

## EXPLANATION OF PROPOSED RESOLUTIONS:

The Management Board and Supervisory Board discussed the material for the General Meeting, prepared a draft agenda and resolution proposals on its meetings until 14 May 2008:

### Item 1:

The chair of the General Meeting is appointed separately for each meeting. The company IXTLAN Forum, d.o.o., Ljubljana is proposed as vote enumerator. IXTLAN Forum, d.o.o., Ljubljana was selected on the basis of good references and its successful performance in the position at last year's General Meeting.

### Item 2:

At its meeting of 2 April 2008 the Supervisory Board verified the 2007 Annual Report of Krka, d.d. and the Krka Group. It had no comments or reservations regarding the Annual Report and approved it unanimously. Following this approval, the 2007 Annual Report of Krka, d.d. and Krka Group was adopted. The Supervisory Board also discussed the Auditor's Report and the work of the authorised Auditor. The Supervisory Board had no comments on the auditor's work and the Auditor's Report.

The Management Board prepared a proposal on the use of the accumulated profit, which amounts to EUR 118,436,389.59. The Supervisory Board agreed with the proposal and the Management Board and Supervisory Board together advised that the Company's General Meeting adopt the resolution on the use of accumulated profit. They also advised that the General Meeting issue the Management Board and Supervisory Board of Krka, d.d., Novo mesto with a discharge of liability. This proposed resolution is based on the successful operating results and the implementation of a stable dividend policy.

### Item 3:

The Companies Act (ZGD-1) states that the Articles of Association must contain a provision on the use of the accumulated profit. With respect to the adopted act on the participation of employees in the accumulated profit of companies, the Management Board and Supervisory Board agreed unanimously on the need to permit employee participation in the accumulated profit and therefore proposed the amendment to Item 6.16. of the Company's Articles of Association.

### Item 4:

The Companies Act (ZGD-1) permits changes to decision on the duration of the terms-in-office of Management Board and Supervisory Board. At the 12th General Meeting of Krka, d.d., Novo mesto the shareholder present adopted an amendment to the provision of the Articles of Association and set the duration of the term-in-office for shareholder representative members of the Supervisory Board at five years. With respect to this provision of the Articles of Association, the Supervisory Board proposes that the duration of the terms-in-office be brought into compliance with the provision of the Articles of Association.

Item 5:

In 2007 Marko Kranjec PhD resigned as a member of the Supervisory Board due to his appointment to a new position. The Supervisory Board therefore advises the General Meeting to appoint a replacement member of the Supervisory Board who meets all conditions for appointment and to give its consent. Since a replacement member is being appointed, said member will only be appointed for the duration of the term-in-office of current Supervisory Board members, i.e. until 21 June 2010. Data on the candidate will be published on the SEOnet.

Item 6:

The operations of the Krka, d.d., Novo mesto in 2008 must also be reviewed by the appointed auditor, who must prepare a report on the audit of the financial statements and business reports. The Supervisory Board proposes that KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana be appointed as the company auditor for the 2008 financial year.

Novo mesto, 15 May 2008

Jože Colaric  
President of the Management Board

Dr Gregor Gomišček,  
President of the Supervisory Board