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If you have sold or otherwise transferred all of your Ordinary Shares, please send this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold only part of your holding of Ordinary Shares, you should retain this document and the Form of Proxy and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

DECHRA PHARMACEUTICALS PLC

(incorporated and registered in England and Wales under the Companies Act 1985, with registered number 03369634)

Proposed disposal of the Services Segment Circular to Shareholders and Notice of Meeting

This document should be read as a whole. Your attention is drawn, in particular, to the letter from the Chairman of Dechra Pharmaceuticals PLC and the risk factors, which are set out in Part I (Letter from the Chairman) and Part II (Risk Factors) of this document, respectively. The letter contains the recommendation of the Board to vote in favour of the Resolution to be proposed at a general meeting of the Company ("Meeting") referred to below.

A Notice convening the Meeting to be held at 12.00 noon on 29 July 2013 at the offices of the Company at 24 Cheshire Avenue, Cheshire Business Park, Lostock Gralam, Northwich CW9 7UA, is set out at the end of this document. A Form of Proxy for use at the Meeting is also enclosed with this document. Whether or not you intend to attend the Meeting in person, please complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, as soon as possible and, in any event, so as to arrive by no later than 12.00 noon on 27 July 2013, being 48 hours before the time appointed for the holding of the Meeting. Forms of Proxy received after this time will be invalid. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the Meeting or any adjournment thereof, if you so wish and are so entitled.

If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare (CREST participant ID 3RA50), so that it is received by no later than 12.00 noon on 27 July 2013. The completion and return of a CREST Form of Proxy or CREST Proxy Instruction will not preclude you from attending and voting in person at the Meeting or any adjournment thereof, if you so wish and are so entitled.

Investec Investment Banking, a division of Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority, is acting exclusively for Dechra Pharmaceuticals PLC in relation to the disposal of the Services Segment. Investec Investment Banking is not acting for any other person (including any recipient of this document) and Investec Investment Banking will not be responsible to any person other than Dechra Pharmaceuticals PLC for providing the protections afforded to clients of Investec Investment Banking or for providing advice in relation to the Disposal or in relation to the contents of or any transaction or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by FSMA or the regulatory regime established thereunder, Investec does not accept any liability whatsoever for the contents of this document or for any statement made or purported to be made by Investec, or on behalf of Investec, in connection with Dechra or the matters described in this document. Investec accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

This document is a Circular relating to the proposed disposal of National Veterinary Services Limited, which has been prepared in accordance with the Listing Rules. This circular has been approved by the FCA.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal	10 July 2013
Latest time and date for receipt of Forms of Proxy and CREST Proxy Meeting	12.00 noon on 27 July 2013 12.00 noon on 29 July 2013
Expected date of completion of the Disposal	mid-August 2013

Note. References to times in this document are to London time, unless otherwise stated.

Where to find help

If you have any questions regarding the contents of this document, please telephone the Shareholder Helpline on 0870 889 4030 from within the United Kingdom or on +44 870 889 4030 if calling from outside the United Kingdom. The Shareholder Helpline is available from 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (except bank and other public holidays).

Calls to the Shareholder Helpline 0870 number are charged at 8.5 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Shareholder Helpline 0870 number 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.

Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to Dechra Pharmaceuticals PLC's Register of Members and is unable to give advice on the merits of the Disposal, or to provide legal, financial, tax or investment advice.

IMPORTANT INFORMATION

1. Presentation of financial information

The Company publishes its financial statements in pounds sterling (“£” or “Sterling”). The abbreviation “£m” represents millions of pounds sterling, and references to “pence” and “p” represent pence in the UK. References to “Euros”, “EUR” or “€” are to the single currency of the participating member states of the European Union, references to “dollars”, “USD” or “US\$” are to the lawful currency of the United States of America.

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a table may not conform exactly to the total figure given for that table. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

2. International Financial Reporting Standards

As required by the Companies Act and Article 4 of the European Union IAS Regulation, the consolidated financial statements of the Group are prepared in accordance with IFRS issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union.

3. No incorporation of website information

Dechra’s website is www.dechra.com and this document is available on that website. The information on that website, any website mentioned in this document or any website directly or indirectly linked to these websites has not been verified and does not form part of this document and investors should not rely on it.

4. Forward-looking statements

Certain statements made in this document constitute forward-looking statements. Forward-looking statements can be identified by the use of words such as “may”, “will”, “should”, “predict”, “assurance”, “aim”, “hope”, “risk”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or other similar expressions that are predictive or indicative of future events. All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Group’s expectations, intentions and beliefs concerning, amongst other things, the Group’s results of operations, financial position, growth strategy, prospects, dividend policy and the industries in which the Group operates, are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and its Directors, which may cause the actual results, performance, achievements, cash flows, dividends of the Group or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. As such, forward-looking statements are no guarantee of future performance.

Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Among the important factors that could cause the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, economic conditions in the relevant markets of the world, market position of the Company or its subsidiaries, earnings, financial position, cash flows, return on capital and operating margins, political uncertainty, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation, changing business or other market conditions and general economic conditions and such other risk factors identified in the “Risk Factors” section of this document. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this document and are not intended to give assurance as to future results. The Group will update this document as required by applicable law, including the City Code, Listing Rules, Prospectus Rules and/or the Disclosure and Transparency Rules of the Financial Conduct Authority, but otherwise expressly disclaims any such obligation or undertaking to release publicly any updates or

revisions to any forward-looking statement contained herein to reflect any change in Dechra's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

5. General notice

This document is for your information only. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

6. Defined terms

Certain terms used in this document, including all capitalised terms and other terms, are defined and explained in Part VII of this document.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Michael Redmond, <i>Non-Executive Chairman</i> Ian Page, <i>Chief Executive Officer</i> Anne-Francoise Nesmes, <i>Chief Financial Officer</i> Ed Torr, <i>Business Development Director</i> Tony Griffin, <i>Managing Director, Dechra Veterinary Products Europe</i> Neil Warner, <i>Senior Independent Non-Executive Director</i> Dr Christopher Richards, <i>Non-Executive Director</i> Julian Heslop, <i>Non-Executive Director</i> Ishbel Macpherson, <i>Non-Executive Director</i>
Company Secretary	Zoe Goulding
Registered Office	24 Cheshire Avenue Cheshire Business Park Lostock Gralam Northwich CW9 7UA
Telephone number	+44 (0) 1606 814 730
Sponsor, Financial Adviser and Broker	Investec Bank plc (which conducts its UK investment banking activities as Investec Investment Banking) 2 Gresham Street London EC2V 7QP
Legal Advisers	DLA Piper UK LLP Victoria Square House Victoria Square Birmingham B2 4DL
Auditor and Reporting Accountants	KPMG Audit plc One Snowhill Snowhill Queensway Birmingham B4 6GH
Communications	Tooley Street Communications Ltd. Barn 9 North Courtyard Dunston Business Village Dunston Staffordshire ST18 9AB
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

PART I:

LETTER FROM THE CHAIRMAN

DECHRA PHARMACEUTICALS PLC

(incorporated in England and Wales with registered number 03369634)

Directors

Michael Redmond, *Non-Executive Chairman*
Ian Page, *Chief Executive Officer*
Anne-Francoise Nesmes, *Chief Financial Officer*
Ed Torr, *Business Development Director*
Tony Griffin, *Managing Director, Dechra Veterinary Products Europe*
Neil Warner, *Senior Independent Non-Executive Director*
Dr Christopher Richards, *Non-Executive Director*
Julian Heslop, *Non-Executive Director*
Ishbel Macpherson, *Non-Executive Director*

Registered office

24 Cheshire Avenue
Cheshire Business Park
Lostock Gralam
Northwich
CW9 7UA

11 July 2013

To Shareholders and, for information only, to holders of options over Ordinary Shares

Dear Shareholder

Proposed disposal of the Services Segment and Notice of Meeting

1. Introduction

On 10 July 2013, the Board announced that Dechra had entered into a conditional agreement (the "Disposal Agreement") for the sale of Dechra's Services businesses, namely National Veterinary Services ("NVS®"), Dechra Laboratory Services and Dechra Specialist Laboratories (together the "Services Segment"), to Patterson Companies, Inc., for a total effective consideration of £87.5 million (the "Disposal"). Following the Disposal, the Continuing Group will be a focused, high margin specialist veterinary pharmaceutical products business, operating in a global market with attractive long term growth prospects.

The Consideration is payable in full and in cash at Completion and is subject to customary adjustments for a normalised level of working capital and net debt. The Disposal will be effected through the sale of the entire issued share capital of National Veterinary Services Limited, a newly-incorporated, wholly-owned subsidiary of Dechra Pharmaceuticals PLC, to Patterson Companies, Inc. The trade, assets and liabilities (save for certain excluded liabilities) of the Services Segment that were owned by Dechra Limited have been transferred into National Veterinary Services Limited in order to facilitate the Disposal.

In view of its size, the Disposal constitutes a class 1 transaction for Dechra under the Listing Rules and is therefore conditional upon the passing of a resolution to approve the Disposal by Dechra Shareholders (the "Resolution"). Accordingly, a Meeting has been convened at which such approval will be sought and will be held at the offices of the Company at 24 Cheshire Avenue, Cheshire Business Park, Lostock Gralam, Northwich CW9 7UA at 12.00 noon on 29 July 2013. The Notice of Meeting is set out at the end of this document.

The purpose of this document is (i) to provide you with information relating to the Disposal; (ii) to explain the reasons for the Disposal and why the Board considers the Disposal to be in the best interests of Shareholders as a whole; and (iii) to recommend that you vote in favour of the Resolution set out in the Notice of Meeting at the end of this document, as the Directors intend to do in respect of their aggregate shareholdings in Dechra, amounting to 1.57 per cent. of the Group's current issued share capital.

2. Background to and reasons for the Disposal

When Dechra was established in May 1997 through a management buyout from Lloyds Chemist plc, it comprised three main businesses, (i) *NVS*, a distributor of pharmaceuticals and pet products, instruments, consumables, accessories and IT services to veterinary practices; (ii) *Arnolds*, a supplier of own-branded pharmaceutical instruments and equipment to the veterinary profession; and (iii) *Dales®*, the licensed manufacturer of human and veterinary pharmaceuticals. At that time, *NVS* contributed a majority of Dechra's revenues, profits and cash generation. Following the flotation of Dechra on the London Stock Exchange in September 2000, the Board adopted a strategy to use the cash generated by *NVS* to invest in the development of specialist companion animal pharmaceutical products, which represented a significant growth opportunity for the Group.

Since 2000, Dechra's Pharmaceuticals businesses (the "Pharmaceuticals Segment") have grown both organically and through a number of key strategic acquisitions which have enabled Dechra to access new products and/or geographies. Key milestones in the successful development of the Pharmaceuticals Segment, include:

- 2001: UK launch of *Vetoryl®*, a novel drug for the treatment of Cushing's syndrome in dogs;
- 2002: acquisition of Anglian Pharma plc, which increased Dechra's contract manufacturing revenues;
- 2004: EU launch of *Felimazole®*, novel drug for the treatment of feline hyperthyroidism;
- 2005: approval to market *Vetoryl* in 19 major European countries;
- 2007: opening of Dechra US, a sales and marketing business, to capitalise on the acquisition of the marketing rights for a range of licensed veterinary pharmaceuticals from Nycomed US, Inc.;
- 2008: £65 million acquisition of *VetXX® Holdings A/S* (subsequently renamed Dechra Veterinary Products), a developer, manufacturer and marketer of companion animal veterinary products in Europe, which broadened and strengthened Dechra's European footprint and range of directly marketed licensed veterinary products;
- 2009: approval and launch of *Vetoryl* in the US, and approval to market *Felimazole* in the US;
- 2010: \$64.0 million acquisition of *DermaPet®*, Inc., a US based business which strengthened Dechra's position in the global veterinary dermatological market, as well providing greater scale in the US market; mutual recognition of *Malaseb®* in 17 European countries;
- 2010: £6.5 million acquisition of *Genitrix® Limited*, a private UK company with a range of products complementary to Dechra's existing product portfolio;
- 2012: €135 million acquisition of *Eurovet® Animal Health B.V.*, a veterinary pharmaceutical business based in the Netherlands, which gave the Group a strong direct presence in the German market, as well as strengthening the Group's presence in a number of other European countries, providing access to a complementary companion animal product portfolio and a significant presence in the large farm animal pharmaceutical market; and
- 2013: approval of *Felimazole* in Australia and *Vetoryl* in Brazil.

The success to date in delivering the Group's strategy to develop a high margin, cash generative veterinary products business is illustrated by the fact that over 75 per cent. of the Group's operating profits (excluding amortisation of intangibles and before allocation of central costs) in the half year ended 31 December 2012 were derived from the Pharmaceuticals Segment. The Board believes that the Pharmaceuticals Segment, where the greatest opportunities for future growth and value lie, is now of a size that permits the Group sensibly to focus its entire efforts on its further development.

The Board believes that the Disposal is in the best interests of Shareholders as a whole for the following reasons:

- it enables the Continuing Group to focus on its key strategic own branded veterinary products businesses, in line with the Board's stated strategy;
- the Pharmaceuticals Segment comprises higher margin, cash generative businesses, operating in a global market with attractive long term growth prospects;
- it provides the Continuing Group with additional resources to continue the development of the Pharmaceuticals Segment, both organically and, potentially, by way of acquisitions;

- there are no material synergies between the Pharmaceuticals Segment and the Services Segment and the Board considers that they would each benefit from increased management focus, which would be achieved through a separation of the businesses; and
- it represents an attractive opportunity to realise the value of the Services Segment, which competes in an increasingly international and competitive market.

Following the Disposal, the Continuing Group will be a focused specialist veterinary pharmaceuticals business, operating through three of Dechra's existing Pharmaceuticals segments, namely (i) Product Development, which develops and licenses Dechra's own branded veterinary product portfolio of novel and generic pharmaceuticals and specialist pet diets; (ii) European Pharmaceuticals, which comprises Dechra Veterinary Products EU and Dechra Pharmaceuticals Manufacturing; and (iii) US Pharmaceuticals, which comprises Dechra Veterinary Products US. Following the Disposal, the Board will continue the development of a high growth, cash generative, specialist veterinary pharmaceutical products business to compete in a global market, with the intention to increase investment in the Group's product development pipeline.

3. Information on the Services Segment

The Services Segment comprises the following businesses:

National Veterinary Services

NVS is the UK market leader, in terms of market share, in the supply and distribution of veterinary products to veterinary practices and other approved outlets via its next day national delivery service. NVS stocks a range of over 14,000 products, including pharmaceuticals, pet products, consumables and accessories and has also developed a range of IT solutions for veterinary practices. Additionally, NVS supplies a range of business solutions for veterinary practices including practice management software, benchmarking systems and marketing and business support.

NVS's principal customers are UK veterinary practices of all types: small animal, equine, farm animal and mixed species practices.

NVS is managed by an operating board of five experienced directors and employs over 430 people across the UK, 156 of whom are delivery drivers.

Laboratories

Dechra Laboratory Services ("DLS")

North Western Laboratories Limited was established in 1983 as an independent veterinary laboratory providing diagnostic services for veterinary surgeons throughout the UK and became a part of the Dechra Group in April 2002. In April 2012, the business changed its trading name to Dechra Laboratory Services and operates as a multi-disciplined, independent commercial veterinary laboratory. Both its laboratory sites, in Poulton-le-Fylde and in Leeds, are UKAS accredited testing laboratories and offer over 600 test options across the full range of clinical pathology disciplines and diagnostic services to UK commercial veterinary practices. DLS historically provided support to companion animal practices; however, in the last two years DLS has introduced an increasing range of large animal and equine services.

Dechra Specialist Laboratories ("DSL")

Cambridge Specialist Laboratory Services, which was also acquired by the Group in April 2002, was formed in 1998 by a small group of scientists and technicians with experience in veterinary diagnostics and radioimmunoassay. In April 2012 Cambridge Specialist Laboratory Services changed its trading name to Dechra Specialist Laboratories and operates as a primary and secondary referral, specialist veterinary immunoassay laboratory. Although it provides some first level support to UK veterinary practices, DSL's major area of specialisation is in very precise endocrine assays.

DLS is located in Poulton-le-Fylde, Leeds and Swanscombe, and DSL is located in Sawston, England, and together they employ 83 staff.

The names and functions of the key individuals deemed by Dechra to be key to the operations of the Services Segment are set out in paragraph 4 of Part VI (Additional Information) of this document.

4. Financial summary of the Services Segment

The table below provides a summary of the financial results of the Services Segment for the financial years ended 30 June 2010, 2011 and 2012 and the half year ended 31 December 2012, and the net assets of the Services Segment as at 30 June 2012 and as at 31 December 2012.

	<i>Year ended</i> <i>30 June</i> <i>2010</i> <i>£'000</i>	<i>Year ended</i> <i>30 June</i> <i>2011</i> <i>£'000</i>	<i>Year ended</i> <i>30 June</i> <i>2012</i> <i>£'000</i>	<i>Half</i> <i>year ended</i> <i>31 December</i> <i>2012</i> <i>£'000</i>
Revenue	285,670	296,258	315,672	167,739
Operating profit	13,103	13,087	11,056	5,720
<i>Operating profit margin</i>	<i>4.6%</i>	<i>4.4%</i>	<i>3.5%</i>	<i>3.4%</i>
Profit before tax	13,468	13,437	11,146	5,723
Net assets			55,363	59,338

The above figures have been extracted without material adjustment from the financial information contained in Part IV (Financial Information on the Services Segment) of this document. In order to make a proper assessment of the financial position of the Services Segment and National Veterinary Services Limited, you should not rely solely on the summary financial information set out above, but should read the whole of this document.

5. Use of proceeds and financial effects of the Disposal on the Continuing Group

The net cash proceeds arising from the Disposal are expected to be approximately £86.2 million, after estimated transaction costs of £0.9 million and tax arising on disposal of £0.4 million. It is intended that the net cash proceeds from the Disposal will be used to reduce the Group's net debt through the prepayment and cancellation of the Group's existing £50 million term loan facility and the reduction in amounts drawn down under the Group's existing £65 million revolving credit facility. The Continuing Group will retain the use of the existing £65 million revolving credit facility, which expires in October 2016, on an ongoing basis to fund the development of the business. Following Completion, the Continuing Group is expected to have pro forma net debt of approximately £15.7 million, based on the Group's position as at 31 December 2012.

It is expected that central costs incurred by the Continuing Group will increase following the Disposal, reflecting some additional cost and the fact that central costs were previously allocated across both segments.

Whilst the Disposal will be earnings dilutive in the short term, it will create a focused, specialist pharmaceuticals business with additional resources to invest in the Continuing Group's product development pipeline and other growth opportunities. The Board expects the quality of the Continuing Group's business and its prospects to be enhanced as a result of the Disposal, which will enable management to focus exclusively on the areas of the Group with the strongest margin, cash conversion and growth prospects.

The impact of the Disposal on the net assets of the Continuing Group is set out in Part V (Unaudited Pro Forma Statement of Net Assets of the Continuing Group) of this document.

6. Dividends and dividend policy

Following the Disposal, the Board intends to maintain its progressive dividend policy, which takes into account both the underlying performance of the Group and its investment opportunities.

7. Information on Patterson

Patterson Companies, Inc., is a US-based specialty distributor serving the dental, veterinary and rehabilitation supply markets across a number of international geographies. Patterson is quoted on the NASDAQ market and is a constituent of the S&P 500, with a market capitalisation of US\$4.1 billion as at the date of this document. In the year ended 27 April 2013, Patterson had revenues of US\$3.6 billion and net income of US\$210.3 million, and had net assets of US\$1.4 billion as at 27 April 2013. Patterson intends to fund the acquisition of the Services Segment through its existing financial resources.

8. Key terms of the Disposal Agreement

The Disposal is being made pursuant to the Disposal Agreement. Under the Disposal Agreement Dechra Limited, a wholly-owned subsidiary of Dechra Pharmaceuticals PLC within which the business and assets of the Services Segment were legally held, has agreed to sell the entire issued share capital of National Veterinary Services Limited for an effective consideration of £87.5 million. The consideration is payable in cash on completion. The consideration is subject to customary adjustments to reflect the net debt position and movements to normalise the working capital of National Veterinary Services Limited.

The Disposal Agreement contains certain warranties and indemnities on the part of Dechra Limited which are customary for a transaction of this nature. Completion of the Disposal is conditional, *inter alia*, on the passing of the Resolution at the Meeting.

Further details of the terms of the Disposal are set out in Part III (Principal Terms of the Disposal) of this Circular.

9. Current trading and prospects of the Group

On 10 July 2013, the Board issued an unaudited trading update for the Group's financial year ended 30 June 2013, which stated in relation to the Group's current trading and prospects:

“Highlights

- Group revenue up by approximately 19 per cent. vs last year
- Top 5 products revenue increased by approximately 13 per cent.
- US trading performance impacted by third party supply issues, as referred to in the Q3 Interim Management Statement
- Trading in Q4 was good and a marked improvement over Q3, but it did not offset the impact of adverse weather in Q3 and supply issues in the US
- *Eurovet*® expected synergies realised
- Investment in pharmaceutical pipeline increases as novel products reach maturity and new opportunities are identified

Note: All numbers at reported currency.

European Pharmaceuticals

Revenue from this segment increased by approximately 65 per cent. compared to last year. On a like-for-like basis, revenue grew by approximately 5 per cent.

Despite a very slow third quarter following the prolonged bad winter weather, pharmaceuticals sales for the full year increased by approximately 5 per cent. on a comparable basis. The Diets performance also improved, benefitting from a redefined strategy.

Importantly, *the Eurovet* integration was completed successfully and has delivered the identified expected synergies on schedule.

US Pharmaceuticals

The US performance has been impacted by third party supply issues for the ophthalmic and dermatology ranges. We are confident that these will be resolved during the current financial year.

Consequently, despite the strong performance of our own key products, *Vetoryl*® and *Felimazole*®, growing at approximately 11 per cent. and 16 per cent. respectively, this sector's revenue growth in year ended 2013 was modest at approximately 3 per cent.

Services

Revenue grew by approximately 6 per cent. compared to last year. Important new contracts were secured in the year, including agreements with Internet pharmacies, a growing segment of the market.

Net Debt

As expected, cash flow in the second half of the financial year was strong which resulted in an improvement in our net borrowing position.

Summary

Summarising the Group's performance ahead of Preliminary Results in September, Ian Page, Chief Executive, commented: "During 2013, we strengthened our position in the pharmaceutical segments and successfully integrated Eurovet into our business; a key aspect has been the strong performance of our branded lead pharmaceutical products. Although trading in Q4 was good, it did not offset US supply issues and the effect of poor weather experienced in Q3. We continue to increase our investment in our product development pipeline to support the delivery of our strategic objective of building a high margin, cash generative veterinary pharmaceutical business. Whilst the current financial year will remain challenging, we look forward to reporting another year of progress."

There has been no change in the Board's assessment of the matters described above as at the date of this document.

10. Risk factors

Shareholders should consider fully the risk factors associated with the Continuing Group and the Disposal, which are set out in Part II (Risk Factors) of this document.

11. Additional information

The expected timetable of principal events for the Disposal is set out on page 2 of this document. Your attention is drawn to the additional information set out in Part VI (Additional Information) of this document.

12. Meeting

A general meeting of the Company has been convened for the purpose of considering and, if thought fit, passing the Resolution, which is required for Completion of the Disposal to take place. The Resolution will be proposed as an ordinary resolution requiring a simple majority of votes cast at the Meeting to be in favour.

13. Action to be taken

Please vote on the Resolution (details of which are included in the Notice of Meeting set out at the end of this document), electronically or by post or by attending the Meeting in person or by proxy:

(i) *Electronically*

If you are a corporate or individual member of CREST, please vote through CREST in accordance with the procedures set out in the CREST Manual. Other Shareholders can vote electronically by contacting www.investorcentre.co.uk/eproxy and following the on-screen instructions. You will need your investor code and PIN number, both of which are printed on your Form of Proxy. Your vote must be received before 12.00 noon on 27 July 2013.

(ii) *By post*

Please complete and return the enclosed postage prepaid Form of Proxy card by post or in person so that it is received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and in any event by 12.00 noon on 27 July 2013.

(iii) *In person*

Please attend the Meeting at 12.00 noon on 29 July 2013 at the offices of the Company at 24 Cheshire Avenue, Cheshire Business Park, Lostock Gralam, Northwich CW9 7UA, or send your duly appointed proxy to vote for you.

Full details of how to vote or appoint a proxy to vote for you are set out in the Notice of Meeting on pages 35 to 37 of this document. The completion of your Form of Proxy or electronic vote will not preclude you from attending the meeting in person. Even if you intend to attend the Meeting, please complete and return a Form of Proxy or vote electronically. A proxy need not be a member of the Company.

14. Importance of the vote

The Resolution must be passed by Shareholders at the Meeting in order for Completion of the Disposal to take place.

15. Recommendation

The Board has received financial advice from Investec in relation to the Disposal. In providing its financial advice to the Board, Investec has relied upon the Board's commercial assessment of the Disposal.

The Board considers the Disposal to be in the best interests of the Shareholders of the Company as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the Meeting, as the Directors have irrevocably undertaken to do in respect of their own beneficial holdings, which amount in aggregate to 1,370,568 Ordinary Shares, representing 1.57 per cent. of Dechra's issued share capital as at 10 July 2013 (being the latest practicable date prior to the publication of this document).

Yours faithfully

For and on behalf of Dechra Pharmaceuticals PLC

Michael Redmond

Chairman

11 July 2013

PART II:

RISK FACTORS

The following risk factors, together with all other information contained in this document, should be considered carefully by Shareholders when deciding whether or not to vote in favour of the Resolution.

The following risks are those material risks, relating to the Disposal, the Group and/or the Continuing Group, of which the Directors are aware. The risks and uncertainties described below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, may also have an adverse effect on the operating results, financial condition and prospects of Group or the Continuing Group. The information given is as of the date of this document and, except as required by the FCA, the PRA, the London Stock Exchange, the Listing Rules and Disclosure and Transparency Rules (and/or any regulatory requirements) or applicable law, will not be updated. The risk factors should be read in conjunction with all other information relating to the Group, the Continuing Group, the Services Segment and the Disposal contained in this document.

If any or a combination of the following risks and uncertainties actually materialise, the Continuing Group's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In such case, the price of the Continuing Group's ordinary shares could decline and Shareholders may lose some or all of their investment.

1. Risks associated with the Disposal

(a) Warranties and indemnities in the Disposal Agreement

The Disposal Agreement contains certain warranties, indemnities and restrictive covenants in favour of the Purchaser, which the Board considers to be appropriate for a transaction of the nature of the Disposal. The Company has undertaken appropriate steps to minimise the risk of liability under those warranties, indemnities and covenants. However, any such liability to make a payment arising from a successful claim by the Purchaser could have a material adverse effect on the Continuing Group's financial condition. The aggregate liability of Dechra for a breach or inaccuracy of warranties and indemnities is limited to the consideration payable under the Disposal Agreement. Further details of the principal terms of the Disposal Agreement are set out in Part III (Principal Terms of the Disposal) of this document.

(b) The Disposal may not proceed

Completion of the Disposal is subject to: (i) the approval of Shareholders; and (ii) the issue of certain regulatory licences in the name of National Veterinary Services Limited (together, the "Conditions"). If Shareholders do not pass the Resolution, the Disposal will not complete and the following risks and uncertainties may affect the Group's business and results.

(i) Potentially disruptive effect

The UK veterinary distribution market is increasingly international and competitive. The Services Segment is generally able to compete on the basis of quality, UK national geographical reach, next day delivery, late evening ordering, breadth of service, expertise, reliability and high service levels. Uncertainty over the ownership of the Services Segment may impact customer confidence negatively, leading to a failure to maintain existing customers. Similarly, uncertainty over ownership may negatively impact employee confidence and sentiment, which may affect the Group's ability to retain key management and employees.

(ii) Inability to realise value for the Services Segment

If the Disposal does not complete, the future value to the Group of the Services Segment may be lower than can currently be realised by way of the Disposal.

(iii) *Lack of prospective purchasers*

If the Disposal does not complete and the Purchaser does not proceed, there can be no guarantee that the Group will be able to identify another suitable purchaser for the Services Segment, which may lead to a loss of confidence amongst employees and customers and a reduced value of the Services Segment.

(iv) *Exposure to the veterinary products distribution market*

Although footfall through UK veterinary practices has remained relatively consistent since the beginning of 2012, profit margin and cash flow in the Services Segment have come under some pressure due to an increase in the discount allowed and the decline in the proportion of revenue derived from higher margin product groups. The increase in discount allowed has been a feature of the highly competitive market that has developed over recent years. The sales mix has been influenced by consumers buying products such as pet diets from internet pharmacies, a sector in which Dechra has historically been under-represented. Should the Disposal fail to complete, the Group's future growth and margin prospects may be adversely affected as a result of these pressures.

(v) *Increasingly global market*

Dechra's UK competitors all trade internationally, giving them increased buying power and the ability to develop services on an international basis. The Services Segment is focused on the distribution of veterinary products within the UK only and, as such, should the Disposal not proceed, it would be increasingly difficult for Dechra to compete effectively in what has become a global marketplace.

2. New risks associated with the Continuing Group and/or existing risks increased as a result of the Disposal

(a) New product development

Following the Disposal the Continuing Group's future growth will be increasingly dependent on its ability to develop novel drugs, new formulations of drugs or identifying opportunities for generic drugs. Dechra has a good track record in developing new products. Development of new products is dependent on such products coming through the Continuing Group's research and development department to drive future growth. At each stage of the development process there is a risk that the product does not pass internal requirements, particularly with respect to efficacy against the targeted disease/condition. To the extent the Continuing Group is unable to develop new products this could have a material adverse impact on the future value of the Continuing Group.

(b) Inability to obtain capital or additional finance

The Continuing Group will require capital to fund its growth. Following the Disposal, if the cash that the Continuing Group generates from the Pharmaceuticals Segment alone, together with the cash that it may borrow under its credit facilities, is not sufficient in the long term to fund its growth requirements, additional debt and/or equity financing will be required. If such additional financing were not available to fund the Continuing Group's growth, revenue and cash flow could decrease, potentially having a material adverse effect on the operations, financial condition and prospects of the Continuing Group.

This should not be treated in any way as qualifying the statement relating to the Continuing Group's working capital position in paragraph 9 of Part VI (Additional Information) of this document.

(c) Currency and interest rate fluctuations

Although the Continuing Group is an English company which reports its financial results in Sterling, the Continuing Group has significant cash flows and net financial assets and liabilities in Danish Kroner, US Dollars and Euros. Currency fluctuations can have a significant impact on the Continuing Group's consolidated balance sheet, particularly total shareholders' funds, when the financial statements of the non-UK subsidiaries are translated into Sterling. Following the Disposal, a greater proportion of the Continuing Group's cash flows, assets and liabilities will be in non-Sterling currencies and currency fluctuations could have a proportionately greater impact on the Continuing Group's consolidated balance sheet.

The Continuing Group will also be exposed to interest rate risk on its floating rate debt. Fluctuations in interest rates may affect the interest expense on existing debt and the cost of new financings. The Group currently does, and the Continuing Group would expect, periodically to utilise interest rate hedges to manage and mitigate its exposure to changes in the interest rates. Despite this, the Continuing Group's financial condition and results of operations would be adversely affected by an increase in interest rates.

(d) Dividends

Under UK company law, a company may pay cash dividends only to the extent that it has distributable reserves and cash available for this purpose. Following the Disposal, the profitability of the Continuing Group will have a proportionately greater effect on the ability of Dechra to pay dividends and the extent to which Dechra has distributable reserves out of which dividends may be paid. In the light of these factors, the Continuing Group can give no assurance that it will be able to pay a dividend in the future or as to the amount of any such dividend, if paid.

PART III:

PRINCIPAL TERMS OF THE DISPOSAL

1. Introduction

Prior to entering into the Disposal Agreement, the Services Segment was transferred by Dechra Limited, a wholly-owned subsidiary of Dechra Pharmaceuticals PLC within which the business and assets of the Services Segment were legally held, to National Veterinary Services Limited, pursuant to the Business Transfer Agreement. The consideration payable by National Veterinary Services Limited to Dechra Limited, for the Services Segment was £87.5 million (satisfied as to £5.0 million by the allotment of consideration shares and as to £82.5 million left outstanding as a debt due from National Veterinary Services Limited to Dechra Limited ("BTA Debt")).

The Disposal Agreement was entered into on 9 July 2013 between (1) Dechra Limited (2) Patterson (PDCO) Holdings UK Limited (3) Dechra Pharmaceuticals PLC and (4) Patterson Companies, Inc. Pursuant to the terms of the Disposal Agreement, Dechra Limited will sell the entire issued share capital of National Veterinary Services Limited and Dechra Pharmaceuticals PLC will guarantee the obligations of Dechra Limited under the Disposal Agreement. The principal terms of the Disposal are detailed below.

2. Consideration

The effective consideration payable by Patterson to Dechra Limited for the entire issued share capital of National Veterinary Services Limited is £87,500,000 (satisfied as to £5,000,000 as consideration and as to £82,500,000 by Patterson procuring that National Veterinary Services Limited repays to Dechra Limited the BTA Debt) payable in full and in cash at Completion and is subject to customary adjustments for a normalised level of working capital and net debt.

3. Condition and Completion

Completion is conditional upon, among other things:

- (i) the passing of the Resolution by the Shareholders;
- (ii) the issue of certain regulatory licences in the name of National Veterinary Services Limited;
- (iii) there not having been a material breach by Dechra Limited of any warranty contained in the Disposal Agreement (each a "Warranty" and together the "Warranties") which was not disclosed in the disclosure letter dated the same date as the Disposal Agreement;
- (iv) there not having occurred anything which would have been a material breach of a Warranty if the Warranties had been repeated at all times up to Completion;

(For the purposes of the conditions set out at paragraphs (ii) and (iii) above, a material breach of a Warranty means a breach which could reasonably be expected to result in a liability of Dechra Limited of an amount in excess of £5,000,000 and which is incapable of remedy by Dechra Limited or which Dechra Limited does not remedy);

- (v) there not having occurred any material adverse event in respect of National Veterinary Services Limited between the date the Disposal Agreement is signed and the date the Disposal is completed; and
- (vi) the execution and delivery of all usual Completion resolutions, authorities and documents by Dechra Limited and by Patterson as set out in the Disposal Agreement.

The Disposal Agreement may terminate if these conditions are not satisfied, or become incapable of being satisfied, on or before 5.00 p.m. on 30 September 2013.

4. Pre-completion covenants

The Disposal Agreement contains certain customary restrictions on the conduct of the business of National Veterinary Services Limited pending Completion. In particular, certain specified actions will not be taken by National Veterinary Services Limited without the prior written approval of Patterson, subject to certain exceptions. In particular, among other restrictions, National Veterinary Services Limited will be prohibited from paying any dividend or distribution to Dechra Limited prior to Completion.

5. Termination payment

If the Disposal Agreement terminates automatically due to the Resolution not being passed by the Shareholders then National Veterinary Services Limited has indemnified Patterson against all reasonable third party costs reasonably incurred by Patterson in connection with its investigation of the business and assets of National Veterinary Services Limited and the preparation of and entry into the Disposal Agreement and other related documents, up to a maximum aggregate amount of £500,000.

6. Undertakings

Dechra Limited has given customary non-compete, non-solicitation and non-hire undertakings which prevent Dechra Limited and the Dechra Group for a period of three years after Completion from: (i) competing with National Veterinary Services Limited in the UK; (ii) soliciting the customers and suppliers of National Veterinary Services Limited; or (iii) hiring the employees of National Veterinary Services Limited.

Dechra Limited has also given customary undertakings that it will not use the names “National Veterinary Services” or “NVS”, nor do or say anything which is intended to damage the goodwill or reputation of the Business, at any time after Completion.

7. Warranties, indemnities and liability caps

The Disposal Agreement contains customary warranties given by Dechra Limited relating to the key areas of the business and assets of National Veterinary Services Limited, subject to customary limitations relative to warranty claims.

The Disposal Agreement also contains an indemnity (“Tax Indemnity”) given by Dechra Limited in relation to all liabilities arising from the operation of the Business prior to Completion by each of Dechra Limited and by National Veterinary Services Limited (other than those assumed by National Veterinary Services Limited pursuant to the Business Transfer Agreement or taken into account in the calculation of working capital and net debt). Any claim under such indemnity will be an “Indemnity Claim”.

Dechra Limited shall not be liable for any non-tax warranty claim unless it is notified of such claim prior to 5.00 p.m. on the date 18 months from Completion. Dechra Limited shall not be liable for any tax claim unless it is notified of such claim prior to 5.00 p.m. on the date 7 years from Completion.

The Disposal Agreement contains customary financial thresholds that claims must exceed before they can be made against Dechra Limited.

The aggregate liability of Dechra Limited (and Dechra Pharmaceuticals PLC as guarantor) under the Disposal Agreement (other than in respect of an Indemnity Claim or a Tax Indemnity Claim) shall not exceed 50 per cent. of the Consideration. The aggregate liability of Dechra Limited (and Dechra Pharmaceuticals PLC as guarantor) in respect of an Indemnity Claim or Tax Indemnity Claim shall not exceed 100 per cent. of the Consideration. In no circumstances shall the aggregate liability of Dechra Limited (and Dechra Pharmaceuticals PLC as guarantor) in respect of all claims under the Disposal Agreement exceed 100 per cent. of the Consideration.

8. Governing Law

The Disposal Agreement is governed by the laws of England and Wales.

9. Transitional services

Concurrently with Completion, Dechra Limited and National Veterinary Services Limited will enter into a Transitional Services Agreement pursuant to which National Veterinary Services Limited will provide the Continuing Group with certain payroll and fleet management services on a transitional basis for a monthly fee for a period of a maximum of 12 months after Completion, unless terminated prior thereto pursuant to the termination provisions of such agreement.

PART IV:
FINANCIAL INFORMATION ON THE SERVICES SEGMENT

The following information relating to the Services Segment has been extracted without material adjustment from the consolidation schedules used in preparing the Group's audited consolidated financial statements for the financial years ended 30 June 2010, 30 June 2011 and 30 June 2012 and the unaudited financial information for the six month period ended 31 December 2012.

The financial information contained in this Part IV does not constitute statutory accounts within the meaning of Section 240 of the 1985 Act or as the case may be Section 434 of the 2006 Act. The consolidated statutory accounts for the Group in respect of the financial years ended 30 June 2010, 30 June 2011 and 30 June 2012 have been delivered to the Registrar of Companies. The auditors' reports in respect of the statutory accounts of the Group for each of these three financial years were unqualified and did not contain statements under Section 237(2) or (3) of the 1985 Act or as the case may be Section 298(2) or (3) of the 2006 Act.

The consolidation schedules are prepared using the IFRS accounting principles of the Group on a basis consistent with the accounting policies adopted in the Group's latest financial accounts. The financial information contained in this Part IV for the financial years ended 30 June 2010, 30 June 2011 and 30 June 2012 and the half year ended 31 December 2012 have been extracted from the consolidation schedules before eliminating intercompany receivables and payables and before eliminating intercompany trading between the Services Segment and other companies in the Dechra Group.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part IV.

Financial information

1. Combined income statement (on an IFRS basis) for the financial years ended 30 June 2010, 30 June 2011 and 30 June 2012 and the six month period ended 31 December 2012

	<i>Year ended 30 June 2010 (unaudited) £'000</i>	<i>Year ended 30 June 2011 (unaudited) £'000</i>	<i>Year ended 30 June 2012 (unaudited) £'000</i>	<i>Half year ended 31 December 2012 (unaudited) £'000</i>
Revenue	285,670	296,258	315,672	167,739
Cost of sales	<u>(256,172)</u>	<u>(266,572)</u>	<u>(287,523)</u>	<u>(152,853)</u>
Gross profit	29,498	29,686	28,149	14,886
Distribution expenses	(11,417)	(11,611)	(11,853)	(6,291)
Administrative expenses	<u>(4,978)</u>	<u>(4,988)</u>	<u>(5,240)</u>	<u>(2,875)</u>
Operating profit	13,103	13,087	11,056	5,720
Finance income	542	598	161	–
Finance expense	<u>(177)</u>	<u>(248)</u>	<u>(71)</u>	<u>3</u>
Profit before tax	<u><u>13,468</u></u>	<u><u>13,437</u></u>	<u><u>11,146</u></u>	<u><u>5,723</u></u>

1. No tax allocation is performed for the purposes of the Dechra Pharmaceuticals Group IFRS consolidation, as it is not possible to allocate tax losses and pooling arrangements to individual segments. As a result, it is not possible to provide a meaningful allocation of the Group tax charge to the Services Segment for these periods.

2. Services Segment balance sheets as at 30 June 2012 and as at 31 December 2012

	30 June 2012 £'000	31 December 2012 £'000
Assets		
<i>Non-current assets</i>		
Intangible assets	3,961	3,845
Property, plant and equipment	1,347	1,435
Deferred tax liabilities	66	66
	<u>5,374</u>	<u>5,346</u>
<i>Current assets</i>		
Inventories	27,694	29,481
Trade and other receivables	47,494	49,651
Intercompany loan receivables	25,905	25,905
Intercompany receivables	–	255
Cash and cash equivalents	15,566	2,206
	<u>116,659</u>	<u>107,498</u>
Total assets	<u><u>122,033</u></u>	<u><u>112,844</u></u>
Liabilities		
<i>Current liabilities</i>		
Borrowings	(176)	(60)
Trade and other payables	(54,668)	(40,280)
Intercompany payables	(3,271)	(3,279)
Current tax liabilities	(8,555)	(9,887)
	<u>(66,670)</u>	<u>(53,506)</u>
<i>Non-current liabilities</i>		
Borrowings	–	–
	<u>–</u>	<u>–</u>
Total liabilities	<u><u>(66,670)</u></u>	<u><u>(53,506)</u></u>
Net assets	<u><u>55,363</u></u>	<u><u>59,338</u></u>

Goodwill arising on consolidation from the acquisition of entities within the Services Segment is included within the intangible assets in the Services Segment balance sheets at 30 June 2012 and 31 December 2012.

PART V:

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE CONTINUING GROUP

1. Unaudited pro forma statement of net assets of the Continuing Group

The unaudited pro forma statement of net assets set out below has been prepared to illustrate how the disposal of the Services Segment might have affected the financial position of Dechra had such transaction taken place as at 31 December 2012. The unaudited pro forma statement of consolidated net assets, which has been prepared for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Continuing Group's actual financial position or results following the Disposal. The unaudited pro forma financial information is compiled on the basis set out in the notes below from the unaudited consolidated balance sheet of the Group as at 31 December 2012 and from the historical financial information on the Services Segment set out in Part IV (Financial Information on the Services Segment) of this document. The unaudited pro forma Continuing Group balance sheet has been prepared on the basis set out in the accompanying notes below and in accordance with paragraph 13.3.3R of the Listing Rules.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part V.

	<i>Dechra at 31 December 2012⁽¹⁾ £'000</i>	<i>Services Segment⁽²⁾ £'000</i>	<i>Sub total £'000</i>	<i>Disposal adjustments £'000</i>	<i>Continuing Group pro forma as at 31 December 2012 £'000</i>
Assets					
<i>Non-current assets</i>					
Intangible assets	222,869	(3,845)	219,024	–	219,024
Property, plant and equipment	16,479	(1,435)	15,044	–	15,044
Total non-current assets	239,348	(5,280)	234,068	–	234,068
<i>Current assets</i>					
Inventories	58,394	(29,481)	28,913	–	28,913
Trade and other receivables	73,406	(49,651)	23,755	3,279	27,034
Intercompany loan receivables	–	(25,905)	(25,905)	25,905	–
Intercompany receivables	–	(255)	(255)	255	–
Cash and cash equivalents	16,603	(2,206)	14,397	88,406	102,803
Total current assets	148,403	(107,498)	40,905	117,845	158,750
Total assets	387,751	(112,778)	274,973	117,845	392,818
Liabilities					
<i>Current liabilities</i>					
Borrowings	(9,890)	60	(9,830)	–	(9,830)
Trade and other payables	(67,750)	40,280	(27,470)	(255)	(27,725)
Intercompany payables	–	3,279	3,279	(3,279)	–
Deferred and contingent consideration	(2,157)	–	(2,157)	–	(2,157)
Current tax liabilities	(7,717)	9,887	2,170	(9,887)	(7,717)
Total current liabilities	(87,514)	53,506	(34,008)	(13,421)	(47,429)
<i>Non-current liabilities</i>					
Borrowings	(108,677)	–	(108,677)	–	(108,677)
Deferred and contingent consideration	(4,609)	–	(4,609)	–	(4,609)
Employee benefit obligations	(499)	–	(499)	–	(499)
Deferred tax liabilities	(25,983)	(66)	(26,049)	66	(25,983)
Total non-current liabilities	(139,768)	(66)	(139,834)	66	(139,768)
Total liabilities	(227,282)	53,440	(173,842)	(13,355)	(187,197)
Net assets	160,469	(59,338)	101,131	104,490	205,621

(1)	The financial information in respect of Dechra Pharmaceuticals PLC has been extracted, without material adjustment, from the unaudited published interim results of Dechra.	
(2)	The financial information in respect of Services Segment has been extracted, without material adjustment, from the financial information contained in Part IV (Financial Information on the Services Segment) of this document.	
(3)	The accounting policies in relation to the net assets in the pro forma statement of Services Segment are consistent with those of the Dechra Group.	
(4)	No assessment of any fair value adjustments which may be made to the net assets of Services Segment following completion of the Disposal has been reflected within the unaudited pro forma statement.	
(5)	No adjustment has been made to the unaudited pro forma statement to reflect the trading results of the Dechra Group or Services Segment since the balance sheet dates shown, nor to reflect any other event save as disclosed above.	
(6)		£'000
(i)	The adjustment for trade and other receivables and intercompany payables represents the reinstatement of intercompany payables as third party receivables	3,279
(ii)	The adjustment for intercompany loan receivables represents the elimination of intercompany funding	<u>25,905</u>
(iii)	The adjustment for intercompany receivables and Trade and other payables represents the reinstatement of Intercompany receivables as third party payables	<u>255</u>
(iv)	The adjustment for cash and cash equivalents represents the following:	
	● Retention of net cash balances	2,206
	● Gross Proceeds from the sale of services segment	87,500
	● Transaction fees	(900)
	● Taxation on the profit arising from the Disposal	<u>(400)</u>
		88,406
(v)	The adjustment for current tax liabilities represents the retention of the net current tax liability	<u>(9,887)</u>
(vi)	The adjustment to deferred tax liabilities represents the retention of deferred tax asset	<u>66</u>
		£'000
(7)	The pro forma net debt of the Continuing Group at 31 December 2012 can be analysed as follows:	
	● Cash and cash equivalents	102,803
	● Borrowings – current	(9,830)
	● Borrowings – non-current	<u>(108,677)</u>
		<u>(15,704)</u>

2. Accountants' report on the unaudited pro forma statement of net assets of the Continuing Group



The Directors
Dechra Pharmaceuticals PLC
24 Cheshire Avenue
Cheshire Business Park
Lostock Gralam
Northwich
CW9 7UA

11 July 2013

Dear Sirs

Dechra Pharmaceuticals PLC (the “Company” and, together with its subsidiary undertakings, the “Group”)

We report on the pro forma financial information (the “Pro Forma Financial Information”) set out in Part V of this class 1 circular dated 11 July 2013 (the “Class 1 Circular”), which has been prepared on the basis described in notes 1 to 6, for illustrative purposes only, to provide information about how the proposed disposal of the Services Segment might have affected the financial information presented on the basis of the accounting policies adopted by Dechra Pharmaceuticals PLC in preparing the financial statements for the period ending 31 December 2012. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the Directors of Dechra Pharmaceuticals PLC to prepare the Pro Forma Financial Information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary Shareholders as a result of the inclusion of this report in the Class 1 Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 Circular.

Basis of opinion

We conducted our work in accordance with the Standard for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence

supporting the adjustments and discussing the Pro Forma Financial Information with the Directors of Dechra Pharmaceuticals PLC.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Dechra Pharmaceuticals PLC.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Dechra Pharmaceuticals PLC.

Yours faithfully

KPMG Audit Plc

PART VI:

ADDITIONAL INFORMATION

1. Responsibility

The Company and its Directors (whose names appear in paragraph 2.2 of this Part VI of this document) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and its Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect its import.

2. The Company and the Directors

2.1. *The Company*

The Company was incorporated and registered in England and Wales on 13 May 1997 with registered number 03369634 under the 1985 Act as a private limited company with the name Broomco (1283) Limited. On 18 July 1997, it changed its name to Dechra Holdings Limited. On 30 June 2000, it re-registered as a public limited company and changed its name to Dechra Pharmaceuticals PLC.

The principal legislation under which the Company operates, and under which its securities have been created, is the 1985 Act.

The registered office and the principal place of business in the United Kingdom of the Company is at 24 Cheshire Avenue, Cheshire Business Park, Lostock Gralam, Northwich CW9 7UA (telephone number 01606 814730 or, if dialling from outside the United Kingdom, +44 (0)1606 814730).

2.2. *The Directors*

The Directors of Dechra and their principal functions are as follows:

Directors

Michael Redmond	<i>(Non-Executive Chairman)</i>
Ian Page	<i>(Chief Executive Officer)</i>
Anne-Francoise Nesmes	<i>(Chief Financial Officer)</i>
Ed Torr	<i>(Business Development Director)</i>
Tony Griffin	<i>(Managing Director, Dechra Veterinary Products Europe)</i>
Neil Warner	<i>(Senior Independent Non-Executive Director)</i>
Dr Christopher Richards	<i>(Non-Executive Director)</i>
Julian Heslop	<i>(Non-Executive Director)</i>
Ishbel Macpherson	<i>(Non-Executive Director)</i>

3. Directors' interests

3.1. *Directors' and other significant interests*

As at 10 July 2013 (being the latest practicable date prior to the date of publication of this document), the interests (all of which are beneficial unless otherwise stated) of the Directors (as well as their immediate families) in the share capital of Dechra or (so far as is known or could with reasonable due diligence be ascertained by the relevant Director) interests of a person connected (within the meaning of section 252 of the 2006 Act) with a Director and the existence of which was known to or could, with reasonable diligence, be ascertained by the Directors as at 10 July 2013 were as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of existing issued share capital as at 10 July 2013 (%)</i>	<i>Number of ordinary shares held under the Long Term Incentive Plan ("LTIP")</i>	<i>Number of ordinary shares held under the SAYE Scheme</i>
Michael Redmond	73,417	0.08	Nil	Nil
Ian Page	859,751	0.99	265,887	5,316
Anne-Francoise Nesmes	Nil	Nil	Nil	Nil
Ed Torr	424,552	0.49	135,718	2,130
Tony Griffin	20,077	0.02	34,401	Nil
Neil Warner	5,448	0.01	Nil	Nil
Dr Christopher Richards	7,400	0.01	Nil	Nil
Julian Heslop	5,000	0.01	Nil	Nil
Ishbel Macpherson	2,987	0.003	Nil	Nil

3.2. **Directors' share options**

As at 10 July 2013 (being the latest practicable date prior to the date of publication of this document) the following Directors had share options in the Company under the Dechra Share Option Schemes, which had not been exercised. The number of Ordinary Shares over which options are held is:

<i>Director</i>	<i>Share plan/scheme</i>	<i>Date of grant/award</i>	<i>Number of Shares</i>	<i>Exercise Price/Share Price at date of award (pence)</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
Michael Redmond	N/A	N/A	N/A	N/A	N/A	N/A
Ian Page	LTIP	22 December 2010	78,656*	Nil/514.00	See Note	See Note
	LTIP	7 September 2011	92,811*	Nil/455.50	See Note	See Note
	LTIP	5 March 2013	94,420	Nil//715.00	See Note	See Note
	SAYE	13 October 2008	5,316*	315.02*/387	December 2013	June 2014
Anne-Francoise Nesmes	Nil	Nil	Nil	Nil	Nil	Nil
Ed Torr	LTIP	22 December 2010	47,193*	Nil/514.00	See Note	See Note
	LTIP	7 September 2011	55,687*	Nil/455.50	See Note	See Note
	LTIP	5 March 2013	32,838	Nil//715.00	See Note	See Note
	SAYE	17 October 2011	984*	365.59*/478	December 2014	June 2015
	SAYE	16 October 2012	1,146	471/591	December 2015	June 2016
Tony Griffin	LTIP	5 March 2013	34,401	Nil//715.00	See Note	See Note
Neil Warner	Nil	Nil	Nil	Nil	Nil	Nil
Dr Christopher Richards	Nil	Nil	Nil	Nil	Nil	Nil
Julian Heslop	Nil	Nil	Nil	Nil	Nil	Nil
Ishbel Macpherson	Nil	Nil	Nil	Nil	Nil	Nil

Note: The Long Term Incentive Plan performance period starts on 1 July in the year of grant and ends at 30 June three years later. The options shall be exercisable in respect of the vested shares for a period of six months beginning with the date on which the options vest, excluding any closed periods.

* Outstanding awards were subject to an adjustment following the Rights Issue to reflect the bonus element of the transaction.

3.3. **Details of Directors' service contracts**

(a) *Service contracts*

The following Directors have service contracts with the Company on the following terms:

<i>Name</i>	<i>Date of agreement</i>	<i>Basic salary</i>
Ian Page	1 September 2008	£440,000
Anne-Francoise Nesmes	7 January 2013	£300,000
Ed Torr	6 February 2009	£229,539
Tony Griffin	15 August 2012	€278,208

In addition to their basic salary, each of the Executive Directors is entitled to a fully expensed car, medical cover and life assurance. Each service contract can be terminated on six months' notice given at any time by the Executive Director and on 12 months' notice given by Dechra.

The Company may, in its absolute discretion at any time after written notice has been given by either party, lawfully terminate the service contract by paying to the Director an amount equal to his basic salary entitlement for the unexpired period of notice (subject to a deduction at source of income tax and National Insurance contributions). In the event that the service contract is terminated before the end of any financial year, the Director shall not be entitled to any bonus in respect of that financial year.

Each of the Executive Directors is entitled to an annual pension allowance of:

<i>Name</i>	<i>Percentage contribution of basic salary (%)</i>
Ian Page	14.0
Anne-Francoise Nesmes	14.0
Ed Torr	14.0
Tony Griffin	15.2*

All Executive Directors were members of the Dechra Pharmaceuticals PLC Group Stakeholder personal pension scheme. From 6 April 2011, the annual allowance for tax relief on pension savings for individuals reduced to £50,000, since this became effective Ian Page has elected to receive a salary supplement in lieu of the employer contribution over and above the £50,000 limit.

* 2013 calendar year

(b) *Emoluments*

An analysis of the Directors including their salary and/or fees, bonus, pension and other benefits (other than share options) for the year to 30 June 2012 is shown below:

<i>Name</i>	<i>Salaries & fees £'000</i>	<i>Bonuses £'000</i>	<i>Other benefits £'000</i>	<i>Total 2012 £'000</i>	<i>2012 pension £'000</i>
Executive Directors					
Ian Page	377*	225	30	632	50
Simon Evans (resigned October 2012)	236	141	26	403	33
Anne-Francoise Nesmes (appointed 22 April 2013)	N/A	N/A	N/A	N/A	N/A
Ed Torr	225	135	15	375	30
Tony Griffin (appointed 1 November 2012)	N/A	N/A	N/A	N/A	N/A

<i>Name</i>	<i>Salaries & fees £'000</i>	<i>Bonuses £'000</i>	<i>Other benefits £'000</i>	<i>Total 2012 £'000</i>	<i>2012 pension £'000</i>
Non-Executive Directors					
Michael Redmond	84	–	–	84	–
Bryan Morton (resigned 9 July 2012)	41	–	–	41	–
Dr Christopher Richards	38	–	–	38	–
Neil Warner	41	–	–	41	–
Julian Heslop (appointed 1 January 2013)	N/A	N/A	N/A	N/A	–
Ishbel Macpherson (appointed 1 February 2013)	N/A	N/A	N/A	N/A	–

* This includes a salary supplement of £2,509 paid in lieu of employer's pension contribution in excess of £50,000. Therefore the base salary is £375,064.

(c) *Letters of appointment and details of fees*

The Chairman and each of the other independent Non-Executive Directors have letters of appointment with Dechra. The appointments are for an initial 12 month period which is thereafter terminated by either party giving three months' notice. The independent Non-Executive Directors' are entitled to compensation on termination of their appointment confined to 3 months' remuneration.

4. Key individuals of the Services Group

The names and functions of the key individuals deemed by Dechra to be key to the operations of the Services Segment are set out below:

<i>Name</i>	<i>Position</i>
Martin Riley	<i>Managing Director – National Veterinary Services</i>
Dan Shipman	<i>Finance Director – National Veterinary Services</i>
Steve Williams	<i>Operations Director – National Veterinary Services</i>
Peter Cronin	<i>Sales and Marketing Director – National Veterinary Services</i>
Naomi McCallum	<i>Buying Director – National Veterinary Services</i>
Peter Graham	<i>Managing Director – Dechra Laboratories</i>
Chris Hunter	<i>Operations Manager – Dechra Laboratories</i>
Diane Saffery	<i>Commercial Manager – Dechra Laboratories</i>

5. Major interests in Ordinary Shares

As at 10 July 2013 (being the latest practicable date prior to the date of publication of this document) and so far as is known to the Company by virtue of the notifications made pursuant to the Companies Act/and or Chapter 5 of the Disclosure and Transparency Rules, the name of each person (other than a Director) who directly or indirectly, was interested in three per cent. or more of the voting rights in the Company, and the amount of such person's interest, is as follows:

<i>Shareholder</i>	<i>Number of Ordinary Shares as at 10 July 2013</i>	<i>Percentage of voting rights as at 10 July 2013 (%)</i>
Schroder Investment Management	10,393,209	11.93
Fidelity Management & Research	6,071,481	6.97
Legal & General Investment Management	4,468,376	5.13
NBIM	4,419,600	5.07
Invesco Perpetual	3,807,459	4.37
Threadneedle Investments	3,709,746	4.26
Aberdeen Asset Management	3,635,456	4.17
BlackRock Investment Management	3,447,401	3.96
Rathbones	3,083,776	3.54

6. Related party transactions

For each of the financial years ended 30 June 2010, 2011 and 2012 and in the current financial year to date, the Company has not entered into any related party transaction (which, for these purposes, are those transactions set out in the standards adopted according to Regulation (EC) No.1606/2002).

7. Material contracts

7.1. The Continuing Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by a member of the Continuing Group (a) in the two years immediately preceding the date of this document and are, or may be, material or (b) contain provisions under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this document:

The Business Transfer Agreement

A business transfer agreement (the "Business Transfer Agreement") dated 5 July 2013 made between (1) Dechra Limited and (2) National Veterinary Services Limited, pursuant to which National Veterinary Services Limited acquired from Dechra Limited the business and assets of, and assumed certain liabilities of Dechra Limited relating to, the Services Segment. The consideration payable by National

Veterinary Services Limited for the Services Segment was the sum of £87.5 million (satisfied as to £5.0 million by the allotment of consideration shares and as to £82.5 million left outstanding as a debt due from National Veterinary Services Limited to Dechra Limited).

The Disposal Agreement

The Disposal Agreement, details of which are set out in Part III (Principal Terms of the Disposal) of this document.

Eurovet Agreement

A sale and purchase agreement dated 4 April 2012 made between (1) Dechra Pharmaceuticals PLC and (2) A.U.V. Holding B.V., a Netherlands based veterinary services business, pursuant to which Dechra acquired the entire issued share capital of *Eurovet Animal Health B.V.* (together with its subsidiary companies, the "*Eurovet Group*") for a total consideration of €135 million. The acquisition of *Eurovet Animal Health B.V.* was funded with the proceeds of the Rights Issue and a new bank facility pursuant to the Facility Agreement.

Underwriting Agreement

Pursuant to a conditional underwriting agreement between (1) the Company and (2) Investec dated 4 April 2012, Investec agreed to use its reasonable endeavours to procure subscribers for Dechra Shares not taken up under the Rights Issue and, to the extent that it did not procure such subscribers, to subscribe for such Dechra Shares itself.

Facility Agreement

A facility agreement (the "Facility Agreement") dated 4 April 2012 between the following parties:

- (a) Dechra Pharmaceuticals PLC as the Parent, Original Borrower and Original Guarantor (all as defined in the Facility Agreement);
- (b) Dechra Investments Limited and Dechra Limited as Original Borrowers and Original Guarantors (all as defined in the Facility Agreement);
- (c) North Western Laboratories Limited, Cambridge Specialist Laboratory Services Limited, Leeds Veterinary Laboratories Limited, Anglian Pharma Limited, Anglian Pharma Manufacturing Limited, Veneto Limited, Broomco 4263 Limited (previously known as National Veterinary Services Limited), Arnolds Veterinary Products Limited, Dales Pharmaceuticals Limited and Dechra Veterinary Products Limited as Original Guarantors (as defined in the Facility Agreement);
- (d) Lloyds TSB Bank plc, Barclays Bank PLC, Svenska Handelsbanken AB (publ) and HSBC Bank plc as Mandated Lead Arrangers (as defined in the Facility Agreement);
- (e) Lloyds TSB Bank plc, Barclays Bank PLC, Svenska Handelsbanken AB (publ) and HSBC Bank plc as Original Lenders (as defined in the Facility Agreement); and,
- (f) Lloyds TSB Bank plc as Agent, Security Trustee and Bookrunner (all as defined in the Facility Agreement).

Pursuant to the terms of the Facility Agreement the Lenders made available:

- (a) a £55,000,000 term loan facility available to the Parent to be available to refinance existing financial indebtedness, fund the acquisition of *Eurovet Animal Health* and refinance existing financial indebtedness of *Eurovet Animal Health*; and,
- (b) a £65,000,000 revolving facility available to the Original Borrowers for the general corporate and working capital purposes of the Group, to refinance existing financial indebtedness and to fund the acquisition of the *Eurovet Group*.

7.2. The Services Segment

Other than the Facility Agreement and the Business Transfer Agreement (each described above), there are no contracts, other than contracts entered into in the ordinary course of business, that have been entered into by the Services Segment (a) in the two years immediately preceding the date of this document that are, or may be, material or (b) that contain provisions under which any member of the Services Segment has any obligation or entitlement that is material to the Services Segment as at the date of this document.

8. Litigation

8.1. The Continuing Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) nor have there been any such proceedings during the 12 months prior to the date of this document, which may have or have had in the recent past a significant effect on the financial position or profitability of the Continuing Group.

8.2. The Services Segment

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Dechra is aware) nor have there been any such proceedings during the 12 months prior to the date of this document, which may have or have had in the recent past a significant effect on the financial position or profitability of the Services Segment.

9. Working capital statement

The Company is of the opinion that the Continuing Group, taking into account its available bank facilities and the net proceeds of the Disposal, has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

10. Consents

10.1 Investec has given, and has not withdrawn, its consent to the inclusion in this document of the references to its name in the form and context in which they are included.

10.2 KPMG Audit plc is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report concerning the unaudited pro forma statement of net assets of the Continuing Group in Part V (Unaudited Pro Forma Statement of Net Assets of the Continuing Group) of this document in the form and context in which it appears.

11. Significant change

11.1 The Continuing Group

There has been no significant change in the financial or trading position of the Continuing Group since 31 December 2012, being the date of the Group's published unaudited half-yearly financial statements, which have been incorporated by reference into this document.

11.2 The Services Segment

There has been no significant change in the financial or trading position of the Services Segment since 31 December 2012, being the date to which the financial information of the Services Segment set out in Part IV (Financial Information on the Services Segment) of this document was prepared.

12. Information incorporated by reference

Information from the following documents has been incorporated into this document by reference:

<i>Document containing information incorporated by reference</i>	<i>Paragraph in which the document is referred to</i>	<i>Where the information can be accessed by Shareholders</i>
The Group's half-yearly financial statements ("2013 Interim Report")	Paragraph 11.1 of Part VI (Additional Information)	The Company's website www.dechra.com

13. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sundays and public holidays excepted) at the offices of DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE until completion of the Meeting and will also be available for inspection at the Meeting for at least 15 minutes prior to and during the meeting:

- (a) the Articles of Association;
- (b) the 2010 Annual Report, the 2011 Annual Report and the 2012 Annual Report;
- (c) the 2013 Interim Report;
- (d) the Directors' service contracts and letters of appointment referred to in paragraph 3.3 above;
- (e) the letters of consent referred to in paragraph 10 above;
- (f) this document; and
- (g) the Disposal Agreement.

Dated: 11 July 2013

PART VII:
DEFINITIONS

The following definitions apply throughout this document, unless the context require otherwise:

“1985 Act”	the Companies Act 1985, as amended;
“2006 Act”	the Companies Act 2006, as amended;
“Approved Share Option Scheme”	the approved share option scheme operated by the Company for the benefit of the employees of the Company other than the Executive Directors;
“Articles”	the articles of association of the Company;
“Board”	the board of directors of the Company;
“certified” or “in certificated form”	where a share or other security is not in uncertificated form;
“Chairman”	Michael Redmond, the independent Non-Executive chairman of the Company;
“Circular”	this document;
“Companies Act” or “Companies Acts”	Means together, the 1985 Act and the 2006 Act or either of them as the context so requires;
“Company” or “Dechra”	Dechra Pharmaceuticals PLC;
“Completion”	completion of the Disposal in accordance with the terms of the Disposal Agreement;
“Computershare” or “Registrars”	Computershare Investor Services PLC, the Company’s appointed registrars;
“Continuing Group”	the Company and its subsidiaries and subsidiary undertakings from time to time (excluding, for the avoidance of doubt, the Services Segment) after Completion, being the continuing business of the Dechra Group following Completion;
“CREST”	the relevant system, as defined in the CREST Regulations, for paperless settlement of share transfers and the holding of shares in uncertificated form (in respect of which Euroclear UK is the operator as defined in the CREST Regulations);
“CREST Manual”	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, the Registrars Service Standards, the Settlement Discipline Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedure and the CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK on 15 July 1996 and as amended since);
“CREST Member”	a person who has been admitted to Euroclear UK as a system member (as defined in the CREST Regulations);
“CREST Participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);

“CREST Proxy Instruction(s)”	the instructions whereby CREST members send a CREST message appointing a proxy for the Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual;
“CREST Regulations” or “Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended;
“Dales”	<i>Dales</i> Pharmaceuticals;
“Dechra Share Option Schemes”	the Approved Share Option Scheme, the Unapproved Share Option Scheme, the SAYE Scheme and the Long Term Incentive Plan;
“Directors”	the current Executive Directors and Non-Executive Directors of the Company whose names are set out on page 5 of this Circular;
“Disclosure and Transparency Rules” or “DTRs”	the rules made by the FCA under Part VI of FSMA relating to the disclosure of information (as amended from time to time);
“Disposal”	the proposed sale by Dechra of the Services Segment to Patterson Companies, Inc., as described in more detail in Part III (Principal Terms of the Disposal) of this Circular;
“Disposal Agreement”	the conditional share purchase agreement dated 9 July 2013 and entered into between, <i>inter alia</i> , the Company and Patterson in connection with the Disposal, as described in more detail in Part III (Principal Terms of the Disposal) of this Circular;
“DLS”	Dechra Laboratory Services;
“DSL”	Dechra Specialist Laboratories;
“DVP EU”	Dechra Veterinary Products Europe;
“DVP US”	Dechra Veterinary Products US;
“EU” or “European Union”	the European Union first established by the treaty made at Maastricht on 7 February 1992;
“EUR” or “Euro” or “€”	the lawful currency of the European Union;
“Eurovet”	<i>Eurovet</i> Animal Health B.V.;
“Executive Directors”	the Executive Directors of the Company, currently Ian Page, Anne-Francoise Nesmes, Ed Torr and Tony Griffin;
“Facility Agreement”	has the meaning given to it in paragraph 7.1 of Part VI (Additional Information) of this Circular;
“Financial Conduct Authority” or “FCA”	the body corporate previously known as the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA;
“Form of Proxy”	form of proxy accompanying this document for use by Shareholders in relation to the Meeting;
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time;

“Group” or “Dechra Group” or “Dechra”	the Company and each of its subsidiaries and subsidiary undertakings from time to time, prior to Completion;
“IAS”	International Accounting Standards;
“IASB”	the International Accounting Standards Board;
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board;
“Investec”	Investec Bank plc, which conducts its UK investment banking business as Investec Investment Banking, whose registered address is 2 Gresham Street, London EC2V 7QP;
“Listing Rules”	the Listing Rules of the FCA made for the purposes of Part VI of FSMA (as amended from time to time);
“London Stock Exchange”	London Stock Exchange plc;
“Long Term Incentive Plan”	the Long Term Incentive Plan 2008 operated by the Company;
“Meeting”	the general meeting of Dechra Shareholders to be held at the offices of the Company at 24 Cheshire Avenue, Cheshire Business Park, Lostock Gralam, Northwich CW9 7UA at 12.00 noon on 29 July 2013, for the purpose of considering the Resolution, notice of which is set out on pages 35 to 37 of this Circular;
“National Veterinary Services Limited”	a newly-incorporated, wholly-owned subsidiary of Dechra, established to effect the sale of the Services Segment to Patterson, pursuant to the Disposal Agreement;
“Non-Executive Directors”	the Non-Executive Directors of the Company, currently Michael Redmond, Neil Warner, Dr Chris Richards and Ishbel Macpherson;
“Notice of Meeting”	the notice of the Meeting which is set out at the end of this Circular;
“NVS”	National Veterinary Services;
“Official List”	the Official List of the Financial Conduct Authority;
“Ordinary Shares”	ordinary shares of one pence each in the capital of the Company;
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“Patterson”	Patterson Companies, Inc.
“Pharmaceuticals Segment”	the Pharmaceuticals businesses of the Group;
“Pro Forma Financial Information”	has the meaning given to it in Part V (Unaudited Pro Forma Statement of Net Assets of the Continuing Group) of this Circular;
“Prudential Regulation Authority” or “PRA”	the United Kingdom’s prudential regulator for banks, building societies and credit unions (collectively deposit-takers), insurers and major investment firms;
“Purchaser”	Patterson (PDCO) Holdings UK Limited, a wholly-owned subsidiary of Patterson;
“Registrars” or “Computershare”	Computershare Investor Services PLC, the Company’s appointed registrars;

“Resolution”	the resolution to be proposed at the Meeting to approve the Disposal and to grant the Directors authority to implement the Disposal;
“Rights Issue”	the 3 for 10 rights issue of 20,040,653 Dechra Shares, details of which are set out in the prospectus of the Company dated 25 April 2012;
“SAYE Scheme”	the save as you earn option scheme operated by the Company;
“Senior Managers”	key individuals deemed by Dechra to be key to the operations of the Services Segment, whose names appear in paragraph 4 of Part VI (Additional Information) of this Circular;
“Services Segment”	means the Services businesses of Dechra, namely National Veterinary Services, Dechra Laboratory Services and Dechra Specialist Laboratories, to be transferred to National Veterinary Services Limited and disposed of pursuant to the Disposal Agreement;
“Shareholders” or “Dechra Shareholders”	holders of Ordinary Shares from time to time;
“Sterling” or “£” or “p”	the lawful currency of the United Kingdom;
“subsidiary”	a subsidiary, as that term is defined in section 1159 of the 2006 Act;
“subsidiary undertaking”	a subsidiary undertaking, as that term is defined in section 1162 of the 2006 Act;
“UKLA”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“Unapproved Share Option Scheme”	the unapproved share option scheme operated by the Company for the benefit of the employees of the Company other than the Executive Directors;
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Underwriting Agreement”	has the meaning given to it in Section 7(a)(iii) of Part VI (Additional Information) of this Circular;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US\$” or “\$” or “Dollar” or “USD”	the lawful currency of the United States of America; and,

DECHRA PHARMACEUTICALS PLC

(the “Company”)

(incorporated in England and Wales with registered number 03369634)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held on 29 July 2013 at 12.00 noon at the offices of the Company at 24 Cheshire Avenue, Cheshire Business Park, Lostock Gralam, Northwich CW9 7UA to consider, and if thought fit, to pass the following resolution, which will be proposed as an ordinary resolution.

ORDINARY RESOLUTION

1. THAT the proposed disposal (“Disposal”) of the entire issued share capital of National Veterinary Services Limited pursuant to a sale and purchase agreement (“Disposal Agreement”) dated 9 July 2013 entered into between (1) Dechra Limited, (2) Patterson (PDCO) Holdings UK Limited, (3) Dechra Pharmaceuticals PLC, and (4) Patterson Companies, Inc., as more particularly described in the circular to shareholders dated 11 July 2013, be and is hereby approved and that the Directors of the Company (or a duly authorised committee thereof) be and are hereby generally and unconditionally authorised to take all necessary steps and to execute all other documents and deeds as are necessary or desirable to conclude, implement and give effect to the Disposal and the Disposal Agreement in accordance with such terms and subject to such conditions and to agree such amendments and variations to and waivers of such terms and conditions (provided such amendments, variations or waivers are not of a material nature) as they may in their absolute discretion think fit.

By order of the Board

Zoe Goulding

Company Secretary

11 July 2013

Registered office: 24 Cheshire Avenue, Cheshire Business Park, Lostock Gralam, Northwich CW9 7UA

Notes:

Entitlement to attend and vote

1. The right to vote at the Meeting is determined by reference to the Register of Members. Only those Shareholders registered in the Register of Members of the Company as at 12.00 noon on 27 July 2013 (or, if the Meeting is adjourned, 12.00 noon on the date which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries in the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Meeting.

Attending in person

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

Proxies

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

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

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

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

4. A Form of Proxy is enclosed. To be valid, a proxy form must be completed, signed and sent to the offices of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to arrive no later than 12.00 noon on 27 July 2013 (or, if the Meeting is adjourned, no later than 48 hours before the time of any adjourned meeting (excluding any working days)).
5. As an alternative to completing the hard copy proxy form, a Shareholder may appoint a proxy or proxies electronically by lodging a Form of Proxy at www.investorcentre.co.uk/eproxy. For an electronic proxy appointment to be valid, the appointment must be received by Computershare Investor Services PLC no later than 12.00 noon on 27 July 2013 (or, if the Meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). Any electronic communication sent by a Shareholder to the Company or Computershare Investor Services PLC which is found to contain a virus will not be accepted by the Company.
6. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Appointment of proxies through CREST

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

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

Corporate representatives

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

Total voting rights

12. As at 10 July 2013 (being the last practicable date before the publication of this Notice of Meeting), the Company's issued share capital consists of 87,157,144 ordinary shares of £0.01 each, carrying one vote each. The Company does not hold any ordinary shares in treasury. Therefore, the total voting rights in the Company as at 10 July 2013 are 87,157,144.

Nominated Persons

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

The statement of the rights of Shareholders in relation to the appointment of proxies in note 3 to 11 above do not apply to a Nominated Person. The rights described in such notes can only be exercised by Shareholders of the Company.

Questions at the Meeting

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

Website providing information about the meeting

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

Chairman

16. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's shares already held by the Chairman, result in the Chairman holding such numbers of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

Communication

17. You may not use any electronic address (within the meaning of section 333(4) of the 2006 Act) provided in this notice (or in any related documents including the Chairman's letter and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

