

Based on provisions of item 6.20 of the Articles of Association of the public limited company Krka, tovarna zdravil, d. d., Novo mesto, Šmarješka cesta 6, Novo mesto the Management Board of the company convenes:

## **The 16<sup>th</sup> Annual General Meeting of Krka, tovarna zdravil, d. d., Novo mesto**

To be held on Thursday, 7 July 2011, at 13.00 at hotel Šport in Otočec ob Krki. The notary public, Andrej Tiran of Novo mesto, will attend the General Meeting.

### **Agenda and proposed resolutions:**

#### **1. Opening of the company's General Meeting and election of working bodies**

Proposed resolution:

Dušan Jenko is appointed as Chair of the General Meeting, and IXTLAN FORUM, d. o. o., Ljubljana as vote enumerators.

#### **2. Presentation of the Annual Report by the Management Board, including information on remuneration of members of the Management and Supervisory Boards, the Auditor's Report, and the Supervisory Board's Report on its verification and approval of the 2010 Annual Report, adoption of the resolution on the use of the 2010 accumulated profit and discharge of liability for the Management and Supervisory Boards for 2010.**

Proposed resolutions:

2.1. The General Meeting adopts the information by the Management Board on the Annual Report for the 2010 financial year, including information on remuneration of the Management and Supervisory Boards members, and the Supervisory Board's Report on its verification and approval of the Annual Report.

2.2. The accumulated profit for 2010 in the amount of EUR 168,944,967.18 is allocated as follows:

- To dividends (EUR 1.40 gross per share).....EUR 47,119,511.60
- To other profit reserves .....EUR 60,912,727.79
- To carry forward to the next year .....EUR 60,912,727.79

The payout of dividends is to commence within 60 days after the General Meeting according to the shareholder records in the General Ledger kept at KDD-Central Securities Clearing Corporation, Ljubljana as of 12 July 2011 (record date 2).

- 2.3. The General Meeting approves and gives its consent to the work of the Management and Supervisory Boards for the 2010 financial year and discharges each of them from liability for performance of their duties.

### 3. Discussion and adoption of the resolution on the Supervisory Board members remuneration

Proposed resolution:

- 3.1. The Supervisory Board (SB) members and members of the SB committees of Krka, d. d., Novo mesto are entitled to the attendance fee for preparation to and for attending the SB meetings and remuneration in the following gross amounts:

- The attendance fee for attending each SB meeting is  
     – For each SB member EUR 275
- The attendance fee for attending each SB committee meeting is  
     – For each committee member EUR 220  
     – For the SB president for attending committee meeting EUR 220

The SB members and/or SB committees members are not entitled to the attendance fee, if they already received attendance fees in the business year that amount to 50% of the yearly compensation for performing their duties.

– Annual remuneration for performing duties in the SB

	Remuneration for performing duties	Supplement for additional tasks	<b>Total</b>
SB President	EUR 15,500	EUR 7,750	<b>EUR 23,250</b>
Deputy SB President	EUR 15,500	EUR 7,750	<b>EUR 23,250</b>
Committee President	EUR 15,500	EUR 7,750	<b>EUR 23,250</b>
SB member (all are also members of committees)	EUR 15,500	EUR 3,875	<b>EUR 19,375</b>

SB members are entitled to monthly allowances for their remuneration.

3.2. The attendance fees and travel expenses are paid out to the SB members and SB committee members in accordance with the respective regulations of Krka, d. d., Novo mesto. The accommodation costs may be reimbursed if the distance from permanent or temporary place of residence of the SB member or SB committee member to the place of performing their duties is at least 100 kilometres and if the member was not able to return to the place of residence, because there was no public transport envisaged according to the time table or due to other objective reasons.

3.3. This resolution will enter into force and is applied with the date of adoption at the General Meeting. This adopted resolution nullifies the resolution adopted by the 14<sup>th</sup> General Meeting on 2 July 2009.

#### **4. Nullification of the 14<sup>th</sup> General Meeting resolution on the Authorisation for the acquisition of own shares and its substitution with the new resolution:**

Proposed resolution:

4.1 The 14th General Meeting resolution on the Authorisation for the acquisition of own shares is nullified and is substituted with the new resolution.

The General Meeting gives the Management Board the Authorisation to acquire own shares:

- i. The General Meeting authorizes the Management Board to acquire own shares, given that the total percentage of acquired shares along with existing own shares will not exceed 10% of issued capital, which is 3,542,612 shares.
- ii. This Authorisation is valid for 36 months from the date of adoption.
- iii. The company may acquire own shares on the regulated market at respective market prices. The company may also acquire shares outside regulated market. When purchasing own shares on regulated market or non-regulated market, the purchase price must not be lower than the book value based on the last available audited business statements for the Krka Group. Also, the purchase price must not exceed the price-to-earnings multiple of 30, based on net profit of majority shareholders as stated in the last available audited financial statements of the Krka Group.
- iv. Own shares acquired on the base of the authorisation concerned and the authorisation from the 2<sup>nd</sup> General Meeting of 5 November 1997 and the 14<sup>th</sup> General Meeting of 2 July 2009, may be disposed of in the following way:
  - To be exchanged for equity-stakes in other companies, based on company's M&A strategy,
  - To be sold to a strategic partner,
  - To be used for secondary listing of shares on stock exchanges outside the Republic of Slovenia.
- v. Upon the disposal of own shares in accordance with item iv. of this resolution, the pre-emptive right of the existing shareholders is entirely excluded.

## 5. Discussion and adoption of resolution on appointment of auditor

Proposed resolution:

KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana is appointed as the company auditor for the 2011 financial year.

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The General Meeting may be attended by shareholders, their proxies and representatives. The Power of Attorney should be presented in writing and should be kept at the company's Headquarters for the complete period of the Power of Attorney duration.

The right to attend the General Meeting and voting participation applies to shareholders recorded in the shareholders register at the KDD-Central Securities Clearing Corporation, Ljubljana, their proxies and representatives if they apply to the General Meeting at the company's Headquarters at least 4 days before the General Meeting date, i.e. by 3 July 2011 (record date 1) or if their written application is received within this period. Within this term proxies should present, in addition to filing the application, also their written Power of Attorney (stating the authorising shareholder including his/her personal ID number or registration number, the exact name of the proxy including his/her personal ID or registration number, the scope of authorisation, etc.).

Shareholders representing jointly at least 20 percent of the total share capital may send, within 7 days of the convocation of the General Meeting, a written request for an additional item to be added to the agenda, including the proposal of the resolution and explanation.

Shareholders may send a request for an additional item to be added to the agenda, possible counter proposals and powers also by electronic means of communication – to fax no. + 386 7 33 21 537.

The General Meeting participants register at the reception, where they confirm their attendance by signature, and collect materials and voting equipment. For the purpose of establishing the annual meeting attendance by shareholders or their proxies and representatives and for drafting the attendance register of shareholders present in person or represented, the venue hall will be opened one hour prior to the meeting session. The voting equipment has to be collected at least half an hour prior to the meeting session.

The complete materials will be available for viewing at the company's registered office (Šmarješka cesta 6, Novo mesto, Slovenia) each working day from 10.00 to 13.00 from the day of issuing the General Meeting notice until 7 July 2011.

The convocation of the General Meeting, proposals of resolutions including explanations and other

pertaining material are published at the company's website [www.krka.si](http://www.krka.si).

Novo mesto, 11 May 2011

Jože Colarič  
President of the Management Board and  
Chief Executive

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### Shareholder Information

The General Meeting is convened by the company's Management Board, with the resolution in item 1 being proposed by the Management Board, resolutions in items 2, 3 and 4 by the Management and Supervisory Boards, and resolutions in items 5 by the company's Supervisory Board.

#### As per 10 May 2011

Total number of shares: 35,426,120

Total number of voting shares: 33,640,286

Total own shares: 1,785,834

Major shareholders and their shareholdings – exclusive of own shares – are:

1.	Slovenska odškodninska družba, d. d.	5,312,070
2.	Kapitalska družba, d. d.	3,493,030
3.	New World Fund Inc	755,000
4.	Unicredit Bank Austria AG	501,276
5.	Luka Koper, d. d.	433,970

Krka, d. d., Novo mesto

Fax number: 386 7 33 21 537

Website: [www.krka.si](http://www.krka.si)

#### Note

The proposal is prepared considering the number of own shares as per 6 April 2011 when the Supervisory Board confirmed the 2010 Annual Report and, together with the Management Board, prepared the proposal for the allocation of accumulated profit. Due to the ongoing acquisition of own shares, the total number of shares that are entitled for dividend payment will be known on the day of the General Meeting. The total amount allocated to dividends, profit reserves and carry forward to the next year will be adjusted accordingly.

Krka, d. d., Novo mesto