

KRKA, tovarna zdravil, d.d., Novo mesto publishes the clean copy of the convocation notice for 21st Annual General Meeting of KRKA, d.d., Novo mesto and received counter proposals to the resolutions proposed by the Management and Supervisory Boards – with the Management Board's opinion:

I. CLEAN COPY OF THE CONVOCATION NOTICE

On the basis of Item 6.20 of the *Articles of Association* of Krka, tovarna zdravil, d. d., Novo mesto, Šmarješka cesta 6, Novo mesto, the Management Board of the Company convenes

**The 21st Annual General Meeting of
KRKA, tovarna zdravil, d. d., Novo mesto**

**On Thursday, 20 August 2015 at 1:00 p.m.
At Hotel Šport in Otočec.**

The General Meeting shall be attended by notary public, Andrej Tiran, from Novo mesto.

The agenda and proposed resolutions

1. Opening of the General Meeting and election of working bodies

Proposed resolution

1.1 The attorney Stojan Zdolšek shall be appointed as the Chair of the General Meeting, and *IXTLAN FORUM, d. o. o., Ljubljana* as the vote enumerator.

2. Presentation of the 2014 Annual Report prepared by the Management Board, including the 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 2014 Annual Report, adoption of the resolution on the allocation of the 2014 accumulated profit and the discharge of liability for the Management and Supervisory Boards for 2014.

Proposed resolutions

2.1 The General Meeting shall be informed about the Management Board's Annual Report for the 2014 financial year, including the remuneration of Management and Supervisory Board members, the auditor's report, and the report of the Supervisory Board on its verification and approval of the 2014 Annual Report.

2.2 The accumulated profit for 2014 in the amount of €181,488,404.86 shall be allocated as follows:

€71,638,769.40	for dividends (€2.20 gross per share);
€54,924,817.73	for other profit reserves;
€54,924,817.73	for retained earnings.

The pay-out of dividends shall commence within thirty (30) days after the General Meeting has been concluded. The shareholder records in the share register at *KDD – Centralna klirinško depotna družba* (Central Securities Clearing Corporation), d. d., Ljubljana, as at 25 August 2015 (record date 2) shall apply for the dividend pay-out.

2.3 The General Meeting approves and gives its consent to the work of the Management Board for the 2014 financial year and discharges it from liability for performance of its duties.

2.4 The General Meeting approves and gives its consent to the work of the Supervisory Board for the 2014 financial year and discharges it from liability for performance of its duties.

3. Election of Supervisory Board members – shareholders' representatives

(Each candidate shall be elected separately.)

Proposed resolution

3.1 Prof. Julijana Kristl PhD is elected for the Supervisory Board member, a shareholders' representative, for the five-year term in office commencing when elected by the General Meeting.

Proposed resolution

3.2 Jože Mermal is elected for the Supervisory Board member, a shareholders' representative, for the five-year term in office commencing when elected by the General Meeting.

Proposed resolution

3.3 Matej Pirc is elected for the Supervisory Board member, a shareholders' representative, for the five-year term in office commencing when elected by the General Meeting.

Proposed resolution

3.4 Andrej Slapar is elected for the Supervisory Board member, a shareholders' representative, for the five-year term in office commencing when elected by the General Meeting.

Proposed resolution

3.5 Assoc. Prof. Sergeja Slapničar is elected for the Supervisory Board member, a shareholders' representative, for the five-year term in office commencing when elected by the General Meeting.

Proposed resolution

3.6 Anja Strojin Štampar MSc, MBA is elected for the Supervisory Board member, a shareholders' representative, for the five-year term in office commencing when elected by the General Meeting.

4. Appointment of the auditor for the 2015 financial year

Proposed resolution

4.1 *Ernst & Young Revizija, poslovno svetovanje, d. o. o., Ljubljana*, Dunajska cesta 111, 1000 Ljubljana shall be appointed as the auditor for the 2015 financial year.

Materials for the General Meeting

The complete materials for the General Meeting are available to shareholders for review at the Company's registered office address (Šmarješka cesta 6, Novo mesto) each business day from 10 a.m. to 1:00 p.m. from the day of the General Meeting notice publication in the Delo newspaper, on the Ljubljana Stock Exchange electronic information system <http://seonet.ljse.si> and on the Company's web site www.krka.si until the General Meeting date.

The General Meeting convocation notice and complete materials with the General Meeting agenda and proposed resolutions has been also published on the Company's web site www.krka.si and the Ljubljana Stock Exchange electronic information system <http://seonet.ljse.si>.

Amendment of the agenda

Shareholders representing jointly at least five (5) percent of total share capital may send, within seven (7) days after the release of the General Meeting convocation notice, a written request for an additional item to be added to the agenda. The written proposed resolution, to be decided by the General Meeting, or, if the General Meeting is not deciding on the resolution, the written explanation of the agenda has to be enclosed in the request. According to the 3rd Parag. of the Article 298 of the Companies Act (ZGD-1), the Management Board will publish those additional agenda items that will be sent by the shareholders at the latest within seven days after the publication of this convocation notice. The shareholders may send requests for additional agenda items to the Company by telefax on the number (07) 332 15 37.

Shareholders' proposals

The shareholders may make proposals to each agenda item in written form according to the 1st Parag. of the Article 300 and the Article 301 of the Companies Act. The Management Board will publish shareholders' proposals in the same way as the General Meeting convocation notice, if the proposals meet the following criteria:

- proposals have to be sent to the Company within seven days after the General Meeting convocation notice;
- proposals have to be reasonably justified;
- proposals for which the proposing shareholder states that it will object to the Management Board or Supervisory Board proposal and that it will make other shareholders to vote for its proposal.

Irrespective of the above stated, shareholder is not required to justify the voting proposal based on the Article 301 of the Companies Act.

The shareholder's proposal is published and communicated according to the Article 296 of the Companies Act, if the shareholder sends its reasonably justified proposal to the Company within seven days after the General Meeting convocation notice. Shareholders may send its resolution proposals and voting proposals by telefax on the number (07) 332 15 37.

The right to be informed

Shareholder may use its right to be informed on the General Meeting according to 1st Parag. of the Article 305 of the Companies Act.

Comprehensive information on shareholders' rights based on 1st Parag. of the Article 298, 1st Parag. of the Article 300, Articles 301 and 305 of the Companies Act are available on the Company's web site www.krka.si.

Conditions for the participation and voting on the General Meeting

The right to attend the General Meeting and vote applies to shareholders that are recorded as share owners in the securities central registry at *KDD – Centralna klirinško depotna družba, d. d.*, at the end of the fourth day before the General Meeting (record day).

Shareholder can attend the General Meeting and use its voting rights on the General Meeting under the condition that its attendance is announced in written form and its representative submits written proxy statement to the Management Board at the Company's registered office by the end of the fourth day before the General Meeting at the latest, so that shareholder's attendance application arrives to the Company's registered office until and including 16 August 2015.

The proxy statement has to be in written form and has to include general information of the shareholder (name, surname, personal ID or company's legal name, registered office, company ID, scope of the representation, ...), its representative and the signature of the shareholder.

The proxy statement form for the use of the voting rights is available on the Company's web site www.krka.si.

Other notices

The General Meeting participants are kindly asked to arrive to the venue half an hour before the General Meeting starts for drafting the attendance register and collection of the voting devices.

Novo mesto, 30 June 2015



Jože Colarič
President of the Management Board and Chief
Executive

Information to shareholders

The General Meeting is convened by the Company's Management Board. The Management Board is the proposer of the resolution under Item 1. The Management and Supervisory Boards are joint proposers of resolutions under Item 2. The Supervisory Board is the proposer of the resolutions under Item 3 (from 1 to 6) and Item 4.

Information on Krka, d. d., Novo mesto as at 29 June 2015

Total number of shares issued: 32,793,448

Total number of shares carrying the voting right: 32,563,077

Total number of treasury shares: 230,371

Major shareholders (exclusive of treasury shares)

1.	SLOVENSKI DRŽAVNI HOLDING D. D.	5,312,070
2.	KAPITALSKA DRUŽBA D. D.	3,493,030
3.	SOCIETE GENERALE – SPLITSKA BANKA D. D.	1,988,992
4.	HYPO ALPE- ADRIA-BANK D. D.	1,122,678
5.	KDPW	512,771

Krka, d. d., Novo mesto
telefaks (07) 332 15 37

www.krka.si

II. COUNTER PROPOSALS

The Management Board informs shareholders that it received two counter proposals from Društvo Mali delničarji Slovenije right after the publication of the convocation notice and according to the Article 300 of the Companies Act and the Rules of Ljubljana Stock Exchange publishes

A counterproposal to the proposed agenda item 2 for the 21st Annual General Meeting of Krka, d. d., Novo mesto,

The counterproposal with clarification to the item 2 is as follows:

“2.1 The accumulated profit for 2014 in the amount of €181,488,404.86 shall be allocated as follows:

- | | |
|--|------------------|
| • for dividends (€3.35 gross per share): | €109,086,307.95; |
| • for other profit reserves: | €36,201,048.46; |
| • to be carried forward to next year: | €36,201,048.45. |

The pay-out of dividends shall commence within thirty (30) days after the General Meeting has been concluded. The shareholder records in the share register at KDD – Centralna klirinško depotna družba (Central Securities Clearing Corporation), d. d., Ljubljana, as at 25 August 2015 (record date 2) shall apply for the dividend pay-out.”

Proposed resolutions under items 2.1, 2.3 and 2.4 shall remain unchanged.

Clarification: According to the Company’s Annual Report, precisely pages 49 and 50 of the 2014 Annual Report, Krka, d. d. (hereafter “the Company”) generated other operating income in total of €70.7 million. The Company formed provision in total of €47.5 million especially for the Perindopril case. In July 2014, the Company received the decision from the European Commission to pay penalties in the amount of €10 million. The Company released the remaining provision in the amount of €37.5 million. In addition to this, the provision formed for the Sanofi Aventis France case in the amount of €1.4 million was also released. Simultaneously, the Company received the reimbursement for legal costs in total of €20.8 million related to the dispute with AstraZeneca. Based on this, Društvo Mali delničarji Slovenije proposes that part of the released provisions be used for an extraordinary or increased dividend pay-out to shareholders as these assets represent available funds at the Company’s disposal and onetime pay-out of an increased dividend would not jeopardize business operations of the Company or its set strategy.

Therefore, Društvo Mali delničarji Slovenije proposes to allocate for dividends €3.35 gross per share. The Management and Supervisory Boards’ proposal to allocate €2.20 gross per share for dividend pay-out has been observed. In addition to this, the extraordinary dividend of €1.15 gross is proposed to be added based on the released Perindopril case provision in the amount of close to €37.5 million.«

The Management Board’s position regarding the counterproposal:

The Management Board of Krka, d. d., Novo mesto does not agree with the counterproposal. The Management and Supervisory Boards’ proposal that for 2014 a dividend of €2.20 per share be paid to shareholders is based on Krka’s dividend policy of stable dividend growth and represents almost 5% growth compared to the dividend paid out last year. This proposal has been moved in accordance with the Krka’s strategic guidelines on profit allocation and,

at the same time, takes into account the Company's financial requirements for capital expenditures to increase manufacturing and other capacities as well as potential financial requirements for potential intellectual property damages.

So far the suitability of Krka's dividend policy has been approved by the shareholders at every General Meeting, as the shareholders have always passed the Management and Supervisory Boards' dividend proposal with a vast majority of votes.

The Management and Supervisory Boards' dividend proposal ensures a 3.4% dividend yield, which is more than two times higher than the average dividend yield in the pharmaceutical industry according to the information provided by Reuters.

A counterproposal to the proposed agenda item 3.1 for the 21st Annual General Meeting of Krka, d. d., Novo mesto,

The counterproposal to the item 3.1 is as follows:

The following person is elected for the Supervisory Board member – shareholders' representative:

“3.1 Assoc. Prof. Simon Čadež PhD.”

Clarification: »Considering the fact that Krka has over 60,000 individuals as shareholders holding significantly more than half of the Company's share capital and that these shareholders do not have its representative on the Supervisory Board, Društvo Mali delničarji Slovenije proposes the candidate who has all necessary expert knowledge and competences. In accordance with 2nd Parag. of the Article 297.a of the Companies Act, the following information about the proposed candidate for the Supervisory Board member is given:

Assoc. Prof. Simon Čadež PhD holds a PhD from business administration sciences. He is employed at the University of Ljubljana, Faculty of Economics, where he is the Head of the Auditing and Accounting Institute and the professor for Accounting and Auditing. He is also a member of the Settlement Committee for the conversion rate testing for statutory transformation of companies according to the Article 609 of the Companies Act. He has knowledge, competences and experience on the fields of accounting, auditing, corporate finance, strategic management and corporate governance. He is also a co-author of the Shareholder's Guide of Društvo Mali delničarji Slovenije that was published in 500.000 copies and was distributed to households throughout whole Slovenia free of charge.«

Novo mesto, 30 June 2015

KRKA, d. d., Novo mesto