

## **EXPLANATION OF PROPOSED RESOLUTIONS TO BE ADOPTED AT THE GENERAL MEETING OF KRKA, d. d., Novo mesto on 17 June 2010**

The Management and Supervisory Boards of Krka, d. d., Novo mesto discussed the materials for the convocation of the 15<sup>th</sup> General Meeting at several meetings, the last one held on 12 May 2010, preparing the proposed agenda and resolutions:

### **To item 1)**

According to the General Meetings Rules of procedure for, the Chair of the General Meeting is appointed for each session separately. The company IXTLAN FORUM d. o. o., Ljubljana is proposed as a vote enumerator on the basis of its good references. This company successfully performed the voting and vote enumerating procedure on the company's General Meetings in the past years.

### **To item 2)**

The Supervisory Board verified the Annual Report of Krka, d. d., Novo mesto and the Krka Group for 2009, had no comments or reservations with its reference and the Annual Report was unanimously approved. By this approval the Annual Report of Krka, d. d., Novo mesto and of the Krka Group for 2009 was adopted. The Supervisory Board also discussed the Auditor's Report and the work of Certified Auditor. They had no comments on Auditor's work and the audit performed. In the Annual Report all remunerations of the Management and Supervisory Boards members are disclosed.

The Management Board prepared a proposal for allocating the accumulated profit amounting to EUR 161,749,148.26. The Supervisory Board agreed with the proposal. Therefore, both the Management and Supervisory Board together propose the General Meeting to adopt the resolution on the allocation of the accumulated profit. In addition, they also propose that the General Meeting discharges the Management Board of Krka, d. d., Novo mesto and the Supervisory Board of Krka, d. d., Novo mesto of their liability. The proposal of this resolution is based on successful results of business operations and implementation of a stable dividend policy.

### **To item 3)**

The Supervisory Board started preparing the proposal for electing new members of the Supervisory Board - shareholders' representatives in time, knowing that the mandate of the current members will terminate in June 2010. The Supervisory Board therefore appointed the Nomination Committee to

prepare the basic proposal in line with the recommendations of the Corporate Governance Code and the provisions of the Rules of procedure on the work of the Nomination Committee. This proposal was discussed by the Human Resources Committee of the Supervisory Board who complied with it. The proposal of the Nomination Committee and the Human Resources Committee of the Supervisory Board was also confirmed by the Supervisory Board who proposes to the General Meeting to approve it and elect new members of the Supervisory Board for the period of five years. The appointed members will commence their mandate on 21 June 2010. A short presentation of the candidates will be published on the website of Krka, d. d., Novo mesto in accordance with the Corporate Governance Code.

**To item 4)**

The Management and Supervisory Boards have reached accord as regards the required amendments and modifications of the company's Articles of Association. Several amendments and modifications of the Companies Act were adopted last year. The Supervisory Board members are no longer allowed to participate in the company's accumulated profit, it further expands the possibility of using electronic media for registering to the General Meeting, counter proposals and powers; in addition a new Corporate Governance Code was adopted at the end of last year. In accordance with these changes a new proposal of amendments and modifications to the Articles of Association was prepared which is published, for better transparency, in its entirety – the proposal for deleting an individual text is coloured red and deleted, while the proposal for the new text is coloured green. Apart from the Articles of Association, the explanation of proposed changes will also be published on the website.

**To item 5)**

The business operations of Krka, d. d., Novo mesto for the year 2010 have to be reviewed by appointed auditor who must prepare a report on this review and/or the auditing of financial statements and the business report. The Supervisory Board proposes that KPMG Slovenija, podjetje za revidiranje, d. o. o., Ljubljana is appointed as the company auditor for 2010.

Novo mesto, 12 May 2010

Jože Colarič  
President of the Management Board  
and Chief Executive

Dr. Gregor Gomišček  
President of the Supervisory Board