

# Letter from the Chairman

## Notice of 2013 Annual General Meeting

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

If you are in any doubt as to what action you should take, you should 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 12.00 noon at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX, on 23 September 2013 is set out on pages 2 and 3 of this document.**

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form either in hard copy or by electronic means in accordance with the instructions printed on the enclosed form as soon as possible but in any event so as to be received by not later than 12.00 noon on Thursday, 19 September 2013. If you hold Vectura Group plc shares in CREST, you may also appoint a proxy using CREST by following the instructions set out on pages 5 and 6 of this document. 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)  
**Dr Trevor Phillips** (Chief Operating Officer)  
**Paul Oliver** (Chief Financial Officer)  
**Dr John Brown** (Non-Executive Director)  
**Dr Susan Foden** (Non-Executive Director)  
**Neil Warner** (Non-Executive Director)



## Registered Office

**Vectura Group plc**  
One Prospect West  
Chippenham  
Wiltshire SN14 6FH  
[www.vectura.com](http://www.vectura.com)

16 August 2013

Dear Shareholder

## Annual General Meeting

I am pleased to invite you to the Annual General Meeting of Vectura Group plc ("the Company") for 2013. The Annual General Meeting will take place on Monday, 23 September 2013 at the offices of our legal advisers, Olswang LLP, 90 High Holborn, London WC1V 6XX and will start at 12.00 noon. Registration for the Annual General Meeting will open at 11.30 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 2013 was previously distributed on 16 July 2013. It is also available to you electronically at [www.vectura.com](http://www.vectura.com).

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 0.58% of the ordinary issued share capital of the Company.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Jack Cashman', written over a horizontal line.

**Jack Cashman**  
Chairman  
Vectura Group plc

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# Vectura Group plc (the “Company”) Notice of 2013 Annual General Meeting

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 Monday, 23 September 2013 at 12.00 noon, for the purposes of considering and, if thought fit, passing the resolutions below.

Resolutions 1 to 10 (inclusive) will be proposed as ordinary resolutions and resolutions 11 and 12 will be proposed as special resolutions.

## Ordinary business

### Ordinary resolutions

- 1** To receive the Directors’ report and the Annual Report and Accounts of the Company for the year ended 31 March 2013 and the Auditors’ report on those accounts.
- 2** To approve the Report on remuneration for the year ended 31 March 2013.
- 3** To elect as a Director Mr Paul Oliver, who was appointed by the Board since the last Annual General Meeting and who is standing for election in accordance with Article 56 of the Company’s Articles of Association and in accordance with the UK Corporate Governance Code.
- 4** To re-elect as a Director Dr Chris Blackwell, who is retiring in accordance with Article 58 of the Company’s Articles of Association.
- 5** To re-elect as a Director Mr Neil Warner, who is retiring in accordance with Article 58 of the Company’s Articles of Association.
- 6** To re-elect as a Director Mr Jack Cashman, who is retiring in accordance with the UK Corporate Governance Code.
- 7** To re-elect as a Director Dr John Brown, who is retiring in accordance with the UK Corporate Governance Code.
- 8** 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 of the Company are laid.
- 9** To authorise the Directors to determine the auditors’ remuneration.

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## Special business

### Ordinary resolutions

**10** 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 £27,971.08. 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 on 22 December 2014, 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 shares to be allotted or rights to be granted after the expiry of such power and the Directors may allot shares or grant rights in pursuance of any such offer or agreement as if such power conferred hereby 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

- 11** That, subject to the passing of resolution 10 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 10 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 £8,391.32. This power shall expire at the conclusion of the next Annual General Meeting of the Company, or on 22 December 2014, 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).
- 12** 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



Paul Oliver  
Company Secretary and Chief Financial Officer

16 August 2013

# Vectura Group plc (the "Company") Notice of 2013 Annual General Meeting

## Notes

### Resolutions to be decided by a poll

**1** All resolutions proposed at the Annual General Meeting will be decided by a poll. This is a more transparent method of voting and 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 42 of the Company's Articles of Association, at the beginning of the meeting the Chairman of the Annual General Meeting will demand a poll on each of the resolutions.

### 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 19 September 2013 (or, in the event of any adjournment, at 6 p.m. on the date that is two business 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 using the internet (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 your 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 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, submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments 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 Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact the Company's Registrars helpline on 0870 707 1387 or, if telephoning from outside the UK, on +44 870 707 1387 from Monday to Friday between 8.30 a.m. and 5.30 p.m. Calls to Computershare's 0870 number are generally charged at 5.1 pence per minute (including VAT) from a BT landline, but costs 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 12.00 noon on Friday, 20 September 2013, or 24 hours before the time appointed for the holding of an adjourned Annual General Meeting (excluding days that are not working days). 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.

### **Appointment of proxy using hard copy Form of Proxy**

**11** A Form of Proxy that 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 that accompanies this Notice explain how to direct your proxy to vote or withhold your vote on each resolution.

**12** In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy. 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 12.00 noon on Thursday, 19 September 2013, or 48 hours before the time appointed for the holding of an 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](http://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 that 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 12.00 noon on Thursday, 19 September 2013, or 48 hours before the time appointed for the holding of an 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](mailto: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 12.00 noon on Thursday, 19 September 2013. 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 or 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 regard, 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.

**21** If you are 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.

## Corporate representatives

**22** 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

**23** As at 1 August 2013 (being the latest practicable date prior to the printing of this Notice) the Company's issued share capital consisted of 335,652,977 ordinary shares, carrying one vote each. As at 1 August 2013 the Company did not hold any shares in treasury. Therefore, the total number of voting rights in the Company as at 1 August 2013 was 335,652,977.

**24** Further information can be found at:

**[www.vectura.com/investors/shareholder-information/agm](http://www.vectura.com/investors/shareholder-information/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 Auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (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 section 527 or section 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 auditors not later than the time when it makes the statement available on the website. The business that 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 methods 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 Form of Proxy) 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, and

(b) printed copies of this Notice and the Annual Report and Accounts of the Company for the year ended 31 March 2013.

# Vectura Group plc (the "Company") Notice of 2013 Annual General Meeting

## 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 10 (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 11 and 12 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 the resolutions, as they propose to do in respect of their own beneficial holdings 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 2013 was sent to you on 16 July 2013, or made available to you electronically on that date. It is also available to you on our website at [www.vectura.com](http://www.vectura.com).

#### **Resolution 2 – Report on remuneration**

This resolution proposes that the Report on remuneration for the year ended 31 March 2013 be approved by the meeting. The report is set out in pages 40 to 52 of the Annual Report and Accounts.

#### **Resolutions 3 to 7 – election of Directors**

Article 56 of the Company's Articles of Association and provision B7 of the UK Corporate Governance Code (September 2012) by the Financial Reporting Council ("UK Corporate Governance Code") require that any person appointed by the Board to fill a casual vacancy or as an additional director, shall hold office only until the next Annual General Meeting and then shall be eligible for election. Pursuant to the Company's Articles of Association such election shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting. Mr Oliver was appointed to the Board on 1 July 2013 and now offers himself for election.

Provision B7 of the UK Corporate Governance Code also provides that Non-Executive Directors of a company may serve for longer than nine years, subject to annual re-election. Mr Jack Cashman and Dr Brown have served for longer than nine years as a Non-Executive Director of the Company and, accordingly, are retiring and standing for re-election. In addition, Article 58 of the Company's Articles of Association requires that at least one-third of the Board retire each year by rotation. Article 59 provides how the Directors who are to retire are selected. Dr Blackwell and Mr Warner were last elected in 2011 and will 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 Brown, Dr Blackwell and Mr Warner have been so evaluated and it has been determined that they perform effectively and show full commitment to their roles on the Board. The Board recommends that you support the re-election of each of the retiring Directors standing for re-election and the election of Mr Oliver. Biographical details of the Directors, including those seeking re-election at the Annual General Meeting (other than Paul Oliver, who was appointed as a director after the end of the financial year to which the Annual Report and Accounts relate), are to be found on pages 34 to 35 of the Annual Report and Accounts. Paul Oliver's biographical details are as follows:

Paul Oliver was appointed Chief Financial Officer and Company Secretary of the Company in July 2013. Paul joined the Company in September 2006 and was appointed Group Financial Controller in 2007. In this role Paul was responsible for managing the Company's finances and working closely with the Company's Leadership Team and the Board on all aspects of operations and strategy development. Having worked on the successful acquisition of Innovata plc, he played a key part in its integration and subsequent restructuring.

Before joining the Company, Paul worked in professional practice as an audit manager and he gained exposure to business advisory and corporate tax work. Paul has a degree in Accounting and is a Fellow of the Association of Chartered Certified Accountants.

#### **Resolutions 8 and 9 – appointment of auditors**

It is a requirement that the Company's auditors be appointed at each general meeting at which accounts are laid. 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 9 proposes that the Directors be authorised to determine the auditors' remuneration.

### **Resolution 10 – 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 £27,971.08 (representing approximately 33.3% of the share capital of the Company in issue at 1 August 2013). The Directors' authority will expire on the earlier of 22 December 2014 and the conclusion of the next Annual General Meeting. The Directors have no immediate plans to make use of this authority. At 1 August 2013 the Company did not hold any ordinary shares in treasury.

### **Special resolutions**

#### **Resolution 11 – 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 22 December 2014 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 £8,391.32 (representing approximately 10% of the share capital of the Company in issue at 1 August 2013) 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 12 – 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 fewer 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 more quickly, where it is thought by the Directors to be an advantage to the shareholders as a whole to do so. 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 fewer than 21 clear days' notice, the Company will be required to provide a means for all shareholders to vote electronically for that meeting.



**Vectura Group plc**

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