

ALLIANCE PHARMA PLC**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2008 Annual General Meeting of Alliance Pharma plc will be held at Buchanan Communications, 45 Moorfields, London EC2Y 9AE on Thursday 22 May 2008 at 10.00 am for the transaction of the following business:-

Ordinary Business

1. To receive the Accounts for the year ended 31 December 2007 together with the reports of the Directors and the auditors thereon.
2. To re-elect Anthony Booley who retires by rotation in accordance with the Company's Articles of Association.
3. To re-elect John Dawson who retires by rotation in accordance with the Company's Articles of Association.
4. To re-elect Paul Ranson who retires by rotation in accordance with the Company's Articles of Association.
5. To elect Richard Wright as a Director of the Company, Mr. Wright having been appointed on 27 June 2007 by the Directors.
6. To re-appoint Grant Thornton LLP as auditors to the Company.
7. To authorise the Directors to determine the auditors' remuneration.

Special Business**Ordinary Resolution**

8. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 80(1) of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £534,803 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot relevant securities be and are hereby revoked.

Special Resolutions

9. THAT the Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash; pursuant to the authority conferred by resolution 8 above as if Section 89(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange

or by virtue of shares being represented by depositary receipts or any other matter whatever; and

- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal amount of £162,061;

and shall expire upon the expiry of the general authority conferred by resolution 8 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired.

10. THAT with effect from (and including) the date on which section 175 of the Companies Act 2006 (CA 2006) is brought into force, the Articles of Association of the Company be amended by the deletion of Article 132 and the insertion of a new Article 132 as set out below:

132 Approval of Directors' conflict of interest

132.1 For the purposes of section 175 CA 2006, the Board may authorise any matter proposed to it in accordance with these Articles which would, if not so authorised, involve a breach of duty by a Director under that section, including, without limitation, any matter which relates to a situation in which a Director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company.

132.2 Any such authorisation will be effective only if:

132.2.1 any requirement as to quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and

132.2.2 the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

132.3 The Board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation is otherwise given to the fullest extent permitted.

132.4 The Board may vary or terminate any such authorisation at any time.

132.5 For the purposes of these Articles, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

132.6 Subject to sections 177(5) and 177(6) CA 2006, provided that he has disclosed to the Board the nature and extent of his interest, a Director notwithstanding his office:

132.6.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

132.6.2 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

132.6.3 may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested.

132.7 Pursuant to Article 131.1.4 a Director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate:

- 132.7.1 the acceptance, entry into or existence of which has been approved by the Board pursuant to article 132.1 (subject, in any such case, to any limits or conditions to which such approval was subject); or*
- 132.7.2 which he is permitted to hold or enter into by virtue of articles 132.6.1 to 132.6.3 above; nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 CA 2006.*
- 132.8 Any disclosure required by Articles 131.1.4 and 132.7 may be made at a meeting of the board, by notice in writing or by general notice or otherwise in accordance with section 177 CA 2006.*
- 132.9 A Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person. However, to the extent that his relationship with that other person gives rise to a conflict of interest or possible conflict of interest, this article applies only if the existence of that relationship has been approved by the Board pursuant to article 132. In particular, the Director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 CA 2006 because he fails:*
- 132.9.1 to disclose any such information to the Board or to any Director or other officer or employee of the Company; and/or*
- 132.9.2 to use or apply any such information in performing his duties as a Director of the Company.*
- 132.10 Where the existence of a Director's relationship with another person has been approved by the Board pursuant to article 132 and his relationship with that person gives rise to a conflict of interest or possible conflict of interest, the Director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 CA 2006 inclusive because he:*
- 132.10.1 absents himself from meetings of the Board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; and/or*
- 132.10.2 makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser; for so long as he reasonably believes such conflict of interest or possible conflict of interest subsists.*
- 132.11 The provisions of articles 132.9 and 132.10 are without prejudice to any equitable principle or rule of law which may excuse the Director from:*
- 132.11.1 disclosing information, in circumstances where disclosure would otherwise be required under these articles; or*
- 132.11.2 attending meetings or discussions or receiving documents and information as referred to in article 132.10, in circumstances where such attendance or receiving such documents and information would otherwise be required under these articles.*

By Order of the Board
Richard Wright
Secretary

Registered Office:
Avonbridge House
Bath Road
Chippenham
Wiltshire
SN15 2BB

22 April 2008

Notes to the Notice of Annual General Meeting:

- (1) A member entitled to attend and vote at the Annual General Meeting ("AGM") may appoint a proxy (who need not be a member of the Company) to attend and, on a poll or show of hands, to vote on his or her behalf. In order to be valid, an appointment of proxy must be returned by post, by courier or by hand to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or via the CREST system and must be received by the Company not less than 48 hours before the time of the meeting.
- (2) A form of proxy is enclosed for use by shareholders. The appointment of a proxy does not preclude a shareholder from attending the AGM and voting in person.
- (3) An indirect investor who has been nominated to enjoy information rights under s.146 Companies Act 2006 may have a right under an agreement between him and the member by whom he was nominated to be appointed, or have someone else appointed, as a proxy for the meeting or if he has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Otherwise, the right to appoint a proxy does not apply to the nominated person (s.149 Companies Act 2006).
- (4) **Corporate Representatives**
In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:
 - (a) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (b) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (a) above.
- (5) Copies of the Directors' service contracts with the Company, Non-Executive Directors' terms and conditions of appointment and the register of interests of the Directors in the share capital of the Company are available for inspection at the registered office of the Company during usual business hours on any weekday and will be available at the location of the AGM from 15 minutes prior to and during the AGM.
- (6) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 10.00 am on 20 May 2008 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 10.00 am on the date 2 days before the meeting or any adjourned meeting, shall be entitled to attend and vote at the meeting.
- (7) Biographical details of the Directors are shown below:

John Dawson – Chief Executive Officer

John founded Alliance in 1996. He gained multi-disciplinary experience in the pharmaceutical industry over thirty years. John held various senior roles at Sandoz as director of finance and administration and deputy managing director. John has a BSc (Pharmacy) and an MSc (Finance) from the London Business School.

Richard Wright – Finance Director and Company Secretary

Richard joined the Board of Alliance on 27 June 2007. He is a Chartered Accountant with over 15 years of experience in financial roles across a variety of sectors. Richard read Mathematics at Robinson College, Cambridge and qualified as an accountant with Ernst & Young before joining Somerfield. More recently, he held senior finance positions at FirstGroup and Parragon Publishing.

Anthony Booley – Sales & Marketing Director

Tony joined Alliance in 1998. He has had over 27 years' sales and marketing experience in the pharmaceutical and healthcare industries, with positions at Leo Pharma, Glaxo Wellcome and Getinge Industrier. He has considerable senior management experience in the UK and internationally, including overseas positions in India and the Middle East. Tony graduated in Physiology from the University of Dundee in 1979, gained an MBA from Warwick in 1990 and is a Chartered Marketer.

Paul Ranson – Non-Executive Director

Paul has worked in a legal capacity in the pharmaceutical sector for over 25 years. He spent the early years of his career as an in-house lawyer for Smith Kline and Merck. He is a Partner in the international law firm Fasken Martineau Stringer Saul and specialises exclusively in the commercial and regulatory aspects of life sciences.

Explanatory notes to certain of the resolutions to be proposed at the Annual General Meeting

- (1) Resolution 8 – Renewal of Directors' authority to allot shares

By virtue of Section 80 of the Act, the Directors require the authority of shareholders of the Company to allot shares or other relevant securities in the Company. This resolution authorises the Directors to make allotments of up to an additional 534,803 shares (representing approximately 33% of the issued share capital of the Company as at the date of the Notice, excluding treasury shares). The Directors have no present intention of exercising the authority given by this resolution.

- (2) Resolution 9 – Disapplication of statutory pre-emption rights.

By virtue of Section 89 of the Act, any issue by the Company of equity capital for cash made otherwise than to existing shareholders on a proportional basis requires the consent of shareholders of the Company unless the Company has obtained the authority of the shareholders under Section 95 of the Act. This resolution is for that purpose. It authorises the Directors to allot shares by way of rights or pursuant to an open offer or otherwise than strictly pro rata when the Directors consider that it is expedient to do so and allows them to issue for cash up to 16,206,177 shares (representing approximately 10% of the issued share capital of the Company as at the date of the Notice) other than on a pre-emptive basis.

- (3) Resolution 10 – Articles of Association: Directors' Conflict of Interest

The purpose of this special resolution is to allow the Directors, where appropriate, to sanction conflicts of interest in relation to one or more of the Directors, that amounts, or could amount, to a conflict with the Company's interests and therefore would otherwise be a breach of the Director's duty, under the relevant sections of the Companies Act 2006 when they come into force.

The Companies Act 2006, which modernises English company law, is in the process of being implemented in the UK. One of the most significant changes introduced by the Companies Act 2006 is that the general duties that directors owe to their companies have been codified. To a large extent the Companies Act 2006 codifies existing law but there are some changes.

Under the Companies Act 2006, from 1 October 2008, a director will have a general statutory duty to avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company, or a trustee of another organisation, or if a Director could profit as a result of his directorship even where he discloses this to the Company, or if a Director has an advisory relationship (for example, financial or legal) with the Company or a competitor.

Under the Companies Act 2006, the duty of directors to avoid conflicts of interest with a company's interests is not infringed if a company's articles of association include a provision enabling its directors to authorise a matter where there is or could be a conflict of interest and where this matter has been proposed to and authorised by its directors in accordance with its articles of association. The Companies Act 2006 also allows a company's articles of association to contain other provisions dealing with directors' conflicts of interest to avoid a breach of duty.

The proposed amendments to the Articles of Association of Alliance Pharma plc give the Directors authority to approve such situations and include new provisions to allow conflicts with the Company's interests to be dealt with in a similar manner to the way that the Company currently deals with such situations, for example, by ensuring that the conflicted Director is not counted in the quorum or allowed to vote at the meeting where a conflicted matter is being considered. The following safeguards will apply when Directors decide whether or not to authorise a conflict or potential conflict between one or more of the Directors' and the Company's interests following the enactment of the relevant sections of the Companies Act 2006. Firstly, only independent Directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision, and secondly, in taking the decision the independent Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.