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Your letter sent to the attention of Mr. Retzlaff dated January 10th, 2012

Dear Mr. Meeschaert,

Your request for additional information on the use of human embryonic stem cells was forwarded to our attention for providing an appropriate answer to this query.

In answering your request we are pleased to inform you that we as a pharmaceutical company focused on the development of generic products are not at all engaged in the research for new pharmaceutical compounds or treatments methods, eventually utilizing any kind of human cells in clinical research. This kind of basic medical research does not comply with our business model that is exclusively dedicated to the development, manufacturing and selling of generic products.

Thus, we can assure you that we are not utilizing human embryonic stem cells in the development of our generic products.

With this letter we hope to have provided the necessary evidence allowing you to reconsider your decision not to subscribe any longer to the securities and obligations of our company.

Yours sincerely,

STADA Arzneimittel AG

Dr. Axel Müller
Chief Production & Development Officer

Dr. Michael Wolf-Pflugmann
Vice President Research & Development

cc: Hartmut Retzlaff