

## **REPORT ON REASONS FOR TOTAL EXCLUSION OF PRE-EMPTIVE RIGHT IN CASE OF DISPOSAL OF OWN SHARES**

*One of the key strategic objectives of Krka is to ensure double-digit sales growth, based on organic growth and acquisitions. The authorisation to purchase and dispose own shares will provide the company with an additional source for financing acquisitions, thus enabling the company to utilize the consolidation processes in the generic industry faster and more efficiently. In the case of acquisitions, the Management Board will employ a case-by-case assessment, whether the market conditions support the financing with own shares.*

*In accordance with the granted authorisation, the own shares will only be offered to owners of companies that Krka would acquire, or to strategic partners. The main purpose of disposal of own shares is to gain a share in another company or to secure a capital tie with a strategic partner. Therefore, in business or legal terms, the pre-emptive right of existing shareholders is not feasible.*

*The company will disclose any change in the number of own shares according to valid acts, so that shareholders will be fully and timely informed. On the following General Meetings, the Management Board will report on transactions with own shares with reference to achieving the long-term strategic objectives of the company, thus summarising interim public releases on the stock of own shares.*

*The objective of purchasing and disposing of own shares is to promote the adopted Krka Group development strategy. This will enable Krka to achieve its main goal of maximizing the enterprise value. Taking into account the given facts, the Management Board believes that the exclusion of pre-emptive right is legitimate and will serve in the best interest of the company and its shareholders.*

*Novo mesto, 14 May 2009*

Jože Colarič  
President of the Management Board