
**DECHRA
PHARMACEUTICALS**

UNAPPROVED SHARE OPTION SCHEME

RULES

(amended by the Company on [_____])

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DECHRA PHARMACEUTICALS

UNAPPROVED SHARE OPTION SCHEME

RULES

1. INTERPRETATION

1.1 In this Scheme, (unless the context requires otherwise) the following words and expressions shall have the following meanings:

"Adoption Date" the date on which the Scheme ~~is~~ was approved by the Company in general meeting, being 23 August 2000;

"Any Other Executive Scheme" any scheme (other than the Scheme) adopted by the Company which provides for the acquisition of or subscription for Shares by or on behalf of selected employees and/or directors, and which either (i) is not linked to an SAYE contract or (ii) is not operated on an all-employee basis;

"Any Other Scheme" any scheme (other than the Scheme) adopted by the Company which provides for the acquisition of or subscription for Shares by or on behalf of employees or directors;

"Auditors" the auditors for the time being of the Company (acting as experts and not as arbitrators);

"Board" the board of directors for the time being of the Company or a committee thereof duly authorised for the purposes of the Scheme;

"Committee" a committee consisting of, or comprising a majority of, non-executive directors of the Company;

"Company" Dechra Pharmaceuticals PLC;

"Control" has the meaning given to it by Section ~~840-1124~~ 1124 ICTA and "Controlled" shall have a similar meaning;

"CTA" the Corporation Tax Act 2010;

"Date of Flotation" ~~shall mean the date on which a Flotation occurs;~~

"Date of Grant" the date on which an Option was or is to be granted under Rule 4;

"Employee Trust" any trust or trusts established by the Company for the benefit of Group employees;

"Executive Share Plan" the Dechra Pharmaceuticals PLC Directors and Senior Executive Share-Long Term Incentive Plan adopted by the Company on 23 August October 2003~~0~~ and the Dechra Long Term Incentive Plan 2008 adopted by the Company on 7 November 2008;

~~**"Flotation"** means the first admission of the Shares to the Official List or any other recognised investment exchange (as defined in Section 207 Financial Service Act 1986);~~

"Group" the Company and any other company which is for the time being Controlled directly or indirectly by the Company and "Member of the Group" shall be construed accordingly;

~~**"ICTA"** The Income and Corporation Taxes Act 1988;~~

"Market Value" as applied to a Share on any day, the market value of a Share determined in accordance with the Taxation of Chargeable Gains Act 1992 and which shall be the average middle market quotation of a Share as derived from the Official List for the three dealing days immediately preceding the Date of Grant or (if Shares are not for the time being so quoted) the price agreed in advance, for the purposes of the relevant grant, by the Board as being the market value of a Share on the date on which the Option in question is granted;

"Model Code" means the Model Code on Directors' Dealings in Securities as set out in ~~the appendix~~Annex 1 to Chapter ~~16-9~~ of The Listing Rules issued by the UK Listing Authority (as amended from time to time) or any other agreement arrangement condition or contract adopted or entered into by the Company as contains provisions similar in purpose and effect (as the case may be);

"NICs" national insurance contributions (or their foreign equivalent);

"Official List" ~~The London Stock Exchange Daily Official List~~ of the UK Listing Authority;

"Option" a right (for the time being subsisting) to acquire Shares in accordance with the Scheme;

"Option Holder" a person who holds an Option or (where the context admits) his personal representatives;

"Option Exercise Period" the period commencing on the third anniversary of the Date of Grant of the Option and ending on the day before the tenth such anniversary or on such earlier date as the Board may have determined before the Date of Grant;

"Option Price" the price at which each Share subject to an Option may be acquired on the exercise of that Option being, subject to Rule 9, not less than the higher of:

- (i) the nominal value of a Share; and
- (ii) the Market Value of a Share on the Date of Grant of the Option;

"Performance Target" the performance target(s) and/or performance condition(s) specified by the Committee in accordance with Rule 3.4;

"Qualifying Employee" any director of a Member or Members of the Group who as such is required to devote substantially the whole of his working time (and in any event not less than 25 hours per working week (excluding meal breaks)) to the business of that Member or those Members of the Group and any employee of a ~~member~~ Member or ~~members~~ Members of the Group (regardless of the number of hours per week served);

"Redundancy" redundancy within the meaning of the Employment Rights Act 1996 but excluding any redundancy which may be deemed to have occurred when the business employing the Qualifying Employee is sold;

"Rules" these Rules as from time to time altered;

"Scheme" this Scheme (which shall be known as the Dechra Pharmaceuticals Unapproved Share Option Scheme) as authorised by resolution of the Company, proposed and duly passed on the Adoption Date with such alterations thereto as may duly be made from time to time pursuant to the provisions of Rule 10;

~~"Share" in the case of Options granted before Flotation B Ordinary Shares and in the case of Options granted after Flotation a fully paid ordinary share of the Company; and~~

"UK Listing Authority" the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000; and

~~"Trustee" the trustee or trustees for the time being of an Employee Trust;~~

- 1.2 Words denoting the singular shall include the plural and vice versa.
- 1.3 Words denoting the masculine gender shall include the feminine gender.
- 1.4 References in these Rules to a rule, clause, sub-clause, paragraph or sub-paragraph are, unless otherwise stated, references to a rule, clause, sub-clause, paragraph or sub-paragraph of these Rules.
- 1.5 Rule headings are inserted for convenience only and are to be ignored in construing these Rules.
- 1.6 References in these Rules to any enactment shall be deemed to include references to such enactment as extended, re-enacted or amended.
- 1.7 References in these Rules to "month" shall be deemed to be references to a calendar month.

2. **LIMITS OF SCHEME**

2.1 Subject to the remaining provisions of this Rule 2 and to any adjustment made by the Board with the prior approval by ordinary resolution of the members of the Company in general meeting, the number of Shares in respect of which Options to subscribe for Shares may be granted in a calendar year under the Scheme:

2.1.1 shall not, when added to the number of Shares issued or capable of being issued by way of subscription under options, awards, allocations and any other arrangements granted by the Company or the Trustee during the period of ten years ending with that calendar year, both under the Scheme and under Any Other Executive Scheme (including the Executive Share Plan), exceed seven and a half per cent of the Company's Shares in issue from time to time;

2.1.2 shall not, when added to the number of Shares issued or capable of being issued by way of subscription under options, awards, allocations and any other arrangements granted by the Company or the Trustee during the period of ten years ending with that calendar year, both under the Scheme and under Any Other Scheme (including the Executive Share Plan), exceed ten per cent of the Company's Shares in issue from time to time.

For the purpose of this rule 2.1, Shares transferred or capable of being transferred from treasury under options, awards, allocations and any other arrangements granted by the Company or the Trustee under the Scheme or Any Other Scheme shall be counted as Shares issued or capable of being issued by way of subscription.

2.2 In considering the limitations contained within rules 2.1.1 and 2.1.2 above, account shall not be taken of any option (including any Option) which:

2.2.1 has lapsed;

2.2.2 has been surrendered;

2.2.3 has been cancelled;

2.2.4 has been satisfied other than by the issue of Shares or the transfer of Shares from treasury;

2.2.5 will be satisfied other than by the issue of Shares; or

2.2.6 was granted before 21 September 2000.

~~2.3 For the purposes of the limits referred to in Rules 2.1.1 and 2.1.2 in respect of any Options granted prior to Flotation the number of Shares in issue is assumed to be the total number of Shares in issue immediately following Flotation.~~

2.42.3 The grant of an Option shall be subject to each of the limits expressed in this Rule 2 and shall be invalid to the extent that any of the terms of or any aspect of the grant of such Option infringes any such limits.

3. PROVISIONS RELATING TO THE GRANT OF OPTIONS

3.1 Subject to the limitations and conditions contained in the Scheme and unless prohibited by law, the Committee may from time to time in its absolute discretion select any number of persons who are, at the intended Date of Grant, Qualifying Employees and grant Options to them.

3.2 Except in circumstances which the Committee in its discretion deems sufficiently exceptional to justify the grant of an Option without regard to this paragraph, an Option may only be granted under the Scheme:

3.2.1 within the period of 42 days after the Adoption Date; or

3.2.2 within the period of 42 days after the date of the announcement of the annual or half-yearly results of the Company; or

3.2.3 within the period of 42 days after the date upon which any amended form of these Rules are adopted by the Company.

PROVIDED ALWAYS that if the Company is restricted at any time by statute, order, regulation or otherwise (including a restriction resulting from the application of the Model Code or any comparable code adopted by the Company) from granting any Options within the periods of 42 days mentioned in Rules 3.2.1 ~~or to 3.2.3~~ above, grants may be made within the period of 42 days from the lifting of such restriction.

PROVIDED FURTHER that no Options shall except as aforesaid be granted unless the three dealing days referred to in the definition of Market Value (or, in the case of Shares listed on any other recognised investment exchange, any dealing day by reference to which the Market Value is fixed) and relevant to that Option also fall within the appropriate period of 42 days.

3.3 Options shall be granted on such objective terms, being similar terms so as not to discriminate between employees and directors (consistent with the Rules), and in such form as the Committee may from time to time determine.

3.4 The terms and conditions upon which Options may be granted shall include such conditions which must be satisfied or targets that must be achieved before Options

can be exercised (a "Performance Target") which the Committee in its discretion deems appropriate (if any) having regard to institutional guidelines. The Committee may also determine that an Option may only be exercised as to specified proportions of the Shares comprised within it prior to dates so specified.

3.5 Options may be granted under the Scheme as follows:

3.5.1 by the Company where such Option will, subject to Rules 5.6 and 11.3 be satisfied on its exercise by the Company issuing Shares to the relevant Option Holder;

3.5.2 by the Company where such Option will be satisfied on its exercise by some other person or body (including, without limitation, the Trustee); and

3.5.3 by the Trustee where such Option on its exercise will be satisfied by the transfer of Shares from the Employee Trust;

and where Rule 3.5.3 applies and where appropriate, references to the Board and the Company in these Rules shall be deemed to be references to the Trustee and the Rules shall be construed with all necessary changes.

3.6 There shall be no monetary consideration for the grant of any Option and accordingly each Option shall be granted by way of deed.

3.7 No Option shall be granted at a date more than ~~ten~~twenty years after the Adoption Date without further authorisation by the Company in general meeting.

4. GRANT OF OPTIONS

4.1 The grant of an Option under the Scheme shall be evidenced by the issue to the Qualifying Employee of an option certificate substantially in the form set out in the Appendix hereto. The Option certificate shall state the Date of Grant, the Option Exercise Period, the Option Price and shall give details of any Performance Target.

4.2 Except as otherwise specifically provided in these Rules, each Option shall be exercisable only by the Qualifying Employee to whom it is granted and may not be transferred, assigned or charged. Any purported transfer, assignment or charge shall entitle the Company to cancel the Option. Each Option certificate shall carry a statement to this effect.

5. EXERCISE OF OPTIONS

5.1 Exercise of Options

Options shall be exercised by lodging with the Company Secretary, or such other person as the Committee may specify, the relevant Option certificate and a duly completed notice of exercise in such form as the Committee may from time to time prescribe in respect of such number of Shares as the Option Holder shall specify on the notice of exercise and accompanied by payment by way of acquisition of the Shares.

5.2 General restrictions on exercise of Options

An Option may not be exercised:

- 5.2.1 except as provided in Rules 6, 7 and 8, prior to the commencement of the Option Exercise Period;
- 5.2.2 after the expiry of the Option Exercise Period;
- 5.2.3 during any period during which the Model Code restricts dealings in Shares;
- 5.2.4 by an Option Holder at any time if at that time he is not, save as provided in Rule 6, a Qualifying Employee.

5.3 Lapse of Options

An Option or part thereof which shall not have been exercised by the expiration of the Option Exercise Period shall automatically lapse.

5.4 Additional restrictions on exercise of Options

- 5.4.1 Save in the cases mentioned in Rules 6.1, 7 and 8, an Option shall not be exercisable except within the Option Exercise Period nor on any date unless such Performance ~~Condition~~-Target specified by the Committee at the time the Option was granted in accordance with Rule 3.4 is satisfied.

PROVIDED THAT notwithstanding anything else in these Rules where events happen which cause the Committee reasonably to consider that any Performance Target subject to which any Option has been granted no longer

represents a fair measure of performance, the Committee may vary the task, target or conditions (as the case may be) to the extent that it considers appropriate provided that it reasonably considers the task, target or conditions (as the case may be) as varied are no more difficult nor easy to satisfy and further provided that the Option Holders are given notice in writing of the variation as soon as practicable.

5.4.2 The Committee shall as soon as reasonably practicable following the satisfaction of any Performance Target give written notice to inform the Option Holder concerned that his Option has become exercisable.

~~5.4.3 No Option shall be exercised before the Date of Flotation and Flotation shall be a condition to which the exercise of the Option is subject.~~

5.5 **Result of exercise of Options**

5.5.1 Subject to the obtaining of any necessary consent from HM Treasury, the Bank of England, The London Stock Exchange or other competent authority and to the terms of any such consent and subject to receipt by the Company of the appropriate payment by way of subscription in full in cleared funds, within 30 days of receipt by the Company of the notice of exercise, the Board on behalf of the Company shall allot or procure the transfer to the Option Holder or the Trustee shall transfer to the Option Holder the number of Shares in respect of which the Option has been exercised.

5.5.2 All Shares allotted on exercise of Options shall on issue rank pari passu in all respects with the Company's existing Shares, save that the Shares issued will not rank for any dividends or other distributions declared or recommended the record date for which falls on or prior to the date when the Option is exercised.

5.5.3 The Company shall make application for listing of the Shares so issued on all stock exchanges (if any) on which its other issued ordinary share capital is then listed with effect from the earliest possible date after the date of issue.

~~5.5.4 Following Flotation~~ The Company shall at all times keep available sufficient unissued Shares or procure the transfer of Shares to satisfy the

exercise of all Options granted under the Scheme, taking account of any other obligations of the Company to issue unissued Shares.

5.5.5 It is a condition of the grant of an Option that each Option Holder agrees to indemnify the Company and any other Member of the Group against any income tax payable under the PAYE system or employee's national insurance contributions for which the Company or such other Member of the Group is obliged to account by reference to the grant or exercise of an Option by that Option Holder to the extent that the amount of the Company's or Member of the Group's liability to such income tax and NICs cannot be (or is not) deducted from payments made to the Option Holder, failing which the Company shall be authorised either to retain and sell on the Option Holder's behalf sufficient Shares issued on exercise of the Option to raise the necessary funds to meet the liability and to apply such funds in discharging that liability or reimbursing the Company or the relevant Member of the Group or make such other arrangements with the Option Holder in question as the Board deems appropriate for the reimbursement to the Company or relevant Member of the Group of such PAYE-income tax and NICs. References in these Rules to income tax payable under the PAYE system or employee's national insurance contributions shall be deemed to also include references to their foreign equivalents, where relevant.

5.6 Where any Option has been granted by the Company and the terms specified in the Option or the Scheme provides for the satisfaction of the Option by the issue of Shares by the Company then the Board in its absolute discretion may determine that in substitution for the allotment and issue of Shares all or part of the Option shall be satisfied in accordance with rule 11.3 by the transfer of shares by some other person or body. Such determination may be made at any time following the grant of any particular Option and prior to the resolution of the Board to satisfy the exercise of any Options by the issue of Shares.

6. CESSATION OF EMPLOYMENT

Subject to Rule 5.2 (other than 5.2.1) but otherwise notwithstanding Rule 5.4:

6.1 If an Option Holder ceases to be a Qualifying Employee for any reason before the commencement of an Option Exercise Period, any Option not exercised by the time

of such cessation shall lapse unless the Committee shall so permit, in which event it may be exercised to the extent permitted by the Committee and on the satisfaction of any conditions imposed by the Committee within the period determined by the Committee following the cessation of employment. Any Option not exercised within the period determined by the Committee shall lapse.

6.2 An Option Holder shall not be treated for the purposes of these Rules as ceasing to be a Qualifying Employee until such time as he is no longer a director or employee of any Member of the Group and an Option Holder (being a woman) who ceases to be such a director or employee by reason of pregnancy or confinement and who exercises her right to return to work under the Employment Rights Act 1996 before exercising an Option under the Scheme shall be treated for the purposes of these Rules as not having ceased to be such a director or employee.

6.3 For the purposes of these Rules, where an Option Holder's contract of employment with the Group is terminated by a Member of the Group without notice, the Option Holder's employment shall be deemed to cease on the date on which the termination takes effect, and where the said contract is terminated by notice given by a Member of the Group, the Option Holder's employment shall be deemed to cease on the date on which that notice expires.

7. TAKEOVER OF COMPANY

7.1 If

7.1.1 any person or group of persons acting in concert obtains Control of the Company as a result of making:

7.1.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person or group of persons will have Control of the Company;

7.1.1.2 a general offer to acquire all the issued Ordinary Shares in the Company (or such of them as are not already owned by it and/or by any of its subsidiaries);

7.1.2 any person becomes entitled or bound to acquire shares in the capital of the Company under Sections ~~428-979~~ to ~~430-982~~ (inclusive) of the Companies Act ~~1985~~2006; or

7.1.3 under Section ~~425-899~~ of the Companies Act ~~1985~~2006 the court sanctions a compromise or arrangement ~~proposed for the purposes of or in connection with a scheme for the reconstruction of~~relation to the Company ~~or its amalgamation with any other company or companies~~

then the Board shall serve notice upon each Option Holder (or his personal representatives) notifying him of such fact and an Option Holder (or his personal representatives) may at any time within the Appropriate Period defined for the purpose of this Rule in Rule 7.3 below, subject always to Rule 5.2 (other than Rule 5.2.1) but notwithstanding Rule 5.4, exercise any Option or part thereof which has not lapsed. Any Option which is not so exercised within the Appropriate ~~Period~~Period which finishes first shall lapse.

7.2 If a company (in this Rule called the "Acquiring Company") has acquired Control of the Company as a result of any of the events described in Rules 7.1.1 or 7.1.3, or has become entitled or bound as mentioned in Rule 7.1.2, the Option Holder may by agreement with the Acquiring Company at any time within the Appropriate Period (as defined in Rule 7.3 below) release his rights under the Scheme in consideration of the grant to him of rights which relate to shares in the Acquiring Company ~~(or some other company which in relation to the Acquiring Company falls within paragraph (b) or paragraph (c) of paragraph 10 of Schedule 9)~~. Any Option which is not exercised or released within the Appropriate Period which finishes first shall lapse at the end of the Appropriate Period.

7.3 In this Rule the "Appropriate Period" means:

7.3.1 in a case falling within Rule 7.1.1 and where Rule 7.1.2 does not apply, the period of six months beginning with the time when the person making the offer has obtained Control of the Company and any condition subject to which the offer is made is satisfied;

7.3.2 in a case falling within Rule 7.1.2, the period during which the Acquiring Company remains bound or entitled as mentioned in that Rule; and

7.3.3 in a case falling within Rule 7.1.3, the period of six months beginning with the time when the court sanctions the compromise or arrangement.

8. WINDING-UP OF THE COMPANY

Subject always to Rule 5.2 (other than Rule 5.2.1) but notwithstanding Rule 5.4, if at any time while any Option remains unexercised notice is duly given of a general meeting of the Company at which a resolution will be proposed for the voluntary liquidation of the Company, every Option shall be exercisable in whole or in part (provided that such Option has not by the time of such resolution lapsed) until the commencement of such winding-up within the meaning of Section ~~524-86~~ of the ~~Companies~~ Insolvency Act 1985/1986. The Company shall give to each Option Holder holding any unexercised Option notice of any meeting called for the purpose of considering a resolution for the voluntary liquidation of the Company and shall at the same time give him notice of his rights under this Rule. Subject to the foregoing, all Options shall lapse on the commencement of any liquidation of the Company.

9. VARIATION OF CAPITAL

9.1 Subject to Rules 9.3 and 9.4 below, in the event of any variation of the share capital of the Company (whenever effected) by way of capitalisation or rights issue, or subdivision, consolidation or reduction, the Committee may make such adjustments as it considers appropriate under Rules 9.2 below.

9.2 An adjustment made under this Rule shall be to one or more of the following:

9.2.1 the number of Shares in respect of which any Option granted under the Scheme may be exercised;

9.2.2 the price at which shares may be acquired by the exercise of any such Option; and

9.2.3 where any such Option has been exercised but no Shares have been allotted or transferred pursuant to such exercise, the number of shares which may be so allotted or transferred and the price at which they may be acquired.

- 9.3 Except in the case of a capitalisation issue, no adjustment under Rule 9.2 above shall be made without the prior confirmation in writing by the Auditors to the Board that it is, in their opinion, fair and reasonable.
- 9.4 No adjustment under Rule 9.2 above shall be made as a result of which the aggregate amount payable on the exercise of an Option in full would be increased or reduced.
- 9.5 An adjustment under Rule 9.2 above may have the effect of reducing the price at which Shares may be acquired by the exercise of the Option to less than their nominal value, but only if and to the extent that the Board shall be authorised to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercised and which are to be allotted pursuant to such exercise exceeds the price at which the same may be subscribed for, and to apply such sum in paying up such amount on such Shares, and so that on exercise of any Option in respect of which such a reduction shall have been made, the Board shall capitalise such sum (if any) and apply the same in paying up such amount as aforesaid.
- 9.6 As soon as reasonably practicable after making any adjustment under Rule 9.2 above, the Board shall give notice in writing thereof to each Option Holder.

10. ALTERATIONS TO SCHEME

- 10.1 Subject to this Rule 10, the Committee may by resolution at any time and from time to time make any alteration to the Scheme which it thinks fit. Any such alteration which is necessary to comply with or to take account of any applicable legislation or statutory regulations or any change therein or to obtain or maintain favourable taxation treatment for the Company or the Option Holders may be made notwithstanding the following provisions of this Rule 10.
- 10.2 No alteration shall be made which would materially increase the liability of any Option Holder or which would materially decrease the value of his subsisting rights attached to any Option without in each case that Option Holder's prior written consent.
- 10.3 No alteration to any of the provisions listed in this paragraph shall take effect without the prior approval of the Company in general meeting. The said provisions are:

- 10.3.1 the definitions of "Market Value", "Option Exercise Period", "Qualifying Employee", and "Option Price" in Rule 1;
 - 10.3.2 the maximum limits of the Scheme and individual participation limits in Rule 2;
 - 10.3.3 the restrictions on transfer of rights granted under the Scheme;
 - 10.3.4 the periods during and circumstances in which Qualifying Employees may be granted Options and Options exercised;
 - 10.3.5 the rights attached to Shares in Rule 5.5;
 - 10.3.6 the provisions of Rules 8 and 9; and
 - 10.3.7 the provisions of this Rule 10.
- 10.4 As soon as reasonably practicable after making any alteration under Rule 10.1 above, the Committee shall give notice in writing thereof to each Option Holder.

11. MISCELLANEOUS

- 11.1 This Scheme shall not form part of the contract of employment of any individual who participates therein. The rights and obligations of any individual under the terms of his office or employment with any Company participating in the Scheme shall not be affected by his participation in the Scheme or any right which he may have to participate therein, and an individual who participates therein shall waive any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to exercise any Option under the Scheme as a result of such termination. No such participation, rights or benefits shall be taken into account for the purposes of calculating the amount of benefits payable to any pension fund. Options granted pursuant to the Scheme shall not constitute any representation or warranty that any benefit will accrue to the Qualifying Employee who is granted the Option.
- 11.2 The Scheme shall in all respects be administered by the Committee who may from time to time make and vary such rules and regulations for its conduct not inconsistent with these Rules and may from time to time establish such procedures for

administration and implementation of the Scheme as they think fit, and in the event of any dispute or disagreement as to the interpretation of the Scheme, or of any rule, regulation or procedure, or as to any question or right arising from or related to the Scheme, the decision of the Committee shall be final and binding upon all persons (subject to the written concurrence of the Auditors having been obtained when so required by the Rules).

- 11.3 Following the exercise of an Option granted by the Company the Company may elect to satisfy the Option by procuring the transfer by the Trustee or any other existing shareholder or shareholders to the Option Holder of a number of issued shares equal to the number of Shares in respect of which the Option is exercised, at a price equal to the Option Price, and otherwise on terms no less favourable (mutatis mutandis) to the Option Holder than those which would have applied had the Company not made such election.
- 11.4 The Company (or any of its subsidiaries) may provide money to the trustees of any trust or any other person to enable them or him to acquire shares to be held for the purposes of the Scheme, or enter into any guarantee or indemnity for these purposes, to the extent permitted by ~~section 153~~chapter 2 of part 18 of the Companies Act ~~1985~~2006.
- 11.5 In any matter in which they are required to act under the Scheme, the auditors of the Company shall be deemed to be acting as experts and not as arbitrators and the Arbitration Acts 1950 to 1996 shall not apply to these Rules.
- 11.6 Any notice or other communication under or in connection with the Scheme may be given by personal delivery or by sending the same by post, in the case of a company to its registered office and in the case of an individual to his last known address, or, where he is a director or employee of a company participating in the Scheme, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment, and where a notice or other communication is given by first-class post, it shall be deemed to have been received 48 hours after it was put into the post properly addressed and stamped.
- 11.7 The costs of introducing and administering the Scheme shall be borne by the Company.

11.8 The Company shall maintain all necessary books of account and records relating to the Scheme.

11.9 Subject to the Articles of Association of the Company, an Option Holder who is a director of the Company may, notwithstanding his interest, vote on any board resolution concerning the Scheme (other than in respect of his own participation therein) and may retain any benefits under the Scheme.

12. GOVERNING LAW

The Rules and the Scheme shall in all respects be governed by the laws of England.

APPENDIX

OPTION CERTIFICATE

DECHRA PHARMACEUTICALS

UNAPPROVED SHARE OPTION SCHEME

("Scheme")

No

Dated

THIS DOCUMENT IS IMPORTANT. A form of notice for use by the Participant for the exercise of the option is enclosed with this Certificate.

Name of Participant:

Address of Participant:

.....

.....

Date of Grant:

Number of Ordinary shares:

Price per Ordinary share:

Normal option exercise period:

THIS IS TO CERTIFY THAT the person named above has been granted an option under the Scheme to acquire the above number of Ordinary shares of [] pence each ("the Ordinary shares") in Dechra Pharmaceuticals PLC ("the Company") at the above price per Ordinary share, upon the terms set out in the Scheme.

Since the Option is unapproved for tax purposes, an income tax charge (or its foreign equivalent) will arise on exercise of the Option on the difference between the Option exercise price and the market value of the Shares at the time of exercise. It is a condition of exercise of the Option that to the

extent that the liability to discharge this income tax (and any related employee's national insurance contributions (or their foreign equivalent) which might be payable) falls on any company within the [] Group, you will put that company in funds to meet that liability failing which the Company is authorised to retain and sell sufficient Shares issued on exercise of the Option to raise the necessary funds to meet the liability.

Exercise of this Option is conditional upon the satisfaction of ~~the any~~ Performance Target set out in the Appendix to this certificate (if applicable) and is also subject to the Rules of the Scheme.

The Option is exercisable in whole or in part as specified in the Rules of the Scheme.

This Option is not transferable and will lapse upon the occasion of an assignment, charge, disposal or other dealing with the rights conveyed by it.

It is hereby certified that the transaction hereby effected falls within category L in the Schedule to the Stamp Duty (Exempt Instruments) Regulations 1987.

A person who is not a party to this deed shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this deed (save that any Member of the Group (as defined in the Rules of the Scheme) shall be so entitled). This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.

Executed and delivered on the date hereof)
as a deed by **DECHRA**)
PHARMACEUTICALS PLC by these)
signatories)