

**This document is important and requires your immediate attention.**

**If you are in any doubt as to any aspect of the proposals referred to in the document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional independent adviser. If you have sold or otherwise transferred all of your shares, please pass this document, together with the accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer, so that they can pass them to the person who now holds the shares.**

## **Circassia Pharmaceuticals plc**

(incorporated in England and Wales under number 05822706)  
Registered Office: Magdalen Centre, Robert Robinson Avenue,  
Oxford OX4 4GA, UK

## **Notice of Annual General Meeting**

### **Dear Shareholder**

I am writing to give you details of our Annual General Meeting (AGM) to be held at 10am on 20th May 2015 at Northbrook House, Robert Robinson Avenue, Oxford OX4 4GA. The formal Notice of AGM is set out on pages 2-3 of this document and an explanation of the business to be considered and voted on at the AGM is set out on page 4.

We hope you will be able to join us for the Meeting. However, if you are unable to do so, your vote remains important to us and we encourage you to fill in the proxy form and return it to our Registrars as detailed in note 3 on page 3, or, if you are a CREST member, appoint your proxy through the CREST proxy appointment service as detailed in note 5 on page 3. Please note that the deadline for the receipt by our Registrars of all proxy appointments is 10am on 18th May 2015.

The Board considers that all the resolutions to be put to the Meeting are in the best interests of the Company and its Shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours faithfully

**Dr Francesco Granata**  
Chairman

**Notice is hereby given that the Annual General Meeting of Circassia Pharmaceuticals plc will be held at Northbrook House, Robert Robinson Avenue, Oxford OX4 4GA on 20th May 2015 at 10am to consider and, if thought fit, pass resolutions 1 to 17, which will be proposed as ordinary resolutions of the Company, and resolutions 18 to 19, which will be proposed as special resolutions of the Company.**

#### **Report and accounts**

1. To receive the Annual report and accounts for the financial year ended 31 December 2014.

#### **Annual report on remuneration**

2. To approve the Annual report on remuneration which is contained in the Remuneration Committee report for the financial year ended 31 December 2014, as set out on pages 55 to 68 of the 2014 Annual report and accounts.

#### **Directors' remuneration policy report**

3. To approve the Directors' remuneration policy report the full text of which is contained in the Remuneration Committee report for the financial year end 31 December 2014, as set out on pages 46 to 55 of the 2014 Annual report and accounts.

#### **Directors**

4. To elect Lota Zoth as a Director.
5. To re-elect Francesco Granata as a Director.
6. To re-elect Steve Harris as a Director.
7. To re-elect Julien Cotta as a Director.
8. To re-elect Rod Hafner as a Director.
9. To re-elect Tim Corn as a Director.
10. To re-elect Russell Cummings as a Director.
11. To re-elect Paul Edick as a Director.
12. To re-elect Jean-Jacques Garaud as a Director.
13. To re-elect Cathrin Petty as a Director.
14. To re-elect Charles Swingland as a Director.

#### **Auditors**

15. To re-appoint PricewaterhouseCoopers as Auditors until the conclusion of the next Annual General Meeting at which the accounts are laid.
16. To authorise the Audit Committee to determine the remuneration of the Auditors.

#### **Authority to allot shares**

17. That:

- (a) the Directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company;
- (i) in accordance with article 7 of the Company's articles of association, up to a maximum nominal amount of £50,507 (such amount to be reduced by the nominal amount of any equity securities (as defined in article 8 of the Company's articles of association) allotted under paragraph (ii) below in excess of £50,507); and
- (ii) comprising equity securities (as defined in article 8 of the Company's articles of association) up to a maximum nominal amount of £101,014 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue (as defined in article 8 of the Company's articles of association);
- (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or, if earlier, at the close of business on 30 June 2016; and
- (c) all previous unutilised authorities under section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

#### **Dis-application of pre-emption rights**

18. That:

- (a) in accordance with article 8 of the Company's articles of association, the Directors be given power to allot equity securities for cash;
- (b) the power under paragraph (a) above (other than in connection with a rights issue, as defined in article 8 of the Company's articles of association) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £7,577;
- (c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 30 June 2016; and
- (d) all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.

#### **Notice period for General Meetings**

19. 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,

#### **Julien Cotta**

Company Secretary/Director

Registered office:  
Magdalen Centre  
Robert Robinson Avenue  
Oxford OX4 4GA  
Registered number 05822706

27 March 2015

**Notes:**

1. Only persons entered on the Register of Members of the Company at 6pm on 18 May 2015 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned Meeting) are entitled to attend and vote at the meeting either in person or by proxy and the number of Ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the Meeting.
2. A Member is entitled to appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote instead of him/her at the Meeting. A Member may appoint more than one proxy in relation to a Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. A proxy need not be a Member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
3. The Form of Proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority must be received by the Company's Registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, not later than 48 hours before the time appointed for the Meeting. Completion and return of the Form of Proxy will not prevent you from attending and voting at the Meeting instead of the proxy, if you wish. You must inform the Company's Registrars in writing of any termination of the authority of a proxy.
4. 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.
5. 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 by logging in at [www.euroclear.com](http://www.euroclear.com)). 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 RA19) by 10 am on 18 May 2015. 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 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.
6. 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. 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.
8. A 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 a 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.
9. The statement of the rights of Members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to a Nominated Person. The rights described in these paragraphs can only be exercised by registered Members of the Company.
10. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
11. As at 20 March 2015 (being the last practicable day prior to publication of this notice) the Company's issued share capital consists of 189,419,634 Ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 20 March 2015 are 189,419,634.
12. Copies of the service contracts of the Executive Directors and the Non-Executive Directors' terms of appointment are available for inspection at the registered office of the Company during normal business hours from the date of this notice and at the place of the Meeting for a period from 15 minutes immediately before the Meeting until its conclusion.
13. Voting on all resolutions will be conducted by way of a poll. This will result in a more accurate reflection of the views of Shareholders by ensuring that every vote is recognised, including the votes of all Shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each Shareholder has one vote for every share held.
14. 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.
15. 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; 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 Members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006, and 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 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 its website.
16. A Member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the Meeting that the question be answered.
17. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.circassia.co.uk](http://www.circassia.co.uk).
18. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
19. Under section 338 and section 338A of the Companies Act 2006, Members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to Members of the Company entitled to receive Notice of the Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the Company not later than 7 April 2015, being the date six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

## **Explanatory notes to the Notice of Annual General Meeting**

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

Resolutions 1 to 17 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 18 to 19 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.

### **Resolution 1 – receipt of Annual report and accounts**

The Directors must present the Company's Annual report and accounts to the Annual General Meeting.

### **Resolution 2 – approval of Annual report on remuneration**

Shareholders are asked to approve the Annual report on remuneration that appears on pages 55 to 68 of the Annual report and accounts. This vote is advisory, and the Directors' entitlement to remuneration is not conditional on it.

### **Resolution 3 – approval of Directors' remuneration policy report**

Shareholders are asked to approve the Directors' remuneration policy which is set out in full in the Directors' remuneration policy report that appears on pages 46 to 55 of the Annual report and accounts. Once the Directors' remuneration policy report is approved the Company will not be able to make a remuneration payment to a current or future Director or a payment for loss of office to a current or past Director, unless that payment is consistent with the Policy or has been approved by a resolution of the Members of the Company.

### **Resolutions 4 to 14 – (re-)election of Directors**

The Company's articles of association require all Directors to retire at each Annual General Meeting and those wishing to serve again to submit themselves for election or re-election. Accordingly, Francesco Granata, Steve Harris, Julien Cotta, Rod Hafner, Jean-Jacques Garaud, Tim Corn, Russell Cummings, Paul Edick, Cathrin Petty, and Charles Swingland are retiring from office and are submitting themselves for re-election. In addition, Lota Zoth, who was appointed to the Board on 9 February 2015, will retire from office and submit herself for election. Biographical details of the Directors standing for election or re-election are set out on pages 34 to 35 of the Annual report and accounts. The Board believes that Lota Zoth should be elected because she has the skills and experience, as detailed in her biography which appears on page 35 of the Annual report and accounts, which will be of significant benefit to the Company. Additionally, and in accordance with the UK Corporate Governance Code, the Chairman has confirmed that, following formal performance evaluation the performance of each of the other Directors continues to be effective and they continue to demonstrate commitment to the role.

### **Resolutions 4, 9, and 12 – (re-)election of independent Directors**

As explained on page 71 of the Annual report and accounts, Invesco Asset Management Limited and Imperial Innovations LLP, together with their associates and concert parties (the controlling Shareholders) are controlling Shareholders of the Company for the purposes of the Listing Rules. This impacts the Company's process for approving the election of Lota Zoth and the re-elections of Tim Corn, and Jean-Jacques Garaud, who are the Directors determined by the Board to be independent for the purposes of

the UK Corporate Governance Code (independent Directors), since, under the Listing Rules, such (re-)elections must be approved both by (a) Shareholders as a whole; and (b) those Shareholders other than the controlling Shareholders who are entitled to vote on the election of Directors (the independent Shareholders).

Resolutions 4, 9 and 12, are proposed as ordinary resolutions, on which all Shareholders may vote. However, in addition, the Company will separately count the votes cast on each of these resolutions by independent Shareholders and will calculate the proportion of such votes cast for and against the resolutions, in order to determine whether the (re-) elections have been approved by the independent Shareholders.

Following the Annual General Meeting, the Company will announce the results of ordinary resolutions 4, 9, and 12 as decided by Shareholders as a whole and, in addition, will announce the result of the vote of independent Shareholders in accordance with the Listing Rules.

The Listing Rules require the Company to provide details of (i) any previous or existing relationship, transaction or arrangement between each independent Director and the Company, its Directors, the controlling Shareholders or any associate of a controlling Shareholder; (ii) why the Company considers the proposed independent Director will be an effective Director; (iii) how the Company has determined that the proposed Director is an independent Director; and (iv) the process by which the Company has selected each independent Director. These details are provided below.

#### **Relationships, transactions or arrangements**

The Company has received confirmation from each of the independent Directors that, except as disclosed below in relation to Tim Corn and Jean-Jacques Garaud, there is no existing or previous relationship, transaction or arrangement that the independent Directors have or have had with the Company, its Directors, the controlling Shareholders or any associate of the controlling Shareholders.

Both Tim Corn and Jean-Jacques Garaud participated in the unapproved share option scheme operated by the Company prior to its admission to the Official List and to trading on the main market of the London Stock Exchange on 18 March 2014. Because this scheme is unrelated to performance, such participation was historic, and no further share options will be granted to those Directors, the Board has previously determined and continues to be of the view that Tim Corn and Jean-Jacques Garaud are independent within the meaning of the Code.

#### **Effectiveness of Directors**

The independent Non-Executive Directors bring a wide range of experience to the affairs of the Company and its affiliates, and make a significant contribution to Board discussions. The independent Non-Executive Directors are encouraged to challenge management and help develop proposals relating to strategy. Tim Corn and Jean-Jacques Garaud participated in the Board evaluation exercise which was conducted during 2014 and one of the conclusions of that exercise was that the independent Non-Executive Directors continue to make a valuable contribution to the Board.

#### **Independence**

The Board considers the independence of the Company's Non-Executive Directors on an annual basis. It assesses whether a Director is independent in character and judgement, and whether there are any relationships or circumstances that

are likely to affect, or could appear to affect, the Director's judgement. As indicated above, the Board has considered the impact of the historic share option grants to Tim Corn and Jean-Jacques Garaud and has concluded that their independence is not affected. In addition, the Board, acting through the Nominations Committee has, in the course of the selection procedure for Lota Zoth which resulted in her appointment on 9 February 2015, concluded that she is independent.

#### **Recruitment**

The Nominations Committee continually reviews the balance of skills, knowledge, experience, and tenure present on the Board. The Committee is also responsible for the identification, evaluation and recommendation of candidates for appointment to the Board. This process involves the Committee working with the wider Board to identify and agree the criteria for appointment and then engaging a reputable search firm to draw up a list of potential candidates for the Committee to review. The Committee then uses this list to identify a short list of candidates for interview by members of the Board. A recommendation for appointment will then be made to the Board. The Nominations Committee was constituted on 21 February 2014 and this procedure has been followed since its inception. Tim Corn and Jean-Jacques Garaud were appointed prior to the formation of the Nominations Committee and the constitution of the Company as a public company but following an analogous procedure. Lota Zoth was appointed on 9 February 2015 following an application of the procedure described above.

Under the Listing Rules, if a resolution to re-elect an independent Director is not approved by a majority vote of both the Shareholders as a whole and the independent Shareholders at the Annual General Meeting, a further resolution may be put forward to be approved by the Shareholders as a whole at a Meeting which must be held more than 90 days after the date of the first vote but within 120 days of the first vote.

#### **Resolutions 15 to 16 – re-appointment and remuneration of the Auditors**

The Board is proposing the re-appointment of PricewaterhouseCoopers as the Company's Auditors, following the recommendation of the Audit Committee. Resolution 16 authorises the Audit Committee to determine the Auditors' remuneration.

#### **Resolution 17 – authority to allot shares**

At the Annual General Meeting held in 2014, Shareholders authorised the Directors, under section 551 of the Companies Act 2006, to allot Ordinary shares without the prior consent of Shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2015 or, if earlier, at the close of business on 30 September 2015. It is proposed to renew this authority.

Paragraph (a)(i) of Resolution 17 will allow the Directors to allot Ordinary shares up to a maximum nominal amount of £50,507 representing approximately one third (33.33%) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 20 March 2015 (being the latest practicable date prior to publication of this circular). In accordance with institutional guidelines issued by the Investment Association, paragraph (a) (ii) of Resolution 17 will allow Directors to allot, including the Ordinary shares referred to in paragraph (a)(i) of Resolution 17, further of the Company's Ordinary shares in connection with a pre-

emptive offer by way of a rights issue to Ordinary Shareholders up to a maximum nominal amount of £101,014, representing approximately two thirds (66.66%) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 20 March 2015 (being the latest practicable date prior to publication of this circular).

The Directors have no present intention of exercising this authority. However, if they do exercise the authority, the Directors intend to follow best practice as regards its use, as recommended by the Investment Association.

Resolution 17 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 30 June 2016.

#### **Resolution 18 – dis-application of pre-emption rights**

Also at last year's Meeting a special resolution was passed, under sections 570 to 573 of the Companies Act 2006, empowering the Directors to allot equity securities for cash without first being required to offer such shares to existing Shareholders. It is proposed that this authority also be renewed. If approved, the resolution will authorise the Directors, in accordance with the articles of association, to issue shares in connection with a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a maximum nominal amount of £7,577 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The £7,577 maximum nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 20 March 2015 (being the latest practicable date prior to publication of this circular).

The Directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three-year period without prior consultation with the Shareholders and the Investment Committees of the Investment Association and the National Association of Pension Funds.

Resolution 18 will be proposed as a special resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 30 June 2016.

#### **Resolution 19 – notice period for General Meetings**

The notice period required by the Companies Act 2006 for General Meetings of the Company is 21 days unless Shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual General Meetings must always be held on at least 21 clear days' notice.) This resolution, if passed, authorises the calling of General Meetings other than an Annual General Meeting on not less than 14 clear days' notice, and will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. In order to be able to call a General Meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all Shareholders for that Meeting. The flexibility offered by this resolution will be used where, taking into account the circumstances and noting the recommendations of the UK Corporate Governance Code 2014, the Directors consider this appropriate in relation to the business to be considered at the Meeting and in the interests of the Company and Shareholders as a whole.