



NOTICE OF THE 2010 ANNUAL GENERAL MEETING AND EXPLANATORY  
STATEMENT OF PHARMAXIS LTD

TO BE HELD AT THE INTERCONTINENTAL HOTEL, CORNER OF PHILLIP AND BRIDGE  
STREETS, SYDNEY NSW ON 20 OCTOBER 2010 AT 2:30 PM AUSTRALIAN EASTERN  
DAYLIGHT TIME

TO BE VALID, PROXY FORMS FOR USE AT THE MEETING MUST BE COMPLETED AND  
LODGED NO LATER THAN 18 OCTOBER 2010 AT 2:30 PM AUSTRALIAN EASTERN  
DAYLIGHT TIME

**IMPORTANT**

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

8 September 2010

Dear Shareholder,

Please find enclosed the notice of the 2010 annual general meeting of shareholders of Pharmaxis Ltd (**Company**) which will be held at the Intercontinental Hotel, located on the corner of Phillip and Bridge Streets, Sydney NSW, on 20 October 2010 at 2:30 pm.

The Chairman, the Chief Executive Officer and the Chief Financial Officer will each give presentations at the meeting in relation to the Company's progress over the financial year ended 30 June 2010 and an overview of some of the Company's key objectives for the current financial year. Additional details of the Company's performance and operations are set out at [www.pharmaxis.com.au](http://www.pharmaxis.com.au) and in the Company's 2010 annual review and statutory annual report.

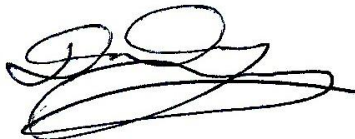
The formal part of the meeting will cover the consideration of the Company's financial statements and remuneration report, the re-election of two directors and the annual grant of performance rights to the Chief Executive Officer.

Further details of the resolutions to be considered at the meeting are contained in the explanatory statement which accompanies the notice of meeting.

If you plan to attend the meeting, please bring the enclosed proxy form to facilitate your prompt registration. If you are unable to attend the meeting, you are able to appoint a proxy to attend and vote on your behalf online at [www.investorvote.com.au](http://www.investorvote.com.au) or by using the enclosed proxy form. Shareholders will have an opportunity to ask questions during the meeting or by submitting written questions. Shareholders are also invited to join the Board for light refreshments at the conclusion of the meeting.

We look forward to welcoming you at the meeting.

Yours faithfully



David McGarvey  
**Company Secretary and Chief Financial Officer**

## Notice of Annual General Meeting

Notice is hereby given that the 2010 annual general meeting of Pharmaxis Ltd ABN 75 082 811 630 (**Company**) will be held at the Intercontinental Hotel, located on the corner of Phillip and Bridge Streets, Sydney NSW on 20 October 2010 at 2:30 pm Australian Eastern Daylight Time.

### ORDINARY BUSINESS

#### 1. Financial Statements

*To receive and consider the financial report, directors' report and the auditor's report of the Company for the financial year ended 30 June 2010.*

#### 2. Remuneration Report

To consider and, if thought fit, to pass item 2 as an ordinary resolution (advisory vote only):

*That the remuneration report of the Company for the year ended 30 June 2010 be adopted.*

#### 3. Re-election of Mr Malcolm McComas as a Non Executive Director

To consider and, if thought fit, to pass item 3 as an ordinary resolution:

*That Mr Malcolm McComas be re-elected as a non executive director of the Company.*

#### 4. Re-election of Dr John Villiger as a Non Executive Director

To consider and, if thought fit, to pass item 4 as an ordinary resolution:

*That Dr John Villiger be re-elected as a non executive director of the Company.*

### SPECIAL BUSINESS

#### 5. Grant of Performance Rights to Dr Alan Robertson

To consider and, if thought fit, to pass item 5 as an ordinary resolution:

*That, for the purposes of Listing Rule 10.14 of the Listing Rules of the Australian Securities Exchange (**ASX Listing Rules**), the Corporations Act 2001 (Cth) (**Corporations Act**) and for all other purposes, approval be given for the grant of 50,000 zero grant and zero exercise price employee options (**Performance Rights**) to Dr Alan Robertson under the Company's performance rights plan, resolved to be granted by the Board in September 2010 and, upon exercise of those Performance Rights, the acquisition of 50,000 ordinary shares underlying those Performance Rights, in accordance with the terms of the performance rights plan and the explanatory statement accompanying this notice of meeting.*

### OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the constitution of the Company and the Corporations Act.

### VOTING RESTRICTIONS

As required by the ASX Listing Rules, the Company will disregard any votes cast on the resolutions set out in item 5 by:

- any director of the Company (except a director who is ineligible to participate in any employee incentive scheme in relation to the Company) and, if ASX Limited has


expressed an opinion under rule 10.14.3 that approval is required for participation in an employee equity incentive plan by anyone else, that person; and

- any of their associates.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

**By order of the Board**



**Mr David McGarvey**

Company Secretary and Chief Financial Officer  
8 September 2010

## VOTING ENTITLEMENTS

For the purpose of the Corporations Act, the Company has determined that the holders of the Company's ordinary shares for the purpose of the annual general meeting, will be the registered holders of ordinary shares at 7:00 pm Australian Eastern Daylight Time on 18 October 2010.

## PROXIES

Shareholders have the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes that each proxy is appointed to exercise. A proxy form has been included with this notice of meeting. Proxy voting instructions are provided with the proxy form.

**You may submit your proxy form online by visiting [www.investorvote.com.au](http://www.investorvote.com.au).** To use the online facility you will require the secure access information set out on your proxy form. You will be taken to have duly executed the proxy form if you lodge it in accordance with the instructions prior to 2:30 pm Australian Eastern Daylight Time on 18 October 2010. Completed proxies can also be lodged with our registrar Computershare Investor Services Pty Limited:

**by hand:** Level 4, 60 Carrington Street, Sydney NSW 2000

**by post:** GPO Box 242, Melbourne VIC 3001

**by facsimile:** 1800 783 447

or directly to the Company:

**by hand or by post:** 20 Rodborough Road, Frenchs Forest NSW 2086

**by facsimile:** +61 (2) 9451 3622

Duly completed proxies must be received by no later than **2:30 pm Australian Eastern Daylight Time on 18 October 2010**.

## POWER OF ATTORNEY

If a shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, a certified copy of the power of attorney must likewise be received by Computershare Investor Services Pty Limited or the Company by no later than 2:30 pm Australian Eastern Daylight Time on 18 October 2010 by one of the means listed above.

## CORPORATE REPRESENTATIVES

If a corporate shareholder wishes to appoint a person to act as a representative at the meeting, that person should be provided with a letter authorising that person as the company's representative (executed in accordance with that company's constituent documents and the Corporations Act).

## **EXPLANATORY STATEMENT**

### **Item 1 - Financial Statements**

In accordance with section 317 of the Corporations Act, our financial report, directors' report and the auditor's report for the financial year ended 30 June 2010 will be presented to the meeting. Shareholders will be provided with an opportunity to ask questions in relation to the reports, however, in accordance with the Corporations Act there will be no formal resolution put to the meeting. The reports are contained in our 2010 statutory annual report which is available at [www.pharmaxis.com.au](http://www.pharmaxis.com.au).

### **Item 2 - Advisory Vote in Relation to the Remuneration Report**

Section 250R(2) of the Corporations Act requires that our shareholders vote in respect of the adoption of our remuneration report. Section 250R(3) of the Corporations Act provides that the vote on the resolution is advisory only and does not bind our board of directors (**Board**). The remuneration report is set out in section 2 of our 2010 statutory annual report.

Noting that each director has a personal interest in their own remuneration from us, as set out in the remuneration report, the Board recommends that shareholders vote in favour of this resolution.

### **Item 3 - Re-election of Mr Malcolm McComas – Non Executive Director**

Mr Malcolm McComas has been an independent non executive director of the Company since 4 July 2003. In accordance with the retirement requirements of the Company's constitution and the ASX Listing Rules, Mr Malcolm McComas retires and offers himself for re-election.

Mr Malcolm McComas is a professional company director and former investment banker and commercial lawyer with more than 20 years investment banking experience. Mr McComas is the principal of McComas Capital and was previously a consultant and a director of Grant Samuel, the investment banking, property services and funds management group, from 1999 to 2009. Prior to that, Mr Malcolm McComas was a managing director of investment banking at County NatWest and its successor organization Salomon Smith Barney (now Citigroup) and held various executive roles with Morgan Grenfell (now Deutsche Bank). Between 2004 and 2008 Mr McComas was the non-executive chairman of Sunshine Heart, Inc. and is currently the President of Finsia (the Financial Services Institute of Australia) and a director of Ocean Capital Limited and ALLG (the Australian Leukaemia and Lymphoma Group). Mr McComas holds a Bachelor of Economics and a Bachelor of Laws from Monash University. Mr McComas is chairman of our Audit Committee.

If re-elected, Mr Malcolm McComas' term of appointment will be until the end of the third annual general meeting following his re-election or three years (whichever is longer), subject to the constitution of the Company, the ASX Listing Rules and the Corporations Act.

The Board (with Mr Malcolm McComas abstaining) recommends that shareholders vote in favour of this resolution.

### **Item 4 - Re-election of Dr. John Villiger – Non Executive Director**

Dr John Villiger has been a non executive director of the Company since 15 November 2006. In accordance with the requirements of the Company's constitution and the ASX Listing Rules, Dr John Villiger retires and offers himself for re-election.

Dr John Villiger co-founded The Medicines Company, a Nasdaq listed company, in 1996 and was a Senior Vice President of Development at that company until February 2006. The Medicines Company has a significant marketed product with two other products in late stage clinical development. From 1986 to 1996, Dr John Villiger held various positions in product development at Roche based in both New Zealand and Switzerland, including International Project Director from 1991 to 1995 and Head of Global Project Management from 1995 to 1996. As Head of Global Project Management, he oversaw the development of Roche's pharmaceutical portfolio, with programs in Switzerland, the United Kingdom, the United States

and Japan. Dr. Villiger is currently executive chairman of Proacta Inc. Dr John Villiger holds a Ph.D. in psychopharmacology from the University of Otago. Dr Villiger is a member of our Remuneration and Nomination Committee.

If re-elected, Dr John Villiger's term of appointment will be until the end of the third annual general meeting following his re-election or three years (whichever is longer), subject to the constitution of the Company, the ASX Listing Rules and the Corporations Act.

The Board (with Dr John Villiger abstaining) recommends that shareholders vote in favour of this resolution.

#### **Item 5 – Grant of Performance Rights to Dr Alan Robertson**

The grant of securities to directors under an employee incentive scheme requires the approval of shareholders under Listing Rule 10.14 of the ASX Listing Rules.

Following the annual review of performance for the year ended 30 June 2010, in September 2010 our Board approved, subject to the receipt of necessary shareholder approval, to grant 50,000 zero grant and zero exercise price options (Performance Rights), all on the same terms, to Dr Alan Robertson, our Chief Executive Officer. The Performance Rights were approved by the Board as part of its annual review of remuneration for all directors and employees.

If approved by shareholders, the Performance Rights would be granted pursuant to the terms and conditions of our performance rights plan which is governed by our existing employee option plan (**Performance Rights Plan**). The Performance Rights are proposed to be granted for no cash consideration and with a zero exercise price. The Performance Rights would be granted to the Chief Executive Officer as soon as practicable after the meeting and in any event, no later than 12 months from the date of the meeting.

The proposed Performance Rights have a life of 10 years and vest three years from the date of approval of grant by our Board subject to Dr Robertson being an employee of the Company at this time. In accordance with the Performance Rights Plan, if a formal takeover offer is made for the Company, all Performance Rights which have not yet vested, automatically vest. When exercisable, each Performance Right would entitle Dr Robertson to subscribe for one fully paid ordinary share. Each ordinary share issued on exercise of a Performance Right will rank equally with all other ordinary shares then on issue. While Dr Robertson is our Chief Executive Officer, restrictions will apply to the shares issued on exercise of Performance Rights, including that the shares may not be disposed of until the fourth anniversary of grant and thereafter may only be traded following Board approval.

Further information about our remuneration framework for executive officers, including the use of Performance Rights, is set out in the remuneration report contained in the 2010 statutory annual report. The Board considers Performance Rights are widely accepted in the Australian context to provide equity remuneration to management and employees. Performance Rights typically provide lower potential rewards to managers and employees when compared to traditional options, but by also reducing the risk for employees they provide a stable equity remuneration instrument to retain and reward employees over the longer term. The Company intends to grant Performance Rights to the Chief Executives Officer on a recurring basis subject to the review of progress in achieving performance targets and the recommendation of the Remuneration and Nomination Committee.

The Board (with Dr Robertson abstaining) recommends that shareholders vote in favour of this resolution.

Additional ASX Listing Rule disclosures for Item 5: The Company will not provide any loans or other financial assistance in connection with the grant or exercise of the proposed Performance Rights. On 22 June 2009, Dr Robertson was granted 200,000 employee options for nil consideration with an exercise price of \$2.5498 which were approved by shareholders on 21 October 2009. The Board has resolved not to grant equity to non executive directors other than upon the appointment of new directors.

## Lodge your vote:



**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

**[www.investorvote.com.au](http://www.investorvote.com.au)**



**Cast your proxy vote**



**Access the annual report**



**Review and update your securityholding**

**Your secure access information is:**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by 2:30pm (AEDT) Monday 18 October 2010**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for Pharmaxis Ltd or its auditor, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**





**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Pharmaxis Ltd hereby appoint

the Chairman of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Pharmaxis Ltd to be held at the Intercontinental Hotel, corner of Phillip and Bridge Streets, Sydney NSW 2000 on Wednesday, 20 October 2010 at 2.30pm (AEDT) and at any adjournment of that meeting.

**Important for Item 5:** If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item 5 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 5 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 5 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business



**PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
2 To adopt the remuneration report for the year ended 30 June 2010	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-elect Mr Malcolm McComas as a Non Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To re-elect Dr John Villiger as a Non Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

5 Grant of Performance Rights to Dr Alan Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_/\_\_\_\_/\_\_\_\_