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If you have sold or otherwise transferred your ordinary shares in Dechra Pharmaceuticals PLC, you should send this document together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker or other agent through or by whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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Registered in England, No. 3369634

**Annual General Meeting  
2010  
Chairman's Letter  
and  
Notice of  
Annual General Meeting**

20 September 2010

Dear Shareholder

## **NOTICE OF ANNUAL GENERAL MEETING**

I am writing to explain in detail the matters to be dealt with at this year's Annual General Meeting ("**Meeting**") to be held on Friday 5 November 2010.

The Annual Report for the year ended 30 June 2010 and a Form of Proxy accompanies this Circular.

### **The Annual Report and Financial Statements (Resolution 1)**

Shareholders will be asked to receive and consider the Company's accounts, Directors' Report and Auditors' Report for the year ended 30 June 2010.

### **Directors' Remuneration Report (Resolution 2)**

The Company is required to seek approval of the Directors' Remuneration Report and the report can be found on pages 51 to 59 of the Report and Accounts. The vote is advisory in nature; payments which have been made or promised to Directors will not have to be repaid in the event the Resolution is not passed.

### **Final Dividend (Resolution 3)**

A final dividend of 7.20 pence per ordinary share is recommended by the Directors. Subject to approval at the Meeting, the dividend will be paid on 10 December 2010 to Shareholders registered at 12 November 2010. The date the shares will become ex-dividend is on 10 November 2010. An Interim dividend of 3.30 pence per ordinary share was paid on 1 April 2010.

### **Election of Director (Resolution 4)**

Bryan Morton was appointed as a Non-Executive Director of the Company on 8 January 2010 and therefore, in line with the Company's Articles of Association will offer himself for election at the Meeting.

### **Re-election of Directors (Resolutions 5 and 6)**

As required by the Company's Articles of Association Michael Redmond and Ed Torr will retire by rotation and will offer themselves for re-election as Directors. The Board believe that both Directors should be re-elected for the following reasons; Ed Torr, in his position as Managing Director of Dechra Veterinary Products Europe continues to be effective and demonstrate commitment to the role. Michael Redmond in his position as Chairman continues to perform his duties effectively, showing integrity and high ethical standards whilst maintaining sound, independent judgement in respect of all decisions taken at both Board and Committee level. The Chairman, at the time of his appointment, did meet and continues to meet the independence criteria set out in the 2008 FRC Combined Code on Corporate Governance.

Biographical details for the Directors are located on page 38 of the enclosed Annual Report and Accounts.

### **Reappointment of Auditors (Resolutions 7 and 8)**

The Company is required to appoint Auditors at each meeting at which accounts are presented and KPMG Audit Plc have indicated their willingness to continue in office. Accordingly, Resolution 7, subject to the approval of the Shareholders, reappoints KPMG Audit Plc as Auditors of the Company. Resolution 8 authorises the Directors to determine the remuneration of the Auditors.

### **Authority to Allot Equity Securities (Resolution 9)**

The Directors of a company may only allot shares if they have been authorised to do so by Shareholders in a general meeting. The first part of Resolution 9, renews the authority given at last year's Annual General Meeting and authorises the Directors to allot shares in the capital of the Company up to an aggregate nominal amount of £220,368 (which represents approximately one third of the issued share capital of the Company as at 20 September 2010). This limit is in line with the guidelines issued by the Association of British Insurers. The second part of Resolution 9 authorises the Directors to allot a further one-third of the issued share capital of the Company in connection with a rights issue. If this additional authority is used and the amount raised in any rights issue is more than one-third of the Company's pre-issue market capitalisation, in accordance with guidelines issued by the Association of British Insurers all the Directors wishing to remain in office will stand for re-election at the next Annual General Meeting of the Company.

If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of the Resolution (whichever is earlier). It is the Directors' intention to renew this authority each year.

There are no present plans to allot any of the unissued share capital of the Company other than in connection with employee share schemes.

#### **Pre-emptive Allotment of Equity Securities (Resolution 10)**

Resolution 10 renews the authority given at last year's Annual General Meeting and, if passed, would enable the Directors to allot shares for cash on a non pre-emptive basis in limited circumstances. It is proposed to authorise the Directors to issue shares for cash up to an aggregate nominal amount of £33,055 (which represents approximately 5% of the Company's issued share capital as at 20 September 2010), without having to first offer them to Shareholders in proportion to their existing holdings. This limit is in line with the guidelines issued by the Pre-emption Group. In addition, in accordance with normal practice, the Resolution would enable the Board to deal with overseas Shareholders and fractional entitlements as it thinks fit in the context of any rights issue or open offer.

If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of the Resolution (whichever is earlier). It is the Directors' intention to renew this authority each year.

There are no present plans to exercise this authority.

#### **Authority to Purchase Ordinary Shares (Resolution 11)**

Resolution 11 will be proposed as a Special Resolution for the renewal of the Company's authority to purchase its own shares in the market during the period until the next Annual General Meeting of the Company for up to 6,611,045 shares, representing approximately 10% of the issued ordinary share capital of the Company.

The Directors have no current intention of exercising this authority to purchase the Company's ordinary shares. The Company will only exercise this authority to make such a purchase in the market if the Directors consider it is in the best interests of the Shareholders generally to do so.

The Company is permitted to hold shares it has purchased in treasury, as an alternative to cancelling them. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy options exercised under any of the Company's share schemes. Whilst held in treasury, the shares are not entitled to receive any dividend or dividend equivalent (apart from any issue of bonus shares) and have no voting rights. The Directors believe it is appropriate for the Company to have the option to hold its own shares in treasury if, at a future date, the Directors exercise this authority. The Directors will have regard to investor group guidelines which may be in force at the time of any such purchase, holding or re-sale of shares held in treasury.

On 20 September 2010 there were options over ordinary shares in the capital of the Company representing 2.67% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares was exercised in full and those shares were subsequently cancelled, these options would represent 2.97% of the Company's issued and voting ordinary share capital.

If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or 15 months after the passing of the Resolution (whichever is earlier). It is the Directors' intention to renew this authority each year.

#### **Notice Period for General Meetings (Resolution 12)**

The Shareholder Rights Directive (the "Directive") was implemented in the UK in August 2009. One of the requirements of the Directive is that all general meetings must be held on 21 clear days' notice unless Shareholders agree to a shorter notice period. The Shareholders of the Company approved a resolution to call general meetings (other than Annual General Meetings) on 14 clear days' notice at last year's Annual General Meeting. Resolution 12 seeks approval to renew this right until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings, but only where flexibility is merited by the business of the meeting and is thought to be to the advantage of Shareholders as a whole and the matter to be considered is time sensitive. The Company meets the requirements for electronic voting under the Directive.

## Share Schemes (Resolutions 13, 14 and 15)

The Company presently operates five share schemes:

1. the Dechra Pharmaceuticals Approved Share Option Scheme (“Approved Plan”);
2. the Dechra Pharmaceuticals Unapproved Share Option Scheme (“Unapproved Plan”);
3. the Dechra Pharmaceuticals Save As You Earn Option Scheme (“SAYE Plan”);
4. the Dechra Pharmaceuticals PLC Directors and Senior Executive Long Term Incentive Plan; and
5. the Dechra Long Term Incentive Plan 2008.

The Approved Plan, Unapproved Plan and SAYE Plan are together referred to as the “Share Schemes”.

Resolutions 13, 14 and 15 will be proposed as Special Resolutions for the amendment of the Share Schemes. The Share Schemes were originally adopted ten years ago and now require updating. The amendments to the Share Schemes are not considered to be material and are as follows:

1. a general update of references to statutory provisions in the Share Schemes;
2. minor amendments to terminology and the correction of minor typographical errors;
3. the insertion of a specific power to grant new awards within 42 days of adoption of the revised versions of the Share Schemes;
4. removal of references to options not being capable of exercise until the Company’s shares are listed — this is no longer relevant as the Company floated over 10 years ago;
5. insertion of a tax indemnity into the Approved Plan (to recover income tax and national insurance contributions from the participants if options are exercised in circumstances which do not qualify for beneficial tax treatment);
6. extending the life of the Share Schemes so that options can be granted under the Share Schemes for a further ten years (at present, no new options can be granted under the Share Schemes post 23 August 2010); and
7. amendments to the leaver provisions affecting the Approved Plan:
  - (i) For option holders who leave as ‘good leavers’ (i.e. through injury, disability, redundancy, retirement or the option holder’s employing business moving outside of the Group), the option holder’s ability to exercise will be made subject to any performance targets (and so will be delayed until the expiry of the performance target measurement period) and will, in addition, be subject to a pro-rating mechanism which pro-rates the number of shares over which the option holder is entitled to exercise his option — such pro-rating occurring over a three year period, depending upon the amount of time from the date of grant of the option that the option holder has remained with the Group (for example, if the option holder leaves employment two years after the date of grant, he will be entitled to exercise his option over two thirds of the shares, subject to the relevant performance criteria being met at the end of the relevant measurement period). No such pro-rating occurred under the previous version of the Approved Plan and options could be exercised in full, regardless of the passage of time and the meeting of performance criteria. Such pro-rating and requirement to meet the performance target can be overruled by the Remuneration Committee.
  - (ii) For options exercised by personal representatives following the death of an option holder, there will be a pro-rating of the number of shares over which the option may be exercised — such pro-rating occurring over a three year period, depending upon the amount of time from the date of grant of the option to the date of death (for example, if the option holder dies two years after the date of grant, the personal representative will be entitled to exercise the option over two thirds of the shares). No such pro-rating occurred under the previous version of the Approved Plan and options could be exercised in full. Such pro-rating can be overruled by the Remuneration Committee.

- (iii) A one year cliff vesting provision has also been inserted for leavers (for example, if an option holder leaves employment six months after the date of grant, his option lapses). No such cliff vesting occurred under the previous version of the Approved Plan.

There are no other material amendments to the Share Schemes other than those noted above.

The above amendments to the Share Schemes are not intended to have retrospective effect.

The approval of HM Revenue and Customs has been sought for the above amendments to the Share Schemes and the performance target.

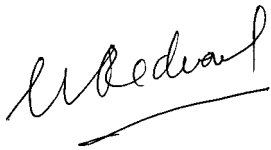
A copy of the Share Schemes (highlighting the proposed amendments) will be available for inspection at DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE, as indicated in note 17 of the accompanying Notice of Meeting.

**Recommendation**

The Directors believe that all the proposals to be considered at the Meeting are in the best interests of the Company and its Shareholders. They recommend that you vote in favour of the proposed Resolutions. The Directors will be voting in favour of the proposed Resolutions in respect of their own shareholdings in the Company.

Whether or not you are able to attend the Meeting, please complete and return the enclosed Form of Proxy so as to reach the Registrars, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY no later than 3.00 pm on 3 November 2010 (or, if the Meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). As already stated, the Company is now offering all Shareholders the right to lodge their proxy vote electronically and details of how to do this can be found in the notes to the Notice of Meeting and on the front of the enclosed Form of Proxy. Please note that the completion and lodging of the Form of Proxy will not prevent you from attending and voting in person at the Meeting if you so wish.

Yours sincerely



**Michael Redmond**  
Chairman

# APPENDIX

## Summary of the Share Schemes following the changes noted in the Chairman's Letter

A marked copy of the Share Schemes showing all of the changes noted in the Chairman's Letter is available for inspection:

- (i) on the Company's website at [www.dechra.com](http://www.dechra.com); and
- (ii) during normal business hours at DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE (except weekends and public holidays).

### SAYE Plan

The principal features of the SAYE Plan are as follows:

#### 1. Eligibility

Any UK full-time Director and any UK employee (full-time or part-time) of any company within the Company's group of companies ("Group") who has been with the Group for a period of six months or such other period as the Board may from time to time stipulate, is eligible to participate (a "Participant"). Invitations to participate, as well as the options themselves, are personal to the Participant and may not be assigned.

#### 2. Savings contract

Each Participant who applies for an option must enter into a savings contract (the "Contract") approved by the Board for a period of three, five or seven years. The Participant will make monthly savings under the Contract of an amount, decided by him, up to the maximum specified by the Board. This will not exceed the maximum from time to time permitted by the legislation and will have regard to institutional guidelines.

#### 3. Application for options

If the Board receives applications for options over more shares than are available, the applications shall be scaled down on a pro rata basis as specified in the rules of the SAYE Plan to the minimum savings level. If there are still insufficient shares available after such scaling down, then successful applicants will be chosen by lot.

#### 4. Exercise of options

The exercise price will be the higher of the nominal value of the shares or the average middle market quotation of the shares, as derived from the Daily Official List, for the three dealing days immediately prior to the date of issue of invitations to apply for options. The Board has discretion to offer a discount of up to 20% of the middle market price or such other percentage as may from time to time be permitted by the legislation but having regard to institutional guidelines.

The number of shares over which a Participant will be granted an option will be the number of shares which, taking into account the price payable on exercise of the option, can be purchased with the amount expected to be saved under the Contract (which will normally include a bonus payable under the Contract).

Except in the event of the Participant's death, no option may be exercised later than six months after the maturity date of the Contract ("the Maturity Date"). In the event of death, the option may be exercised by the Participant's personal representatives within 12 months of the Participant's death but no later than 12 months after the Maturity Date.

Options will normally lapse if the Participant ceases to be employed within the Group. Exceptionally, if the reason for ceasing to be so employed is the injury, disability, or redundancy of the Participant or his retirement at the age of 65 or the age specified in his contract of employment, options may generally be exercised within six months after such cessation. In addition, if the Company is the subject of a takeover or a proposed liquidation or if the Participant's employing company or business ceases to be within the Group options may generally be exercised within six months after such event.

In addition, if a Participant ceases to be employed within the Group more than three years after the date of grant of the option, and the reason for cessation is early retirement with the agreement of the employer, wrongful or unfair dismissal, then the option may generally be exercised within six months of his so ceasing.

Except as mentioned in the paragraphs above, options may not be exercised later than six months after the Maturity Date.

#### 5. SAYE Plan limits

The SAYE Plan imposes a limit on the number of shares over which options may be granted. The total number of shares over which options to subscribe for shares may be granted under all option schemes of the Company when aggregated with shares issued or issuable under all profit sharing schemes of the Company shall not, in any consecutive ten year period, exceed 10% of the shares in issue from time to time. When considering this limit, lapsed and surrendered options shall be disregarded.

## Approved Plan

The principal features of the Approved Plan are as follows:

### 1. Eligibility

Any full-time Director and any employee of the Group (regardless of the number of hours served) is eligible to participate (a "Participant"). Actual participation is at the discretion of the Remuneration Committee. Options are personal to the Participant and may not be assigned. Options shall be granted by deed for no consideration.

### 2. Individual participation limit

The aggregate subscription price of all outstanding options granted to any one Participant under the Approved Plan and under any other approved share option scheme adopted or operated by the Company (but excluding options granted under a savings related share option scheme) may not exceed £30,000.

### 3. Exercise of options

Options may normally be exercised only within the period of three to ten years after the date of grant (save in certain circumstances when a Participant ceases to be employed by the Group).

All options generally lapse upon the Participant ceasing to be employed by the Group (unless the Remuneration Committee determines otherwise). Exceptionally, options may be exercised where employment ceases due to death, injury, disability, redundancy, the Participant's retirement, or on the Participant's employing company or business ceasing to be within the Group or, at the discretion of the Remuneration Committee, on the Participant in question leaving employment for any other reason.

In the event that the Participant ceases to be employed by the Group on death, options can generally be exercised within 12 months of death. There is also a pro-rating of the number of shares over which the option may be exercised — such pro-rating occurring over a three year period, depending upon the amount of time from the date of grant of the option to the date of death (for example, if the Participant dies two years after the date of grant, the personal representative will be entitled to exercise the option over two thirds of the shares). Such pro-rating can be overruled by the Remuneration Committee.

In the event that the Participant ceases to be employed by the Group through injury, disability, redundancy, the Participant's retirement, or on the Participant's employing company or business ceasing to be within the Group, the Participant's ability to exercise will be made subject to any performance targets (and so will be delayed until the expiry of the performance target measurement period) and will in addition be subject to a pro-rating mechanism which pro-rates the number of shares over which the Participant is entitled to exercise his option — such pro-rating occurring over a three year period, depending upon the amount of time from the date of grant of the option that the Participant has remained with the Group (for example, if the Participant leaves employment two years after the date of grant, he will be entitled to exercise his option over two thirds of the shares, subject to the relevant performance target being met at the end of the relevant measurement period). Such pro-rating and requirement to meet the performance target can be overruled by the Remuneration Committee.

A one year cliff vesting provision applies for leavers (for example, if the Participant leaves employment six months after the date of grant, his option lapses).

The Remuneration Committee shall impose objective conditions as to the performance of the Group (which must be set having regard to institutional guidelines) which must normally be satisfied before options can be exercised. Having granted options and set a performance target, the Remuneration Committee can vary the performance target provided that the Remuneration Committee reasonably considers that the performance target set no longer represents a fair measure of performance and provided that any new conditions are no more difficult nor easy to satisfy.

For options to be granted following approval of the amendments to the Approved Plan described in the Chairman's Letter, the performance target will, until the Remuneration Committee in its discretion decides otherwise, be based on the growth in the earnings per share of the Group and will require that the percentage increase in the Group's earnings per share over a consecutive three year period (commencing at the start of the accounting period during which the option is granted) is greater than the percentage increase in the Retail Prices Index for the same period plus 12%. Any change in the performance target will be notified to Shareholders through the Company's Annual Report and Accounts. All performance targets set will be notified to Shareholders through the Company's Annual Report and Accounts.

The exercise price will be the higher of the nominal value of the shares at the time of grant of the option and the average middle market quotation of the shares for the three dealing days immediately prior to the date on which the option is granted.

#### **4. Approved Plan limits**

The total number of shares over which options to subscribe for shares may be granted under all executive option schemes of the Company shall not, in any consecutive ten year period, exceed 7.5% of the shares in issue from time to time. The limit was increased from 5% to 7.5% in 2008 and received shareholder approval at the Annual General Meeting that year. The increased limit needs to be maintained because whilst the Company grants share awards to employees on a relatively widespread basis, such awards are often granted on a discretionary basis (and so captured by this limit). The Company intends over the medium-term to return to corporate governance compliant 5% 'executive scheme' usage.

The total number of shares over which options to subscribe for shares may be granted under all option schemes of the Company and issued or issuable under all profit sharing schemes of the Company shall not, in any consecutive ten year period, exceed 10% of the shares in issue from time to time.

In each case, lapsed and surrendered options shall be disregarded.

#### **Unapproved Plan**

The principal features of the Unapproved Plan are the same as the Approved Plan, save for the following exceptions:

The £30,000 individual participation limit does not apply.

In the case of employment ceasing prior to the third anniversary of the date of grant for whatever reason the exercisability of an option is entirely at the discretion of the Remuneration Committee. In exercising its discretion, the Remuneration Committee will take into account the reason for the cessation of employment and the performance of the Company since the date the option was granted.

#### **Features common to all the Share Schemes**

Options may be granted under each Share Scheme within 42 days after the amendments to the Share Schemes outlined in the Chairman's Letter have been approved by the Shareholders, and, thereafter, normally within 42 days after the announcement of the Company's yearly or half-yearly results.

The Remuneration Committee may alter the Share Schemes, but no alteration can have effect without HM Revenue and Customs approval (save in relation to the Unapproved Plan). Certain alterations cannot take effect without Shareholder approval (unless they are amendments to comply with or take account of applicable legislation or statutory regulations or any change therein or any requirements of HM Revenue and Customs for the approval of the Share Schemes or to obtain or maintain favourable taxation treatment for the Company or Participants), being the limits on the number of shares which can be offered under the relevant Share Scheme, the category of persons who may participate (or, in the case of the SAYE Plan, who must be allowed to participate as of right), the price at which options may be granted (or, under the SAYE Plan offered), the number of shares over which an employee may hold an option, the maximum amounts which can be saved under a contract under the SAYE Plan, the period during which options may be offered and exercised, the rights attaching to shares subject to an option, the provisions for altering share capital and for altering the terms of the relevant Share Scheme and the provisions which apply on a winding-up of the Company.

**DECHRA PHARMACEUTICALS PLC**  
**(THE “COMPANY”)**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2010 Annual General Meeting of the Company will be held at the office of Investec Bank plc, 2 Gresham Street, London EC2V 7QP on Friday 5 November 2010 at 3.00 pm for the following purposes:

**Ordinary Business**

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions.

1. To receive and consider the accounts of the Company for the year ended 30 June 2010, together with the Directors' Report and the Auditors' Report.
2. To receive and approve the Directors' Remuneration Report for the year ended 30 June 2010.
3. To declare a final dividend for the year ended 30 June 2010 of 7.20 pence per ordinary share in the capital of the Company, to be paid on 10 December 2010 to members whose names appear on the Register of Members of the Company as at the close of business on 12 November 2010.
4. To elect Bryan Morton as a Director of the Company.
5. To re-elect Edwin Torr as a Director of the Company.
6. To re-elect Michael Redmond as a Director of the Company.
7. To reappoint KPMG Audit Plc as Auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next Annual General Meeting of the Company at which accounts be laid.
8. To authorise the Directors to fix the remuneration of the Auditors.

**Special Business**

To consider and, if thought fit, pass the Resolutions, of which Resolution 9 will be proposed and voted on as an Ordinary Resolution and Resolutions 10 to 15 will be proposed and voted on as Special Resolutions.

9. That, pursuant to section 551 of the 2006 Act the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities:
  - 9.1 comprising equity securities (as defined in section 560(1) of the 2006 Act) up to an aggregate nominal amount of £220,368 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph 9.2 of this Resolution) in connection with a rights issue (as defined in the listing rules published by the Financial Services Authority):
    - 9.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and
    - 9.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - 9.2 otherwise than pursuant to paragraph 9.1 of this Resolution, up to an aggregate nominal amount of £220,368 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph 9.1 of this Resolution in excess of £220,368),

provided that (unless previously revoked, varied or renewed) these authorities shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on 5 February 2012 (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the Directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired.

In this Resolution, “Relevant Securities” means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

These authorities are in substitution for and shall replace all existing authorities (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

10. That, subject to the passing of resolution 9, pursuant to and pursuant to section 570 of the 2006 Act, the Directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authorities granted by Resolution 9 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited:

10.1 to the allotment of equity securities in connection with an offer of equity securities (but, in the case of an allotment pursuant to the authority granted by paragraph 9.1 of Resolution 9, such power shall be limited to the allotment of equity securities in connection with a rights issue (as defined in the listing rules published by the Financial Services Authority)):

10.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

10.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

10.2 in the case of an allotment pursuant to the authority granted by paragraph 9.2 of Resolution 9, to the allotment of equity securities (otherwise than pursuant to paragraph 10.1 of this Resolution) up to an aggregate nominal amount of £33,055,

and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on 5 February 2012 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

This power is in substitution for and shall replace all existing powers (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

11. That, pursuant to section 701 of the 2006 Act, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of £0.01 each in the capital of the Company ("Shares"), provided that:

11.1 the maximum number of Shares which may be purchased is 6,611,045 (representing 10% of the Company's issued ordinary share capital);

11.2 the minimum price (exclusive of expenses) which may be paid for a Share is £0.01;

11.3 the maximum price (exclusive of expenses) which may be paid for a Share is the higher of: (i) an amount equal to 105% of the average of the middle market quotations for the Shares as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made; and (ii) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share on the trading venue where the purchase is carried out;

and (unless previously revoked, varied or renewed) shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on 5 February 2012 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before the expiry of this authority under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired.

12. That, as permitted by section 307A of the 2006 Act any general meeting of the Company (other than an Annual General Meeting of the Company) shall be called by notice of not less than 14 clear days in accordance with the provisions of the Articles of Association of the Company provided that the authority of this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company.

13. That the proposed amendments to the Dechra Pharmaceuticals Approved Share Option Scheme ("Approved Plan"), summarised in the Chairman's Letter and Notice of Annual General Meeting dated 20 September 2010, such amendments marked in the draft rules produced to the Meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted and the Directors of the Company be authorised to do all acts and things which they may consider necessary or expedient for implementing the amendments to the Approved Plan including (without limitation) making any changes to the rules of the Approved Plan which are required by HM Revenue & Customs in order to obtain the approval of HM Revenue & Customs to the amendments to the Approved Plan.
14. That the proposed amendments to the Dechra Pharmaceuticals Unapproved Share Option Scheme ("Unapproved Plan"), summarised in the Chairman's Letter and Notice of Annual General Meeting dated 20 September 2010, such amendments marked in the draft rules produced to the Meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted and the Directors of the Company be authorised to do all acts and things which they may consider necessary or expedient for implementing the amendments to the Unapproved Plan.
15. That the proposed amendments to the Dechra Pharmaceuticals Save As You Earn Option Scheme ("SAYE Plan"), summarised in the Chairman's Letter and Notice of Annual General Meeting dated 20 September 2010, such amendments marked in the draft rules produced to the Meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted and the Directors of the Company be authorised to do all acts and things which they may consider necessary or expedient for implementing the amendments to the SAYE Plan including (without limitation) making any changes to the rules of the SAYE Plan which are required by HM Revenue & Customs in order to obtain the approval of HM Revenue & Customs to the amendments to the SAYE Plan.

By order of the Board

**Zoe Goulding**  
Company Secretary

Registered office  
Dechra House  
Jamage Industrial Estate  
Talke Pits  
Stoke-on-Trent  
ST7 1XW

**Notes:**

**Entitlement to attend and vote**

1. The right to vote at the Meeting is determined by reference to the Register of Members. Only those Shareholders registered in the Register of Members of the Company as at 3.00 pm on 3 November 2010 (or, if the Meeting is adjourned, 3.00 pm on the date which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries in the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Meeting.

**Attending in person**

2. If you wish to attend the Meeting in person, you must comply with the procedures set out in the notes to this Notice of Meeting by the dates specified in these notes.

**Proxies**

3. A Shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, speak and vote at the Meeting. A proxy need not be a Shareholder of the Company.

A Shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the Shareholder may result in the proxy appointment being invalid.

A proxy may only be appointed in accordance with the procedures set out in these notes and the notes to the Form of Proxy.

The appointment of a proxy will not preclude a Shareholder from attending and voting in person at the Meeting.

4. A Form of Proxy is enclosed. To be valid, a proxy form must be completed, signed and sent to the offices of the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to arrive no later than 3.00 pm on 3 November 2010 (or, if the Meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).
5. As an alternative to completing the hard copy proxy form, a Shareholder may appoint a proxy or proxies electronically by lodging a Form of Proxy at [www.eproxyappointment.com](http://www.eproxyappointment.com). For an electronic proxy appointment to be valid, the appointment must be received by Computershare Investor Services PLC no later than 3.00 pm on 3 November 2010 (or, if the Meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). Any electronic communication sent by a Shareholder to the Company or Computershare Investor Services PLC which is found to contain a virus will not be accepted by the Company.

#### **Appointment of proxies through CREST**

Alternatively, if you are a member of CREST, you may register the appointment of proxy by using the CREST electronic proxy appointment services as follows:

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual subject to the provisions of the Company's Articles of Association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it relates to the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors, or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### **Corporate representatives**

10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.

#### **Total voting rights**

11. As at 20 September 2010 (being the last practicable date before the publication of this Notice of Meeting), the Company's issued share capital consists of 66,110,453 ordinary shares of £0.01 each, carrying one vote each. The Company does not hold any ordinary shares in treasury. Therefore, the total voting rights in the Company as at 20 September 2010 are 66,110,453.

## **Nominated Persons**

12. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the 2006 Act ("Nominated Person"):
- 12.1 the Nominated Person may have a right under an agreement between him/her and the Shareholder by whom he/she was nominated, to be appointed, or to have someone else appointed, as a proxy for the Meeting; or
  - 12.2 if the Nominated Person has no such right or does not wish to exercise such right, he/she may have a right under such an agreement to give instructions to the Shareholder as to the exercise of voting rights.

The statement of the rights of Shareholders in relation to the appointment of proxies in notes 3 to 10 above do not apply to a Nominated Person. The rights described in such notes can only be exercised by Shareholders of the Company.

## **Website publication of audit concerns**

13. A Shareholder or Shareholders who meet the qualification criteria set out in note 14 below may require the Company to publish on its website a statement setting out any matter that such Shareholders propose to raise at the Meeting relating to the Audit of the Company's accounts (including the Auditors' report and the conduct of the Audit) that are to be laid before the Meeting in accordance with section 527 of the 2006 Act.

Any such request must:

- 13.1 identify the statement to which it relates, by either setting out the statement in full or, if supporting a statement requested by another Shareholder, clearly identifying the statement which is being supported;
- 13.2 comply with the requirements set out in note 14 and 15 below; and
- 13.3 be received by the Company at least one week before the Meeting.

Where the Company is required to publish such a statement on its website:

- (i) it may not require the Shareholders making the request to pay any expenses incurred by the Company in complying with the request;
  - (ii) it must forward the statement to the Company's Auditors no later than the time when it makes the statement available on the website; and
  - (iii) the statement may be dealt with as part of the business of the Meeting.
14. In order to require the Company to publish audit concerns as set out in note 13, the relevant request must be made by:
- 14.1 a Shareholder or Shareholders having a right to vote at the Meeting and holding at least 5% of the total voting rights of the Company; or
  - 14.2 at least 100 Shareholders having a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital.

For information on voting rights, including the total voting rights of the Company, see note 11 above and the website referred to in note 19 below.

15. Any request by a Shareholder or Shareholders to require the Company to publish audit concerns as set out in note 13:
- 15.1 may be made either:
    - (i) in hard copy, by sending it to Zoe Goulding, Dechra Pharmaceuticals PLC, Dechra House, Jamage Industrial Estate, Talke Pits, Stoke-on-Trent ST7 1XW; or
    - (ii) in electronic form, by sending it by fax to 01782 773366, marked for the attention of Zoe Goulding or by email to Zoe.Goulding@dechra.com (please state "Dechra Pharmaceuticals PLC: AGM" in the subject line of the email);
  - 15.2 must state the full name(s) and address(es) of the Shareholder(s); and
  - 15.3 (where the request is made in hard copy form or by fax) must be signed by the Shareholder(s).

**Questions at the Meeting**

16. Shareholders have the right to ask questions at the Meeting relating to the business being dealt with at the Meeting in accordance with section 319A of the 2006 Act. The Company must answer any such question unless:
  - 16.1 to do so would interfere unduly with the preparation for the Meeting or would involve the disclosure of confidential information;
  - 16.2 the answer has already been given on a website in the form of an answer to a question; or
  - 16.3 it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

**Documents available for inspection**

17. The following documents will be available for inspection during normal business hours at the registered office of the Company and at DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE from the date of this Notice until the time of the Meeting. They will also be available for inspection at the place of the Meeting from at least 15 minutes before the Meeting until it ends:
  - 17.1 Copies of the service contracts of the Executive Directors;
  - 17.2 Copies of the letters of appointment of the Non Executive Directors; and
  - 17.3 A marked copy of the Share Schemes showing all of the changes to the current Share Schemes.

**Biographical details of Directors**

18. Biographical details of all those Directors who are offering themselves for reappointment at the Meeting are set out in the accompanying Annual Report and Accounts.

**Website providing information about the meeting**

19. The information required by section 311A of the 2006 Act to be published in advance of the Meeting, which includes the matters set out in this notice and information relating to the voting rights of Shareholders, is available at [www.dechra.com](http://www.dechra.com).



