

THIS DOCUMENT AND THE ENCLOSED FORMS OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. This document contains proposals which, if implemented, will result in Oxonica being re-registered as a private limited company and Oxonica's share premium account being reduced. If you are in any doubt about the contents of this document or about what action you should take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000 (or if you are a person outside the UK, otherwise duly qualified in your jurisdiction).

If you have sold or otherwise transferred all of your shares in Oxonica, you should send this document together with the accompanying Forms 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, as soon as possible for transmission to the purchaser or transferee.

OXONICA PLC

(Incorporated and registered in England and Wales with registered number 5363273)

Proposed re-registration as a private limited company

Proposed reduction of capital

and

Notices of Shareholder Meetings

You should read the whole of this document together with the accompanying Forms of Proxy **but your attention is drawn, in particular, to the letter to Shareholders from the Chairman of Oxonica which is set out in Part I (Letter from the Chairman of Oxonica plc) of this document.** This letter explains the background to and reasons for the Proposals and contains a recommendation of the Board that you vote in favour of the Resolutions to be proposed at the Shareholder Meetings. This document will also be available on the website of Oxonica at www.oxonica.com as soon as reasonably practicable following the date of this document.

Notices convening the Re-registration Meeting and the Capital Reduction Meeting, both to be held at the London office of Squire Sanders Hammonds at 7 Devonshire Square, London EC2M 4YH are set out at Parts III and IV of this document respectively.

The Re-registration Meeting will be held on 14 January 2011 and will start at 10.00 a.m.

Subject to the Resolutions set out in the Notice of Re-registration Meeting being passed by the Shareholders at the Re-registration Meeting and the Re-registration becoming effective, the Capital Reduction Meeting will be held on 23 February 2011 and will start at 10.00 a.m.

Shareholders will find enclosed with this document a Blue Form of Proxy for use in connection with the Re-registration Meeting and a White Form of Proxy for use in connection with the Capital Reduction Meeting. Whether or not you intend to attend the Shareholder Meetings in person, please complete and sign each of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to the Company Secretary at Chiltern House, Thame Road, Haddenham, Aylesbury, Buckinghamshire HP17 8BY, as soon as possible and, in any event, so as to be received by the deadline set out on the relevant Form of Proxy.

The completion and return of a Form of Proxy shall not prevent a Shareholder from attending and voting in person at either the Re-registration Meeting or the Capital Reduction Meeting or any adjournment thereof.

DEFINITIONS

AGM	means the annual general meeting of the Company held on 24 September 2010
Articles	means the articles of association of the Company as amended from time to time
Blue Form of Proxy	means the blue form of proxy enclosed with this document for use by Shareholders in connection with the Re-registration Meeting
Board	means the directors whose names are set out in Part I of this document
Capital Reduction	means the proposed reduction in the share premium account of the Company, as further set out in section 4 of Part I of this document
Capital Reduction Meeting	means the general meeting of the Shareholders (and any adjournment thereof) convened for the purposes of considering and, if thought fit, approving the special resolution in connection with the Capital Reduction, notice of which is set out at Part IV of this document
Forms of Proxy	means the Blue Form of Proxy and White Form of Proxy
Group	means the Company and its subsidiary undertakings
New Articles	means the new articles of association of the Company as amended in connection with the Re-registration
Notice of Capital Reduction Meeting	means the notice of the Capital Reduction Meeting in Part IV of this document
Notice of Re-registration Meeting	means the notice of the Re-registration Meeting in Part III of this document
Oxonica or the Company	means Oxonica plc
Proposals	means the Re-registration, certain consequential amendments to the Articles in connection with the Re-registration, and the Capital Reduction
Re-registration	means the proposed re-registration of the Company as a private limited company, as further set out in section 3 of Part I of this document
Re-registration Meeting	means the general meeting of the Shareholders (and any adjournment thereof) convened for the purposes of considering and, if thought fit, approving certain special resolutions in connection with the Re-registration, notice of which is set out at Part III of this document
Resolutions	means the resolutions set out in the Notice of Re-registration Meeting and Notice of Capital Reduction Meeting in Parts III and IV of this document respectively
Shareholder Meetings	means the Re-registration Meeting and the Capital Reduction Meeting

Shareholders

means the holders of Shares

Shares

means ordinary shares of 1 pence each in the capital of Oxonica

White Form of Proxy

means the white form of proxy enclosed with this document for use by Shareholders in connection with the Capital Reduction Meeting

Date

This document is dated 17 December 2010.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date</i> ⁽¹⁾
Posting of this document to Shareholders	17 December 2010
Latest time for lodging Blue Form of Proxy	10.00 a.m. on 12 January 2011
Re-registration Meeting ⁽²⁾	10.00 a.m. on 14 January 2011
Re-registration effective ⁽³⁾	on or around 11 February 2011
Latest time for lodging White Form of Proxy	10.00 a.m. on 21 February 2011
Capital Reduction Meeting ⁽²⁾⁽⁴⁾	10.00 a.m. on 23 February 2011
Capital Reduction effective ⁽³⁾	on or around 28 February 2011
Dispatch of cheques to Shareholders in connection with the first payment ⁽⁴⁾	on or around 28 February 2011
Dispatch of cheques to Shareholders in connection with the second payment ⁽⁵⁾	on or around 1 February 2012

Notes:

- (1) All times shown in this document are London times unless otherwise stated. The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change, the revised times and/or dates will be notified to Shareholders by announcement on the Company's website at www.oxonica.com.
- (2) The Re-registration Meeting and Capital Reduction Meeting will be held at the London office of Squire Sanders Hammonds at 7 Devonshire Square, London, EC2M 4YH.
- (3) These times and dates are indicative only and will depend, amongst other things, on the dates upon which: (i) the Registrar of Companies confirms the Re-registration; and (ii) the Registrar of Companies confirms the Capital Reduction.
- (4) The Capital Reduction Meeting is subject to the Resolutions set out in the Notice of Re-registration Meeting being passed by the Shareholders at the Re-registration Meeting and the Re-registration becoming effective.
- (5) The second payment is conditional upon: (i) no claims being made against the Company; and (ii) the Company not receiving any notice of, or otherwise becoming aware of, any potential claims against it, prior to the Company actually making the second payment to Shareholders. The Board does not anticipate any claims being made but, for the avoidance of doubt, to the extent that the Company incurs any liabilities, the second payment to Shareholders may not be paid or may only be paid in part.

PART I

LETTER FROM THE CHAIRMAN OF OXONICA PLC

(Incorporated and registered in England and Wales with registered number 5363273)



Directors:

Richard Farleigh (*Non-Executive Chairman*)
Graham Shaw (*Group Chief Executive*)
George Elliott (*Non-Executive Director*)

Registered Office:

Chiltern House
Thame Road
Haddenham
Aylesbury
Buckinghamshire
HP17 8BY

17 December 2010

To Shareholders and, for information only, to holders of options

Dear Shareholder

Proposed re-registration as a private limited company

Proposed reduction of capital

and

Notices of Shareholder Meetings

1. Introduction

At the AGM the Board announced that the cash position of the Group had improved significantly since 2009 to approximately £1.75 million, after payment of all outstanding loans and creditors, and that one of its primary objectives was to seek ways to return this cash to Shareholders.

The Board also announced that the cost base of the Company had been reduced to a low level and that additional steps would be taken to reduce its costs further.

As such the Company proposes to:

- (a) re-register as a private limited company and to make certain consequential amendments to its Articles;
- (b) strengthen its balance sheet by reducing its share premium account by: (i) £20.56 million to eliminate the deficit on its distributable reserves; and (ii) such further amount as will enable 2 pence per Share in issue to be returned to Shareholders; and
- (c) return excess cash to Shareholders equal to 2 pence per Share.

I am writing to you today, on behalf of the Board, to set out full details of the Proposals including additional information on the implications of the Proposals for the Company and its Shareholders and to seek your support and approval for the Resolutions required to implement them.

Each of the Resolutions to implement the Proposals requires the approval of not less than 75 per cent. of those present and entitled to vote or voting by proxy at the Shareholder Meetings. The Notice of Re-registration Meeting and Notice of Capital Reduction Meeting are set out at Parts III and IV of this document respectively.

2. Background

The Group completed its restructuring programme in August 2010. As a result, the Group has reduced its cost base to a minimum and now holds significant cash reserves. The Company proposes to return the majority of this cash to Shareholders as contemplated in this document.

All future revenues of the Group will be generated solely from royalties from the Company's agreements with Croda and BD. Shareholders should note that there are no guarantees that significant royalty streams will develop. The Board's objectives going forward are to continue to reduce the Company's cost base and to retain a relatively low-risk business model.

The Company's audited accounts for its financial year ended 31 December 2009 showed:

- (a) a deficit of £20.56 million on its distributable reserves; and
- (b) a surplus of £26.31 million on its share premium account.

The Company wishes to return excess cash to its Shareholders in the most efficient possible manner. The Company proposes to reduce its share premium account by £20.56 million to eliminate the deficit on its distributable reserves and then further reduce its share premium account by such amount as will enable the Company to return cash to Shareholders equal to 2 pence per Share. This cash represents a return of sums paid by Shareholders on the issue of the Shares.

The Company proposes to return to Shareholders an amount equal to 1 pence per Share on or around 28 February 2011 and, subject to the two paragraphs immediately below, 1 pence per Share on or around 1 February 2012. The Shareholders who are eligible to receive such payments will be those Shareholders who are registered in the Company's register of members on the business day before such payments are made.

As previously announced, the Company sold its subsidiary Oxonica Materials Inc to Cabot Corporation in July 2010 and provided certain warranties and indemnities to Cabot Corporation in respect of Oxonica Materials Inc as part of the transaction. These warranties and indemnities are due to expire in January 2012 and, until then, the Company has a contingent liability in respect of these warranties and indemnities. In the ordinary course of business the Group may also have potential liabilities under its agreements with Croda and BD and otherwise as a result of its normal trading activities.

Accordingly, the second payment to Shareholders (currently anticipated to be paid on or around 1 February 2012) is conditional upon: (i) no claims being made against the Company (including, but not limited to, any claims arising from the disposal of Oxonica Materials Inc); and (ii) the Company not receiving any notice of, or otherwise becoming aware of, any potential claims against it, prior to the Company actually making the second payment to Shareholders. The Board does not anticipate any claims being made but, for the avoidance of doubt, to the extent that the

Company incurs any liabilities, the second payment to Shareholders may not be paid or may only be paid in part.

3. Re-registration as a private limited company

Prior to 1 October 2008, any company, whether a private or a public company, which proposed to carry out a reduction of share capital was required to follow and comply with a court approved procedure. This procedure was often time consuming and costly. However, from 1 October 2008 the Companies Act 2006 introduced a simplified procedure for private companies to reduce their share capital with shareholder approval and provided that the company's directors declared, in a solvency statement, that the company will be able to pay (or otherwise discharge) its debts as they fall due over the next 12 months. This solvency statement procedure has therefore made it quicker and easier to carry out a reduction of capital. However, the solvency statement procedure is only available to private companies. Public companies must still comply with a court approved procedure. To take advantage of the solvency statement procedure, the Company is required to re-register as a private company.

In the Company's circular to Shareholders dated 7 July 2009, I, on behalf of the Board, stated that the intention was for the Company to remain a public company so that the Company retained the ability to make new offers of Shares to the public. Since then the Board has not proposed any new issue of Shares to the public and it does not anticipate any such new Share issues in the future. Accordingly, it is the Board's opinion that there are no longer any specific benefits for the Company to remain a public company.

Having carefully considered the Company's objectives and consulted with the Company's advisers, the Board has concluded that to implement the Proposals in the most effective manner for the Company and the Shareholders and to further reduce the Company's cost base, the Company should re-register as a private company to allow it to carry out the Capital Reduction using the solvency statement procedure.

Approval of Shareholders is required to re-register the Company as a private company. If sufficient Shareholder approval is obtained there is a period of 28 days from the date of such approval in which objections can be made to the court by a certain class or classes of Shareholder(s) to cancel the Re-registration. Provided that no objections are made (or are not sustained by the court) the Re-registration will take effect upon the Registrar of Companies issuing the relevant certificate following expiry of the 28 day period. It is anticipated that this will occur on or around 11 February 2011.

The Board also considers that the costs in complying with the more significant public company disclosure obligations and corporate governance requirements are disproportionate to the benefits there may be for the Company remaining a public company. By becoming a private company it is no longer essential, for instance, to incur the cost and management time currently involved as a public company in the degree of disclosure in the Company's accounts.

There are a number of other requirements and restrictions that will no longer be compulsory for the Company if the Company changes its status to a private company. That includes, for instance, the need for an annual general meeting or the continued appointment of a qualified, or indeed any, company secretary. The Company is at liberty to continue to adopt any such measures, as if it had remained a public company, and the Board confirms that the Company will continue to hold annual general meetings and retain a qualified company secretary following the Re-registration.

Consequential amendments are also proposed to the Articles to record the change in name of the Company to Oxonica Limited and to reflect its change in status to a private company.

However, no other changes are proposed to the Articles that were recently adopted by the Company following Shareholder approval at the AGM. A copy of the New Articles will be available for inspection at the Company's registered office at Chiltern House, Thame Road, Haddenham, Aylesbury, Buckinghamshire HP17 8BY and on the Company's website at www.oxonica.com as soon as reasonably practicable following the date of this document.

4. Capital Reduction

The Board has resolved to seek Shareholder approval to reduce the Company's share premium account by: (i) £20.56 million to eliminate the deficit on the Company's distributable reserves shown in the Company's audited accounts for the year ended 31 December 2009; and (ii) such further amount as will enable 2 pence per Share to be returned to Shareholders.

Subject to the Resolutions set out in the Notice of Re-registration Meeting being passed by the Shareholders at the Re-registration Meeting and the Re-registration becoming effective, the Company proposes to carry out the Capital Reduction by way of the solvency statement procedure discussed above. A copy of this solvency statement will be made available for Shareholders to inspect at the Capital Reduction Meeting.

The Capital Reduction will leave the Company's net assets unchanged prior to the return of cash to Shareholders. Subject to Shareholder approval, the Capital Reduction will take effect on the confirmation of the Registrar of Companies that the appropriate forms have been lodged. It is anticipated that this will occur on or around 28 February 2011.

5. The City Code on Takeovers and Mergers

The City Code continues to apply to the Company for a period of 10 years from the date the Company de-listed from AIM, being 4 August 2009, in accordance with section 3(a)(ii)(B) of the Introduction to the City Code.

The Re-registration will not affect the application of the City Code and the Shareholders will continue to benefit from the protections of the City Code should there be a subsequent offer to acquire their Shares during such 10 year period.

6. Share Trading Facility

As mentioned at the AGM, the Board considers that a listing on Sharemark (or other equivalent stock market) is not justified on cost grounds. Accordingly, the Company intends to create and maintain an internal facility to allow Shareholders to transfer Shares.

Shareholders who wish to either buy or sell Shares are requested to write to the Company Secretary at Chiltern House, Thame Road, Haddenham, Aylesbury, Buckinghamshire HP17 8BY indicating such wish. The Company Secretary shall maintain a register of Shareholders who have expressed an interest to the Company in buying or selling Shares.

The Company Secretary shall introduce Shareholders who wish to: (i) buy Shares to Shareholders who have previously expressed an interest to the Company in selling Shares; and (ii) sell Shares to Shareholders who have previously expressed an interest to the Company in buying Shares, so that transfers can be negotiated and arranged directly between such Shareholders.

Shareholders should note that the Company Secretary will only make introductions for Shareholders who wish to transfer Shares. The Company Secretary will not participate in any discussions, negotiations or otherwise in respect of such transfer(s). Shareholders should also

note that the Company Secretary and the Company cannot provide advice on the merits of buying or selling Shares nor give any financial, legal or tax advice in respect thereof.

7. Shareholder Meetings and action to be taken

The Proposals are conditional upon, amongst other things, Shareholder approval being obtained at the Re-registration Meeting and the Capital Reduction Meeting. Notices convening the Re-registration Meeting and the Capital Reduction Meeting at which the necessary Resolutions will be proposed are set out in Parts III and IV of this document respectively.

The Capital Reduction Meeting is conditional upon the Resolutions set out in the Notice of Re-registration Meeting being passed by the Shareholders at the Re-registration Meeting and the Re-registration becoming effective. If sufficient Shareholder approval is not obtained at the Re-registration Meeting and/or the Re-registration does not become effective, the Capital Reduction Meeting shall not be held and Shareholders will be notified accordingly.

The purpose of the Re-registration Meeting is to enable Shareholders to consider and, if thought fit, approve the Re-registration. The purpose of the Capital Reduction Meeting is to enable Shareholders to consider and, if thought fit, approve the Capital Reduction.

You will find enclosed with this document a Blue Form of Proxy for use at the Re-registration Meeting and a White Form of Proxy for use at the Capital Reduction Meeting.

Whether or not you intend to be present at the Re-registration Meeting or the Capital Registration Meeting, you are requested to complete and return both the enclosed Blue Form of Proxy for the Re-registration Meeting and the White Form of Proxy for the Capital Reduction Meeting in accordance with the instructions printed on the relevant Form of Proxy.

The Re-registration Meeting will start at 10.00 a.m. on 14 January 2011 and, subject to the above, the Capital Reduction Meeting will start at 10.00 a.m. on 23 February 2011.

If you are in doubt with regard to your current shareholding in Shares or have any queries on the Forms of Proxy you should contact the Company Secretary, Steven Parker, on +44 (0) 1844 292 545.

8. Taxation

Details of how the Proposals may affect Shareholders' tax position are set out at Part II of this document.

9. Proposed Resolutions

Special resolutions are proposed for Shareholders to consider at the Shareholder Meetings and the enclosed Notice of Re-registration Meeting and Notice of Capital Reduction Meeting sets these out in full. The Resolutions approve the Re-registration and consequential amendments to the Articles, and the Capital Reduction.

10. Recommendation

The Board considers the Proposals to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. For the avoidance of doubt, the Company is not able to return cash to its Shareholders as contemplated by this document unless the Resolutions have been approved by its Shareholders and the Proposals implemented. Accordingly, the Board

recommends that you vote in favour of the Resolutions to be proposed at the Shareholder Meetings.

The Board intends to vote in favour of the Resolutions in respect of their own shareholding interests, representing 13,218,995 Shares (approximately 20.16 per cent. of the issued share capital of the Company) in aggregate.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Richard Farleigh". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Richard Farleigh
Non-Executive Chairman
Oxonica plc

PART II TAXATION

1 UK Taxation

A general summary of the UK tax consequences of the Capital Reduction is set out below.

Shareholders are advised to seek their own professional advice about the tax consequences for them of the Capital Reduction.

The summary below is based on existing UK tax law and what is understood to be the current HM Revenue & Customs practice, both of which are subject to change at any time, possibly with retrospective effect. The summary is intended only as a general guide and is only applicable to Shareholders (i) who are resident or ordinarily resident for tax purposes in, and solely in, the UK (except where express reference is made to the treatment of non-UK residents); (ii) who hold their Shares as an investment; and (iii) who are the absolute beneficial owners of such Shares. The taxation position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes, is not considered.

Shareholders who are in any doubt about their tax decision, or who are resident for tax purposes or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers.

1.1 Tax on Income

It has been assumed that the Capital Reduction will not result in Shareholders receiving amounts which exceed the subscription price on the Shares which they hold. On this basis the Capital Reduction should not be treated as giving rise to an income dividend or an income distribution for Shareholders. If a Shareholder believes that there are circumstances which could result in him receiving, as a consequence of the Capital Reduction, amounts which exceed the subscription price on his or her Shares he or she should consult with his or her tax adviser on any possible income dividend or income distribution treatment.

Under section 698 Income Tax Act 2007 ("**ITA**") HM Revenue & Customs has the power to serve notices which counteract income tax advantages in respect of transactions. Clearance has however been obtained under section 701 ITA that HM Revenue & Customs will not serve notices under section 698 ITA in respect of the Capital Reduction.

1.2 Tax on Capital Gains

Subject to income dividend and income distribution treatment being inapplicable, the Capital Reduction should be treated as a capital gains tax transaction for Shareholders. Shareholders should be able to take part of the acquisition cost of their share into account for the purposes of calculating their liability to tax on the capital gain (if any).

Individual Shareholders have an annual capital gains exemption allowance, which is currently £10,100 for the 2010/11 tax year, and they may be able to use the unutilised portion of their annual exemption allowance to mitigate their liability to tax on capital gains (if any).

1.3 Enterprise Investment Scheme

Shareholders who are individuals who qualified for income tax relief on subscriptions for their Shares under the Enterprise Investment Scheme should note that the Capital Reduction will

result in an adjustment to their income tax relief if the Capital Reduction occurs within three years from the issue date of their Shares.

2. US Taxation

Shareholders who are resident in the US or who may otherwise be subject to US tax in respect of their Shares should consult their own tax advisers regarding the application of US federal income tax law to their particular circumstances as well as any state, local, foreign and other consequences relevant to such US Shareholder's particular circumstances.

PART III

NOTICE OF RE-REGISTRATION MEETING

OXONICA PLC

(Incorporated and registered in England and Wales with registered number 5363273)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of the Company shall be held at the London office of Squire Sanders Hammonds at 7 Devonshire Square, London EC2M 4YH on 14 January 2011 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which shall be proposed as special resolutions:

SPECIAL RESOLUTIONS

1. THAT the Company be re-registered as a private company limited by shares by the name of Oxonica Limited.

Subject to the passing of resolution 1 above:

2. THAT the articles of association of the Company be amended as follows:
 - 2.1 by deleting all the references to "Oxonica plc" and substituting "Oxonica Limited" in their place;
 - 2.2 by deleting the reference to "public company limited by shares" and substituting "private company limited by shares" in its place;
 - 2.3 by deleting the reference to "public companies" in article 1.1 and substituting "private companies" in its place; and
 - 2.4 by deleting the statement that "the Company is to be a public company" which, by virtue of section 28 of the Companies Act 2006, is deemed to be treated as a provision of the Company's articles of association.

By order of the Board
Steven Geoffrey Parker
Company Secretary

17 December 2010

Notes:

- 1 Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the general meeting. A shareholder may appoint more than one proxy in relation to the general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder. The Blue Form of Proxy (as defined in the document of which this Notice forms part) which may be used to make such appointment and give proxy instructions accompanies this Notice.
- 2 To be valid the Blue Form of Proxy must be received by post or (during normal business hours only) by hand at Chiltern House, Thame Road, Haddenham, Aylesbury, Buckinghamshire HP17 8BY no later than 10.00 a.m. on 12

January 2011, or 48 hours (Saturdays, Sundays and public holidays excepted) before the time for holding any adjourned meeting.

- 3 The return of a completed Blue Form of Proxy will not prevent a shareholder attending the general meeting and voting in person if he or she wishes to do so. If you have appointed a proxy and attend the general meeting in person, your proxy appointment will automatically be terminated.
- 4 If you wish to attend the general meeting in person, please attend at the London office of Squire Sanders Hammonds at 7 Devonshire Square, London EC2M 4YH on 14 January 2011 bringing appropriate identification so that you can be identified. It is recommended that you arrive at least 15 minutes before the time appointed for the general meeting to begin.
- 5 To be entitled to attend and vote at the general meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 10.00 a.m. on 12 January 2011.
- 6 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
- 7 To change your proxy instructions simply submit a new proxy appointment. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded. To obtain an additional Blue Form of Proxy, please contact the Company Secretary, Steven Parker, on +44 (0) 1844 292 545.
- 8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company Secretary at Chiltern House, Thame Road, Haddenham, Aylesbury, Buckinghamshire HP17 8BY. The revocation notice must be received by the Company no later than the cut-off time for receipt of proxy appointments. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 3 above, your proxy appointment will remain valid.

PART IV

NOTICE OF CAPITAL REDUCTION MEETING

OXONICA PLC

(Incorporated and registered in England and Wales with registered number 5363273)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of the Company shall be held at the London office of Squire Sanders Hammonds at 7 Devonshire Square, London EC2M 4YH on 23 February 2011 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as a special resolution:

SPECIAL RESOLUTION

Subject to the passing of the resolutions at the general meeting of the Company to be held on 14 January 2011 and the Company being re-registered as a private limited company:

THAT the share premium account of the Company be:

- (a) reduced from £26,310,000 to £5,750,000 by the payment out of it of £20,560,000 extinguishing the accumulated loss on the profit and loss account and balance sheet of the Company for the period ending 31 December 2009; and
- (b) further reduced by the payment out of it of an amount equal to 2 pence per share in the Company in issue.

By order of the Board
Steven Geoffrey Parker
Company Secretary

17 December 2010

Notes:

- 1 Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the general meeting. A shareholder may appoint more than one proxy in relation to the general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder. The White Form of Proxy (as defined in the document of which this Notice forms part) which may be used to make such appointment and give proxy instructions accompanies this Notice.
- 2 To be valid the White Form of Proxy must be received by post or (during normal business hours only) by hand at Chiltern House, Thame Road, Haddenham, Aylesbury, Buckinghamshire HP17 8BY no later than 10.00 a.m. on 21 February 2011, or 48 hours (Saturdays, Sundays and public holidays excepted) before the time for holding any adjourned meeting.
- 3 The return of a completed White Form of Proxy will not prevent a shareholder attending the general meeting and voting in person if he or she wishes to do so. If you have appointed a proxy and attend the general meeting in person, your proxy appointment will automatically be terminated.

- 4 If you wish to attend the general meeting in person, please attend at the London office of Squire Sanders Hammonds at 7 Devonshire Square, London EC2M 4YH on 23 February 2011 bringing appropriate identification so that you can be identified. It is recommended that you arrive at least 15 minutes before the time appointed for the general meeting to begin.
- 5 To be entitled to attend and vote at the general meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 10.00 a.m. on 21 February 2011.
- 6 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
- 7 To change your proxy instructions simply submit a new proxy appointment. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded. To obtain an additional White Form of Proxy, please contact the Company Secretary, Steven Parker, on +44 (0) 1844 292 545.
- 8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company Secretary at Chiltern House, Thame Road, Haddenham, Aylesbury, Buckinghamshire HP17 8BY. The revocation notice must be received by the Company no later than the cut-off time for receipt of proxy appointments. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 3 above, your proxy appointment will remain valid.