

Letter from the Chairman Notice of Annual General Meeting 2010

**THIS DOCUMENT IS IMPORTANT AND
REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to what action you should take, consult your stockbroker, bank manager, solicitor, accountant or other independent adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Vectura Group plc, please pass this document and the accompanying document(s) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Notice of the Annual General Meeting of the Company to be held at 11.00 a.m. at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX, on Wednesday 22 September 2010 is set out on page 2 of this document.

Whether or not you propose to attend the Annual General Meeting, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions thereon as soon as possible and in any event so that it is received by Computershare Investor Services PLC by not later than 11.00 a.m. on Monday 20 September 2010. Completion and return of the Form of Proxy will not preclude you from attending and voting at the Annual General Meeting in person, should you so wish.

Letter from the Chairman

Directors

Jack Cashman (Non-Executive Chairman)
Dr Chris Blackwell (Chief Executive)
Anne Hyland (Chief Financial Officer)
Dr John Brown (Non-Executive Director)
Dr Susan Foden (Non-Executive Director)
Dr Andy Richards (Non-Executive Director)

Registered Office

Vectura Group plc
One Prospect West
Chippenham
Wiltshire SN14 6FH
www.vectura.com

13 August 2010

Dear Shareholder

Annual General Meeting

I am pleased to invite you to the Annual General Meeting of Vectura Group plc ("the Company") for 2010. The Annual General Meeting will take place on Wednesday 22 September 2010 at the offices of our legal advisers, Olswang LLP, 90 High Holborn, London WC1V 6XX and will start at 11.00 a.m. Registration for the Annual General Meeting will open at 10.45 a.m.

Your vote counts

Your vote is important to us – you can:

- attend and vote at the Annual General Meeting;
- complete and return the enclosed Form of Proxy; or
- lodge your proxy using the internet; or
- register your proxy vote electronically by using the service provided by Euroclear UK & Ireland Limited for members of CREST.

Enclosed with this circular are the following:

- Annual General Meeting Attendance Card and Form of Proxy, and
- pre-paid envelope for return of your Form of Proxy.

The Annual Report and Accounts for the year ended 31 March 2010 was previously sent to you, or made available to you electronically, on 30 July 2010.

If you have any questions regarding your shareholding (e.g. share certificates), or you have received more than one copy of this notice, please call our registrars, Computershare Investor Services PLC, on 0870 707 1387.

Your Directors consider that all of the resolutions proposed for the Annual General Meeting are in the best interests of the Company and shareholders as a whole. We recommend that you vote in favour of these resolutions, as we propose to do in respect of our own holdings, which amount to 0.63% of the ordinary issued share capital of the Company.

Yours sincerely



Jack Cashman
Chairman, Vectura Group plc

Notice is hereby given that the Annual General Meeting of Vectura Group plc will be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX on Wednesday 22 September 2010 at 11.00 a.m., for the purposes of considering and, if thought fit, passing the resolutions below.

Resolutions 1 to 8 (inclusive) will be proposed as ordinary resolutions and resolutions 9 to 11 (inclusive) will be proposed as special resolutions.

Ordinary resolutions

- 1 To receive the Report of the Directors and the Annual Report and Accounts of the Company for the year ended 31 March 2010 and the auditors' report on those accounts.
- 2 To re-elect as a Director Mr Jack Cashman, who is retiring in accordance with the Combined Code on Corporate Governance.
- 3 To re-elect as a Director Dr Andrew Richards, who is retiring in accordance with the Combined Code on Corporate Governance.
- 4 To re-elect as a Director Dr John Brown, who is retiring in accordance with Article 63 of the Company's Articles of Association.
- 5 To re-elect as a Director Dr Susan Foden, who is retiring in accordance with Article 63 of the Company's Articles of Association.
- 6 To re-appoint Deloitte LLP as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting at which the Accounts are laid and to authorise the Directors to determine their remuneration.
- 7 To approve the Report on remuneration for the year ended 31 March 2010.
- 8 That the Directors of the Company be generally and unconditionally authorised for the purposes of section 551 Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal value of £27,136.61. This authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 21 December 2011 (provided that the Company may before such expiry make offers or enter into agreements that would or might require shares to be allotted or rights to be granted after this authority expires and the Directors of the Company may allot shares or grant rights in pursuance of any such offer or agreement as if this authority had not expired). This authority is in substitution for all previous general authorities conferred on the Directors in accordance with section 80 Companies Act 1985 or section 551 Companies Act 2006.

Special resolutions

- 9 That, subject to the passing of resolution 8 above, and in accordance with section 570 Companies Act 2006, the Directors of the Company be generally empowered to allot equity securities (as defined in section 560 Companies Act 2006) for cash pursuant to the authority conferred by resolution 8 above as if section 561 Companies Act 2006 did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities: (a) in connection with a rights issue or other pre-emptive offer in favour of ordinary shareholders where the equity securities are proportionate (as nearly as practicable) to the respective number of ordinary shares held by such holders, but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable in relation to fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory; and (b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £8,140.98 (being 10% of the issued share capital as at 6 August 2010, being the latest practical date prior to the printing of this Notice). This power shall expire at the conclusion of the next Annual General Meeting of the Company, or on 21 December 2011, whichever is the earlier (save that the Company may, at any time before the expiry of such power, make any offer or enter into any agreement that would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of any such offer or agreement as if such power conferred hereby had not expired).
- 10 (a) That the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(b) that the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Company's existing Articles of Association.
- 11 That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board



Anne Hyland
Company Secretary and Chief Financial Officer

13 August 2010

Registered Office: One Prospect West, Chippenham, Wiltshire SN14 6FH
Registered in England and Wales: 3418970

Notes

Resolutions to be decided by a poll

1 All resolutions proposed at the Annual General Meeting will be decided by a poll. This means that the votes of all shareholders, including those of our shareholders who cannot attend the meeting but who submit a Form of Proxy, are counted. In accordance with Article 47 of the Company's Articles of Association, the Chairman of the Annual General Meeting will demand a poll on each of the resolutions at the beginning of the meeting.

Entitlement to attend and vote

2 To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), the Company specifies, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, that shareholders must be registered in the Register of Members of the Company as at 6 p.m. on 20 September 2010 (or, in the event of any adjournment, at 6 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

3 Members of the Company entitled to attend, speak and vote at the Annual General Meeting are entitled to appoint a proxy to exercise on their behalf all or any of their rights to attend and to speak and vote at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy or proxies may be appointed by: (a) completing and returning the accompanying hard copy Form of Proxy (see notes 11, 12 and 13); (b) lodging a proxy by electronic means (see note 14); or (c) through the CREST electronic proxy appointment service (see notes 16 to 19). If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint a proxy of your own choice (not the Chairman) and give you instructions directly to them.

4 The return of a completed Form of Proxy, the lodgement of a proxy using the internet or any CREST Proxy Instruction (as described in note 15) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

5 The statement of the rights of shareholders in relation to the appointment of proxies in notes 3 and 4 above does not apply to Nominated Persons (see note 20). The rights described in these paragraphs can be exercised only by shareholders of the Company.

6 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter that is put before the Annual General Meeting.

7 To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions: any amended proxy appointment received after the relevant cut-off time will be disregarded.

8 Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company Registrar's helpline on 0870 707 1387 or, if telephoning from outside the UK, on +44 870 707 1387 between 8.30 a.m. and 5.30 p.m. Calls to Computershare's 0870 number are generally charged at 5.25 pence per minute (including VAT) from a BT landline, but calls using other providers may vary. Calls to Computershare from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Computershare cannot provide advice on the merits of the proposed resolutions, nor give any financial, legal or tax advice.

9 If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

10 In order to revoke a proxy instruction, you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a shareholder that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received no later than 48 hours before the time appointed for the holding of the Annual General Meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to note 4, your proxy appointment will remain valid.

Notes continued

Appointment of proxy using hard copy Form of Proxy

- 11** A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC on 0870 707 1387. The notes to the Form of Proxy which accompanies this Notice explain how to direct your proxy to vote on each resolution or withhold your vote.
- 12** In the case of joint holders, the signature of only one of the joint holders is required on the proxy form. Where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the more senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the more senior).
- 13** To be valid, any hard copy Form of Proxy must be completed and signed and received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 48 hours before the time appointed for the holding of the Annual General Meeting or adjourned Annual General Meeting or (in the case of a poll taken otherwise than at or on the same day as the Annual General Meeting or adjourned Annual General Meeting) for the taking of the poll at which it is to be used.

Lodging a proxy using the internet

- 14** As an alternative to completing the hard copy Form of Proxy, you can submit your proxy by electronic means by lodging a proxy with Computershare Investor Services PLC using the internet at **www.eproxyappointment.com**. You will be asked to enter a Control Number, Shareholder Reference Number (SRN) and PIN, all of which are printed on the hard copy Form of Proxy which accompanies this notice, and to agree to certain terms and conditions. To be valid, a proxy lodged by electronic means must be lodged no later than 48 hours before the time appointed for the holding of the Annual General Meeting or adjourned Annual General Meeting or (in the case of a poll taken otherwise than at or on the same day as the Annual General Meeting or adjourned Annual General Meeting) for the taking of the poll at which it is to be used.

Receipt of documents or information relating to proxies

- 15** You may submit any documents relating to proxies, such as any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy or a notice of termination of the authority of a proxy by email to **web.queries@computershare.co.uk**. However, any Form of Proxy sent to this address will not be valid. Any proxy should either be submitted in hard copy in accordance with note 13, by electronic means in accordance with note 14 or through the CREST electronic proxy appointment service in accordance with notes 16 to 19.

Appointment of proxies through CREST

- 16** CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
- 17** 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 the specifications of Euroclear UK & Ireland Limited (the operators of CREST), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes 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 11.00 a.m. on 20 September 2010 (or, if the Annual General Meeting is adjourned, no later than 48 hours before the time appointed for holding that adjourned Annual General Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the 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.
- 18** CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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, to procure that his/her 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.
- 19** The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Nominated Persons

20 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

Corporate Representatives

21 Any corporation that 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.

Issued shares and total voting rights

22 As at 6 August 2010 (being the latest practicable date prior to the printing of this Notice) the Company's issued share capital consists of 325,639,323 ordinary shares, carrying one vote each. As at 6 August 2010 the Company does not hold any shares in treasury. Therefore, the total number of voting rights in the Company as 6 August 2010 (being the latest practicable date prior to the printing of this Notice) was 325,639,323.

23 If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person"):

- (a) You may have a right under an agreement between you and the shareholder who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting.
- (b) If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- (c) Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

24 Further information can be found at:

www.vectura.com/vec/investors/shareholderservice/agm about: (i) the matters set out in this notice; (ii) the total number of shares in the Company and the shares of each class in respect of which shareholders are entitled to exercise voting rights at the Annual General Meeting; (iii) the total number of voting rights that shareholders are entitled to exercise at the Annual General Meeting in respect of the shares of each class; and (iv) any shareholders' statements, shareholders' resolutions and shareholders' matters of business received by the Company after the date of this Notice.

Entitlement to ask questions

25 Pursuant to section 319A of the Companies Act 2006, any shareholder attending the Annual General Meeting has the right to ask questions relating to the business being dealt with at the meeting. In certain circumstances, prescribed by section 319A, the Company need not answer a question.

Entitlement to raise audit concerns

26 Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; and (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Details of communications

27 Except as provided above, shareholders who wish to communicate with the Company in relation to the Annual General Meeting should do so by writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. No other method of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice of Annual General Meeting or in any related documents (including in the Chairman's letter and the proxy form) to communicate with the Company for any purposes other than those expressly stated.

Documents on display

28 The following documentation, which is available for inspection during business hours at the registered office of the Company and at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX on any weekday (public holidays excluded) from the date of this Notice until the close of the meeting, will also be available for inspection at the place of the Annual General Meeting from 10.30 a.m. on the day of the meeting until the conclusion of the meeting:

- (a) copies of the Executive Directors' service contracts and contracts of appointment between the Non-Executive Directors and the Company;
- (b) printed copies of this Notice and the Annual Report and Accounts of the Company for the year ended 31 March 2010; and
- (c) a copy of the Articles of Association of the Company marked to show the changes proposed in resolution 10.

Explanation of business to be conducted at the Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 8 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 9 to 11 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board unanimously recommends that you vote in favour of all of the resolutions, as they propose to do in respect of their own beneficial holding of ordinary shares in the issued share capital of the Company.

Ordinary resolutions

Resolution 1 – accounts and reports

The Company is required to present to the shareholders of the Company its report and accounts and the auditors' report on the accounts to shareholders at a general meeting. This provides an opportunity to discuss the performance of the Company during the year, its management and its prospects for the future. A copy of the Annual Report and Accounts of the Company for the year ended 31 March 2010 was previously sent to you, or made available electronically, on 30 July 2010.

Resolutions 2 to 5 – election of Directors

Provision A.7.2 of the Combined Code on Corporate Governance (June 2008) by the Financial Reporting Council ("Combined Code") provides that Non-Executive Directors of a Company may serve longer than nine years, subject to annual re-election. Mr Jack Cashman and Dr Andrew Richards have served longer than nine years as Non-Executive Directors of the Company and, accordingly, are retiring and standing for re-election.

In addition, Article 63 of the Company's Articles of Association requires that at least one third of the Board retire each year by rotation. Notwithstanding, each Director must retire at the third Annual General Meeting following his or her appointment or re-appointment in general meeting. Dr John Brown and Dr Susan Foden were last re-appointed in 2007 and will therefore retire and seek re-election.

The Board has a process for evaluation of its own performance and that of its individual Directors. These evaluations are carried out on a regular basis throughout the year. The performances of Mr Cashman, Dr Richards, Dr Brown and Dr Foden have been so evaluated and it has been determined that they continue to perform effectively and show full commitment to their role on the Board. The Board recommends that you support the re-election of each of the retiring Directors standing for re-election.

Biographical details of the Directors, including those seeking re-election at the Annual General Meeting, are to be found on page 28 of the Annual Report and Accounts.

Resolution 6 – appointment of auditors

It is a requirement that the Company's auditors be appointed at each general meeting at which accounts are laid. The resolution also proposes that the Directors be authorised to determine the auditors' remuneration. The Audit Committee keeps under review the independence and objectivity of the external auditors, further information on which can be found in the Annual Report and Accounts. After considering relevant information, the Audit Committee has recommended to the Board the re-appointment of Deloitte LLP.

Resolution 7 – Report on remuneration

This resolution proposes that the Report on remuneration for the year ended 31 March 2010 be approved by the meeting. The report is set out in pages 32 to 39 of the Annual Report.

Long-Term Incentive Plan (LTIP) award 2010:

As noted on page 34 of the Annual Report, the Remuneration Committee has reviewed the vesting criteria with respect to the LTIP awards made to Executive Directors on 8 June 2010 and determined that in addition to the performance conditions listed on page 34 the following conditions will apply to this award:

- (a) 50% of the award will vest after a performance period of three years with the second 50% vesting after a performance period of four years;
- (b) the Company's performance will be measured against the constituents of the FTSE SmallCap Index rather than a comparator group of companies, and
- (c) the first 50% of the award will not vest if the average price of the Company's shares for a three-month period before the date of vesting is less than £1.00 and the second 50% of the award will not vest if the average price of the Company's shares for the three-month period before the date of vesting is less than £1.27.

The Remuneration Committee has further determined that the award made on 8 June 2010 will be the last to be made under the current scheme, which expires in September 2010. It has no plans to propose the introduction of a new LTIP at the present time.

Resolution 8 – authority to allot shares

Under section 551 Companies Act 2006, the Directors are prevented, subject to certain exceptions, from allotting shares without the authority of the shareholders in general meeting. This resolution is proposed as an ordinary resolution to authorise the Directors to allot relevant securities up to an aggregate nominal value of £27,136.61 (representing approximately 33.3% of the share capital of the Company in issue at 6 August 2010 (being the latest practicable date prior to the printing of this Notice)). The Directors' authority will expire on the earlier of 21 December 2011 and the conclusion of the next Annual General Meeting. The Directors have no immediate plans to make use of this authority. At 6 August 2010 (being the last practicable date prior to the printing of this Notice) the Company did not hold any ordinary shares in the capital of the Company in treasury.

Special resolutions

Resolution 9 – disapplication of pre-emption rights

Under section 561 Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro rata to their holdings. This special resolution renews, for the period ending on 21 December 2011 or, if earlier, the date of the next Annual General Meeting, the authorities previously granted to the Directors to: (a) allot shares of the Company in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company up to a maximum nominal value of £8,140.98 (representing approximately 10% of the share capital of the Company in issue at 6 August 2010 (being the latest practicable date prior to the printing of this Notice)) as if the pre-emption rights of section 561 Companies Act 2006 did not apply.

In addition, the resolution permits the Directors to deal with fractional entitlements and any legal or regulatory problems arising in any territory on any offer of new shares to be made to shareholders on a pro rata basis.

Save in respect of issues of shares in respect of employee share schemes, the Directors have no immediate plans to make use of this authority.

The Directors are seeking authority for the disapplication of pre-emption rights over 10% of the issued share capital, as this will allow the Directors to, for example, issue shares to allow partners to buy new shares as part of collaboration or licensing deals in a much more timely and cost effective manner than would be the case if they were required to offer such shares pre-emptively to all shareholders, and therefore incur the significant expense of producing a full Prospectus for such relatively small issues of shares. A 10% disapplication is common among small and mid-cap companies, as the 5% disapplication that is standard among larger companies would not enable them to raise a meaningful amount. Shareholders have given Vectura authority for a 10% disapplication in all years since 2006.

Resolution 10 – adoption of new Articles of Association

It is proposed in resolution 8 to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Current Articles") primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations"), the implementation of the final parts of the Companies Act 2006 and amendments to the Uncertificated Securities Regulations 2001.

The principal changes introduced in the New Articles are summarised in the explanatory notes on pages 8 and 9 of this document. Further changes, that are of a minor, technical or clarifying nature, and other minor changes that merely reflect changes made by the Companies Act 2006, the Shareholders' Rights Regulations or the Uncertificated Securities Regulations 2001, or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills, have not been noted in the explanatory notes. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 5 of this document.

Resolution 11 – notice of general meetings

This resolution seeks to renew an authority granted at last year's Annual General Meeting to allow the Company to call general meetings other than an annual general meeting on 14 clear days' notice.

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days (annual general meetings will continue to be held on at least 21 clear days' notice). If passed, this resolution will enable the Company to retain maximum flexibility to seek shareholder approval for any future change or transaction that may require such approval. The resolution will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. Shareholders should note that to call a general meeting on less than 21 clear days' notice, the Company will be required to provide a means for all shareholders to vote electronically for that meeting.

Appendix 1

Explanatory notes on changes to the Company's Articles of Association in Resolution 10.

1 The Company's objects

1.1 The provisions regulating the operations of the Company were previously set out in the Company's Memorandum and Articles of Association. The Company's Memorandum of Association contained, among other things, the Company's objects clause which set out the scope of the activities the Company was authorised to undertake. The objects clause was drafted to give a wide scope.

1.2 The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum of association. The Companies Act 2006 provides that a memorandum of association records only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions that were contained in a company's memorandum of association, for existing companies at 1 October 2009, are now deemed to be contained in the company's articles of association, but the company may remove these provisions by special resolution.

1.3 Further, the Companies Act 2006 states that unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other remaining provisions of its Memorandum of Association which, by virtue of the Companies Act 2006, are now treated as forming part of the Company's Articles of Association. Resolution 10(a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2 Articles that duplicate statutory provisions

Provisions in the Current Articles that replicate provisions contained in the Companies Act 2006 are generally amended to bring them into line with the Companies Act 2006.

3 Change of name

Under the Companies Act 1985, a company could change its name only by special resolution. Under the Companies Act 2006 a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

4 Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because the authority to allot shares continues to be required under the Companies Act 2006, save in respect of employee share schemes.

5 Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

6 Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company requires shareholder authority only to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

7 Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may be exercised by the directors only if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the Directors may exercise this power.

8 Use of seals

8.1 Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Companies Act 2006, such authority is no longer required. Accordingly, the relevant authorisation has been removed in the New Articles.

8.2 The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a Director and the Secretary or two Directors or such other person or persons as the Directors may approve.

9 Suspension of registration of share transfers

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

10 Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

11 Voting by corporate representatives

The Shareholders' Rights Regulations have amended the Companies Act 2006 in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The Current Articles have been amended to reflect these changes.

12 Electronic conduct of meetings

Amendments made to the Companies Act 2006 by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The Current Articles have been amended to reflect more closely the relevant provisions.

13 Adjournments for lack of quorum

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

14 General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.



A leader in inhaled pharmaceuticals

Vectura Group plc

One Prospect West
Chippenham
Wiltshire SN14 6FH
United Kingdom

T +44 (0)1249 667700






F +44 (0)1249 667701

E investorqueries@vectura.com

www.vectura.com

Incorporated and registered
in England and Wales
Number 3418970

By printing this document on
Cocoon Preprint 100% recycled
paper the environmental impact
was reduced by*:

-  93.5kg of landfill
-  2,096 litres of water
-  209kWh of electricity
-  20kg CO₂ of greenhouse gases
-  168kg of wood

Source:
European BREF (data on virgin fibre paper),
Carbon footprint data audited by the
CarbonNeutral Company.

*compared to a non recycled paper