and risk considerations, but also in view of the alternatives available to us.

The further development of the biosimilar market has demonstrated, that both costs and risks in the area of monoclonal antibodies are higher than initially thought and the penetration speed is significantly slower than originally expected. As a result, a launch date as early as possible after expiry of the patents is no longer necessary for successful marketing.

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For us, this development means that we have gained considerably more time to analyze and select our possibilities for in-licensing or cooperation with deliberation. We have no time pressure in doing so – among other things, because we – the closer the time of patent expiry approaches – receive an increasing number of offers, as experience has shown. For this reason, we are very confident that we will find a suitable solution for selected biosimilars, which will prove to be significantly cheaper and less risky than if we had continued the respective development projects on our own.

With regard to our development strategy I would now like to mention yet another item that continues to be on our agenda for review.

Due to flexibility and cost considerations, we have up to now deliberately decided against manufacturing the active ingredients and auxiliary materials required for pharmaceutical production on our own.

We have recently analyzed this decision again in detail. The result demonstrated, that, on the one hand, the necessary investments for building up or participating in

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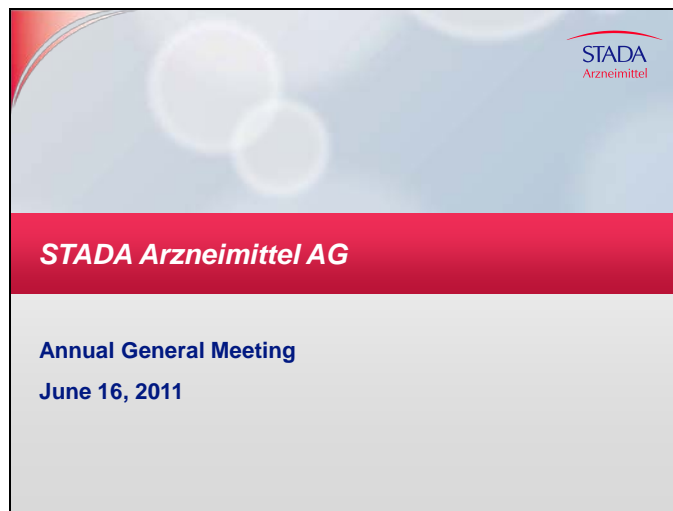
the development and/or production of active pharmaceutical ingredients is not advantageous with respect to the expected gains. On the other hand, due to the low amounts, we would not be able to reach the necessary scale effects without starting our own sale of active pharmaceutical ingredients. And in this area, there are to date really enough suppliers on the world market, who can do that considerably better and cheaper due to their strategic position.

You can see that this decision was also obviously right, when you take a look at the latest awards STADA won in the AOK discount agreements, where we successfully prevailed against so called fully backward-integrated competitors, particularly for active pharmaceutical ingredients with high sales volumes.

For these two reasons we have decided to adhere to our strategic position also in this point.

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*Chart 19: Annual General Meeting, June 16, 2011*



And now a couple of words regarding another STADA success factor – our accelerated acquisition policy.

In addition to a regional expansion of our business activities with concentration on high-growth emerging markets, we will also accelerate even further the expansion and internationalization of the Branded Products core segment in the future. That we have already made good progress here can probably best be seen from the acquisitions I just described.

Generally, generics will continue to be our so-called "bread and butter business" also in the future. But the acquisition of the branded product portfolio from Grünenthal now gives us the opportunity for the first time not only to expand our

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Branded Products segment, but to build up a third pillar with the inclusion of prescription branded products still protected by patents. So this means that a new era starts here for STADA, which enables us to increasingly benefit from generally better margins and less regulatory intervention than with generics.

In addition to all the success factors described above, an efficient cost management, in particular, plays an increasingly important role for future business success – also in view of the margin pressure that STADA is exposed to in individual markets.

We are absolutely on schedule with the implementation of "STADA – build the future", even partly a little ahead of schedule. And thus these successes make us very confident also for the tasks still ahead of us, which we will also work on step by step. You can therefore see, that STADA, also in this respect, is excellently positioned for a continued successful future.

We continue to expect positive effects on earnings as a result of the implementation of this project for EBITDA adjusted for one-time special effects and the

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correspondingly adjusted net income to a significant extent from the current financial year and even more in 2012.

By 2013, from today's perspective, we anticipate project-related investments totaling approximately Euro 20 million and project-related expenditure for special write-offs, personnel expenses and consultancy services of a total of approximately Euro 50 million – each including the past financial year 2010.

*Chart 20: Positive Outlook 2011/2012 confirmed*



Overall, the sales and earnings development of the STADA Group will in fact be characterized in financial years 2011 and 2012 by differing and partially contradictory factors in the various national markets. We assume, however, that Group sales and earnings will grow further in both years.

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In consideration of the anticipated factors just mentioned influencing the Group's earnings development, we continue to see, in the overall assessment for the current financial year, the opportunity for an increase in adjusted EBITDA in the high single-digit percentage area and thus another record value in our Company's history.

As you know, we published long-term targets a little more than a year ago, which envisage Group sales of approximately Euro 2.15 billion on an adjusted level with an EBITDA of approximately Euro 430 million and net income of approximately Euro 215 million for financial year 2014.

In this long-term outlook, we had planned for a largely organic business development, in other words, primarily a business development without taking up further equity. Even if we had no reason to increase our long-term goals according to this definition, we will, however, review an upward adjustment of our long-term prognosis following full operating access to the Grünenthal product portfolio and, most of all, the management acquainted with it – approximately at the turn of the year 2011/2012.

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Ladies and gentlemen, to conclude, let me summarize my remarks as follows:

STADA's business model is geared towards markets with long-term growth potential in the health care and pharmaceutical market. Inseparably linked to this, however, are risks and challenges resulting in particular from changed or additional state regulation and intensive competition.

But our Group continues to have its known, proven and sustainable strategic success factors:

1. a broad international sales structure with a local focus
2. a strong product development
3. a high degree of flexibility
4. an efficient cost management
- and 5. an accelerated acquisition policy with focus on high-growth emerging markets and attractive-margin branded products


In view of these strengths and the high identification of the Executive Board, the management and the employees with the Group's goals, we are confident that

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we will make STADA even more competitive and thus align the Company toward a continued successful future.

Ladies and gentlemen, thank you for your attention.

*Chart 21: Thank you for your attention!*



*Corporate Communications*

Thank you for your attention!

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