



In accordance with Article 300 of the Companies Act and the Rules of Ljubljana Stock Exchange, the Management Board of Krka, d. d., Novo mesto publishes

**A counterproposal to the proposed item 2 for the 20<sup>th</sup> Annual General Meeting of Krka, d. d., Novo mesto,**

**On 18 June 2015, at 1:00 p.m., at Hotel Šport in Otočec**

Krka, d. d., Novo mesto received a counterproposal from Društvo Mali delničarji Slovenije, Tomšičeva ulica 1, 1000 Ljubljana (hereafter "Društvo MDS").

**The counterproposal with clarification to 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:**

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| • for dividends (€3.35 gross per share): | €109,086,377.95; |
| • 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 sixty (60) 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 23 June 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 EUR. 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 MDS 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 MDS 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 3.2% 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.

Novo mesto, 29 May 2015

Jože Colarič  
President of the Management Board and  
Chief Executive