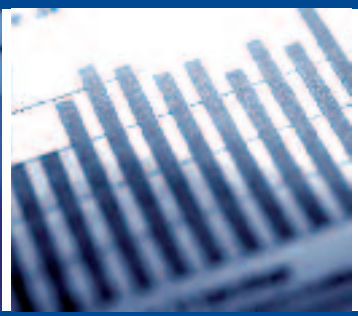
ANNUAL REPORT 2011




GRIFOLS

Contents

1. Unaudited pro-forma financial statements, provided for guidance purposes only, prepared from the consolidated statements of both companies.
2. Includes results for Talecris as of June 2011 (seven months), the first month in which it consolidated.
3. Excludes costs relating to the acquisition of Talecris and non-recurring.
4. Different share exchange ratios were used depending on the identity of the owner of Talecris shares at the Transaction completion date; 0.6485 for general purposes and 0.641 when the shareholder was Talecris Holdings, LLC, a director and/or a board member of Talecris.

1 Introduction

Letter from the President

Dear Shareholders,

As in previous years, I am writing to you with an analysis of the fiscal year that just ended, although this year I do so in reference to the announcement and commitment assumed in 2010 to continue making history. And we did it.

One year ago I told you of my certainty and confidence regarding the fact that the acquisition of Talecris would take place. And that was the case. In June 2011 we obtained all the necessary authorization to consolidate the acquisition and the transaction was completed satisfactorily, giving rise to a *New Era* at Grifols. We have become the third largest producer of hemoderivatives in the world and we are the world leaders in the sale of gamma globulins and alpha1-antitrypsin, a hemoderivative primarily used to treat pulmonary emphysema. It is a leadership that we responsibly assumed and, while the goal has not yet been reached, it is a new starting point from which we can continue to build.

We now have more sick persons, patients, and family members to whom direct our efforts in order to improve their health and quality of life. More health professionals with whom we work hand in hand in order to obtain more effective solutions. More employees to motivate so that they continue working as they have done until now. More donors to thank for their invaluable contributions to the production of plasma derived products. More investors and financial partners to be shown the value that we generate. Definitely, we now have more commitments that we will continue to fulfill with the same hopes and dreams as always and with the same *Spirit* that has always marked our past and business character: work well done, effort, perseverance, and a drive for improvement and innovation.

We therefore start on this path, grounded on a proven business model, strong commitments, and solid values as the main pillars of our business management, whose main lines of action and results I will briefly describe, as you will be able to find detailed information in the annual report that I introduce here.

As I had anticipated, 2011 was marked by the acquisition of Talecris. As regards our financial results, the completion of the transaction in June 2011, the start of the integration process, and the materialization of some of the projected synergies have impacted a large part of the group's main figures. Both the pro-forma financial statements that we provide for informational purposes, which have been obtained from the consolidated financial statements for Grifols and Talecris, as well as those which were audited and reported, including the results from Talecris starting in June 2011 (seven months), reflect these effects, although the full impact has not yet materialized.

Sales have increased to more than 2.3 billion euros in pro-forma terms or to close to 1.8 billion euros if accounted for in reporting terms. Nevertheless, our growth has also taken place in a year marked by global economic difficulties.

In fact, in a greatly volatile environment such as this one, we have been able to reconcile our organic growth with the implementation of new corporate and commercial structures, mainly in the United States, as part of the integration process that started in June 2011. This has allowed the group to rapidly adapt to the healthcare needs of the main agents that operate in the U.S. market (patient associations, purchasing centers, physicians, etc.) and to create value in the short-term thanks to the attainment of some of the projected production synergies.

All of this has occurred while continuing with the capital investment plan designed to expand and improve production facilities, to which we have earmarked 222 million euros, together with an ambitious R&D policy to which we have dedicated around 5% of our sales.

I first want to note that in 2011 we have begun the construction of a plasma fractionation plant in Parets del Vallès (Barcelona-Spain), with capacity to fractionate 1 million liters per year and expandable to 2 million liters per year in a second phase. In the United States we continue to build the new fractionation plant started by Talecris in Clayton (North Carolina-United States), whose capacity will be 6 million liters per year and which we expect to be completed in 2015, while in Los Angeles the investments made involved the facilities for producing albumin and for the purification of intravenous immunoglobulin. In addition, important investments were made in facilities in Texas, including the laboratories in San Marcos and Austin which, once operational, will allow us to centralize all analyses of plasma donated at our 147 centers in the United States.

Furthermore, the acquisition of Talecris has allowed the group to supplement the important portfolio of R&D projects and to ensure excellent research activity in the long term. The new Grifols has a large number of patent and research projects under way, more than a dozen of which have moved on to the pre-clinical development phase. In 2011 we have also continued with several projects to treat Alzheimer's disease by combining therapeutical plasmapheresis with plasma derived products which will undoubtedly continue to be strengthened in 2012.

Regarding the evolution of our divisions, the recent acquisition also provided the Bioscience Division with added protagonism and weight within the group, as it already represents more than 85% of the business in pro-forma terms. The acquisition also allowed us to continue with our international development and to drive the international activities of all divisions, including the Hospital Division, which was the least diversified until now. In fact, at the close of the year less than 10% of our business was generated in Spain.

In terms of human resources, the acquisition of Talecris has nearly doubled the number of Grifols employees. The average number of employees at December 2011 was 11,250. The adoption of common best practices, the consolidation of policies of training, compensation, and professional outlook, together with talent management, are some of the areas on which we are currently focusing to bring the new Grifols together cohesively. We have also been proactive with respect to the environment, an area in which we are working to unify and expand indicators, implement and homogenize eco-efficient measures and environmental best practices in an uniform manner at all production facilities.

Therefore, in conclusion to such an intense year, I would like to issue a single message: we are on the correct path and we can consider the integration process completed.

We hope to continue deserving your trust to undertake 2012 with new challenges.

Sincerely,

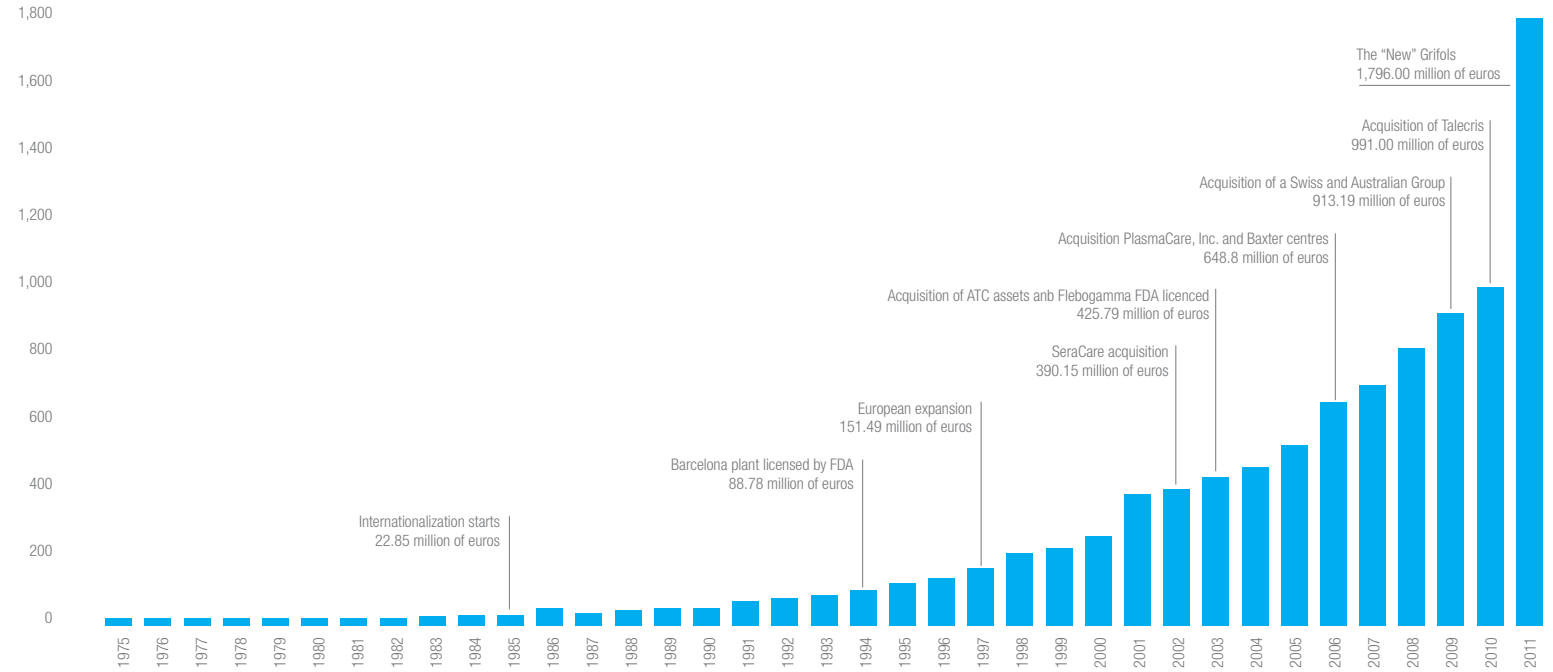
Víctor Grífols
President and CEO of Grifols

1.1 2011 in figures

Sales revenue 2,302.7 million euros[1]	7.7% sales[1] growth *(constant exchange rate)*
2,031.4 million euros in sales[1] of hemoderivatives	88.3% weight of the Bioscience Division[1]. 3.1% growth[1]
90% of revenues generated outside Spain[1]	Nearly 60% of revenues generated in the United States and Canada[1]
630.8 million euros in adjusted[3] Ebitda[1]	6.4%[1] increase and 27.4% margin over pro-forma
233.6 million euros in adjusted[3] net profit[1]	10.1% over pro-forma sales
2,738.2 million in net financial debt	4.3x adjusted Ebitda[3]. Ratio below 5.2x initially estimated
11,230 employees on average	Close to 80% of employees outside of Spain
Sales in 100 countries	Subsidiaries in 24 countries
Industrial facilities in North America, Spain, Australia, and Switzerland	147 plasma centers in the United States

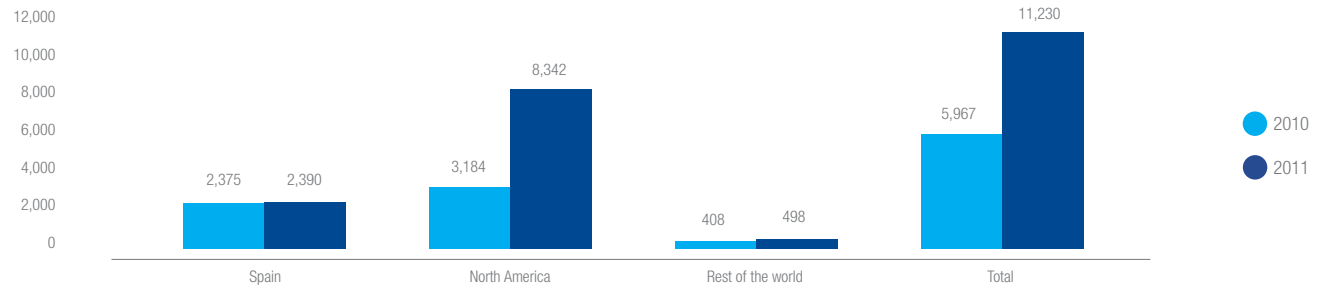
1.1 2011 in figures

SALES PERFORMANCE *(in million of euros)*



** 2011 revenues in pro-forma terms.*

CHANGES IN THE NUMBER OF EMPLOYEES



1.2 The executive team

Víctor Grífols	President and Chief Executive Officer
Juan Ignacio Twose	Exec. VP & President of Global Industrial Division
Ramon Riera	Exec. VP & President of Global Commercial Division
Alfredo Arroyo	Corp. VP & Chief Financial Officer
Montserrat Lloveras	Corp. VP Corporate Accounting and Reporting
Antonio Viñes	Corp. VP Corporate Planning and Control
Eva Bastida	Corp. VP Scientific Affairs
Mateo Borrás	Corp. VP & President Global Human Resources
Carlos Roura	Corp. VP & Co-President of Global Industrial Division
Javier Jorba	Corp. VP & President of Biological Industrial Group
Vicente Blanquer	Corp. VP Biological Industrial Group
Alberto Grífols	Corp. VP & Co-President Instituto Grifols, S.A.
Nuria Pascual	Corp. VP Corporate Investor Relations Officer
Gregory Rich	President and Chief Executive Officer Grifols Inc.
David Bell	Exec. VP Grifols Inc & General Council
Shinji Wada	Exec. VP Grifols Inc & President Plasma Operations
Mary Khun	Exec. VP Grifols Inc. & President NA Manufacturing
Joel Abelson	Corp. VP & President NA Commercial Division
Glanzmann Thomas	Special Advisor Grifols, S.A. Bioscience Exec. Com

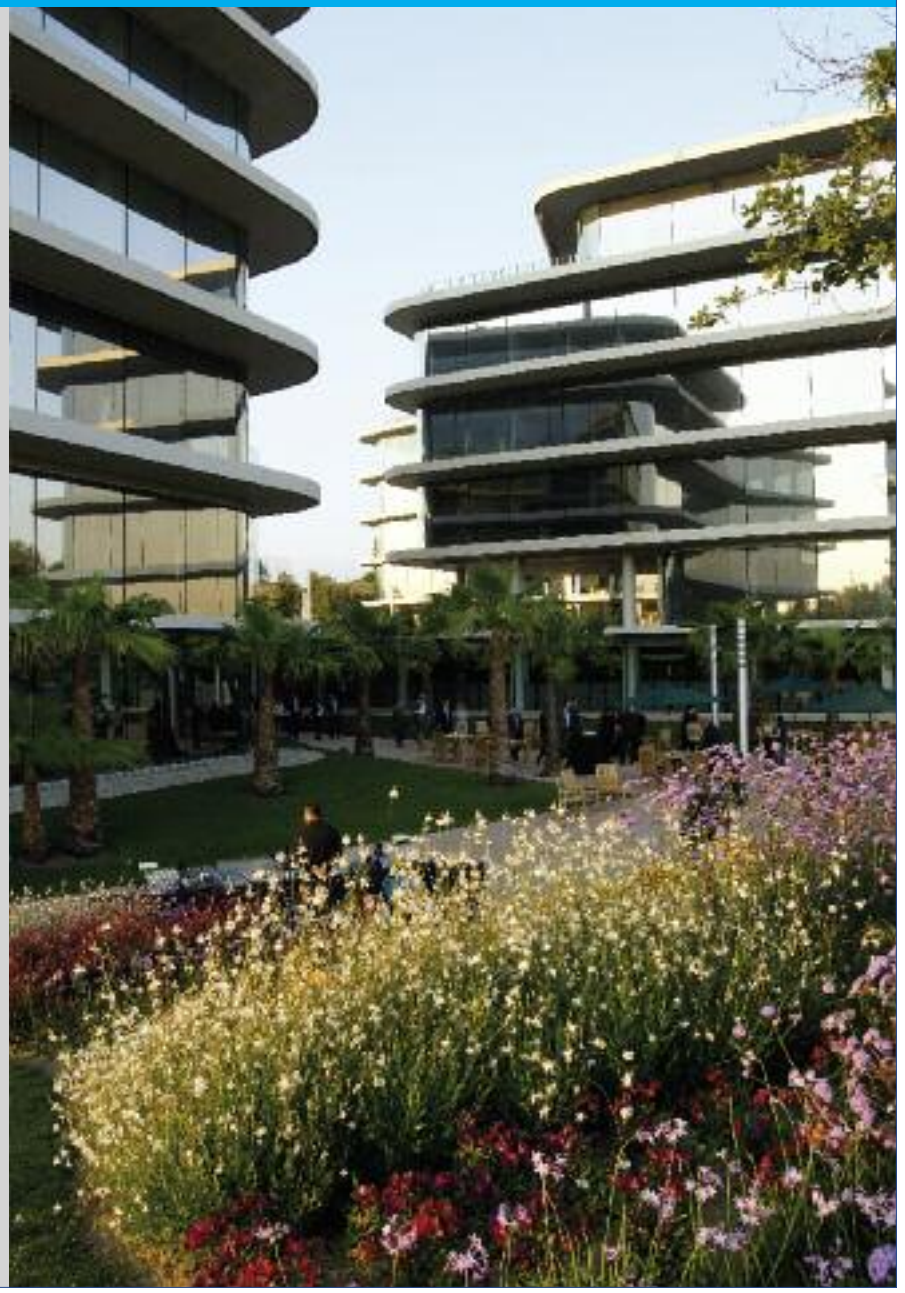
1.3 Main events of 2011

First quarter

- Completion of the 1,100 million dollar bond issuance for the acquisition of Talecris.
- Start of the project and construction of the new fractionation plant in Parets del Vallès (Barcelona-Spain).
- Agreement with Novartis, which will market Grifols diagnostic products in the United States.
- Grifols created an international advisory body of experts in Transfusion Medicine.
- Presentation of StocKey®, a new automated system designed to optimize the management of health care supply restocking in hospitals.

Second quarter

- Inauguration of corporate headquarters in Sant Cugat (Barcelona-Spain).
- The acquisition of Talecris was successfully completed.
- The non-voting shares in Grifols (Class B) began trading on the NASDAQ and the Spanish Continuous Market.
- Grifols started the integration process.
- First operating synergy: the FDA approved the use of an intermediate product in the production of Gamunex® (IVIG).
- Inauguration of the Grifols Academy in Barcelona.
- Agreement with CareFusion for the distribution of the Grifols BlisPack® system.

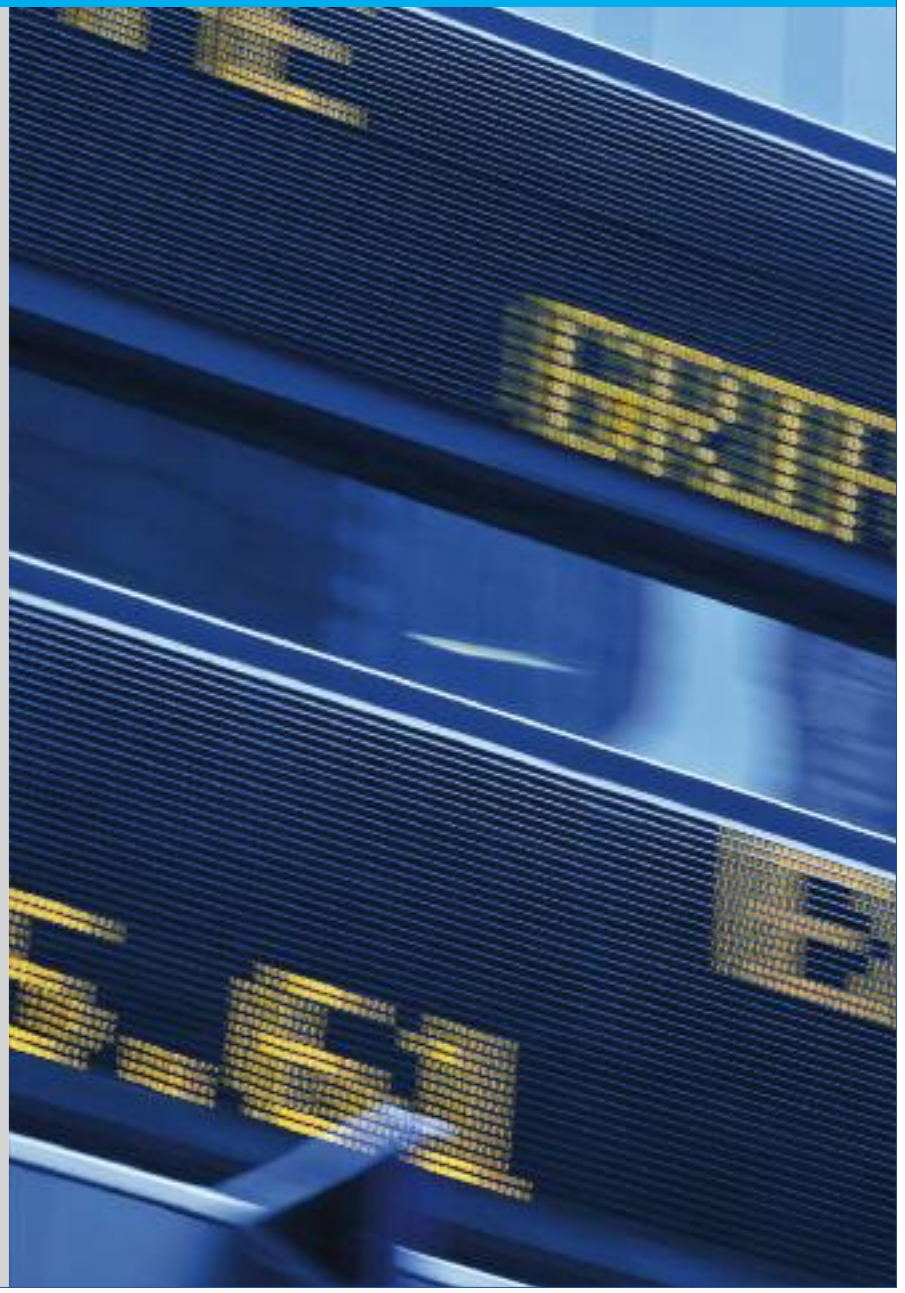


Third quarter

- Moody's and Standard & Poor's confirm the credit quality of the group's corporate debt.
- Reorganization of the Audit Committee and the Appointment and Compensation Committee.
- The annual meeting with investors and analysts was held in Barcelona.
- Universitat Autònoma de Barcelona and Institut Germans Tries i Pujol licensed a patent to Grifols in the gene therapy area.
- The company joined the Alliance for Research and Innovation in Healthcare (ALINNSA) led by the Ministry of Science and Innovation through the Carlos III Health Institute.
- Agreement with Kainos for the distribution of Grifols diagnostic transfusion systems in Japan.
- Acquisition of the remaining 51% stake in Lateral-Medion (Grifols already held 49% and 100% of the voting rights).

Fourth quarter

- Issue of released shares (Class B) as a means for compensating shareholders.
- The Talecris integration process was completed.
- Grifols received the Quality Management Certificate for its medical devices in the United States (Certification ISO 13485:2003 + AC: 2009).
- Grifols was included in the Nasdaq-Biotech index.
- Completion of the new plant built by Grifols Engineering for Bial Industria Farmacéutica at the Zamudio Technology Park in Bilbao.



2 Areas of activity

2.1 General performance of divisions

All divisions have recorded organic growth, although the acquisition of Talecris in June 2011 contributed considerably to the Bioscience Division.

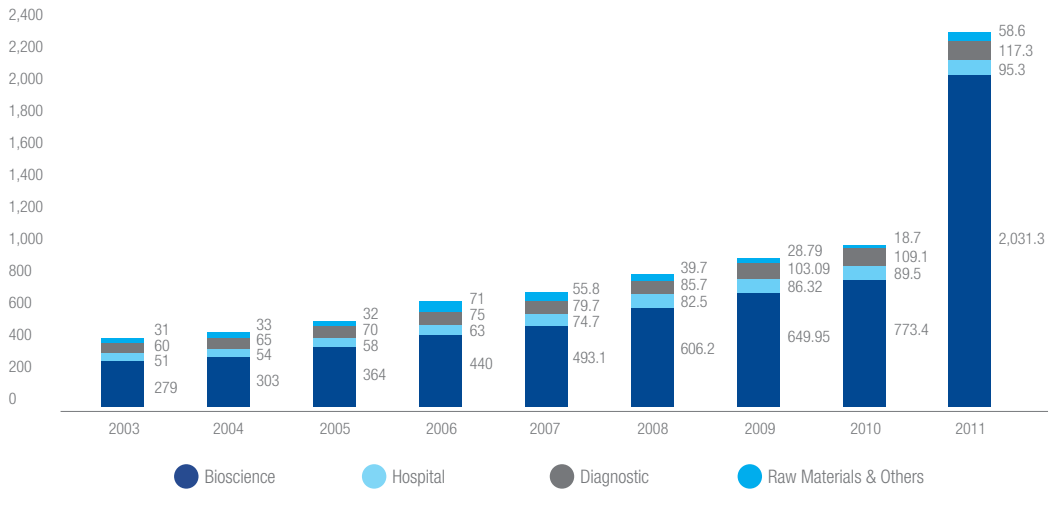
The increase in sales volumes in all areas of the group's business is notable in an environment of negative prices, high volatility of currency exchange rates, and the general implementation of austerity measures to control costs. However, this adverse economic reality that started four years ago has been offset by the geographic diversification of sales, which has allowed the possible negative effects of some measures taken in countries such as Spain to be neutralized while maintaining sustained growth in other emerging areas.

On the international front, in 2011 Grifols started to actively strengthen the expansion of its Hospital Division in the United States, with the aim of becoming a leading supplier in this market in the medium and long-term with respect to logistics management and the automation of hospital pharmacy services.

2011 REVENUE AND GROWTH BY DIVISION *(Pro-forma data[1] in millions of euros)*

	Sales revenue	% growth	% of sales revenue
Bioscience	2,031.3	3.1%	88.3%
Hospital	95.3	6.5%	4.1%
Diagnostic	117.3	7.6%	5.1%
Raw Materials & Others	58.6	79.8%	2.5%
TOTAL	**2,302.6**	**4.6%**	

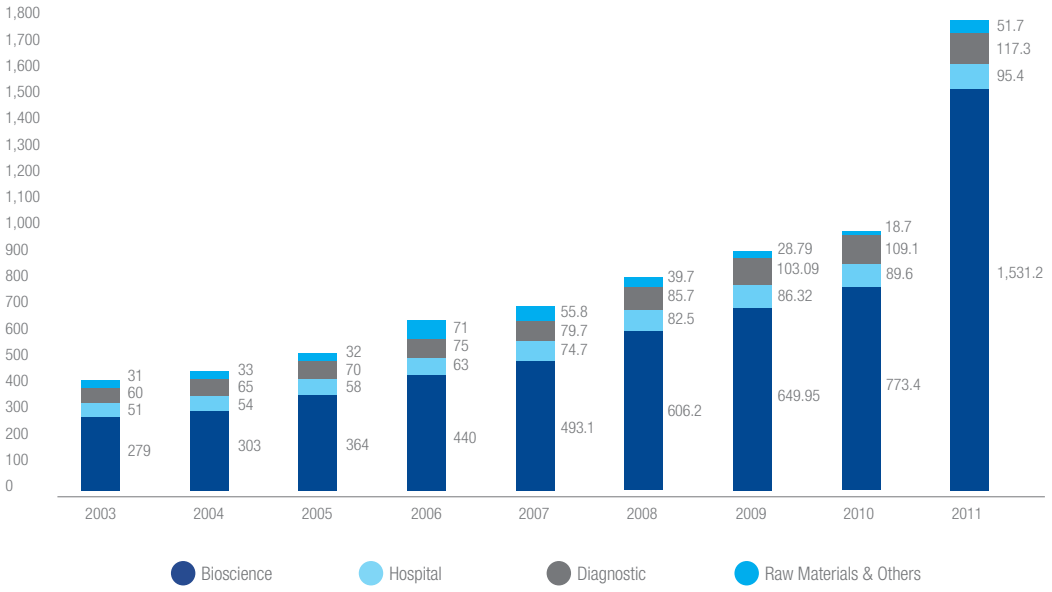
2011 REVENUE AND GROWTH BY DIVISION *(Pro-forma data[1] in millions of euros)*



2011 REVENUE AND GROWTH BY DIVISION *(Reported results[2] in millions of euros)*

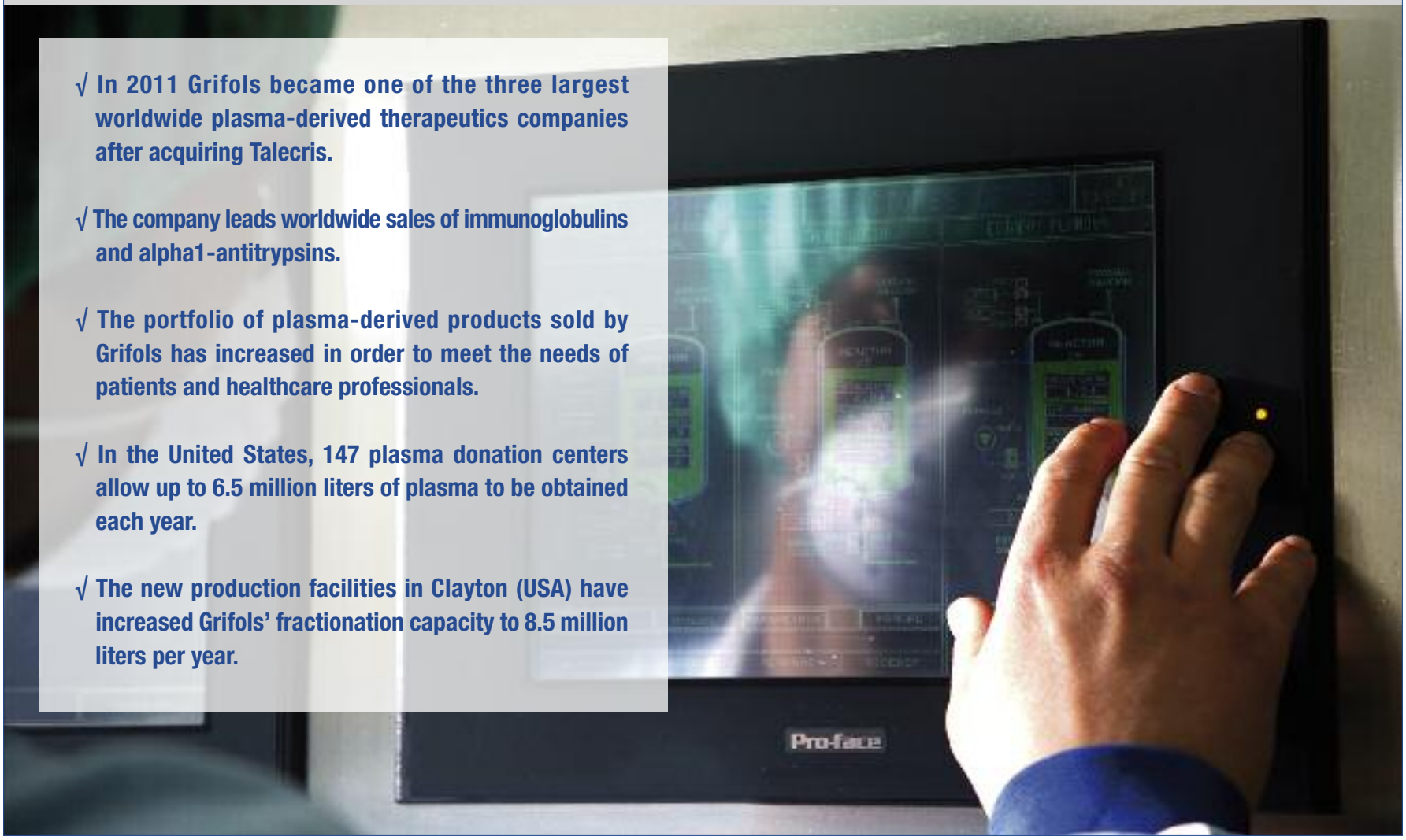
	Revenue	% growth	% of revenue
Bioscience	1,531.2	98%	85.3%
Hospital	95.3	6.5%	5.3%
Diagnostic	117.3	7.6%	6.5%
Raw Materials & Others	51.6	176.2%	2.9%
TOTAL	**1,795.6**	**81.2%**	

PERFORMANCE BY BUSINESS LINE *(Reported sales[2] in millions of euros)*



2.2 Bioscience Division

Drugs related to the therapeutic properties of plasma proteins. Grifols is a point of reference for research, development, production, and marketing of plasma-derived products.



- √ **In 2011 Grifols became one of the three largest worldwide plasma-derived therapeutics companies after acquiring Talecris.**
- √ **The company leads worldwide sales of immunoglobulins and alpha1-antitrypsins.**
- √ **The portfolio of plasma-derived products sold by Grifols has increased in order to meet the needs of patients and healthcare professionals.**
- √ **In the United States, 147 plasma donation centers allow up to 6.5 million liters of plasma to be obtained each year.**
- √ **The new production facilities in Clayton (USA) have increased Grifols' fractionation capacity to 8.5 million liters per year.**

What makes us different

We contribute to the improvement of human health

We manufacture biological drugs from human plasma that are essential for those patients who have a deficit of any of the proteins contained in plasma: albumin, immunoglobulins, or coagulation factors.

We achieve maximum safety during production processes to guarantee the maximum safety of the plasma-derived products

Plasma collection, manufacturing, and analysis and control activities are carried out in accordance with Good Manufacturing Practice (GMP) guidelines. All donation centers, analysis laboratories, plasma warehouses, and production plants are regularly inspected by the US FDA and the competent European authorities (EMA). Similarly, we have been accredited with the Quality Standards of Excellence, Assurance and Leadership (QSEAL) certification from the Plasma Protein Therapeutics Association (PPTA) and the plasma donation centers have obtained the International Quality Plasma Program (iQPP) certification from the PPTA due to the strict quality policies and controls to which we subject plasma units before being processed.

We take part in the development of society: R&D is focused on satisfying unfulfilled needs

The definition and launch of an ambitious R&D policy allows us to ensure excellent long-term research activity. We focus our efforts principally on the improvement of production processes and new therapeutic uses for plasma-derived products, such as their possible use for the treatment of Alzheimer's disease, among others.

Transparency and commitment to healthcare professionals

On our own initiative, we include additional information regarding quality and safety with all of our plasma-derived products. Information regarding the source of the plasma, analysis of viral markers, and biochemical characteristics are included in the PediGri® system, which is our commitment to information transparency for healthcare professionals that use these products.

Companies that make up the Bioscience Division

PRODUCTION
Instituto Grifols S.A.
Biomat S.A.
Grifols Therapeutic Inc.
Grifols Biologicals Inc.

MARKETING AND SALES
Grifols International, S.A.
Grifols Inc.

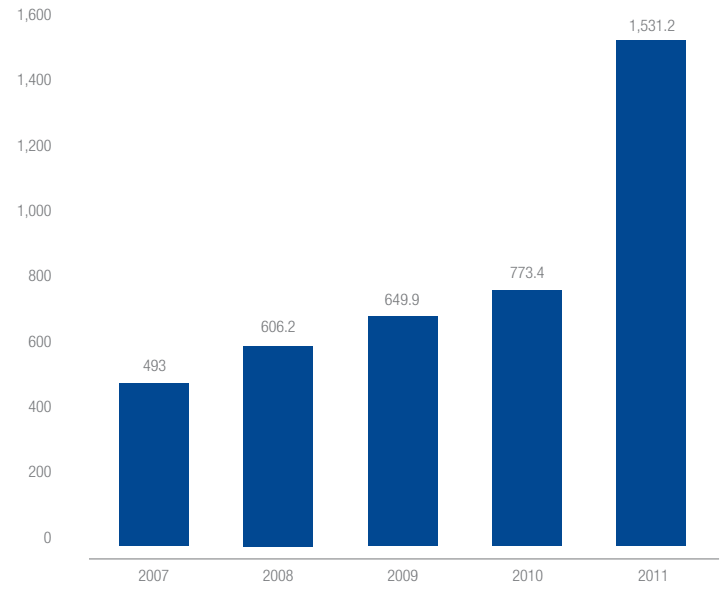
2011 results

√ In pro-forma terms[1], Bioscience Division sales grew by 3.1% to 2,031.3 million euros: more than 88% of total revenue.

√ According to reported data[2], which include seven months of joint operations, revenue increased by 98% to 1,531.2 million euros, representing 85% of Grifols' revenues in 2011.

√ Division growth sustained by the general increase in sales volume of plasma-derived products and international activities. Without any contribution from the price factor.

SALES DEVELOPMENT IN THE BIOSCIENCE DIVISION, PRO-FORMA DATA[1] *(In millions of euros)*



International expansion of sales: Grifols gains market share in the United States

The majority of the sales of plasma-derived products took place in international markets, mainly in North America where, after the recent acquisition, the group has gained market share and plasma-derived products sales growth exceeded 8.1% at a constant exchange rate (nominal rate of 3.5%) in pro-forma terms[1].

The sales force has been quickly reorganized in this market through mixed sales units (Marketing and Sales) according to various types of products: IVIG, albumin, and hyperimmune globulins, hematology (factor VIII, factor IX, and antithrombin) and pneumology (alpha1-antitrypsin). This measure allows for a rapid repositioning in the United States and Canada as a leading company in the sector, both among health professionals, patient associations and group purchasing organizations (GPO).

There were also important increases in areas such as Latin America due to the initiation of the direct marketing of plasma-derived products in countries such as Columbia, China, and Southeast Asia.

Geographic diversification has allowed Grifols to minimize the possible effects of austerity measures and healthcare cuts put into place in some countries such as Spain. Even within the current reality, the plasma-derived product sector maintains its growth profile and Grifols continues on an upward trend thanks to the increase in sales volume in a negative price environment and the dollar-euro exchange rate.

Increase in plasma-derived products sales volume: Alpha1-antitrypsin becomes a protagonist

By product, the positive development of sales volume for all plasma-derived products marketed by the group has been the constant.

Intravenous immunoglobulin (IVIG) increased in volume (pro-forma data[1]) by 11% during the year and the launch of the IVIG Flebogamma® DIF 10% in Europe, which will be completed with its introduction in Spain, is important. Once that is completed, Grifols will consider the process of introducing this new generation of intravenous immunoglobulin to have ended. It is available in two concentrations to better attend to patient needs (5% and 10%).

Sales of alpha1-antitrypsin, a plasma-derived product that is gaining importance within Grifols' sales mix after the recent acquisition, grew in terms of pro-forma volume[1] by close to 6%, and advances were made in a progressive transfer, from external distributors to Grifols companies, of the leading brand of this plasma-derived product (Prolastina®) in markets such as Spain, where it will be available in 2012.

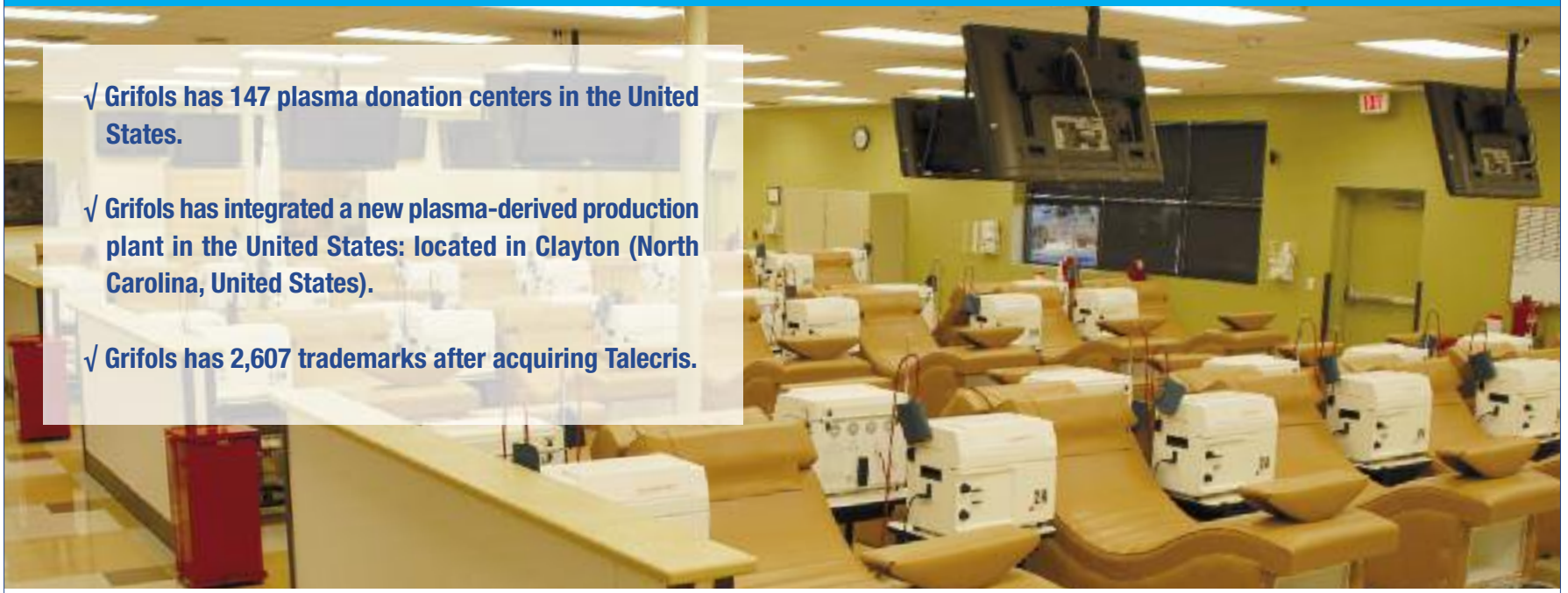
Sales of other plasmatic proteins continue to be stable, although the recovery of albumin sales during the second half of the year was notable.

GROWTH IN SALES OF THE MAIN PLASMA-DERIVED PRODUCTS IN 2011

	Growth in 2011
IVIG	+11%
Albumin	+7.9%
Factor VIII	+1.2%
Alpha1-antitrypsin	+5.9%

**Pro-forma data[1]*

Indicators of activity



√ **Grifols has 147 plasma donation centers in the United States.**

√ **Grifols has integrated a new plasma-derived production plant in the United States: located in Clayton (North Carolina, United States).**

√ **Grifols has 2,607 trademarks after acquiring Talecris.**

SUMMARY OF THE MAIN INDICATORS	2011	2010	% GROWTH
No. of plasmapheresis centers	147	80	84%
No. of plasma donations	7,150,000	3,000,000	138%
No. of repeat donors	More than 275,000	More than 150,000	83%
No. of sample analyses performed	More than 15.5 million analyses	More than 6.3 million analyses	146%
Capacity for plasma collection	6.5 million liters per year	3 million liters per year	117%
Liters of plasma obtained	5.8 million liters per year	2.6 million liters per year	123%
No. of fractionation plants	3 plants	2 plants	
Fractionation capacity	8.5 million liters per year	4.5 million liters per year	89%

Plasma supply and control: the leading company in the world in plasma collection capacity

In 2011 Grifols became the leading company in the world in terms of plasma collection capacity with 147 plasma donation centers in the United States, which allowed it to obtain more than 6.5 million liters of plasma each year, maximizing and assuring the self-supply of the raw materials necessary to produce biological drugs deriving from plasma. In 2011 the group obtained a total of 5.8 million liters of plasma from its centers.

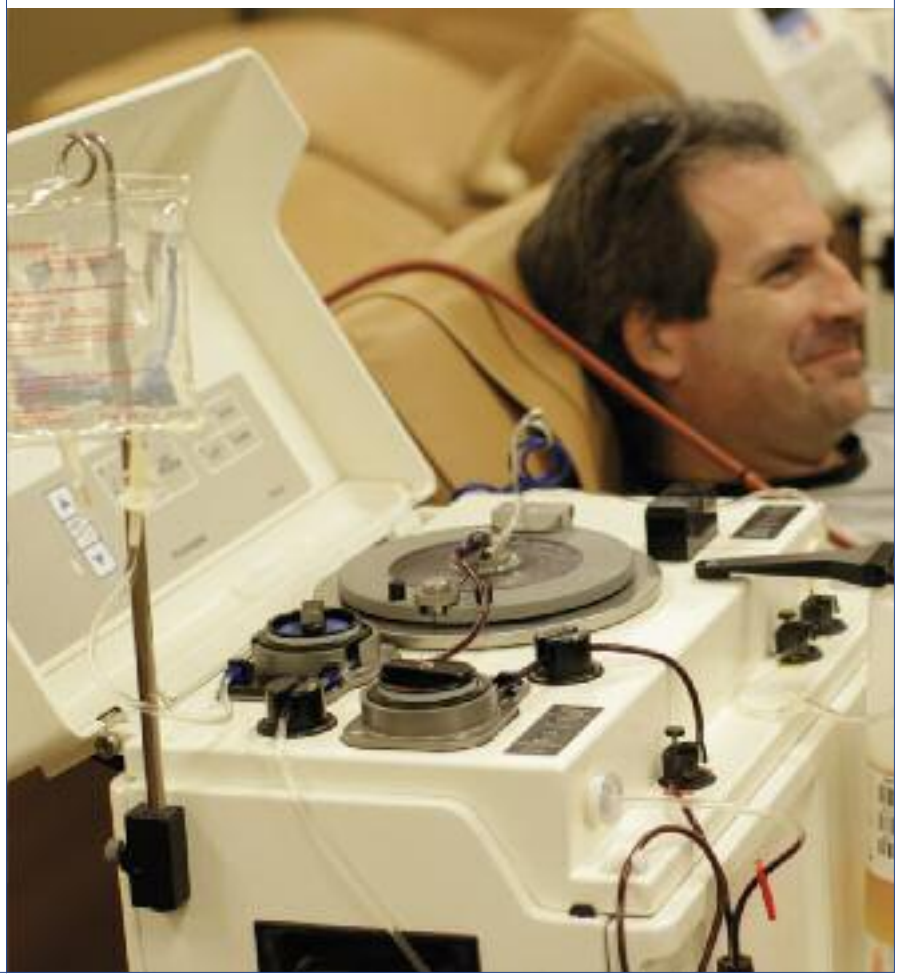
After the acquisition of Talecris in June 2011, the group started a process to reorganize the plasma collection centers by implementing a new operating structure that will improve costs in the medium-term.

The 147 plasmapheresis centers operated by Grifols, segmented geographically into eight divisions (18 centers per division) already function as independent business areas from an operational point of view and there is a single corporate structure for overall support and management. The objective is to minimize structural costs, diversify risks in order to guarantee plasma supply in the face of possible circumstances of force majeure, optimize raw material and logistics costs, homogenize high efficiency levels in plasma collection, reduce the contracting of third party services (such as those relating to analyses), and control inventory levels. The plasma centers, laboratories, and warehouses are regularly audited by the FDA and the EMA.

Furthermore, there are several immunization programs for the collection of hyperimmune plasma bearing Anti-T, Anti-Hepatitis B or Anti-D, among others.

Relationships with plasma donors

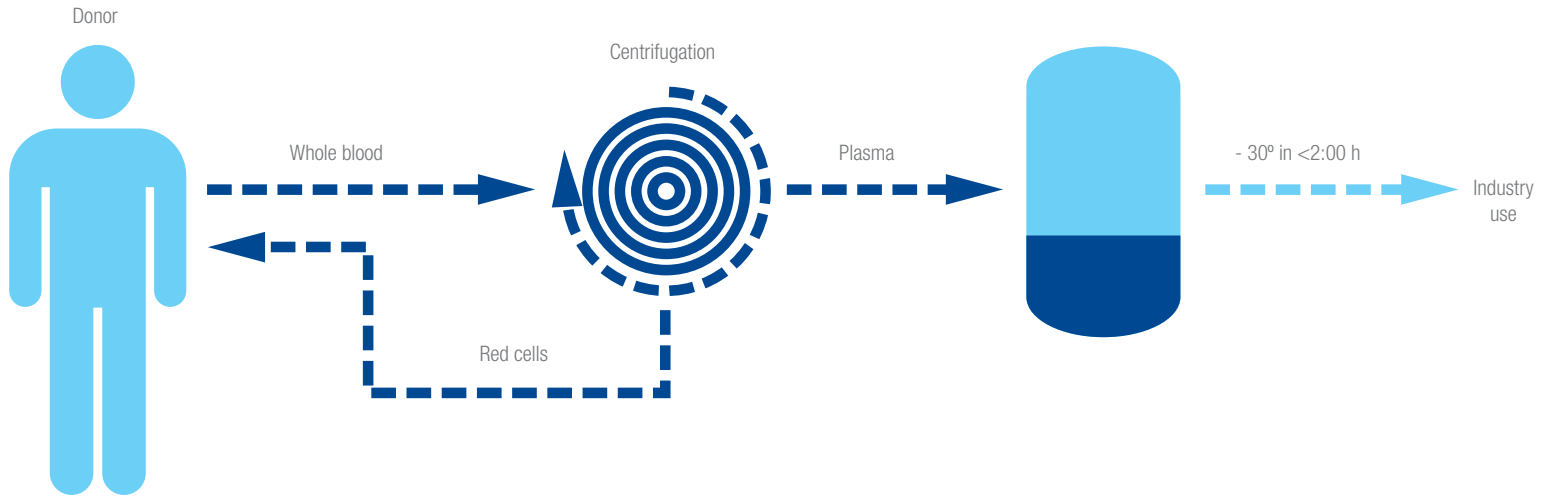
At the end of 2011, Grifols had more than 275,000 repeat plasma donors in the United States. Grifols' plasmapheresis centers received more than 7 million plasma donations during the year, which is notably higher than those obtained in 2010 (3 million donations) as a result of the integration of the centers operated by Talecris.



Since June 2011 Grifols has unified and standardized the qualification systems at all the acquired centers. All of the centers meet the iQPP standard, a complex center qualification process that requires, among other things, the use of Qualified Donors, NAT analysis, maintenance of inventories, etc. All of the criteria are defined by the Plasma Protein Therapeutics Association (PPTA). The PPTA also performs regular independent audits of the plasma centers.

In order to be considered a qualified donor, an individual must make two donations within six months and the plasma obtained must pass rigorous analytical tests. Requiring two donations within six months allows the laboratory to confirm the results of the previous test and confirm the safety of the donor's plasma. The protocol followed by the plasma donation centers is also regulated. The staff at the centers received additional training at the Grifols Plasmapheresis Academy (Glendale, AZ and Indianapolis, IN).

PLASMA COLLECTION BY PLASMAPHERESIS



**Donors may donate up twice per week, since the red blood cells are immediately returned to the donor.*

The capacity for analysis of plasma samples increased in 2011, due to the integration of three additional markers

The samples of donated plasma are again analyzed after they have been obtained. Specifically, they are subjected to serological tests and PCR analysis at the Grifols laboratories in Austin, Texas (United States), which in 2011 validated and started to use, on a small scale, NAT tests with three markers (HVC/HIV/HVB) using a new analysis platform. A new platform for Parvo/HVA also began validation. The aim is to be able to carry out NAT tests for five markers and expand the laboratory's analytical capacity using high yield platforms. In addition, alternative serology techniques have been validated in order to have different options if necessary. The second company laboratory located in San Marcos (Texas) is expected to start operating in mid-2012, which will minimize possible operating risks deriving from force majeure.

In 2011 more than 15.5 million plasma sample tests were performed, which means that nearly 55 million parameters and results were obtained.

REPRESENTATIVE DATA REGARDING THE COLLECTION OF PLASMA IN 2011	
Plasmapheresis/day performed	23,700
Collection/day (liters)	19,700
Viral detection measures/day	190,000

Higher capacity for fractionation and purification of proteins

Grifols' production capacity increased after the recent acquisition of Talecris. At the close of 2011, the Company has three plants, located in the United States (Los Angeles and Clayton) and in Spain (Parets del Vallès), and it also has an operation leased for a period of four years at facilities located in Melville (New York, United States). In total, the installed plasma fractionation capacity represents a maximum of 8.5 million liters of plasma per year, although projected capital expenditures call for this capacity to exceed 12 million liters per year in 2016.

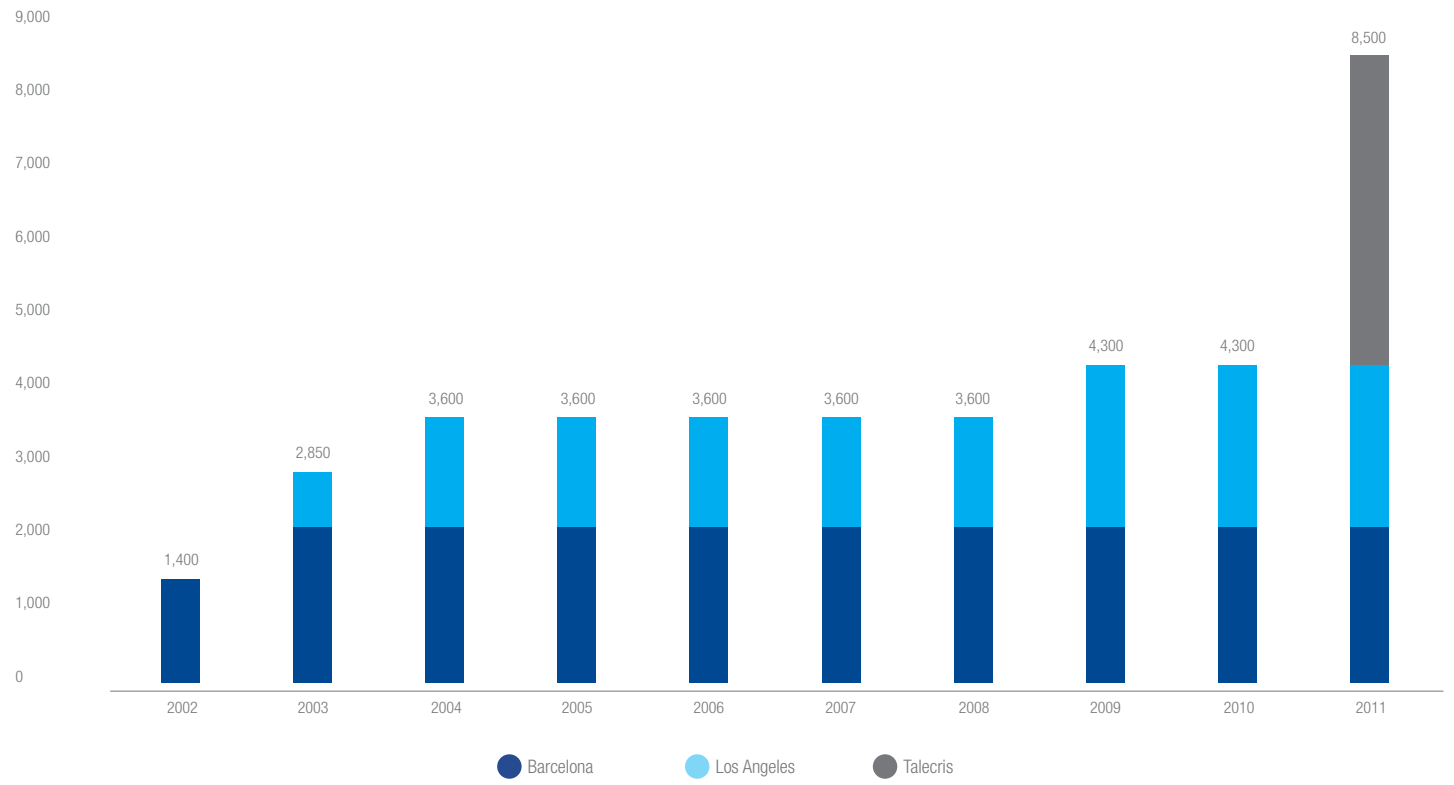
The fractionation plants are approved by the US FDA and by the European Union health authorities and they operate 24 hours every day of the week.

FRACTIONATION CAPACITY OF THE PLANTS IN 2011	
Barcelona:	2.1 million of liters of plasma per year
Los Angeles:	2.2 million of liters of plasma per year
Clayton:	2.6 million of liters of plasma per year
Melville (leased):	1.6 million of liters of plasma per year

The facilities in Los Angeles mainly produce the Alphanate® coagulation factors (factor VIII/Von Willebrand factor), AlphaNine® (factor IX) and Profilnine® (protrombin complex), and Albutein® (albumin), while Gamunex® (IVIG), Prolastin® (alpha1-antitrypsin), Plasbumin® (albumin), Thrombate® III (antithrombin) and some hyperimmune gammaglobulins are currently produced in Clayton (North Carolina). The Barcelona plant manufactures: Flebogamma® (IVIG), Grifols Albumin and Albutein®, Anbinex® (antithrombin), Trypsone® (alpha1-antitrypsin), Fandhi® (factor VIII/Von Willebrand Factor), Factor IX Grifols® and some hyperimmune gammaglobulins.

The use of intermediate products obtained at each of the fractionation plants may follow their purification process at any other group plant, although this requires specific authorization from the health authorities. In 2011, and after the acquisition of Talecris, Grifols obtained the approval of the FDA to use the Fraction II+III from the Los Angeles plant (intermediate product) during the purification of IVIG to obtain the final product Gamunex®. This approval represents an important step to materializing the operating synergies pursued by the Group.

INCREASES IN GRIFOLS' PLASMA FRACTIONATION CAPACITY *(in millions of liters)*



Expansion of products for sale: more than 2,600 in 2011

In 2011 the expansion of Grifols' trademark portfolio was notable after the acquisition of Talecris' trademarks. This diversification, together with geographical diversification, allows the group to adapt to the demand of patients and health professionals with diverse needs and preferences, thereby providing added value. In 2011 the group's presence in the plasma-derived product sector is represented by 2,607 commercial trademarks for use in therapies principally relating to coagulation problems, acute hepatic insufficiency, genetic emphysema, immunodeficiencies, autoimmune neuropathies, exposure to certain infectious diseases such as hepatitis A and B, tetanus, rabies and measles (rubella), and the loss of blood due to shock or trauma, among others.

PORTFOLIO OF PLASMA-DERIVED PRODUCTS SOLD BY GRIFOLS AS OF JUNE 2011

Category	Products	Indications
IVIG	Flebogamma® Flebogamma® DIF (5% and 10%) Flegogamma IV 5% Gamunex® - Gamunex®-C	Replacement therapy in primary and secondary immunodeficiencies. Immunomodulatory treatment in idiopathic thrombocytopenic purpura (ITP), Guillain Barré syndrome and Kawasaki disease. Allogenic bone marrow transplant. Chronic Inflammatory Demyelinating Polyneuropathy (CIDP).
Factor VIII/FVW	Fanhdi® Alphanate® Koate DVI®	Treatment and prevention of hemorrhage in patients with hemophilia A (congenital factor VIII deficiency) and acquired factor VIII deficiency. Prevention and treatment of hemorrhage or surgical bleeding in patients with von Willebrand's disease.
Albumin	Albúmina Humana Grifols® Albutein® Plasbumin® 5 and 25%	Reestablishing and maintaining blood volume in situations due to traumatic shock, hemorrhage or burns. Acute liver failure and ascites. Acute respiratory distress syndrome.
Antitrombina	Anbinex® Thrombate® III	Prevention and treatment of thromboembolic complications in congenital and acquired anti-thrombin deficiencies.
Normal human immunoglobulins for intramuscular use	Igamplia® 160mg/ml Pasteurised Human Immunoglobulin Grifols® 16% Gammaglobulina Humana Pasteurizada Grifols® Gammaglobulina i.m. Grifols® Gamastan® S/D	Replacement therapy for adults and children with primary immunodeficiency. Replacement therapy for chronic lymphatic myeloma or leukemia with severe secondary hypogammaglobulinaemia and recurring infections.

PORTFOLIO OF PLASMA-DERIVED PRODUCTS SOLD BY GRIFOLS AS OF JUNE 2011

Category	Products	Indications
Factor IX/PTC	AlphaNine® Factor IX Grifols® Profilnine® SD	Treatment and prevention of hemorrhage in patients with hemophilia B (congenital factor IX deficiency).
Alpha1-antitrypsin	Trypsone® / Trypsan® Prolastin® / Prolastin® C	Replacement therapy in patients with congenital deficiency of this protein and suffering from pulmonary emphysema.
Anti-HB IVIG	Niuliva®	Prevention of reinfection with HBV following liver transplant due to liver failure as a result of hepatitis B. Immunoprophylaxis from hepatitis B.
Anti-tetanus immunoglobulins	Gamma Anti-Tetanus Grifols® Igantet® Pasteurized Human Anti-Tetanus Immunoglobulin Grifols® HyperTET® S/D	Post-exposure prophylaxis and treatment of tetanus.
Anti-D human immunoglobulins	Igamad®/ Igantid® / Grifols® Gamma Anti-D / Pasteurized Anti-D Immune Globulin Grifols HiperRHO® S/D	Rh(D) Immunization prophylaxis for Rh negative women, associated with pregnancy, birth, or gynecological interventions. Treatment of Rh negative persons after an incompatible blood transfer or other components that contain positive Rh(D) red blood cells.

PORTFOLIO OF PLASMA-DERIVED PRODUCTS SOLD BY GRIFOLS AS OF JUNE 2011

Category	Products	Indications
Anti-hepatitis B immunoglobulin for intramuscular use	Igantibe® Gamma Anti-Hepatitis B Grifols® Pasteurized Human Antihepatitis B Immunoglobulin Grifols® HyperHEP B® S/D	Prevention of reinfection by the Hepatitis B virus, during the post-liver transplant maintenance stage (except for HyperHEP B® S/D). Hepatitis B Immunoprophylaxis.
Immunoglobulin Antirabies	HyperRAB® S/D	

In 2011, after the acquisition of Talecris, there was an important expansion of the portfolio of Grifols plasma-derived products that are specifically indicated for the treatment and prevention of potentially deadly infections such as rabies, hepatitis and tetanus, as well as Rh (Anti-D) incompatibility.

Anti-D	Antitetanus	Antihepatitis B	Antirabies
Igamad®	Igantet®	Igantibe®	HyperRAB®SD
HyperRHO®SD	HyperTET®SD	Niuliva®	
		HyperHEP® B	

Grifols' distribution of plasma-derived products includes the direct sale of Bioscience Division products in the United States as well as wholesale through distributors. This division's customers consist of hospitals, medical specialty clinics, medical offices, and retail pharmacies. Sales through distributors include purchases by large distributors associated with hospital group purchasing organizations belonging to the organization (GPO). Sales in Spain are also made directly to hospitals and public institutions without any intermediaries, as is the case in the United States. In the rest of the countries in which Grifols sells plasma-derived products, sales compositions are mixed and include both options.

Plasma-derived products manufactured for third parties

The Bioscience Division also includes the third party fractionating service, a key business formula for the group in certain markets whose trends have been rising over the past few years. In 2011 Grifols fractionated more than 415,000 liters of surplus plasma from hospitals in Spain, the Czech Republic, and Slovakia, in accordance with its Integral Hospital Plasma Utilization program (IHPU). For 25 years, Grifols has transformed plasma from Spanish origins into plasma-derived products, which are then used by the Spanish health system and for 17 years has had similar agreements with the Czech Republic and Slovakia. Since 2011 this is done in Canada, since the former Bayer-Talecris was the main supplier of this service in that country since 1988.

Spain:

- Grifols has fractionated plasma for Spanish hospitals since 1978.
- Nearly 360,000 liters processed in 2011.
- Complete range of products: albumin, antithrombin, FVII/FVW, FIX, IVIG and A1PI.

Czech Republic and Slovakia:

- Grifols has fractionated plasma for Czech and Slovak hospitals since 1992.
- More than 55,000 liters of plasma fractionated in 2011.
- Manufacture of the Main Products.

Canada:

- Since 1988 Grifols (Bayer-Talecris) is the main supplier of the two Canadian agencies: CBS and Hema-Québec.
- Manufacture of the Main Products.

Division milestones in 2011

- Important expansion of the plasma-derived product portfolio and presence in segments such as the treatment and prevention of potentially deadly infections (tetanus, rabies, etc.).
- Consolidation of the market launch of the new generation IVIG Flebogamma® DIF 10% with the launch in Europe.
- Creation of a new sales structure in the United States.
- Increase in the open lines of research for the development of new products, which include projects relating to recombinant therapies.
- Registration of Biomat, S.A. as a Pharmaceutical Laboratory with the Spanish Drug and Health Care Agency.
- Strengthening of new control technologies: completion of the pilot study of the radiofrequency identification tag (RFID) labels, start of the feasibility study regarding the implementation of this technology for plasma bottles, and the design of the plasma sampling equipment.
- Authorization from the FDA and the EMA of the NAT techniques at the Austin laboratory and from the FDA for the serology laboratory in San Marcos, Texas.
- Research activity rated excellent in the 2010 Profarma Program.
- The factor VIII/Von Willebrand Factor (Fanhdi®) was approved in Spain to treat Von Willebrand disease.
- The FDA approved the Parets del Vallès (Barcelona-Spain) plant as an alternative facility for the production of Grifols' albumin Albutein®.
- Began construction of the new plasma fractionation plant in Parets del Vallès (Barcelona-Spain).
- The FDA approved the use of Fraction II+III, an intermediate product obtained at the Los Angeles plant, to produce the intravenous immunoglobulin Gamunex® manufactured at the Clayton plant.
- Formal assistance from the CDTI (Center for the Development of Industrial Technology) for the R&D/Clinical trials, relating to the Emphysema (IG) project and the Genecell project (Nanotherapix).

2.3 Hospital Division

Parenteral solutions for intravenous therapy and clinical nutrition, in addition to sterile products and medical devices for hospitals. A complete line of tools for the preparation of drugs at hospital pharmacies. We supply logistics and product storage systems for hospital products.

- √ **Grifols strengthens the penetration of the division in the United States and drives geographic diversification of sales through trade agreements with third parties.**
- √ **In 2011 the group reinforced its leadership position with respect to intravenous therapies and as a provider of hospital logistics services in Spain.**
- √ **Manufacturing for third parties through the Grifols Partnership has been consolidated.**
- √ **The organic growth of the Hospital Division has been maintained, despite being the division most affected by budget cuts in Spain.**

What makes us different

Hand in hand with hospitals. For the good of patients

Hospitalized patients normally require some kind of intravenous solution to restore or maintain their hydroelectrolytic balance, or nutritional products if they cannot ingest or tolerate traditional foods. This Division's products may have a direct impact on patient welfare during the recovery process and we research and work to offer the best solutions.

We are focused on improving the quality of patient healthcare and on closely monitoring pharmacy budgets

We are a leading supplier of technological systems and platforms for the automation of the dispensing and storage of drugs at hospital pharmacies, which contributes to improving the safety and efficiency of drug handling, reduces medication errors, and optimizes human and financial resources.

Commitment to healthcare professionals

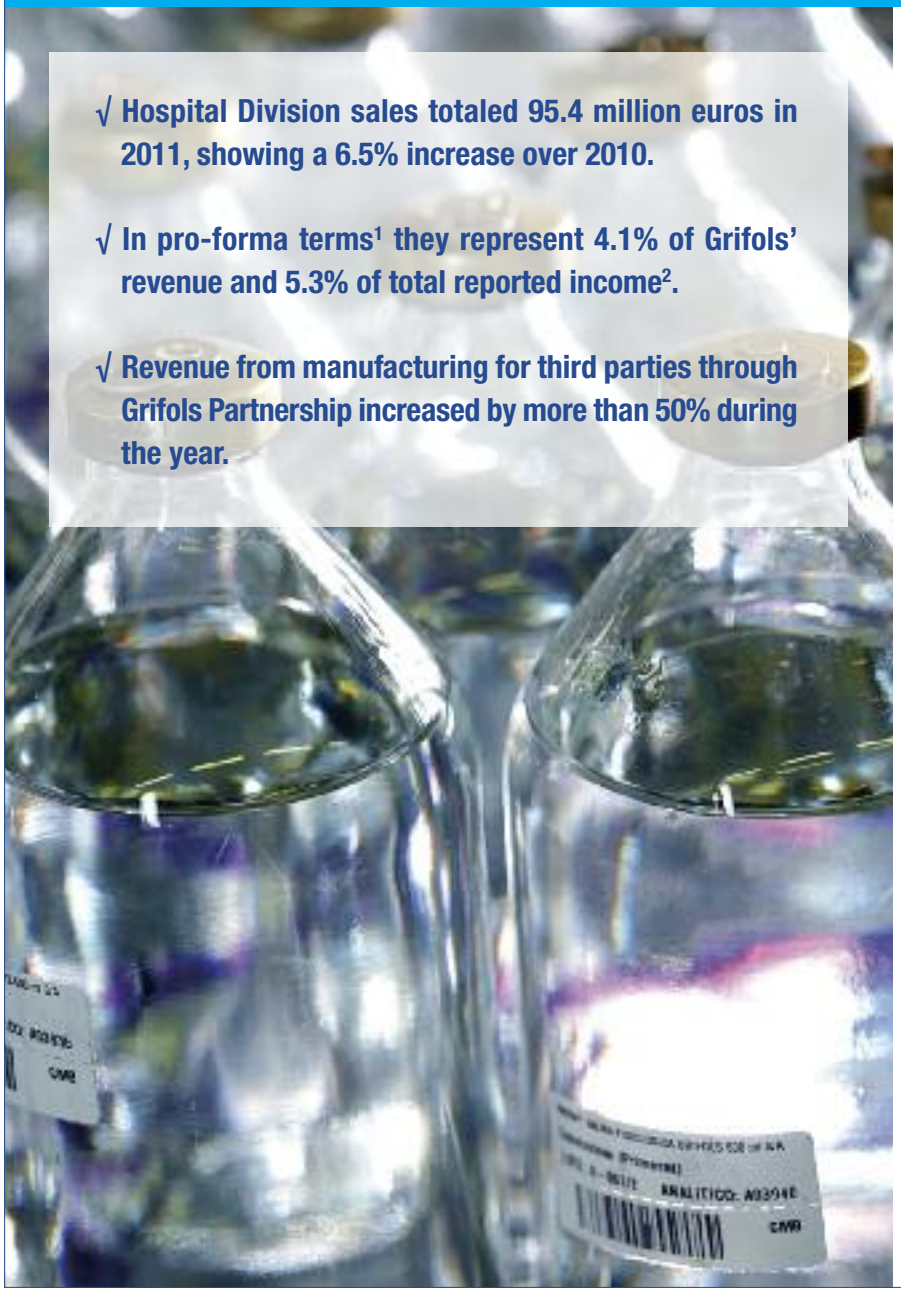
We have the latest generation instruments, medical devices for surgical treatments, and disposable items for various hospital units and areas, including cardiovascular surgery, urology, anesthesiology and hemodynamics.

Companies that make up the Hospital Division

PRODUCTION
Laboratorios Grifols
Grifols Engineering

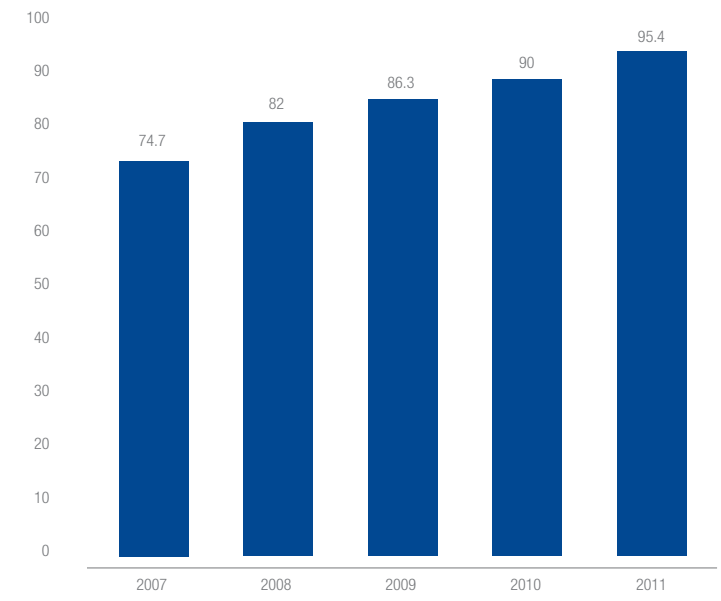
MARKETING
Grifols International

2011 results



- √ **Hospital Division sales totaled 95.4 million euros in 2011, showing a 6.5% increase over 2010.**
- √ **In pro-forma terms[1] they represent 4.1% of Grifols' revenue and 5.3% of total reported income[2].**
- √ **Revenue from manufacturing for third parties through Grifols Partnership increased by more than 50% during the year.**

SALES TRENDS IN THE HOSPITAL DIVISION (*in millions of euros*)



Hospital strengthened its internationalization strategy in 2011 and increased its penetration into the United States market

Most of the Hospital Division's sales are made in the Spanish market, although in recent years Grifols has started to implement an internationalization strategy with the objective of also diversifying sales in this business area.

In the U.S. market it has started to develop some projects in the hospital logistics business line relating to Misterium® Clean Rooms and the Gri-fill® sterile dosage systems.

The strategy for this division also involves the gradual introduction and marketing of the complete range of Oncotools® products in the United States. This name covers a series of tools used for the preparation and administration of drugs for the treatment of cancer which, due to the chemical substances they contain, must be safely handled. Among them are Gri-fill®, Misterium®, and the Oncofarm® software.

Manufacturing for third parties is currently being consolidated as the primary engine driving the division's internationalization process, with export activity increasing by more than 20%. Over the course of the year several agreements have been signed with new customers for whom manufacturing started in January 2012.

As is the case with other divisions, the group's strategy is to minimize the possible impact of healthcare budget cuts, especially in Spain, where the greatest impact has been in this division. The Hospital Logistics line noted a decline in investments by hospitals in 2011, although in general terms sales in this area have grown due to the continuity of negotiations regarding previous projects.

Trends in sales volume by line of business

Sales in the Hospital Logistics area increased in 2011 by 5% to 22 million euros in an environment of sharp budget and investment restrictions imposed on Spanish hospitals.

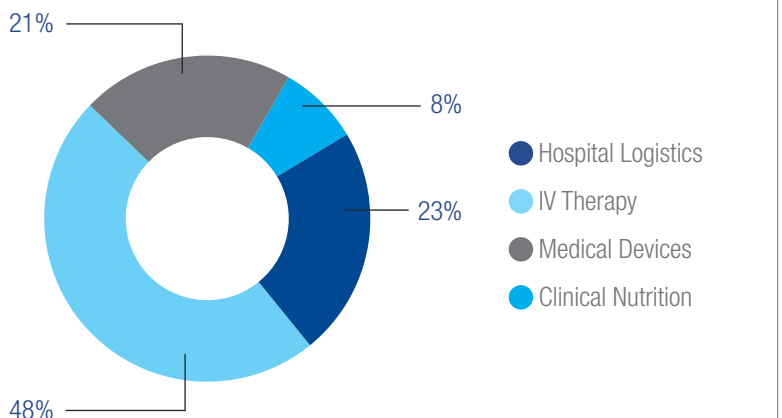
The rest of the division's business lines have seen growth, including Fluid Therapy which, although particularly affected by the cuts established by the Royal Decree Law enacted in September 2011, increased revenues by 8% to more than 45 million euros. Medical

Materials, which grew by nearly 8%, accrued more than 20 million euros in revenues.

Revenues from the Nutrition business line declined to 7.5 million euros, compared with 8.3 million euros in 2010 as a result of the closing of the parenteral nutrition sales activity in Asia.

Revenue from manufacturing for third parties through Grifols Partnership increased by more than 50% during the year. Grifols' focus on production for other companies allows it to profit from the investments made in production plants, as well as to expand the international sale of some Grifols products that until now had only been sold in the domestic market.

BREAKDOWN OF HOSPITAL DIVISION SALES IN 2011
BY ACTIVITY AREA



% of total Hospital sales

Indicators of activity

- √ **Grifols developed the automated Stockey® system, designed to optimize the management of healthcare supply restocking in hospitals.**
- √ **The BlisPack® system is available in countries on four continents.**
- √ **The process of automating the Pharmacy Service at the Hospital Vall d'Hebron in Barcelona, one of the most important in Spain, is completed.**
- √ **The formulation of new drugs was finalized for the treatment of bone diseases and the development of new clinical nutrition diets.**

Launch of new products

In accordance with the exclusive distribution agreement for Spain concluded with Health Robotics, the Intravenous Therapy line has completed the automation of the pharmacy service at the University Hospital Vall d'Hebron in Barcelona, with the launch of an I.V. Station® robot. With this project Grifols reinforces its leadership position as a supplier of automation services, among the main advantages of which is the minimization of the risk of medication errors, any possible cross-contamination of the various types of drugs, as well as possible intrahospital infections.

The Fluidtherapy line has obtained approval for three devices for the preparation of sterile hospital mixes and has continued its research aimed at manufacturing pre-diluted, ready-to-use potassium solutions in polypropylene packages. These solutions are in addition to those already existing for levofloxacin and paracetamol.

The development of two formulations of a drug for the treatment of bone diseases was finalized, including the presentation of the relevant registration reports to the EMA, the FDA in the United States, Australia and Canada.

In Clinical Nutrition, a parenteral solution of hypernitrogenated (12.6% concentration) amino acids was launched and two new enteral diets, a hyperproteic diet and a diabetic diet, were developed. In addition, the division is working to increase the range of clinical nutrition products with new diets for the home care segment, and to be introduced into the probiotic market.

HOSPITAL DIVISION'S PRODUCT PORTFOLIO IN 2011

Product group	Main products	Manufacturer	Customer
IV Therapy	Parenteral solutions	Laboratorios Grifols	Hospital Pharmacy
	Injectable solutions	Third parties	
	Intravenous mixtures	Laboratorios Grifols	
	Grifill®	Diagnostic Grifols	
	Misterium®	Grifols Engineering	
Clinical Nutrition	Enteral nutrition	Third parties	Hospital Pharmacy
	Parenteral nutrition	Laboratorios Grifols	
	Bags, tubes, pumps	Third parties	
Hospital Logistics	Pyxis-Kardex products	Third parties	Hospital management
	Hospital software	Logister	Hospital Pharmacy
	Blispack®	Grifols Engineering	
Medical Devices	Radio/neuroradio disposables	Third parties	Radio/Neuroradiology Service
	Urology disposables	Third parties	Urology Service
	Cardio disposables	Third parties	Cardiology Service

Agreement signed with CareFusion

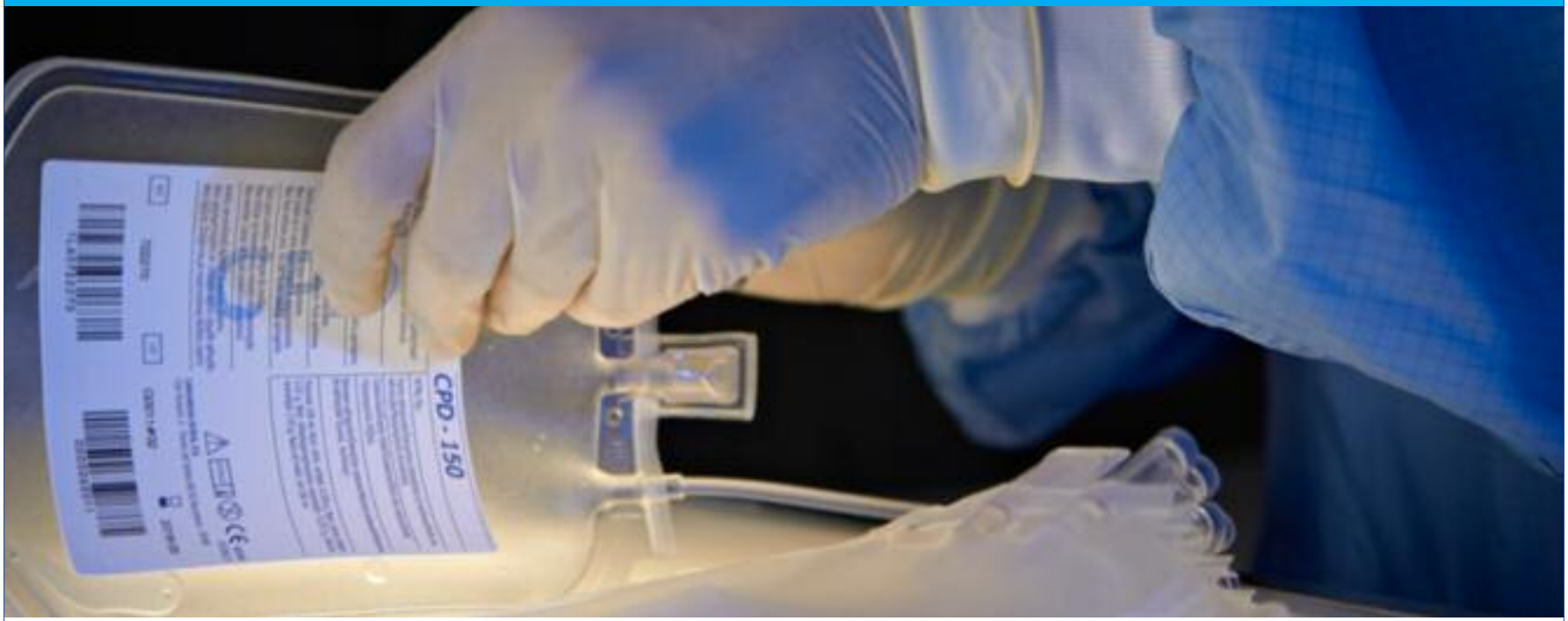
The Hospital Division's international and geographic diversification push is also strengthened by agreements.

Among them is the agreement concluded in 2011 with CareFusion, a leading global hospital technology company, covering the distribution of the BlisPack® system, designed by Grifols to automate the cutting of blisters and the electronic identification of hospital drugs in various countries in Europe, Middle East, Africa and Asia. CareFusion will distribute BlisPack® for an initial renewable period of five years.

Grifols developed the automated Stockey® system, designed to optimize the management of healthcare supply restocking in hospitals

The division, in collaboration with Cruces Hospital in Vizcaya, has developed a new system that uses radio frequency devices to provide real-time control over requests for healthcare materials at hospitals. StocKey® contributes to improving the efficiency and management of resources at hospitals, giving rise to savings in cost and time and placing Grifols in a leading R&D position in hospital logistics. The project has involved the participation of the innovation center La Salle Technova Barcelona at La Salle University, which was responsible for the electronic engineering of the system. StocKey® was implemented in the storage area of a highly complex surgical area at Cruces Hospital (Vizcaya), an experience which has demonstrated that it can reduce the level of inventory in stock by 50% and 90% of the nursing time dedicated to inventory management.

Improvement of production facilities



During 2011, the improvements implemented at the plant in Parets del Vallès (Barcelona) allowed productivity to increase and the cost of producing parenteral solutions to decrease. Furthermore, in 2011 the first lots of levofloxacin were manufactured and the capacity to produce pre-diluted bagged paracetamol increased.

In addition, reviews of the quality systems were completed in order to adapt these to specific FDA regulations. The company expects to be granted a license at the beginning of 2012 for the Parets del Vallès plant so that it can start the production of new products that are currently being developed by the R&D Department for third parties, in addition to the introduction of pre-diluted bagged paracetamol in new markets.

The Murcia plant has replaced the flexible PVC packaging of parenteral solutions with flexible polypropylene packages. For 2012 approximately 6 million euros has been earmarked for the construction of Phase IV at the production facilities located in this region of Spain, and the investment will conclude the process of integrating all of this new plant's production. Once completed, it will allow for the increase of the capacity and degree of automation in the production of bags for the extraction and conservation of blood components and solutions.

The division's production milestones

- Launch of 22 new Misterium® clean room projects: 9 in Spain, 1 in Portugal, 7 in the United States, 2 in Italy, and 3 in Chile.
- Grifols developed the automated Stockey® system, designed to optimize the management of healthcare supply restocking in hospitals.
- Launch of a parenteral solution of hypernitrogenated amino acids and the development of two new enteral diets, a hyperproteic diet and a diabetic diet.
- Progressive introduction of Oncotools® in the US market.
- Export activity carried out by Grifols Partnership increased by 20%.

2.4 Diagnostic Division

In vitro diagnostic instruments and reagents for laboratory analysis in relation to transfusion medicine, hemostasis, and immunology.

- √ **The division's organic growth has been maintained and the geographic diversification of sales has minimized the impact of budgetary austerity policies.**
- √ **Grifols reinforced the penetration of its diagnostic products in the United States and Japan through distribution agreements.**
- √ **A pioneer in transfusion medicine, the group leads development in this specialty.**
- √ **The launch of new instruments and reagents are key to the sustainability of the division in the medium and long term.**

What makes us different

We are pioneers in diagnostic technology at the service of health

We have been leaders in the development of diagnostic instruments since we began operations in the 1940s. We research and develop new cutting edge technologies that facilitate clinical diagnosis in three specialties: transfusion medicine, hemostasis, and immunology. Notable among these technologies are the WADiana® and Erytra® analyzers, the Triturus® system, and the automatic hemostasis analyzer Q®.

We innovate in order to improve the diagnosis

The development of diagnostic products and systems has taken place in parallel to the development of new technologies in fields such as biology, electronics, and information technology. As a result, the modern analytical and diagnostic tests allow the clinical state of the patient to be progressively more effectively determined. These diagnostic tests are essential in order to provide patients with the highest quality medical attention.

We are committed to healthcare professionals

Hospital blood banks, transfusion centers, and clinical laboratories are the main users of our diagnostic technology. Part of the Diagnostic Division's commitment is to optimize time and resources while guaranteeing the reliability of results.

Companies that make up the Diagnostic Division

PRODUCTION
Diagnostic Grifols
Grifols Medion
Grifols Australia

MARKETING
Grifols International
Grifols Inc.

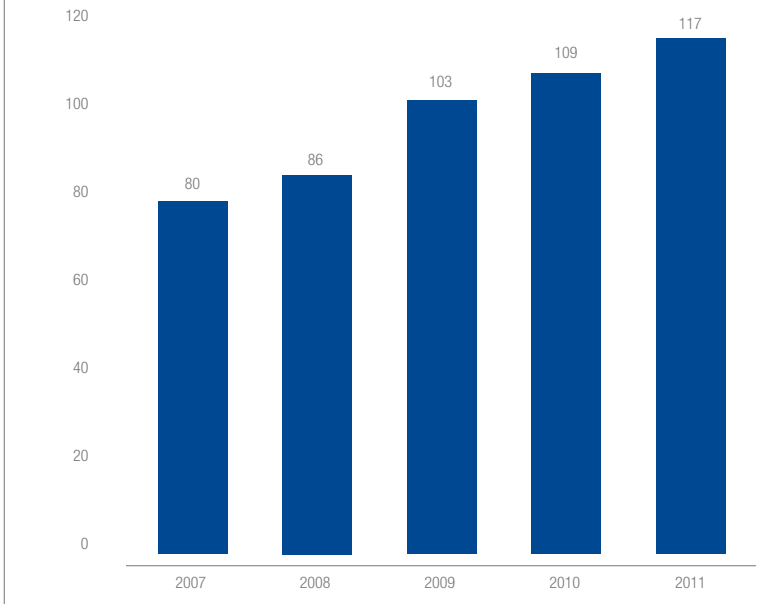
2011 Results

√ The Diagnostic Division's sales totaled 117.4 million euros in 2011, which represents an increase of 7.6% compared to 2010.

√ In pro-forma terms[1], sales by the Diagnostic Division represent 5.1% of Grifols' revenue, and 6.5% according to reported financial statements[2].

√ The division's strong international presence has driven the increase in sales volume, mainly with respect to reagents, as a growth engine.

SALES TRENDS
IN THE DIAGNOSTIC DIVISION *(in million of euros)*



In 2011 Diagnostic continues to be the most international division at Grifols

The international market in this business area has guaranteed its organic growth since currently more than 70% of sales are made outside of Spain. Accordingly, in terms of internal reorganization and management optimization, Grifols brought together its Immunohematology and Blood Bank lines into what is now known as the Transfusion Medicine line.

Notably, exports of instruments to the United States, Europe, and China have been maintained in terms of sales and new markets for the immunohematology cards DG Gel®, such as Saudi Arabia, Egypt and Switzerland, have been opened. The distribution of a new-generation automatic device for the processing of blood typing cards (Erytra®) is an important step for the company in Europe, Mexico, Brazil, Japan, and Australia. The consolidation of sales of the automatic hemostasis analyzer Q® in emerging markets such as Brazil and Turkey is also important.

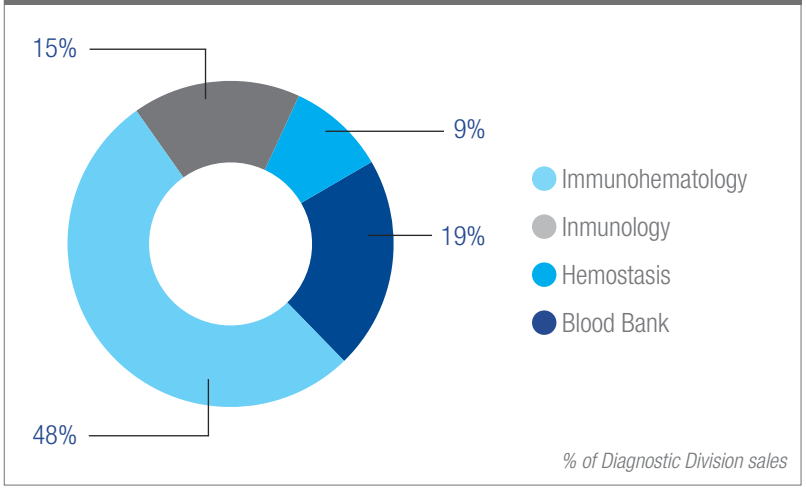
Trends in sales volume by business line

The Immunohematology line increased its revenue by 10% to 56.3 million euros and sales of the DG Gel® card for blood typing and donor and patient serology in pre-transfusion tests have continued to rise. The Diagnostic Division has continued to promote the international expansion of this business line and its consolidation in markets such as Saudi Arabia, Egypt, and Switzerland, where the cards were first marketed in 2010.

Revenues in Immunology were at levels similar to those seen last year at 17 million euros, while they increased by 4% to 10 million euros in Hemostasis, which is due, among other factors, to the launches of new versions of software for the Q® automatic hemostasis analyzer.

Revenues for Blood Bank business exceeded 22.4 million euros, which is 12% more than in 2010 and includes sales of the Intercept Blood System (platelet deactivation system) and sales of the company's own blood collection bags.

SEGMENTATION OF THE DIAGNOSTIC DIVISION'S SALES IN 2011, BY BUSINESS LINE



Growth through acquisitions

Growth through acquisitions materialized with the acquisition of 51% of the Australian company Wooloomooloo, in which Grifols already held a 49% stake. This company has contributed to the strengthening of Grifols' sales force in the diagnostic market in Australia and New Zealand and, furthermore, is a vehicle through which other possibilities may be explored. Industrial investments may also possibly be made using Grifols Engineering technology.

These investments also included a majority stake in the Swiss company Medion, whose research activity continues to be supported by Grifols. The significant development of a new technology for the determination of blood type, complementary to Grifols' gel technology, will allow the company to continue having the most complete and advanced range of products for blood typing and pre-transfusion diagnostics.

Indicators of activity

√ The number of cards sold in 2011 increased by 23%.

√ The division has consolidated its position in Japan through a distribution agreement with the Japanese company Kainos.

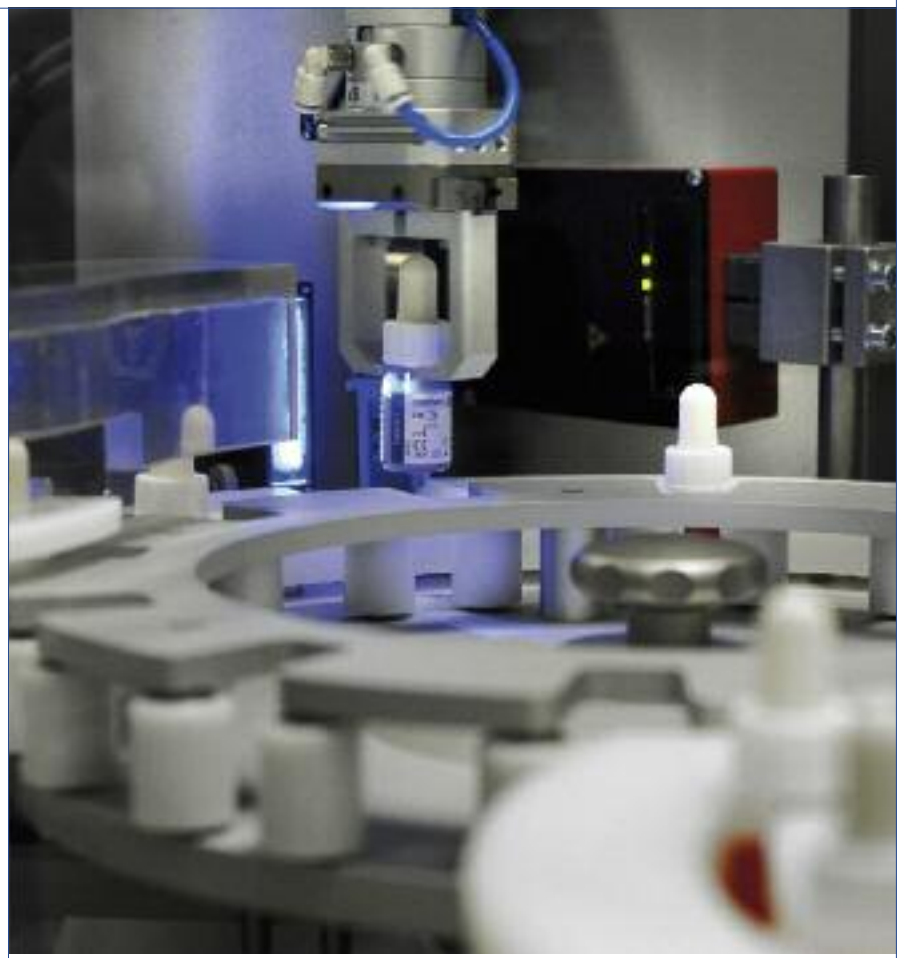
√ Novartis has started to market some of Grifols' main immunohematology diagnostic products in the United States.

Launch of new products

New versions of software have been developed for the Q® hemostasis analyzer. In addition to new 3.0 software and refinements in hardware, which have provided new functionality and fundamental improvements relating to the robustness of the instrument, as well as version 3.01, the company is currently working on version 3.02, which will include new reading algorithms that optimize the function of the current reagents and those that will be marketed in the future. In 2011, development of version 4.0 was also initiated.

In addition, the development of a new hemostasis analyzer of higher processing capacity was continued, in order to offer a complete range of hemostasis instruments. In 2011 the company continued to develop a new auto-analyzer for ELISA microplate techniques, which will replace the current Triturus® system, of which more than 1,000 units have been sold throughout the world.

In the reagent area, specifically for Immunohematology, in 2011 new reagents and antibodies were launched, specifically developed for the US market, a geographic area in which the division expects to progressively increase its presence through the presentation of new products. For its part, Hemostasis continued to renew the reagent line as it has been doing since 2010. The main products are: the new generation reagent DG-Latex DDimer and its controls DG-Latex DDimer Control High and Low (3 references) and the start of the marketing of the new line of APTTs with synthetic phospholipids DG-APTT Synth (4 references). The process of adapting a kit to determine coagulative protein S to the Q® hemostasis analyzer has been completed and it is expected to be marketed in 2012, and the design of the newly designed



chromogenic kit for protein C has been completed and it is expected to be validated and distributed next year.

Other reagent developments currently being worked on include Liquid Human Thrombin for Thrombin Time, and an extension of its indicated use, to offer the reagent as a method of measuring the new anti-coagulants and a latex reagent to determine Free PS, of which the first samples are expected in the first quarter of 2012.

DIAGNOSTIC DIVISION'S PRODUCT PORTFOLIO IN 2011

Categories	Description of Products	Use
Immunohematology	Erytra®/WADiana®/Diana® systems. Automatic analyzers. DG Gel® cards. Gel agglutination technology reagents for serological blood typing and transfusion compatibility tests.	Routine pretransfusion analysis and immunohematology testing in general, performed at transfusion centers and blood banks.
Immunology	Triturus® system. ELISA, open, automatic, multi-test and multi-series test analyzer. Triturus® Reagents. ELISA kits for infectious serology, autoimmune and hematology tests.	Automation of enzyme immunoanalysis tests in microplate format for clinical laboratories.
Hemostasis	Q® hemostasis analyzer. Fully automatic. Reagents, instrumentation and software for coagulation analysis.	Instrumentation and reagents for hemostasis laboratory.
Blood Bank	Leucored® blood bags with leukocyte filter and other bags for storage and conservation of whole blood or fractions.	Containers for units of blood donated for transfusion, used in transfusion centers or blood banks.
PIBC	Pathogen inactivation in blood components. Systems and services for the inactivation of potential pathogenic agents in plasma and platelet concentrates.	For transfusion therapy in transfusion centers and blood banks.

Agreements

With Novartis

An agreement was concluded with Novartis' diagnostic division to market some of Grifols' main immunohematology diagnostic products in the United States. They include reagents and automatic serological blood typing instruments developed by Grifols. The BLOODchip® test developed by the Spanish biotechnology company Progenika Biopharma, which Grifols distributes, is also included.

With the Japanese company Kainos

An agreement has been concluded with the Japanese company Kainos, which will distribute Grifols' transfusion diagnostic systems in Japan, including reagents and automatic instruments for blood typing, and for studies of compatibility between donors and patients. Specifically, Kainos will market the WADiana® and Erytra® instruments for the automatic processing of DG Gel® blood type cards using gel agglutination technology, in addition to other associated reagents that will reinforce Kainos' activity in the transfusion medicine field. This agreement will allow the Diagnostic Division to strengthen its position in the Japanese market, in which the procedure for blood typing has recently been standardized.

Other agreements in progress

In 2012 Grifols will maintain its strategy of marketing products to third parties and it expects that growth will be supported by the exclusive distribution of several products such as Phanter® and Verigene®.

Grifols has an exclusive worldwide distribution agreement for the BLOODchip® molecular biology test for blood genotyping, made by Progenica Biopharma. The test facilitates the availability of units of blood that are compatible between donors and patients. This agreement was concluded in 2010 and it reinforces our portfolio of cutting-edge immunohematology products. The international presence of Grifols guarantees worldwide distribution of the test, which is the result of Spanish R&D.

Improvement of production facilities

The main manufacturing and development facilities for in vitro diagnostic products are located in Parets del Vallès (Barcelona, Spain). The plant is ISO 9001- and ISO 13485-certified, and all manufactured products comply with European CE Directives regarding in vitro diagnostic products. ISO 9001, ISO 13485.

Throughout 2011, Grifols has made several improvements to its production facilities, among which the following are notable:

In technical areas

A new microbiological control room, a room-temperature environmental chamber for sample storage, and a cold room for the analysis and storage of samples. Expansion of the device quality control areas and the preparation of an area for liquid nitrogen to be used for freezing red blood cells.

Equipment improvements include a new laminar flow cabinet for the microbiology control room, as well as a stove, a colony counter, a conductivity meter, refrigerators and freezers, in addition to two BioRacks for liquid nitrogen and a refrigerator with control over the expiration of reagents.

In production plants

The creation of a new room for reagent doses and a new refrigerated room for raw materials, which has increased the available refrigeration space by 50%. Notable is the completion of the process of implementing

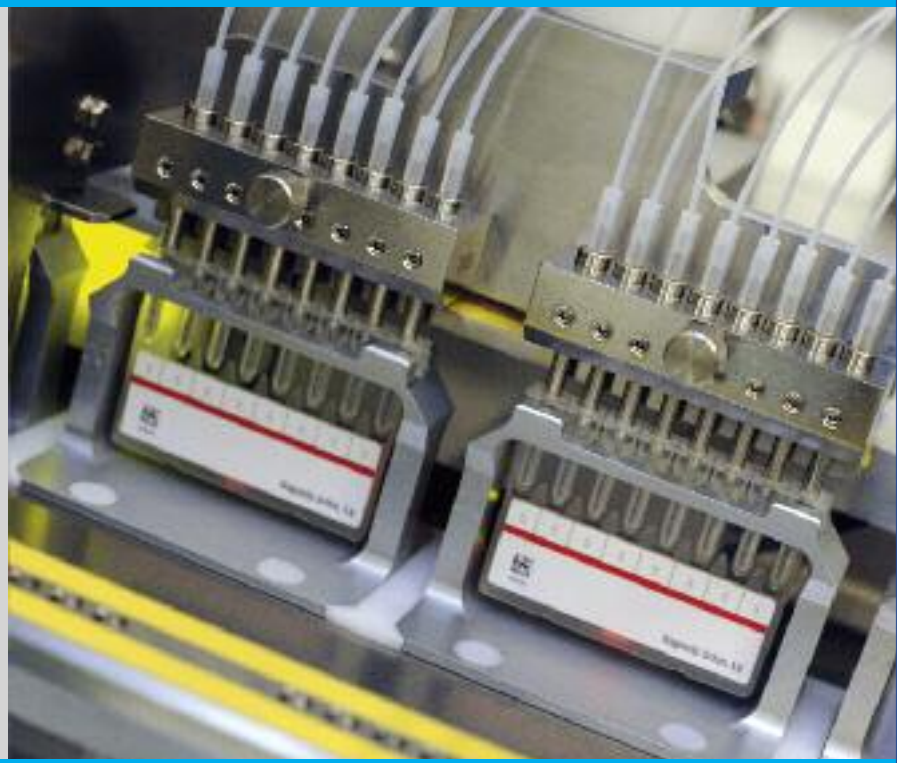
a new dual machine for the production of cards, which has allowed production capacity to increase.

In terms of production methods, the implementation of artificial vision for the review of cards has allowed for a better use of existing resources and a decrease in associated costs.

There have also been improvements in storage. The use of SAP has been optimized, with the application of a bar code system to codify and identify items using standalone manual readers. All of these elements have increased the reliability and productivity of the warehouses, with a consequent increase in the turnover of raw materials.

The division's production milestones

- Production of 350 automatic analyzers, and more than 1,000 semi-automatic and manual instruments.
- The rising trend in the production of reagents has been confirmed.



The creation of a Committee of Experts in Transfusion Medicine

Grifols' commitment to the promotion of development in Transfusion Medicine and the strengthening of its Diagnostic Division, based on its extensive experience and knowledge in the areas of immunohematology and blood bank, has been consolidated in 2011 with the creation of an advisory board of experts in Transfusion Medicine. A widely-renowned panel initially made up of nine professionals will provide technical advisory services and will cooperate with Grifols to identify needs relating to the development of new diagnostic and therapeutic tools to improve transfusion safety.

From this perspective, Grifols once again finds itself on the cutting edge of transfusion medicine, a clinical specialty that concerns itself with the treatment of various pathologies through the use of blood or its components (cellular and plasmatic), with special emphasis on the efficient and safe management and administration of those treatments.

3 The Grifols Commitment

3.1 Human Resources

3.2 Environment

3.1 Human Resources

In 2011 Grifols doubled the number of its employees to an average staff of 11,230 professionals. The harmonization of training and compensation policies has been especially designed to attain cohesion within the new organization.

The human team at Grifols

Since the beginning, Grifols has been faithful to its commitment to its employees, offering stable employment, an open working culture, professional development possibilities, and adequate compensation for their profession. Grifols is an international company made up of people with broad cultural diversity who carry out their activity at subsidiaries, facilities, offices, and production plants in 24 countries around the world.

Human Resource Policy

One of the pillars of the human resource policy is to ensure a corporate culture that involves all employees in a common future project, based on the development of their talents in a trusting professional environment that inspires them to give their best.

The human resource policy is aligned with the company's mission and its commitments are:

- To guarantee compliance with applicable legislation.
- To strengthen and promote the personal and professional development of the employees who are part of Grifols, through the provision of ideal working conditions and continuous training.
- To recruit, hire, train, and promote the most qualified applicants regardless of race, religion, color, age, gender, civil status, sexual orientation, or national origin.
- To ensure an adequate preventive culture at Grifols, in accordance with the Occupational Risk Prevention policy.

Information regarding Grifols employees

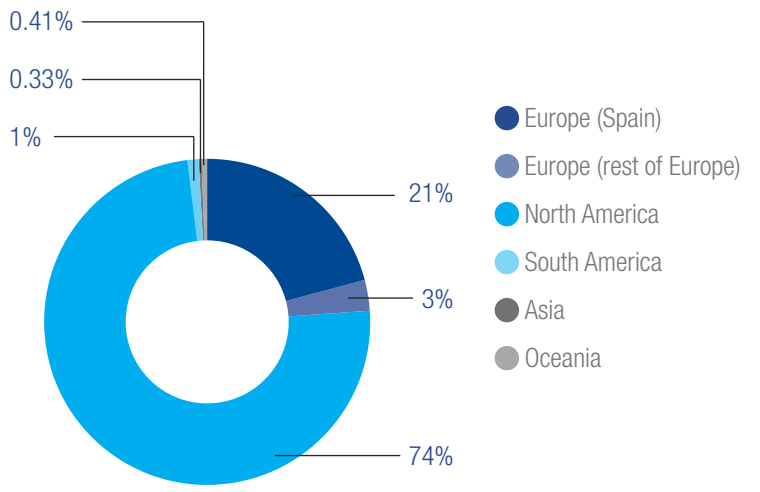
In 2011 the average number of employees was 11,230, which is an 88% increase compared with 2010. This increase was the result of the integration of Talecris employees, including the employees at its 67 plasma donation centers.

The following table shows the average number of employees by area of activity compared with last year.

AVERAGE NUMBER OF EMPLOYEES BY AREA OF ACTIVITY

	2010	2011	% Change
Production	4,443	8,668	95.09%
R&D - Technical Area	271	695	156.46%
Administration and others	472	778	64.83%
General Management	98	139	41.84%
Marketing	102	142	39.22%
Sales and distribution	582	808	38.83%
TOTAL	**5,968**	**11,230**	**88.17%**

GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES



Based on the nature of their employment relationship and broken down by geographic area, 99% of employees in 2011 were under indefinite contracts.

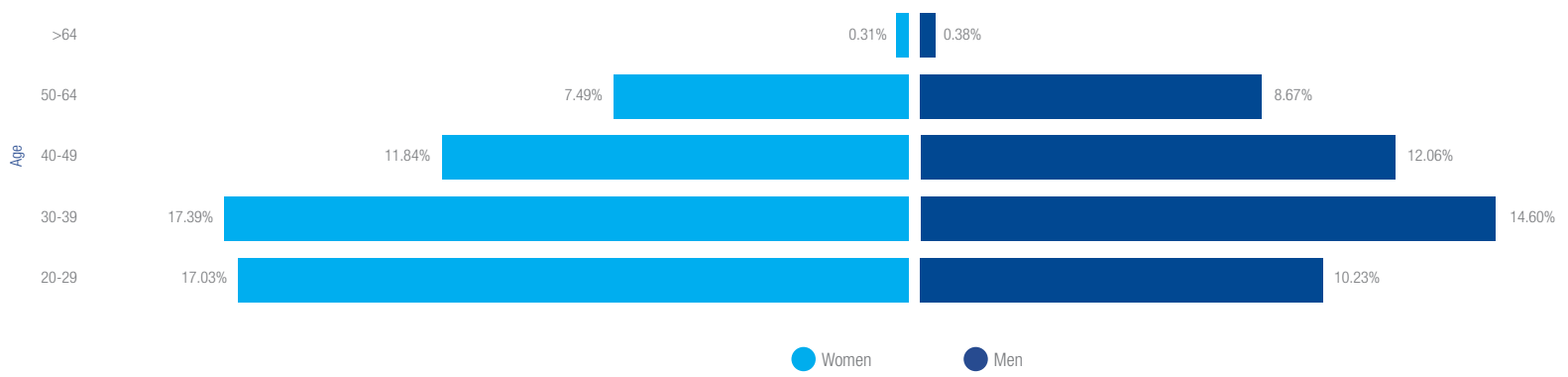
EMPLOYMENT STATUS

	Permanent	%	Temporary	%
Europe (Spain)	2,315	94%	138	6%
Europe (rest)	278	94%	17	6%
North America	8,717	100%	0	0%
South America	116	94%	8	6%
Asia	36	97%	1	3%
Oceania	35	97%	1	3%
	11,497	**99%**	**165**	**1%**

Grifols has become a model employer. The average length of service at the company is more than six years, always with a focus on the equality of opportunities for men and women. The composition of employees by gender is 46% men and 54% women, and the average age is nearly 38.

The age pyramid by gender (percentages) is as follows:

AGE PYRAMID BY GENDER *(percentage)*



Compensation

As a result of the acquisition of Talecris in June 2011, personnel expenses increased by 69% compared with 2010 to 488.6 million euros, of which 80.8% relate to the payment of salaries and the rest to employee welfare charges.

Occupational safety and health

One of the commitments of Grifols' business culture is the preservation of the safety and health of persons working at the company. To this end, a series of initiatives has been applied to attain excellence and to become a leader within the chemical sector in order to review, control, and improve safety and health conditions for the centers, sections, job posts, teams, and tasks carried out by Grifols employees and by outside consultants who perform work at its facilities.

Normalization of the occupational safety and health system at the international level

The objectives of this project are: identification of the status of occupational safety and health management at our international subsidiaries, updating of documentation and the implementation of a system adapted to the characteristics and activities of each subsidiary that follows the principles of the corporate system certified in Spain.

The general management of the group and of each subsidiary support the roll out of an occupational safety and health system with the resources and means for the adequate maintenance thereof. Thanks to the system's indicators, management may establish all necessary corrective measures.

The project started in 2010 and it is currently implemented at the subsidiaries in Chile, Brazil, Mexico, Argentina, United Kingdom, the Czech Republic, and France. It is scheduled to be rolled out at the subsidiaries in Italy and Germany in 2012.

Psychosocial studies and action plans at group companies

In 2010 and 2011, action plans deriving from psychosocial studies carried out at most group companies were implemented. The objectives of the evaluation are to detect how employees perceive their working conditions and the effect that the conditions have on their personal and emotional welfare and their health. Among the risk factors studied are working time, temporal autonomy, which refers to the time management of work activities, decision autonomy, referring to decision-making in various aspects of work activities, workloads, psychological demands, the variety and content of the work, the level of supervision and participation, the degree to which the employee feels that the company is concerned for him or her, the clarity of a job function, relationships, and social support.

Most of the actions have been included in the development plans programmed by Human Resources in two aspects: education/training with respect to technical skills (use of machines, instruments, equipment) or personal skills (management of stress and time, communication, motivation, management of people) and the creation of Continuous Improvement Groups that encourage employee participation and their contribution of ideas for improvement.

Training

True to our belief that people are the true generators of value and wealth, Grifols has continued to work with aspects of developing and training its human team.

In 2011 the Grifols Academy was launched. Its mission is to be a catalyst for professional development and excellence of our employees throughout the world. The Academy is an active instrument for the transmission of the company's corporate culture and the *Grifols Spirit* as a way of understanding and behaving in our business.

A notable element within the framework of training and development activities in 2011 was the reinforcement of two key areas of our business: continuous training in all areas of product quality and safety, and the leadership program which is designed to strengthen the cohesiveness of teams.

Some key programs in 2011:

1. An online GMP training program for all production areas, the objective of which is to provide continuous training adapted to the organizational dynamics of our production processes.
2. Intensification of training in technological aspects that facilitate the implementation of new technological solutions in the industrial area or internal management.
3. The Proximity of Leadership program has been consolidated this year with the participation of more than 125 managers in our organization both in Spain and Latin America.
4. Language learning programs have been reinforced, especially English, to continue supporting the company's international expansion process. To this end, classroom learning has been supplemented with online seminars that facilitate the scheduling flexibility necessary for many people within the organization.
5. Finally, we note the reinforcement of internal consulting projects that support the development of managers, teams, and organizational areas within the group by taking action such as holding strategy workshops and using tools for individual and team assessment.

From a quantitative point of view, all of the basic indicators have increased. The number of training hours per employee based on the average number of employees increased to 30 hours/employee, two hours more than in 2010. In addition, the number of total hours increased compared with last year, as well as the number of courses and the number of participants.

KEY TRAINING INDICATORS*	
No. of courses	26,611
Total hours	260,791
Hours/employee - Average No. of Employees	30

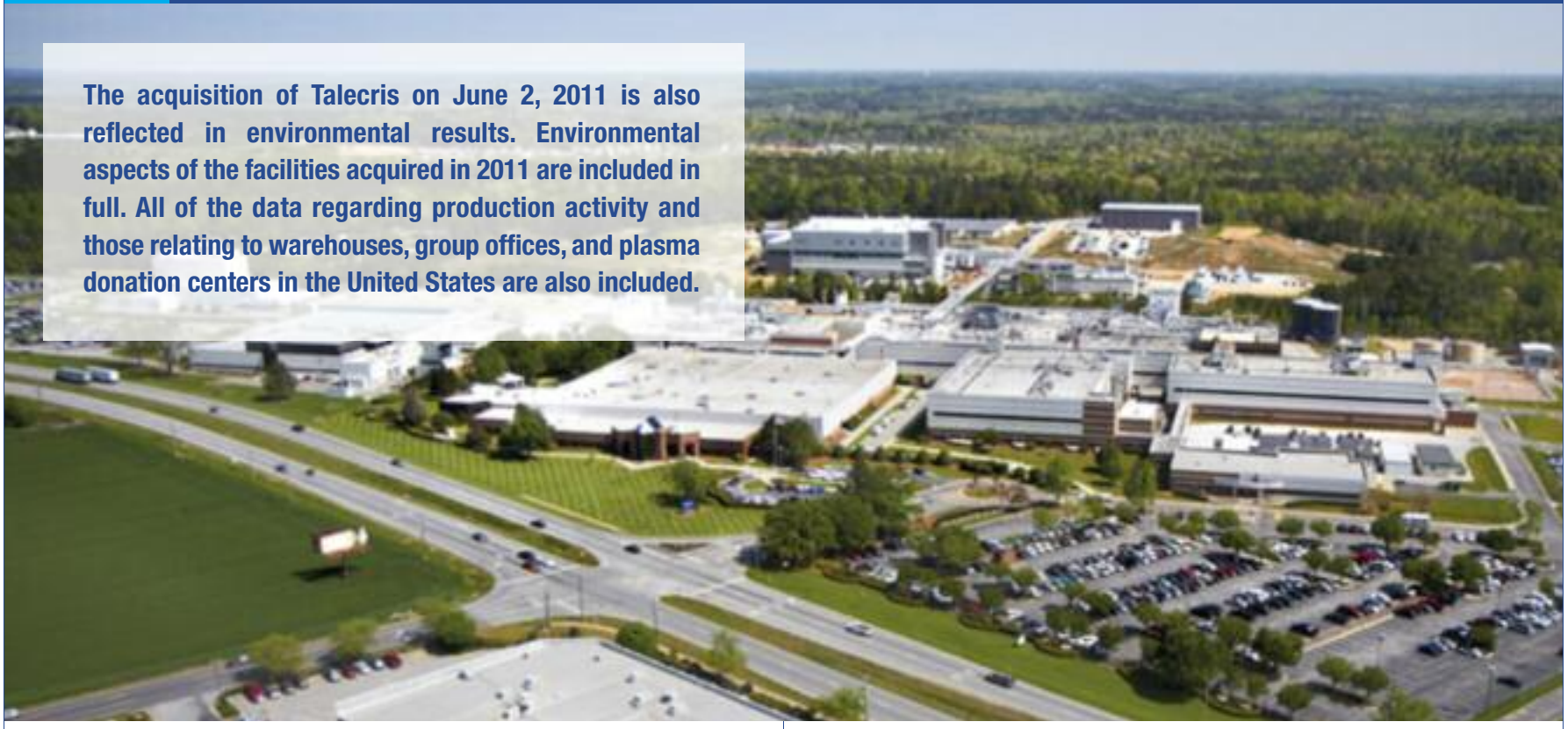
We have continued to focus on the specific training areas fundamental to Grifols' business: quality courses and GMP's, product knowledge, prevention, the environment, and skill development programs.

Of the training hours given, the following should be noted:

TRAINING HOURS*	
Quality / GMP	71,810
Production / Industrialization	15,781
Skill development	17,841
Languages	25,485
Environment / Prevention	20,432

** This information includes the new organization acquired in June 2011 (excluding TPR). We are currently in the process of gathering and consolidating this information.*

3.2 Environment



The acquisition of Talecris on June 2, 2011 is also reflected in environmental results. Environmental aspects of the facilities acquired in 2011 are included in full. All of the data regarding production activity and those relating to warehouses, group offices, and plasma donation centers in the United States are also included.

The inclusion of these facilities in the environmental records by Grifols, in addition to a significant increase in production of waste, disposal, emissions, and consumption, has led to a significant increase in production.

DIVISION	BIOSCIENCE	HOSPITAL	DIAGNOSTIC
Increase in production	113%	7.4%	16.7%

2011-2013 Environmental Program

The main actions have focused on the design and implementation of eco-efficient production processes and the optimization of auxiliary installations that are being carried out in the expansion of the Hospital Division in Murcia, the new fractionation plant under construction and the new fibrin glue production plant, both pertaining to the Bioscience Division in Parets del Vallès.

Hospital Division: substitution of the manufacture of PVC bags for polypropylene (PP) bags, and the installation of a high efficiency distiller, with two sterilization autoclaves using a mix of steam and air instead of superheated air, "Clean In Place" cleaning systems (CIP), and a high efficiency boiler with heat recovery system. The implementation of these environmental goals will produce a savings with respect to the annual electricity consumption of 1.7 million kWh/year and natural gas consumption totaling 5 million kWh/year.

The objectives program was expanded to include those of the facilities in North Carolina (Grifols Therapeutics), notable among which are the decrease in the annual consumption of water by nearly 100,000 m^3, the reduction of electricity consumption by 2.8 million kWh/year, and the implementation of ecoefficiency measures at the new fractionation building.

Main environmental indicators

The cogeneration plant at the Bioscience Division in Spain produced 39.6 million kWh of electricity and recovered 32.1 million kWh in the form of steam and hot water. Its overall performance was 72.06% and the savings of primary energy was 17.18%, which has kept 4,100 tons of CO_2 from being emitted, if compared with the production of electricity and steam separately.

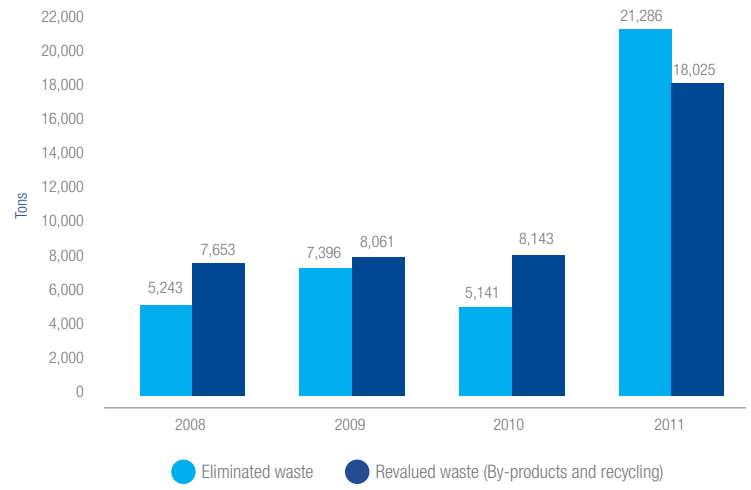
The 23% decrease in water consumption by Laboratorios Grifols in Parets del Vallès is notable. In 2011 a plan was initiated in order to take advantage of clean water in the refrigeration towers and there are plans to launch a system to recover water from autoclaves.

MAIN ENVIRONMENTAL INDICATORS	
Electricity consumption	265.1 million kWh
Natural gas consumption	206.7 million kWh
Consumption of natural gas through cogeneration	110.5 million kWh
Water consumption	1,939,083 m^3
Generation of waste	39,311 t
Revalued waste (recycling and by products)	46%
Waste water	1,357,358 m^3
Organic material in waste water (DQO)	842 t
Carbon footprint (equivalent tons of CO_2)	226,779 t

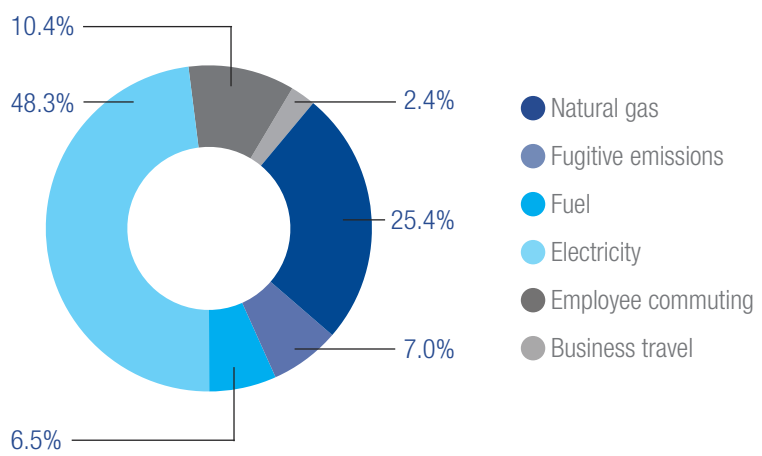
Includes data from Grifols Therapeutics and from the donation centers for all of 2011.

Grifols generated a total of 39,311 tons in waste, of which 46% can be revalued. All of the waste generated by the 147 plasma donation centers totaled 12,891 tons this year.

DESTINATION OF WASTE



CARBON FOOTPRINT FACILITIES



Carbon footprint

The carbon footprint is the sum of all emissions of direct and indirect greenhouse gases produced by an organization, service, or product. This calculation has taken into account all of Grifols' facilities and the main factors that give rise to the emission of greenhouse gases, such as the consumption of electricity, natural gas, and other fuels, as well as business travel, employee transportation, and the emission of refrigerant gases.

The total number of equivalent tons of CO_2 in 2011 increased to 226,779.

The largest contribution of Grifols to global warming derives from electricity consumption and second from the consumption of natural gas. The emissions generated by employee transportation to work are not inconsiderable.

Investments and environmental expenses

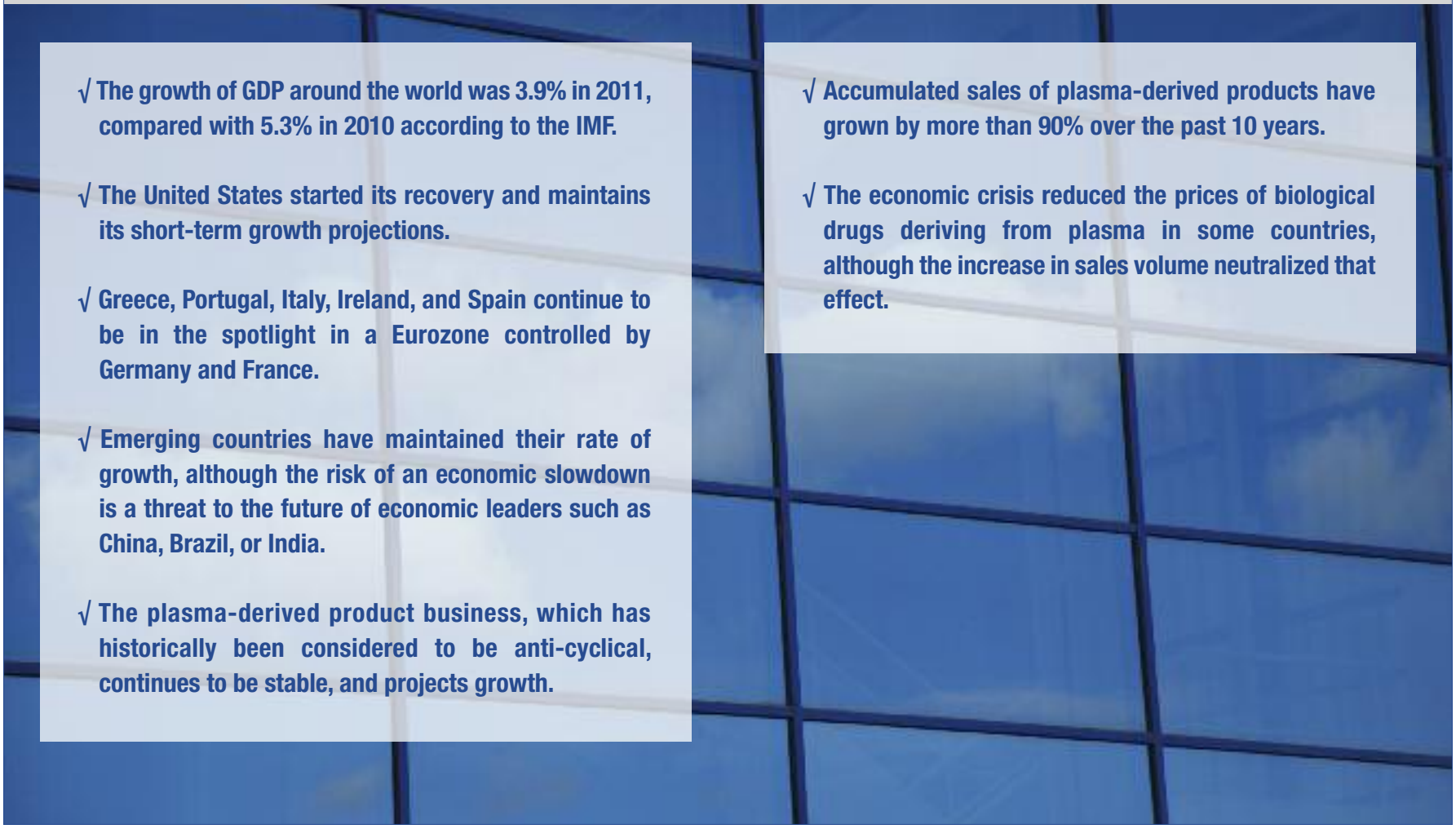
Environmental expenses incurred in 2011 exceed 9 million euros. The largest increase was produced in the management of waste due to the rise in the number of production centers and in the cost of treating waste water.

The main environmental investments were dedicated to the optimization of water use and to energy efficiency projects at new production plants. Investments in environmental assets in 2011 exceeded 8.2 million euros.

4 Economic and financial performance

4.1 Macroeconomic environment

In 2011 the problems deriving from the crisis that started in 2007 became more acute. Volatility, absence of confidence, recession, and stagnation are the constant elements affecting the most developed economies, within an environment of continuous pressure on sovereign debt and speculation in the financial, monetary, and capital markets.



- √ **The growth of GDP around the world was 3.9% in 2011, compared with 5.3% in 2010 according to the IMF.**
- √ **The United States started its recovery and maintains its short-term growth projections.**
- √ **Greece, Portugal, Italy, Ireland, and Spain continue to be in the spotlight in a Eurozone controlled by Germany and France.**
- √ **Emerging countries have maintained their rate of growth, although the risk of an economic slowdown is a threat to the future of economic leaders such as China, Brazil, or India.**
- √ **The plasma-derived product business, which has historically been considered to be anti-cyclical, continues to be stable, and projects growth.**
- √ **Accumulated sales of plasma-derived products have grown by more than 90% over the past 10 years.**
- √ **The economic crisis reduced the prices of biological drugs deriving from plasma in some countries, although the increase in sales volume neutralized that effect.**

Global external framework

- √ **The asymmetrical growth in the West has been confirmed: the economies of the United States and Canada are recovering with 1.7% and 2.5% growth, respectively, while in the Eurozone there are negative projections with GDP growth of 1.4% in 2011.**
- √ **In the Orient, China and India continue to be the two large locomotives pulling the other emerging and developing countries along; their GDP grew by 6.2% on average in 2011.**
- √ **In Latin America, growth is stable although lower than in 2010.**

The main economies around the world recorded a general slowdown in projected growth in 2011, which intensified after the summer due to the tension regarding European sovereign debt. The lack of confidence and the speculative pressure increased the uncertainty and stimulated monetary interventionism: injections of liquidity in the case of the European Central Bank, a successive expansion of the low interest rate period in the United States, and a reduction of official rates in Latin America.

The United States increased GDP by 1.7% year-on-year, mainly supported by investments in capital goods and exports. This growth has gradually translated into a moderate increase in consumption and in non-residential construction that is expected to be maintained in 2012 and to bring the country's growth near to its true potential.

Meanwhile, initial growth expectations for all of the Eurozone were not met, ending with year-on-year GDP growth of 1.4%. The unforeseen higher impact of the earthquake in Japan, together with the management of the sovereign debt crisis that did not convince markets and significant structural deficits in the economies of countries such as Greece, Ireland, Portugal, Italy, and Spain, gave rise to a 0.3% contraction in GDP during the last quarter of the year and this is expected to continue into 2012. However, the economic situation and perspectives are different in countries such as France or Germany, which have not faced any loss of confidence or high financing costs.

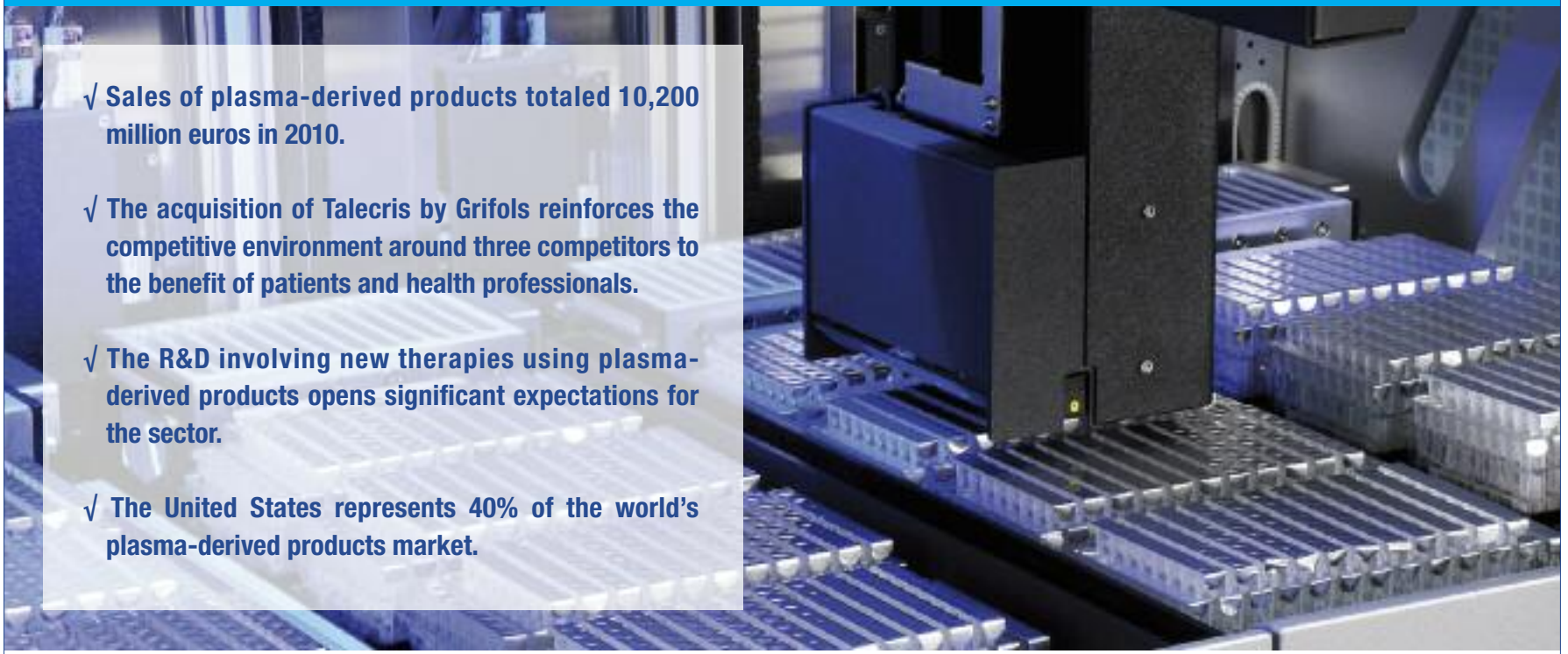
Finally, we note that Spain closes 2011 with 0.7% GDP growth, supported via a solid export sector that has offset the weak domestic demand. However, the GDP has shown a clear downward trend that ended with a slight increase of only 0.3% during the fourth quarter due to the decline in household spending. The continuance of these trends, together with the impact of high budget consolidation efforts, point to a return to recession for the Spanish economy according to all published projections.

The economies of Latin American countries maintained a good growth rate over the course of the year, although it was lower than that seen in 2010. However, during the second half of the year the effects of the global economic slowdown became visible and prices of commodities declined. Countries such as Brazil, Chile, or Mexico demonstrated great resistance to the international financial turbulence and maintained, in general terms, stable domestic demand and solid export sectors.

China and India stand out as the main drivers of economic activity in the region, with growth rates exceeding 7%. Specifically, China's GDP increased by 9.6% and India's rose by 6.2%.

As for the exchange rate, the intensification of the tensions in the Euro zone and the deterioration of activities led to a progressive decline in the European currency against the dollar, which closed December at 1 euro = US$ 1.29 (compared to one euro = US$ 1.34 in December 2010).

Plasma-derived products sector



- √ **Sales of plasma-derived products totaled 10,200 million euros in 2010.**
- √ **The acquisition of Talecris by Grifols reinforces the competitive environment around three competitors to the benefit of patients and health professionals.**
- √ **The R&D involving new therapies using plasma-derived products opens significant expectations for the sector.**
- √ **The United States represents 40% of the world's plasma-derived products market.**

Total sales of plasma-derived products reached 10,200 million euros in 2010 according to the latest independent report published in 2011 by MRB (Market Research Bureau). From this perspective, they have maintained a constant growth rate over the past 10 years, which is higher than 122% since 2000, when global revenues totaled USD 5,278 million.

For products, immunoglobulins continue to be the primary product in the plasma fractionation industry. Intravenous administration immunoglobulins (more than 40%) take the lead, followed by intramuscular and subcutaneous immunoglobulins.

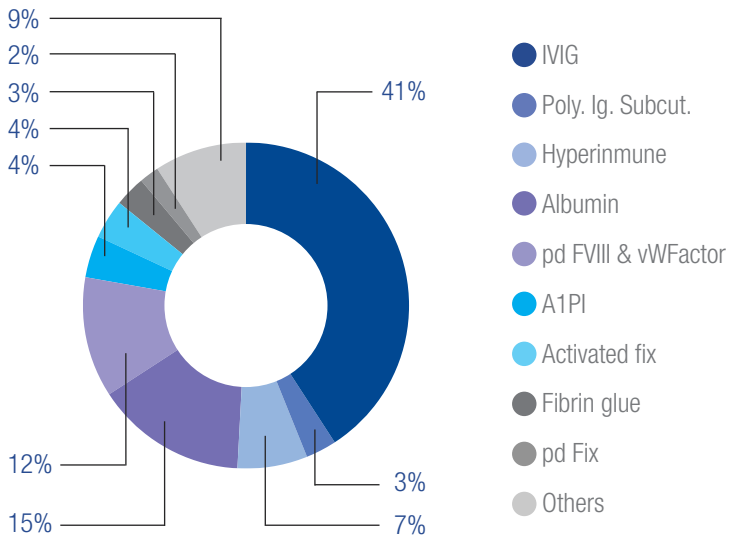
Albumin and Factor VIII represent nearly two-thirds of the global market by revenue, whereas alpha1-antitrypsin (A1PI), for pulmonary emphysema, represents 4% of sales.

From this perspective, Grifols has a strong position with respect to the main plasma-derived products, although the acquisition of Talecris has allowed it to reinforce its presence in the A1PI segment and to diversify its range of immunoglobulins available in order to respond to the specific needs of health professionals and patients in the various markets.

By region, the relative weights have been maintained. The United States, with 40% of the market, and Europe with 26%, make up more than 65% of sales. However, the increase in the consumption of plasma-derived products by emerging countries as a result of the expansion of their healthcare policies and greater access of their populations to plasma-derived therapies, has driven the increase in sales volume and has neutralized, in general terms, the lower prices recorded due to the economic crisis in some countries.

GLOBAL SALES OF PLASMA-DERIVED PRODUCTS IN 2010 BY PRODUCT

Total sales: 10.2 billion €



Source: Company information and MRB publications

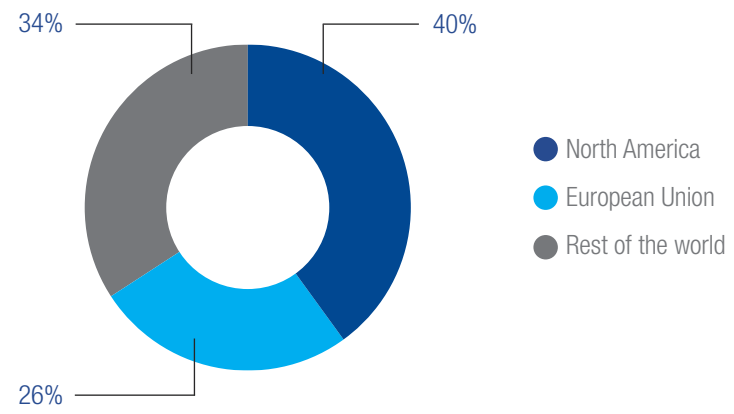
In general terms, demand for plasma-derived products increased in 2011. In addition, the efforts made by the industry in the R&D area are notable. There are numerous studies and clinical trials that are currently being carried out to test new therapeutic properties of plasma-derived products. Intravenous immunoglobulin (IVIG) for the treatment of Alzheimer's disease or albumin for the treatment of hepatic cirrhosis are just two examples.

Among the most notable corporate events in the industry in 2011 was the acquisition of Talecris by Grifols, after obtaining approval from the anti-trust authorities in the United States (FTC) was obtained.

This corporate transaction, key to the consolidation of the sector, has allowed for the reinforcement and expansion of competition between three companies instead of two as was the case up until 2010, to the benefit of patients and healthcare professionals.

In addition, the conditions imposed by the FTC on Grifols for the approval of the transaction have driven the entry of a new competitor (Kedrion) into the United States.

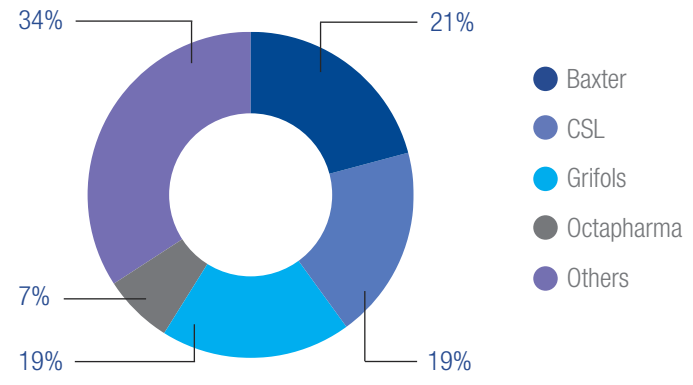
DISTRIBUTION OF GLOBAL SALES OF PLASMA-DERIVED PRODUCTS IN 2010 BY GEOGRAPHIC REGION



Source: Company information and MRB publications.

DISTRIBUTION OF GLOBAL SALES OF PLASMA-DERIVED PRODUCTS IN 2010 BY COMPANY

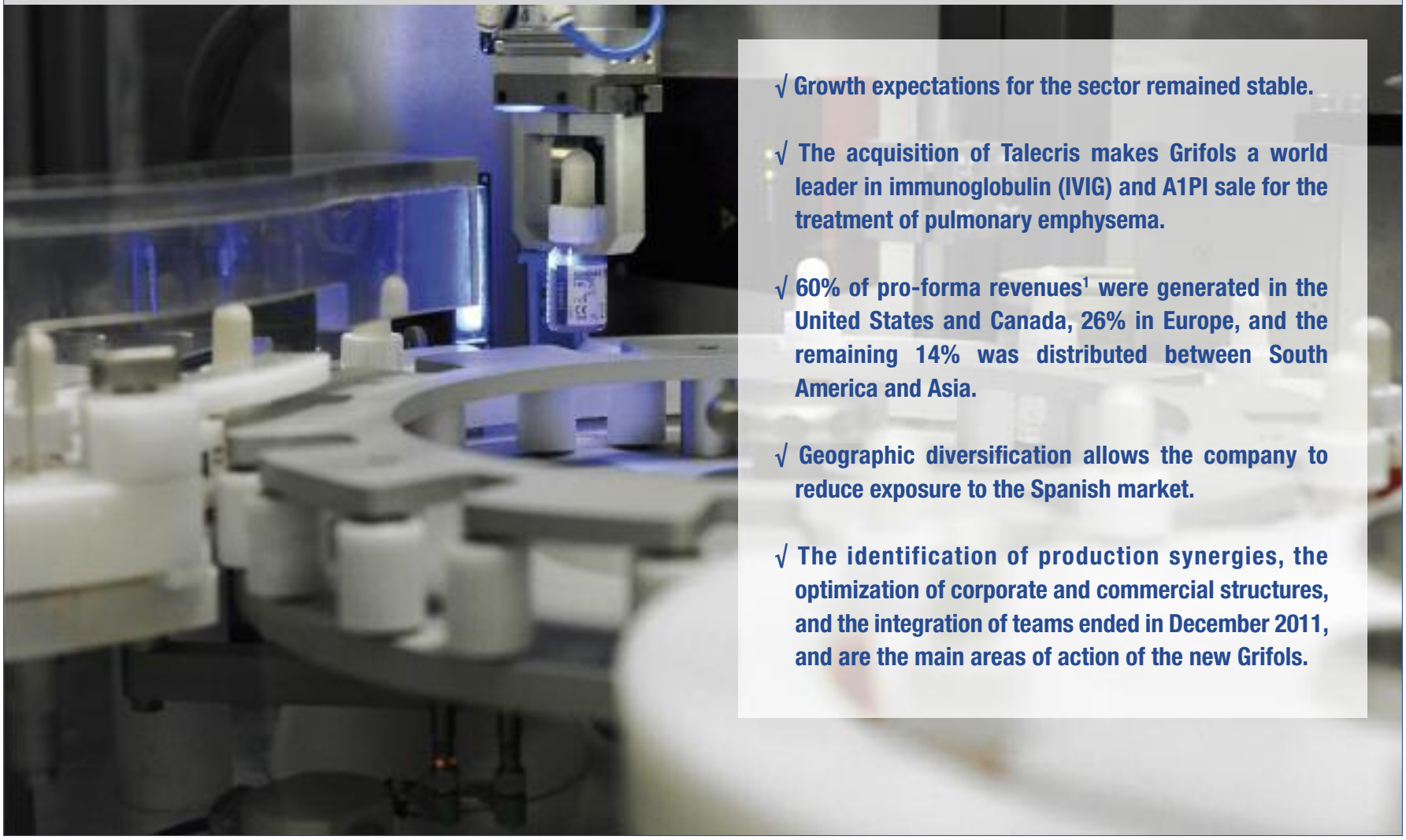
Combined sales Grifols & Talecris



Source: Company information and MRB publications

4.2 Analysis of results

Organic growth and expansion through acquisitions was consolidated in 2011, a year marked by market volatility. 90% of revenue was generated abroad, which minimizes risk for the group.



- √ **Growth expectations for the sector remained stable.**
- √ **The acquisition of Talecris makes Grifols a world leader in immunoglobulin (IVIG) and A1PI sale for the treatment of pulmonary emphysema.**
- √ **60% of pro-forma revenues[1] were generated in the United States and Canada, 26% in Europe, and the remaining 14% was distributed between South America and Asia.**
- √ **Geographic diversification allows the company to reduce exposure to the Spanish market.**
- √ **The identification of production synergies, the optimization of corporate and commercial structures, and the integration of teams ended in December 2011, and are the main areas of action of the new Grifols.**

Profit and loss statement

- √ **Pro-forma sales[1] exceed 2,300 million euros. Increase of 7.7% at a constant exchange rate.**
- √ **Growth of reported sales was 88.6%[2] with 1,795.6 million euros.**
- √ **The adjusted Ebitda[3] increased by 6.4% to 630.8 million euros, a 27.4% margin over pro-forma sales[1].**
- √ **Net adjusted profit[3] totaled 233.6 million euros and the pro-forma margin was 10.1%[1].**

Sales performance. Pro-forma results[1]

Grifols closed 2011 with pro-forma[1] revenues of 2,302.7 million euros, an increase of 7.7% at constant currency rate (cc), and 4.6% considering the foreign exchange impact. Currency volatility, a result of the uncertainty surrounding growth in the main global economies, had a negative impact on Grifols' results, although the geographical diversification of the Group's sales has mitigated and neutralised the majority of this impact.

It is worth noting the favourable sales performance of each of the individual divisions, although the purchase of Talecris has changed the weight of each division's contribution to total Group revenues, generating a new sales structure based on the source of the sales. Grifols' organic growth has therefore continued over the year, and the increase in sales volumes have been maintained across the board for all divisions, with a positive trend.

In 2011, in pro-forma[1] terms, sales in the Bioscience Division rose by 3.1% to 2,031.3 million euros, accounting for over 88% of total turnover. Diagnostic Division turnover increased by 7.6% to 117.4 million euros, while Hospital Division grew by 6.5% to 95.4 million euros. As anticipated, the contribution from both divisions to global sales fell to 5.1% and 4.1%, respectively, stating the changes in each division's relevant weight compared to total Group sales. Raw Materials & Others Division, which accounts for approximately 3%, increased its sales to 58.6 million euros, due to the reclassification of royalties previously included in Bioscience and the allocation to this division of revenues

resulting from the agreements with Kedrion consequence of the acquisition.

The acquisition also gave rise to a change in the geographical distribution of the Group's revenues. During 2011 90% of Grifols activity was undertaken in foreign markets, where turnover totalled 2,069.4 million euros and growth was over 5.1%. Spain's relative weight fell to 10% on pro-forma[1] basis, generating turnover of 233.2 million euros. In terms of country mix, recurrent revenues (excluding Raw Materials) in the United States and Canada, rose by 3.5%% to 1,364 million euros and accounted for almost 60% of turnover during the year. Europe generated 25.6% of recurrent revenues (excluding Raw Materials), totalling 588.6 million euros up almost 1.5% despite the current economic situation, mainly due to increased market shares in countries such as Germany and Portugal, among others. Sales continued to grow in other geographical areas which generated approximately 14% of pro-forma[1] sales. The positive outlook in countries such as Brazil and China is also of note.

Finally, international business was boosted by the incorporation of Canada as a significant market and, in commercial terms, the consolidation of the representative office in Shanghai (China) and the subsidiaries in Colombia and Sweden, operating from the end of 2010. Grifols is currently present in 100 countries, and has its own commercial subsidiaries in 24 countries.

SUMMARY OF PRO-FORMA[1] SALES BY REGION *(in thousands of euros)*

	2011	% on sales	2010	% on sales	% Var.	% Var. CC*
Europe	588,610	25.6%	580,031	26.3%	1.5%	1.5%
US + Canada	1,363,961	59.2%	1,317,338	59.9%	3.5%	8.1%
R.O.W.	319,557	13.9%	298,620	13.6%	7.0%	9.0%
SUBTOTAL	2,272,128	98.7%	2,195,989	99.8%	3.5%	6.5%
Raw Materials	30,526	1.3%	4,815	0.2%	533.9%	575.9%
TOTAL	**2,302,654**	**100.0%**	**2,200,804**	**100.0%**	**4.6%**	**7.7%**

** (CC) Constant currency excludes the impact of exchange rate movements.*

Sales performance. Reported results[2]

Grifols sales reported in its audited financial statements, including the results of the acquired company from June 2011 (seven months), the first month of consolidation, reached 1,795.6 million euros, an increase of 88.6% at constant exchange rate (cc). Considering the exchange rate impact, growth was 81.2%.

From a divisional perspective, and with seven months of joint activity, sales in the Bioscience Division for 2011 rose by 98% to 1,531.2 million euros, accounting for over 85% of total turnover. Diagnostic Division turnover increased by 7.6% to 117.4 million euros, while Hospital Division grew by 6.5% to 95.4 million euros. As anticipated, the contribution from both divisions to global sales fell to 6.5% and 5.3%, respectively. Raw Materials & Others Division, reported sales of 51.7 million euros.

In terms of country mix, recurrent revenues in the United States and Canada, rose by 180.7% to 948.7 million euros and accounted for almost 53% of reported2 revenues including seven months of join activity. Europe generated 30% of recurrent reported[2] revenues, totaling 526.6 million euros up 22%, and sales in other geographical areas kept its upward trend with 34% increase, totaling approximately 290 million euros.

The reported[2] figures also state the reduction of the relative weight of Spanish sales to 13% within the Group revenues compared to 23% in 2010. 87% of Grifols recurrent reported[2] activity occurred in the international markets where revenues reached 1,565 million euros with a growth rate over 105%.

SUMMARY OF REPORTED[2] SALES BY REGION *(in thousands of euros)*

	2011	% on sales	2010	% on sales	% Var.	% Var. CC
Europe	526,625	29.3%	432,191	43.6%	21.9%	22.0%
US + Canada	948,730	52.9%	338,016	34.1%	180.7%	199.7%
R.O.W.	289,732	16.1%	215,708	21.8%	34.3%	37.1%
SUBTOTAL	1,765,087	98.3%	985,915	99.5%	79.0%	86.2%
Raw Materials	30,526	1.7%	4,815	0.5%	533.9%	575.9%
TOTAL	**1,795,613**	**100.0%**	**990,730**	**100.0%**	**81.2%**	**88.6%**

Profit and margins

Policies to contain costs remained a constant throughout the year, although the increase in raw material (plasma) prices, the negative contribution of the price factor over revenue trends and the impact of healthcare reforms on comparable values, with limited impact in 2010 have had a direct effect on gross margin and EBITDA.

Grifols pro-forma[1] adjusted[3] EBITDA rose by 6.4% to 630.8 million euros, a 27.4% margin over sales. Grifols posted pro-forma[1] adjusted[3] net profit of 233.6 million euros, representing a 10.1% over pro-forma[1] sales and decreasing by 19.8%.

2011 PRO-FORMA[1] RESULTS *(in millions of euros)*

	2011	2010	% Var.
Revenues	2,302.7	2.200.8	4.6%
Adjusted Ebitda[3]	630.8	592.7	6.4%
% on sales	27.4%	26.9%	
Adjusted net profit[3]	233.6	291.4	-19.8%
% on sales	10.1%	13.2%	

Adjusted[3] reported[2] EBITDA, including seven months of joint activity rose by 73.5% to 472.8 million euros, standing at 26.3% of sales. Considering the transaction costs inherent to the acquisition of Talecris and other no recurring costs, reported[2] EBITDA would total 369.5 million euros, a 44.6% increase compared to 2010 EBITDA and representing a margin of 20.6% over sales.

Grifols is naturally hedge against the fluctuations of the U.S. Dollar, the currency where the group has its largest level of exposure.

Adjusted[3] net profit reported[2] by Grifols rose by 13.6% to 144.7 million euros, accounting for 8.1% of revenues. Considering the transaction costs incurred on the acquisition and other non-recurring expenses, the net profit generated during the year totals 50.3 million euros, accounting for 2.8% of sales and down 56.4% compared to 2010.

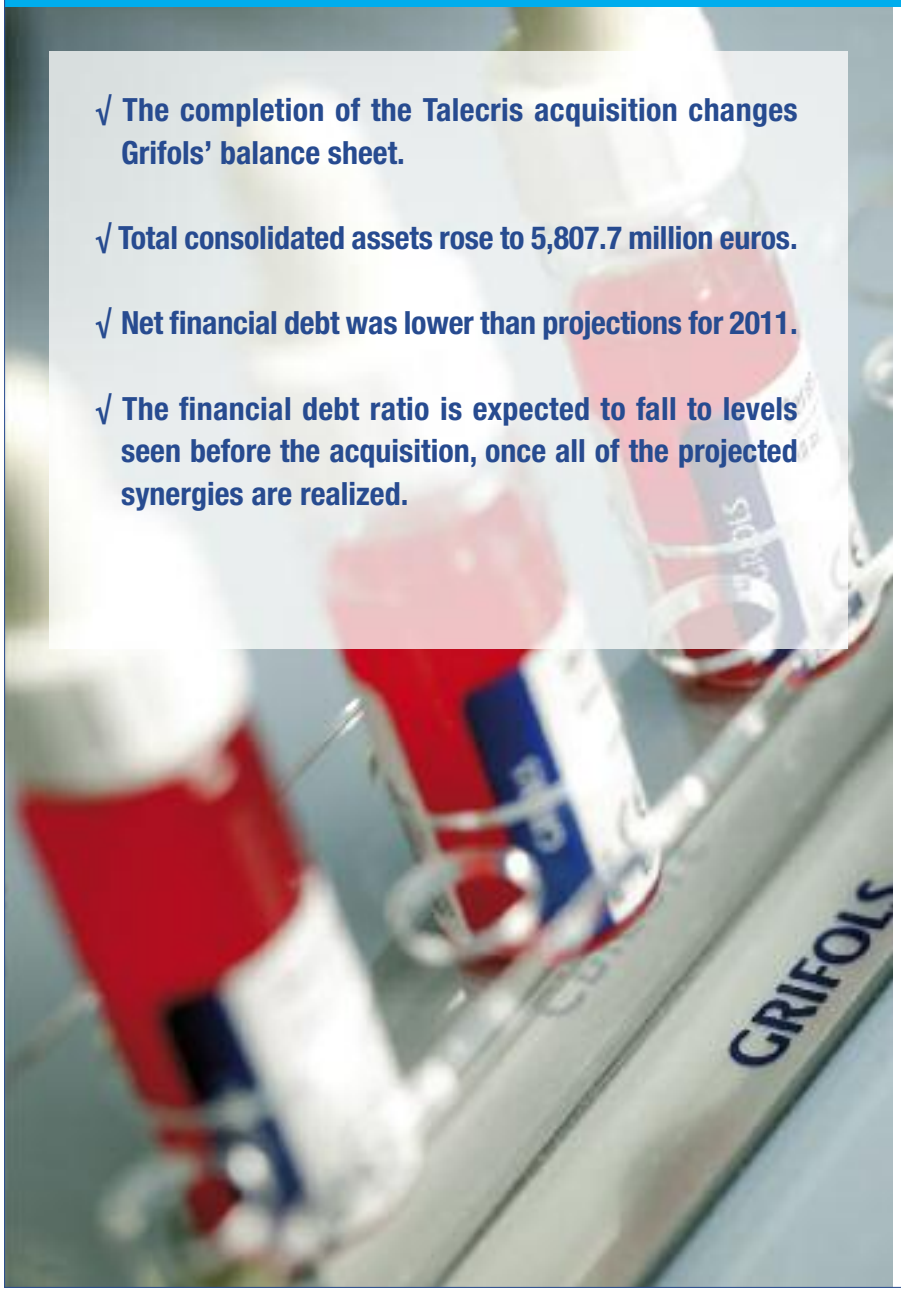
The foreseeable improvement in operating margins, due to the achievement of some of the synergies considered in the integration plan, has not been fully reflected in 2011 financial statements, although there will be an impact in the medium term. The initiatives implemented in this respect include the integration under one management of all the plasma procurement centres in the United States, as well as other production-related operating improvements, such as the FDA approval granted for the use of an intermediate product (Fraction II+III) from the Los Angeles Plant in the purification of IVIG at the Clayton plant (Gamunex®). Both initiatives will contribute to enhanced efficiency, as well as to the positive trend in margins.

The purchase of Talecris has given rise to a new financing structure and an increase in reported[2] net finance result which, as forecast, totalled 197.8 million euros at the end of 2011. This rise is due to the resources captured through the senior financing agreements and the bond issued to cover part of the acquisition payment for Talecris, and also include the amortization of capitalised costs relating to the Group's debt.

REPORTED[2] RESULTS GRIFOLS 2011 *(in million of euros)*

	2011	2010	% Var.
EBITDA	369.5	255.5	44.6%
% on sales	20.6%	25.8%	
Adjusted EBITDA	472.8	272.5	73.5%
% on sales	26.3%	27.5%	
Net profit	50.3	115.5	-56.4%
% on sales	2.8%	11.7%	
Adjusted net profit[3]	144.7	127.4	13.6%
% on sales	8.1%	12.9%	

Year-end results



√ The completion of the Talecris acquisition changes Grifols' balance sheet.

√ Total consolidated assets rose to 5,807.7 million euros.

√ Net financial debt was lower than projections for 2011.

√ The financial debt ratio is expected to fall to levels seen before the acquisition, once all of the projected synergies are realized.

On 2 June 2011 Grifols completed the acquisition of Talecris announced a year earlier, having obtained approval for the transaction from all relevant institutions and bodies, including the Federal Trade Commission, the US agency responsible for the civil enforcement of anti-trust laws. The Group purchased 100% of the US company's shares, which totaled approximately US Dollars 3,700 million (Euros 2,600 million), although the total value of the transaction, including Talecris' net debt, amounted to approximately US Dollars 4,000 million (Euros 3,300 million). This acquisition, one of the most successful and significant corporate transactions of the year, demonstrated Grifols' firm commitment to the longterm growth of the Group also through acquisitions.

Grifols paid 0.641/0.64854 newly issued non-voting (Class B) shares and US Dollars 19 in cash for each Talecris share. This payment, completed in 2011, has had a substantial impact on liabilities (including equity), although it has enabled the Company to substantially increase its assets.

Assets

At 31 December 2011 total consolidated assets amount to 5,807.7 million euros, compared to 1,889.0 million euros reported at 31 December 2010.

The net increase in property, plant and equipment, totalling over 341 million euros, reflects the assets acquired from Talecris and includes the plasma fractionation plant located in Clayton (North Carolina) and various plasmapheresis centres.

The estimated fair values of the assets acquired have been adjusted progressively since June 2011. Taking into account the latest adjustments and fluctuations in the exchange rate, which have translated in progressive increases over the seven months of consolidation, intangible assets stand at 2,903.4 million euros, with goodwill of 1,895.1 million euros at 31 December 2011, which includes the allocation of the purchase price between the different types of assets and liabilities. The valuation of intangible assets stands at 1,008.3 million euros. These estimates are in line with the latest reported quarterly results and should be fairly accurate given the various reviews that have already been made but still remain provisional.

At 31 December 2011 working capital has improved, both with respect to receivables and inventories, the latter of which totals 1,030.3 million euros, with a turnover of approximately 300 days. This trend began in the first quarter and has continued throughout the year as planned, although it will be progressively consolidated in the medium and long term as a result of the acquisition of Talecris.

During 2011 Grifols continued with its practice of selling receivables without recourse to third parties and sold 157 million euros of receivables. The Company also sold certain assets previously owned by Talecris to comply with the terms required by the Federal Trade Commission to approve the transaction.

Grifols has continued with its policy of selling invoices without recourse to third parties, in the amount of 157 million euros, and it divested some assets owned by Talecris, as required by the FTC in the United States for the approval of the transaction.

Liabilities

At 31 December 2011 Grifols' net financial debt stood at 2,738.2 million euros, with a cash position of 340.6 million euros. Consequently, the ratio of net financial debt with respect to adjusted[3] EBITDA was 4.3 times falling to 3.9 times adjusted[3] EBITDA if the Euro-Dollar exchange rate prevailing at the date on which the acquisition was completed is applied. Both ratios are below the 5.2 times initially estimated at the completion date. The Company estimates that the financial debt ratio will return to the debt levels preceding the acquisition of Talecris once the expected synergies are obtained.

Cash flows increased on the short term over the seven months of reported consolidated results, enabling the Group to quickly reduce its leverage. The geographical redistribution of sales following the acquisition of Talecris will increase the Group's exposure to countries with lower collection periods, helping to optimise short-term financing needs and improve working capital. Grifols' Spanish sales fell to 13% in 2011 (10% of pro-forma[1] sales), compared with 23% in 2010.

Before completing the acquisition of Talecris, and throughout the year Grifols also carried out a number of sale & lease-back (SLB) transactions, which enabled the group to optimise equity and increase liquidity to partially cover the payment for Talecris. The properties subject to these transactions included part of the installations located in Los Angeles and Clayton (United States), the head office in Sant Cugat (Barcelona-Spain) and certain installations in Las Torres de Cotillas (Murcia-Spain), and have enabled the group to obtain approximately 160 million euros net.

During the first quarter of 2011, Grifols successfully completed all of the financial structuring tranches that were projected for the acquisition of Talecris, and the bond issue for USD $1,100 million was the latest operation carried out. This issue of corporate bonds, together with the long-term syndicated financing for USD $3,400 million that was obtained in the last quarter of 2010, allowed the group to obtain an estimated maximum of USD $4,500 million for the acquisition of Talecris.

The bonds, which mature in 7 years, were fully subscribed by qualified investors in the United States and in other countries. The issue was greatly oversubscribed and the excellent acceptance of the operation allow the financing process to be completed on schedule, improving maturity dates and the cost of the debt.

After the close of 2011, Grifols successfully negotiated a modification of the senior secured debt.

FINANCING STRUCTURE AS AT DECEMBER 31, 2011 *(in US$ million)*

Senior Secured Debt	Amount	Maturity	Conditions
Tranche A	1,500	5 years	3.75% / 4%
Tranche B	1,600	6 years	4.25% / 4.5%
Revolving Line of Credit	300	-	3.75% / 4%
TOTAL	**3,400**		
Senior Unsecured Debt	**Amount**	**Maturity**	**Conditions**
Issue of Corporate Bonds	1,100	7 years	8.25%

The increase in deferred tax liabilities in 2011 to 538.4 million euros is notable and it is the result of the tax effect of assigning the acquisition price to the various assets and liabilities.

THE MAIN FINANCIAL RATIOS IN 2011 SHOW THE SOLIDITY OF GRIFOLS' BALANCE SHEET AND THE PROJECTED RAPID DELEVERAGING *(in million of euros)*

	2011	2010
Net Financial Debt	2,738.2	446.0
Net Financial Debt / EBITDA (<3.5)	4.3	2.4
EBITDA / Financial Expenses (>5.00)	3.7	5.0

Standard & Poor's and Moody's maintain Grifols' credit ratings

During the second half of 2011, the credit agencies Moody's and Standard & Poor's confirmed the ratings that were initially assigned for Grifols' senior secured debt, which were Ba3 and BB, respectively. Moody's maintains a B3 rating for the senior unsecured debt and from an overall corporate point of view, the long-term credit rating for Grifols is B1. Standard & Poor's also confirmed a B rating for the senior unsecured debt and a corporate rating of BB-, with a positive outlook.

The maintenance of these ratings contributes to the continued confidence of the main agents that operate in the financial and capital markets, and the financial transparency of the group. It is notable that both rating agencies took into account the high degree of integration and the projected synergies, the solid position held in the plasma-derived market after the acquisition of Talecris, together with the numerous barriers to entry for new competitors in the sector, including the fact that it is a very capital-intensive business model which is governed by an exhaustive and strict regulatory framework. They also took into consideration the positive growth perspectives that the sector continues to offer, despite the global economic uncertainties, among other uncertainties.

THE GROUP'S CREDIT RATING AND THE CONFIRMED RESULTS FOR ITS SENIOR DEBT AND UNSECURED DEBT ISSUES ARE AS FOLLOWS:

	Standard & Poor's	Moody's
Senior Secured Debt	BB	Ba3
Long-Term Corporate Rating	BB-	B1
Senior Unsecured Debt	B	B3
Outlook	Positive	Stable

Changes in equity

√ Grifols' equity totals 1,665 million euros in December 2011.

√ Grifols has carried out two capital increases through two issues of new non-voting shares (Class B) to cover part of the payment for Talecris and as a way to compensate shareholders.

√ The Class B shares have been listed on the Spanish Continuous Market (GRF.P) and on the US NASDAQ (GRFS) through ADS (American Depositary Shares) since 2011.

The acquisition of Talecris has notably increased the Group's equity, due to the issue of a new class of non-voting (Class B) Grifols share to cover the nonmonetary portion of the payment. At 31 December 2011, Grifols had equity of 1,665.0 million euros, representing an increase of over 900 million euros compared with 707.4 million euros reported at 31 December 2010.

The new share issue, approved by the shareholders in 2010, not only increased the Company's share capital but also the share premium reserve, which stands at 890.4 million euros. At the ordinary general meeting held in 2011 Grifols' shareholders approved the allocation to reserves of the entire 2010 net profit, but the Company continued to seek alternative means to the distribution of cash dividends to remunerating shareholders. Along this line, a bonus issue of Class B shares was proposed by the Group and ratified by the shareholders at an extraordinary general meeting held on 2 December 2011. These shares have been issued to remunerate shareholders through a new share capital increase with a nominal amount of 2.97 million euros.

Prior to year end the Company issued 29,687,658 new non-voting (Class B) shares with a par value of Euros 0.10 each, without a share premium and charged against voluntary reserves. Each Grifols shareholder received one new Class B share for every 10 old shares held, irrespective of whether these were Class A or Class B shares. This initiative enabled Grifols to honour its commitment to its shareholders and increase the liquidity of non-voting (Class B) shares.

Following the two share capital increases during the period, at 31 December 2011 the share capital of Grifols totals 117.9 million euros and is represented by 213,064,899 ordinary shares (Class A) and 113,499,346 non-voting shares (Class B).

In 2011 Grifols' non-voting (Class B) shares were listed and started trading on the Spanish stock exchange electronic trading system (GRF.P) and on the U.S NASDAQ stock exchange (GRFS) through ADSs (American Depositary Shares). Grifols' ordinary (Class A) shares have been listed on the Spanish stock exchange electronic trading system since 2006, and have been a component of the Ibex-35 (GRF) since 2008.

4.3 Corporate operations

The completion of the acquisition of Talecris in June 2011 and the acquisition of 51% of Lateral-Medion in September, complete Grifols' growth through acquisitions in 2011.

The acquisition of Talecris

Grifols completed the acquisition of Talecris in June 2011

In June 2010, Grifols concluded a final agreement to acquire the US company Talecris Biotherapeutics (NASDAQ:TLCR), which specializes in the production of biological drugs deriving from plasma, which allows for the creation of a leading group in the global plasma-derived product sector. One year later, in June 2011, approval for the operation was obtained from the US anti-trust authorities (FTC) and Grifols bought all of the Talecris shares for USD $3,700 million (approximately 2,600 million euros), and paid USD $19 in cash and 0.641-0.6485[4] newly issued non-voting shares for each share in Talecris. The total value of the transaction was approximately $4,000 million U.S. dollars, (3,300 million euros) including net debt.

SUMMARY OF THE CONCLUSION OF THE OPERATION	
June 1, 2011	Grifols and Talecris announced that on May 31, 2011, the U.S. Federal Trade Commission ("FTC") approved the Consent Agreement, under which the conditions for the approval of the acquisition of Talecris by Grifols were established. This agreement required that Grifols carry out a series of divestments to the Italian company Kedrion within 10 days after the purchase of Talecris.
June 1, 2011	Grifols reported that the Securities Note relating to the authorization of the listing of the non-voting Class B shares had been entered into the Official Registry at the "CNMV (*Comisión Nacional del Mercado de Valores* [National Stock Market Commission])".
June 2, 2011	The merger between Grifols and Talecris takes place, and as a result Grifols became the sole owner of Talecris.
June 3, 2011	Grifols reported that the shareholders of Talecris had received the relevant non-voting shares in Grifols (Class B) as partial compensation for their shares in Talecris, as well as the start of trading of the shares on the Spanish Continuous Market (GRF.P) and on the US NASDAQ market (GRFS) through ADSs (American Depositary Shares).
June 3, 2011	Grifols reported the fulfillment of the conditions established by the Federal Trade Commission (FTC) in the Consent Agreement and that the agreements concluded with Kedrion had been executed.
June 3, 2011	The integration process commenced. A "New Era" Begins.

Summary of the conditions established in the "Consent Agreement" regarding the entire operation

In order to comply with the conditions of the Consent Agreement, Grifols signed several agreements with the Italian company Kedrion, which specializes in the production of plasma-derived products and vaccines. These agreements have a limited impact on operations and mainly relate to four areas:

1. The sale of the plasma fractionation plant located in Melville (New York) to Kedrion. Grifols will manage this plant for a maximum period of 4 years under a lease agreement concluded with Kedrion.

By virtue of this agreement, starting in approximately 2015, Grifols will no longer have access to the fractionation capacity of the Melville plant (1.2 million liters/year). However, Grifols has started the construction of 2 new plasma fractionation plants which are expected to be operational in 2013-2015.

2. Manufacturing agreement under which Grifols will fractionate and purify plasma for the production of plasma-derived medicines for Kedrion, which will sell intravenous immunoglobulin (IVIG) and albumin under its own brand and Factor VIII under the Koate brand. These plasma-derived products will only be marketed in the United States.

This means that for seven years Grifols will fractionate and purify a maximum of 300,000 liters of plasma/year to produce plasma-derived medicines for Kedrion. Bearing in mind the total fractionation capacity at all of the plants owned by Grifols and Talecris, which is 8.5 million liters of plasma/year after the completion of the merger transaction, this represents a maximum use devoted to Kedrion of 3.5%.

3. The sale of two plasma collection centers located in Alabama and North Carolina (United States) to Kedrion.

Grifols is the leading plasma collection company in the world, following the completion of the transaction and the sale of the two plasmapheresis centers to Kedrion. It has 147 plasma donation centers in the United States.

4. The sale of the exclusive right to market Talecris' Factor VIII (Koate®) in the United States.

The sale of Koate® DVI® to Kedrion only affects the United States, since Grifols continues to market the product in all other countries. Kedrion has a five-year purchase option for a non-exclusive license to the trademark Koate for use in the United States.

KEY ASPECTS OF THE OPERATION	
Implicit price of the offer	• USD $26.16 (21.70 euros) for each share of Talecris. This represents a 35% premium over the average price of Talecris shares.
Cash/share offer mix	• USD $19 in cash. • 0.641/0.6485[4] in non-voting shares in Grifols for each share in Talecris.
Purchase price for Talecris: financing completed successfully	• Syndication of senior debt for a total of USD $3,400 million in 2010. • Issue of bonds totaling USD $1,100 million in January 2011.
New structure of ownership	• Grifols' reference shareholders maintained 35% of the voting rights and diluted their financial stake to 25%. • The non-voting shares issued represent 29% of the financial rights.
Rapid deleveraging	• Profile of rapid deleveraging through the important cash generation already seen in 2011.

Financing of the transaction

SOURCES	*(in millions of dollars (USD))*
Revolver	0*
Loan Tranche A (5 years)	1,500
Loan Tranche B (6 years)	1,600
Bonds (7 years)	1,100
TOTAL DEBT	**4,200**
Non-voting shares	952
TOTAL	**5,152**

APPLICATIONS	*(in millions of dollars (USD))*
Non-voting shares	952
Cash acquisition price	2,508
Existing net debt Grifols and Talecris	1,323
Net transaction costs	248
Excess funds	121
TOTAL	**5,152**

** $300 Million in 5-year financing, available after the transaction completed.*

Integration process in 2011 and the materialization of synergies

Grifols continues with the integration process that started in June 2011 in accordance with the planned schedule. The achievement of several important milestones that serve as a foundation for the new Grifols is notable. Furthermore, in only seven months, the group has generated some of the synergies that will progressively materialize until they reach USD $230 million per year in 2015 which will be sustained.

The most notable milestones of the integration project

Establishment of the U.S. headquarters for Grifols in Los Angeles

Implementation of a single global organizational structure

- Impact on operations, sales, and corporate areas in order to join efforts, experience, and talent.
- Definition of a new Operating Management Committee for the United States to drive the integration process.
- Integration of Talecris' international business units into the Grifols' structure.

Detection and application of best practices

- Detection and application of best practices at each company to consolidate a more efficient Grifols.

Advances in human resources

- Homogenization of training, professional careers, and talent management policies, including those that affect compensation and incentive systems.

Common and uniform environmental policy

- Unification and expansion of indicators.
- Implementation and unification of eco-efficient measures and environmental best practices at all production facilities.

Materialization of some operating synergies projected to have a medium-term impact on margins

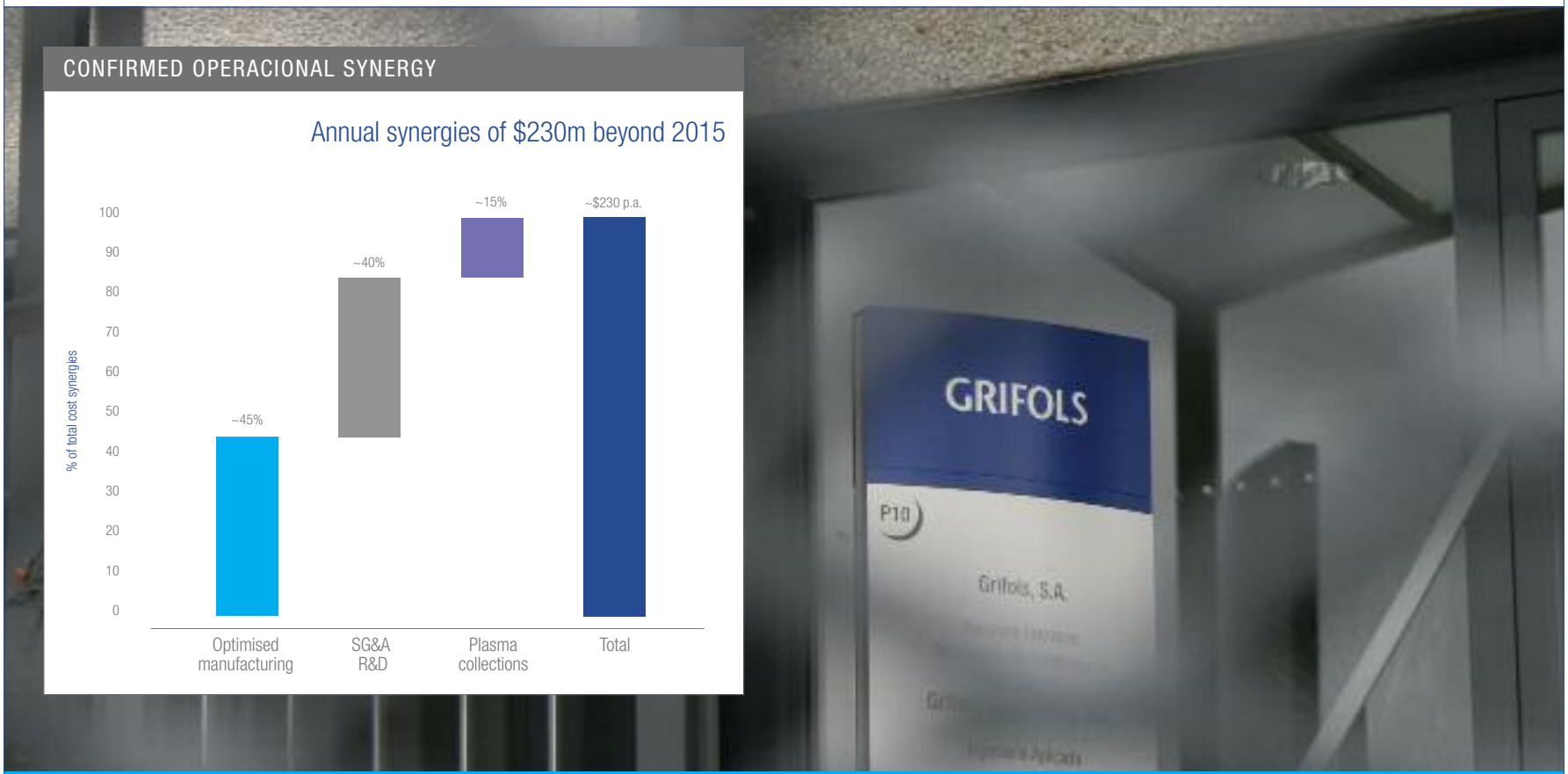
- Unification of the plasma donation centers in the United States.
- FDA approval to transfer an intermediate product fractionated at the Los Angeles plant (Fraction II+III) to the Clayton plant, where the product will be purified to obtain the finished product IVIG Gamunex®.

Commercial integration, maintaining leadership in the sector among healthcare professionals, patients and Group Purchasing Organizations (GPO)

- Establishment of mixed sales units in the United States (Marketing and Sales) specific to each of the primary plasma-derived products marketed by Grifols.
- Establishment of a single product portfolio, segmentation, and adaptation of those products to the various markets according to the opportunities detected.
- Creation of an integrated product and service portfolio that allows for the international expansion of business lines such as Hospital Logistics (Hospital Division) or Transfusion Medicine (Diagnostic Division) in the markets that are a priority for Grifols after the acquisition, such as the United States and Canada.

Integration of investment policies and plans

- Compliance with the divestments required by the FTC with respect to Kedrion.
- Definition, modernization, and announcement of a new capital expenditure plan (CAPEX) for the period 2012-2015.
- Redefinition and prioritization of the R&D project portfolio, in accordance with criteria that guarantee sustained growth.



CONFIRMED OPERACIONAL SYNERGY

The purchase of 51% of Lateral-Medion

The acquisition of 51% of the Australian-Swiss company Lateral-Medion in 2011 for 9.5 million euros is also notable. In 2009 Grifols acquired 49% of Lateral-Medion for 25 million euros, although it controlled 100% of the voting rights.

In recent years, Lateral-Medion has contributed to strengthening the sales force that is necessary to reaffirm and increase Grifols' presence in the diagnostic market in Australia and New Zealand.

Given that the acquisition included the purchase, under the same conditions, of the Swiss-based company, Medion, Grifols has continued to drive the development of new technologies to determine blood groups in addition to that which is currently used, allowing it to offer a more complete and advanced product to the blood typing and pre-transfusion diagnostic markets.

4.4 Investment plan as a growth strategy

Research activity in 2011, to which Grifols applied 5% of sales, was rated as Excellent by the Profarma Plan. In addition, capital expenditures were maintained and a new plan was announced for the period 2012-2015 involving an amount exceeding 700 million euros.

Compliance with capital investment (CAPEX)

During the year, work has continued as part of the Company's investment plan (CAPEX) to extend and improve its manufacturing facilities as planned. The total amount earmarked for these investments was 160 million euros.

Two of the main investments have been the start of a new plasma fractionation plant at Parets del Vallès (Barcelona, Spain), with fractionation capacity of 1 million litres/year (potential to expand up to 2 million litres/year), and the beginning of the validation process of the installations to produce Fibrin Glue in Spain (Fibrinsealant). In the United States, specifically in Los Angeles, major investments have been made at the new Albumin production plant, the IVIG purification plant as well as in the thawing area of the new purification plant of coagulation factors. Work has also continued on the new plasma fractionation plant acquired in Clayton, where improvements for better plant maintenance have been introduced and several areas have been expanded.

Grifols' testing centre in Texas (US), that includes the laboratories in San Marcos and Austin, have also benefitted from the investment plan. Following FDA approval of the last phase in January 2012, the facilities can analyze up to 25,000 samples per day.

In 2011 phase III of the production facility in Murcia was completed, whereby Grifols gained a new plant for manufacturing plastic-packaged parenteral solutions.

The Grifols Academy was inaugurated in Barcelona (Spain), providing a centre for advanced training in all processes related to the production of plasma derived proteins. The institution follows the standars of the Grifols Academy of Plasmapheresis opened in USA in 2009.

New plan for the 2012-2015 period

In terms of the Company's future outlook, at the annual meeting with investors and analysts held in Barcelona (Spain) in the last quarter of 2011, details were announced of a new investment plan to 2015, involving expenditure of approximately US Dollars 964 million (Euros 700 million). 84% of these funds will be absorbed by the Bioscience Division whilst around 5% will be earmarked for the Diagnostic and Hospital Divisions, and the balance invested in the corporate facilities.

The aim of this new investment plan is to continue progressively expanding Grifols' production capacity in Spain and the United States, as well as to maintain the Company's policy for the early detection and management of the Group's future production requirements, so that expected market growth can be met. Accordingly, plans are in place to extend in a coordinated manner both the Company's plasma fractionation facilities and its installations for purifying the different intermediates used to produce plasma derived proteins. Part of the investment will also be used to expand and relocate plasma donation centres and to enhance the logistics centres.

Grifols expects its plasma fractionation capacity to exceed 12 million litres/year by 2016. Furthermore, it expects to practically double its current capacity for the purification of intravenous immunoglobulin (IVIG), the plasma protein sold by Grifols under the brand names Flebogamma®, Flebogamma DIF® and Gamunex®. The investment plan also includes extension of the installations used to purify Albumin, FVIII, plasmin and other plasma derived proteins.

The implementation of this joint investment plan will generate savings of more than US Dollars 280 million by 2015 when compared to the plans originally held by both companies on a stand-alone basis.

Increase of resources earmarked for R&D

In 2011, which included seven months of joint activity, Grifols invested 89.4 million euros in R&D, up 119% compared to 40.7 million euros spent in 2010. R&D represented 5% of sales. On a pro-forma[1] basis, over 118 million euros were invested in R&D, with a similar ratio over sales of 5%.

The acquisition of Talecris has complemented the Group's substantial R&D project portfolio, ensuring a research activity in the long term of outstanding quality.

The new Grifols organisation has a large number of patents and projects underway, more than ten of which are already past the preclinical development phase. Among the most important of these projects are the clinical trial for the use of plasmin (new plasma derived protein) in treating acute peripheral arterial occlusion, clinical trials that could endorse new uses for Antithrombin in coronary surgery (cardiopulmonary bypasses) and severe burns, and the studies in progress to determine the use of Fibrin Glue in different types of surgery. This plasma derived product accounted for 3% of world wide haemoderivative sales in 2010.

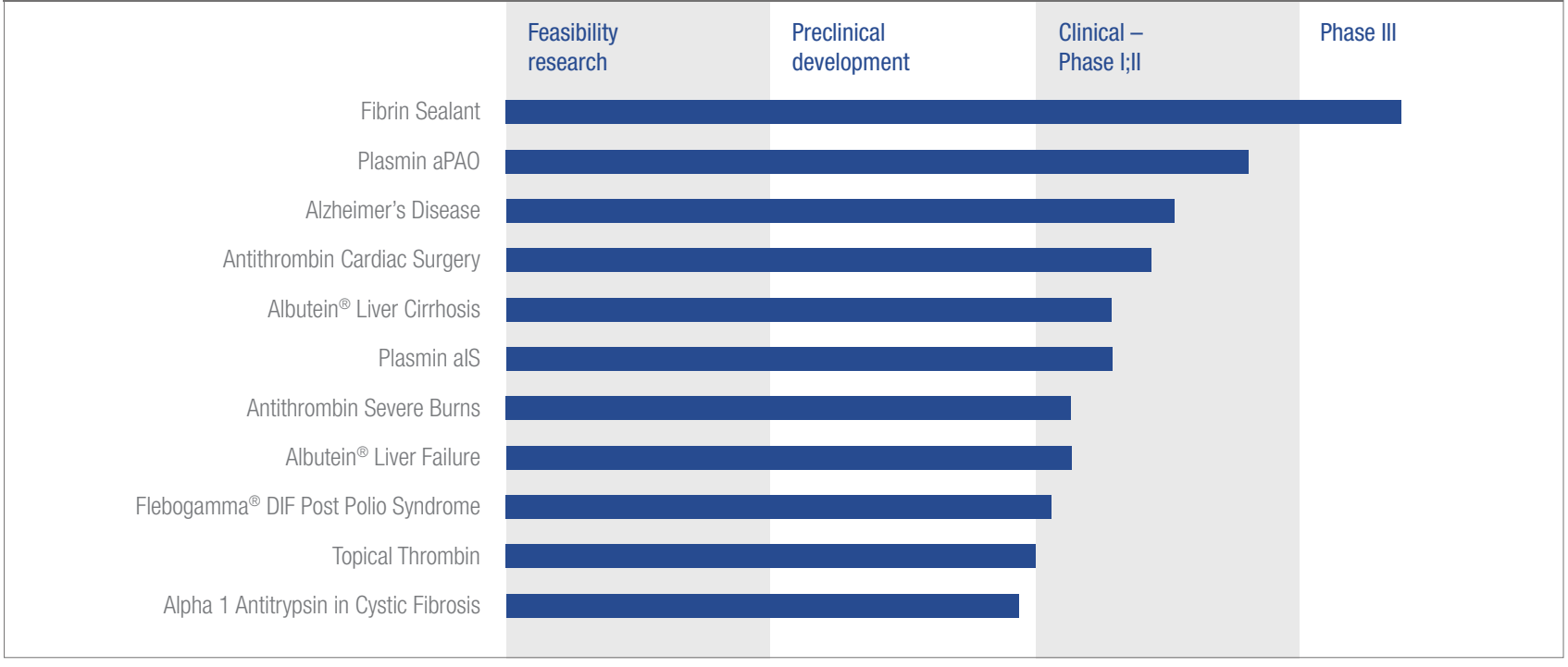
A new medical study commenced in 2011 to find a possible treatment for Alzheimer's disease by combining therapeutic plasmapheresis with Albumin and IVIG. Tests are being carried out on more than 300 patients in a continuation of the trial previously performed on another 42 patients, in collaboration with two hospitals in Spain and two in the USA, the preliminary results of which have already been published.

Another significant development in 2011 was Grifols' membership of the Spanish Alliance for Health Research and Innovation (ALINNSA), spearheaded by the former Ministry for Science and Innovation through the Instituto de Salud Carlos III. The aim of this alliance is to promote R&D&I in Spain by defining a nationwide strategy for biomedical research and innovation. In addition, Grifols researchers continue to collaborate with external experts in different medical fields to assist in identifying and validating new objectives.

Lastly, in 2011 Grifols announced that it will step up its activity in other fields with future projection, such as regenerative medicine, with the creation of joint ventures participated by Gri-Cel, a company group focused on these activities. Also through agreements to use patents owned by third parties. One example of this kind of agreement is the one signed with the Universitat Autònoma of Barcelona and the Institut Germans Tries i Pujol in the field of gene therapy (a therapy consisting of the introduction of a functional gene in cells of patients lacking the gene or in whom the gene is faulty). This agreement will enable Grifols to develop a new specific gene therapy method that is both versatile and safe. Also within this line of activity it is worth highlighting the labs designed and build by Grifols Engineering for Nanotherapix, an associated company owned 51% by the group dedicated to the research of genetic therapies based on the use of autologous cells.

Research activity carried out by Grifols in 2011 was rated as excellent by the Committee for the Promotion of Scientific Research, Development, and Innovation in the Pharmaceutical Industry (Profarma).

SUMMARY OF THE MAIN R&D PROJECTS IN PROGRESS



In addition, Grifols continued with its patenting activity in 2011. At the close of the year the group had 857 patents and applications, of which 247 are currently in final approval. All of them have protection periods of 20 years, although approximately 259 of these patents will expire in 10 years. Grifols has nearly 2,600 trademarks, of which 159 are in the final approval process.

BY DIVISION, THE BREAKDOWN OF PATENTS IS AS FOLLOWS:

Division	Number of patents	Region	Main contents
Bioscience	621 patents	Europe 258, United States 114, rest of the world 249.	• Process for the viral deactivation of gammaglobulins. • Therapeutic use of human albumin for the treatment of neurodegenerative diseases. • Process for eliminating pathogens in fibrinogen solutions.
Diagnostic and Hospital	132 patents 97 patents	European Union, United States, Latin America, Asia, and the rest of the world.	• Process for sterile doses in flexible bags (Gri-fill® System): There are currently 16 underway in 11 countries. • WADiana® analyzer for clinical analysis: 17 patents in 10 countries. • Triturus® Immunology System: 9 patents in 5 countries. • BlisPack® system for cutting and repackaging blisters: 23 patents in 16 countries.
Others	7 patents		
TOTAL	**857**		

5 Shareholders and the Stock Market

5.1 Stock Market performance in 2011

Stock market volatility reflects economic uncertainties and the main indexes ended the year in negative territory. Only the U.S. Dow Jones and the NASDAQ ended the year with positive results. The IBEX 35 fell by 13%.

2011 was marked by the worsening of the sovereign debt crisis in the Eurozone which has fundamentally affected peripheral countries: Italy and Spain, in addition to Portugal, Greece, and Ireland. Progressively, it has had impacts of varying intensity on other countries such as France and Belgium. Of the 17 countries that form the monetary union, 12 had risk premiums that reached maximum levels in 2011.

In the case of Spain and Italy, the European Central Bank had to intervene repeatedly by buying debt to relieve the pressure which, in the case of Spain, drove the risk premium to nearly 500 basis points in November.

The uncertainties regarding the definitive default of Greece and the expectations relating to the future of the euro and a second recession in the Eurozone deepened to the crisis of confidence, which immediately affected equities markets. The German Dax ended the year with a 15% decline, the French CAC-40 fell by 17% and the IBEX 35 declined by 13%. The main indexes in the United States have performed unequally. The Dow Jones rose by 6% while the NASDAQ showed a 3% increase, although the Standard & Poor's 500 remained flat. In contrast, the price of an ounce of gold rose by up to 35%, ending 2011 with a 12% gain.

The bad performance of the IBEX 35 during the year was particularly evident during the third quarter, the worst for the Spanish index since the technology bubble burst in 2002. Between July and September 2011 the IBEX 35 shed 17.50%, although the period was also awful for the other European stock markets. The German Dax fell by 25.41%, the French CAC-40 dropped 25.12%, the Italian FTSE Mibtel declined by 26.51%, and the UK FTSE decreased by 13.74%. This negative performance also affected US indexes. The Dow Jones fell by 12.09%, the Standard & Poor's 500 shed 14.33%, and the NASDAQ declined by 8%, demonstrating that the economic and confidence crisis was global in nature.

Grifols, for its part, was the only stock in the IBEX 35, together with Inditex, that ended the quarter in positive territory, up by 1.45%. Finally, the Company's shares (Class A) were the best performers in the Spanish index, with a 27.45% gain.

5.2 Stock performance

Ordinary shares of Grifols (Class A) showed the best performance in 2011 within the IBEX 35. With an appreciation of 27.45%, they closed at 13 euros per share.

√ Since May 17, 2006, all shares representing the capital of Grifols are listed on the Barcelona, Madrid, Valencia, and Bilbao stock markets, as well as on the Spanish continuous market.

√ In January of 2008 Grifols entered the IBEX 35, which is the Spanish index of reference.

√ In June of 2011 the first issue of non-voting shares in Grifols (Class B) took place and started to be traded on the Spanish Continuous Market and on the NASDAQ (through ADS).

Since 2011, Grifols has two types of shares: ordinary (Class A) and non-voting (Class B)

On 17 May 2006 Grifols started being traded on the Madrid, Barcelona, Valencia, Bilbao stock markets, and on the Continuous Market. A year and a half later, on January 2, 2008, it joined the IBEX 35.

In 2011, Grifols carried out two share capital increases with a total nominal value of 11,349,934.60 euros. Taking into account both increases, share capital totaled 117,882,384.10 million euros as of December 31, 2011, represented by 213,064,899 ordinary shares with a par value of 0.50 euros each and 113,499,346 class B shares with a par value of 0.10 euros each.

The first capital increase was carried out in 2011 to make partial payment for the acquisition of Talecris Biotherapeutics. To this end, 83,811,688 non-voting shares (Class B) were issued and put into circulation. They have a par value of 0.10 euros each.

The second, which took place at the end of 2011, as a strategy for shareholder compensation alternative to the payment of cash dividends, consisted of the issue and circulation of 29,687,658 Class B shares with the same par value as the previous Class B shares (0.10 euros per share). This increase allowed the Class B shares to have greater liquidity.

In both cases, in 2011, the shares were admitted for trading on the Spanish Continuous Market and the Nasdaq, through ADS (American Depositary Shares).

Type of Share	Market	Ticker
Ordinary - Class A	Spain: IBEX 35 and Continuous Market	MCE:GRF
Ordinary - Class A ADR	United States: Over-the-Counter	OTC:GIKLY
Non-voting - Class B	Spain: Continuous Market	MCE:GRF.P
Non-voting - Class B ADR	United States: Nasdaq	NASDAQ:GRFS

Since November 21, 2011, Grifols (NASDAQ:GRFS) has been listed on the NASDAQ Biotechnology Index®, designed to include the main NASDAQ securities that are listed as biotechnological or pharmaceutical according to the Industry Classification Benchmark (ICB). Grifols has also been part of the MSCI World Index created by Morgan Stanley, since May 2008.

Capitalization, volumes, and prices

Closing prices

Grifols (MCE:GRF) ended 2011 at 13 euros per share, which represents a 27.45% gain year-on-year and a 195.45% appreciation of the price at which the shares started to be traded on May 17, 2006.

Non-voting shares (MCE:GRF.P) ended 2011 with a price of 8.40 euros per share, which is a 20% decline from when they started to be traded on June 3 2011.

The group's capitalization at the end of the year was 3,723 million euros.

The maximum closing price for the Class A shares during the year was 15.25 euros on July 29, while the minimum of 10.12 euros per share was seen on January 10.

The Class B, or non-voting shares, reflected a maximum price of 11.70 euros per share in August, while the minimum of 7.40 euros was reached on February 16.

Trading volumes

Total trading volume during the year exceeded 5,300 million euros, which is a 24.31% increase over last year.

Since January 4, 2011, in the case of the ordinary shares (Class A), a total of 407.1 million shares were traded, which represents an annual turnover of 6.11 times the total number of the Company's shares, calculated based on the average number of shares traded during the year. In the case of the Class B shares, the total volume in 2011 since they were listed was 5 million euros and a total of 573,567 shares were traded.

CLASS A SHARE PERFORMANCE IN THE STOCK MARKET

Month	Days listed	Closing price	% Monthly variation	Maximum	Date	Minimum	Date	Average daily volume (shares)
January	21	€11.13	9.12	€11.35	26/1/2011	€9.85	14/1/2011	1,086,807.57
February	20	€11.80	6.02	€12.34	4/2/2011	€11.07	1/2/2011	1,748,488.50
March	23	€12.30	4.24	€12.49	31/3/2011	€11.27	3/3/2011	1,150,540.87
April	19	€13.37	8.70	€13.48	28/4/2011	€12.12	6/4/2011	1,307,523.53
May	22	€14.19	6.10	€14.44	2/5/2011	€13.18	17/5/2011	1,877,584.86
June	22	€13.84	-2.43	€14.49	1/6/2011	€12.89	27/6/2011	1,779,587.50
July	21	€15.25	10.15	€15.30	29/7/2011	€13.81	1/7/2011	1,959,818.05
August	23	€14.33	-6.00	€15.80	1/8/2011	€12.70	9/8/2011	2,293,495.04
September	22	€14.04	-2.02	€14.62	8/9/2011	€13.25	26/9/2011	1,422,071.09
October	21	€13.49	-3.95	€14.50	17/10/2011	€13.31	26/10/2011	1,472,899.95
November	22	€12.01	-10.98	€13.29	1/11/2011	€10.95	25/11/2011	1,545,495.23
December	21	€13.00	8.29	€13.42	5/12/2011	€11.86	1/12/2011	1,303,903.43
2011 TOTAL	**257**	**€13.00**	**27.45**	**€15.80**	**1/8/2011**	**€9.85**	**10/1/2011**	**1,581,376.61**
IBEX 35	257	8,566.30	-13.11	€11,113.00	17/2/2011	7,640.70	12/9/2011	232,887.74

CLASS B SHARE PERFORMANCE ON THE STOCK MARKET

Month	Days listed	Closing price	% Monthly variation	Maximum	Date	Minimum	Date	Average daily volume (shares)
June	21	€10.02	-4.66	€11.42	3/6/2011	€10.00	8/6/2011	11,736.45
July	21	€11.45	14.27	€11.50	22/7/2011	€10.25	1/7/2011	9,457.40
August	23	€9.05	-20.96	€11.70	1/8/2011	€8.90	26/08/211	3,541.33
September	22	€9.38	3.65	€10.50	12/9/2011	€8.00	3/9/2011	1,009.50
October	21	€9.40	0.21	€9.89	11/10/2011	€9.00	6/10/2011	1,411.50
November	22	€8.21	-12.66	€10.00	21/11/2011	€8.10	15/11/2011	4,541.94
December	21	€8.40	2.31	€9.29	5/12/2011	€7.40	16/12/2011	9,727.33
2011 TOTAL	**151**	**€8.40**	**-20.08**	**€11.70**	**1/8/2011**	**€7.40**	**16/12/2011**	**6,302.93**

Annual change, maximums and minimums from June 3, 2011.

5.3 Dividends and yields

Shares released free of charge as a formula for compensating shareholders instead of a cash dividend payment.

In 2011, as a result of the limitations included in the syndicate loan obtained from several financial institutions to acquire Talecris Biotherapeutics, Grifols has not distributed a cash dividend to its shareholders.

However, the company has maintained its commitment to compensation formulas that are alternatives to the cash payment of dividends. Shareholders at an Extraordinary Meeting held on December 2, 2011 approved the issue and distribution of non-voting shares (Class B) as a formula for compensating shareholders. Each Grifols shareholder received, free-of-charge, a new Class B share for each 10 old shares held, whether they were Class A or Class B. This capital increase and issue of shares was charged against voluntary reserves.

Grifols stock performance in 2011: main indicators

CLASS A SHARES (MCE: GRF)	
Year End (euros)	€13.00
Intraday Maximum (euros)	€15.80
Intraday Minimum (euros)	€9.85
Annual Volume (number of shares)	407,061,803.00
Daily Average Volume (number of shares)	1,583,898.07
Annual Cash Volume (euros)	5,348,857,831.19
Daily Annual Volume (euros)	20,812,676.39
Days Listed	257.00
Number of Shares	213,064,899.00

CLASS B SHARES (MCE:GRF.P)	
Year End (euros)	€8.40
Intraday Maximum (euros)	€11.70
Intraday Minimum (euros)	€7.40
Annual Volume (number of shares)	573,567.00
Daily Average Volume (number of shares)	6,302.93
Annual Cash Volume (euros)	5,511,117.01
Daily Annual Volume (euros)	60,567.73
Days Listed	91
Number of Shares	113,499,346

5.4 Share capital

In 2011 Grifols' share capital totaled 117,882,384.10 million euros. This is represented by 213,064,899 ordinary Class A shares and 113,499,346 non-voting Class B shares.

Grifols' share capital as at December 31, 2011 totals 117,882,384.10 euros, represented by 213,064,899 ordinary shares with a par value of 0.50 euros per share and 113,499,346 non-voting shares with a par value of 0.10 euros per share. Share capital is fully subscribed and paid in.

In this regard, the ordinary shares represent approximately 65.24% of the group's share capital, while non-voting shares (Class B) represent the remaining 34.76%.

	Class A	Class B	TOTAL
Number of outstanding shares as at December 2010	213,064,899	-	**213,064,899**
Number of outstanding shares as at December 2011	213,064,899	113,499,346	**326,564,245**

5.5 Shareholders and treasury shares

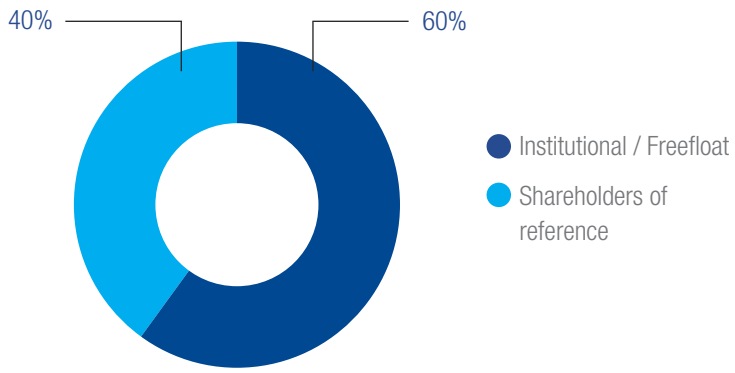
Shareholders

Given that the Company's shares are represented by book entries, the ownership structure cannot be exactly known, except through the information that shareholders voluntarily report or as a result of applicable legislation, as well as through the information provided by Iberclear and its investee companies as a result of General Meetings.

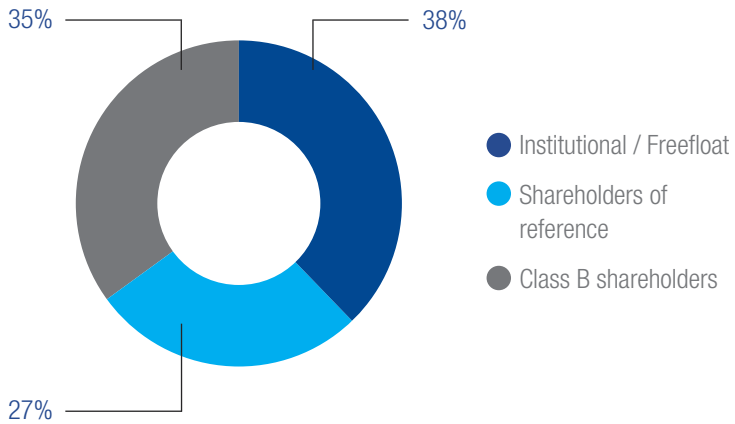
In accordance with the information available to the Company on December 31, 2011, the significant shareholdings in Grifols are as follows:

Name of shareholder	No. of direct voting rights	No. of indirect voting rights	% of total voting rights
SCRANTON ENTERPRISES B.V.	16,149,937	0	7.580
DERIA, S.A.	18,687,588	0	8.771
VÍCTOR GRIFOLS LUCAS	0	13,112,187	6.154
THORTOL HOLDINGS, B.V.	15,032,766	0	7.060
AMERICAN FUNDS INSURANCE SERIES GROWTH FUND	6,400,370		3.004
CAPITAL RESEARCH AND MANAGEMENT COMPANY		31,995,474	15.017

BREAKDOWN OF MAIN SHAREHOLDERS WITH VOTING RIGHTS



BREAKDOWN OF MAIN SHAREHOLDERS BY FINANCIAL STRUCTURE



Treasury shares

During 2011 Grifols did not carry out any transactions involving treasury shares. At the end of the year it held treasury shares representing the equivalent of 0.05% of share capital, compared with the 0.07% reported at the end of 2010.

The company has received 15,832 non-voting Class B shares as a result of the share capital increase approved by shareholders at the Extraordinary Meeting held on December 2, 2011.

The group currently does not have any plan to repurchase shares and it has not implemented any share- or option-based employee compensation plan.

MAIN MOVEMENTS IN 2011

Ordinary - Class A	No. of shares	Thousand euros
Balance as at January 1, 2011	158,326	1,927
Acquisitions	0	0
Transfer of Shares	0	0
Balance as at December 31, 2011	158,326	1,927

6 Annual accounts