

Verona Pharma plc

ANNUAL GENERAL MEETING 2010

Clive Page, Chairman
Michael Walker, CEO

London, United Kingdom
03 June 2010

www.veronapharma.com

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Verona Pharma...

- A *drug discovery company* focussed on:
 - Asthma
 - Chronic Obstructive Pulmonary Disease (COPD)
 - Rhinitis (hay fever)
 - Cough
- Diseases that have common features of:
 - Tissue hyper-excitability (contraction and secretion) driven by inflammatory mechanisms
 - Common, chronic diseases - large markets plus a need for new drugs

Verona Pharma...

- Founded as Rhinopharma in 2004, AIM listed as Verona Pharma plc, Sept. 2006.
- Directors and management team experienced in drug discovery and development
- Virtual, lean and mean and with strict project discipline
- Established projects:
 - RPL554
 - Cough Project
 - Novel Anti-Inflammatory Polysaccharides (NAIPs)

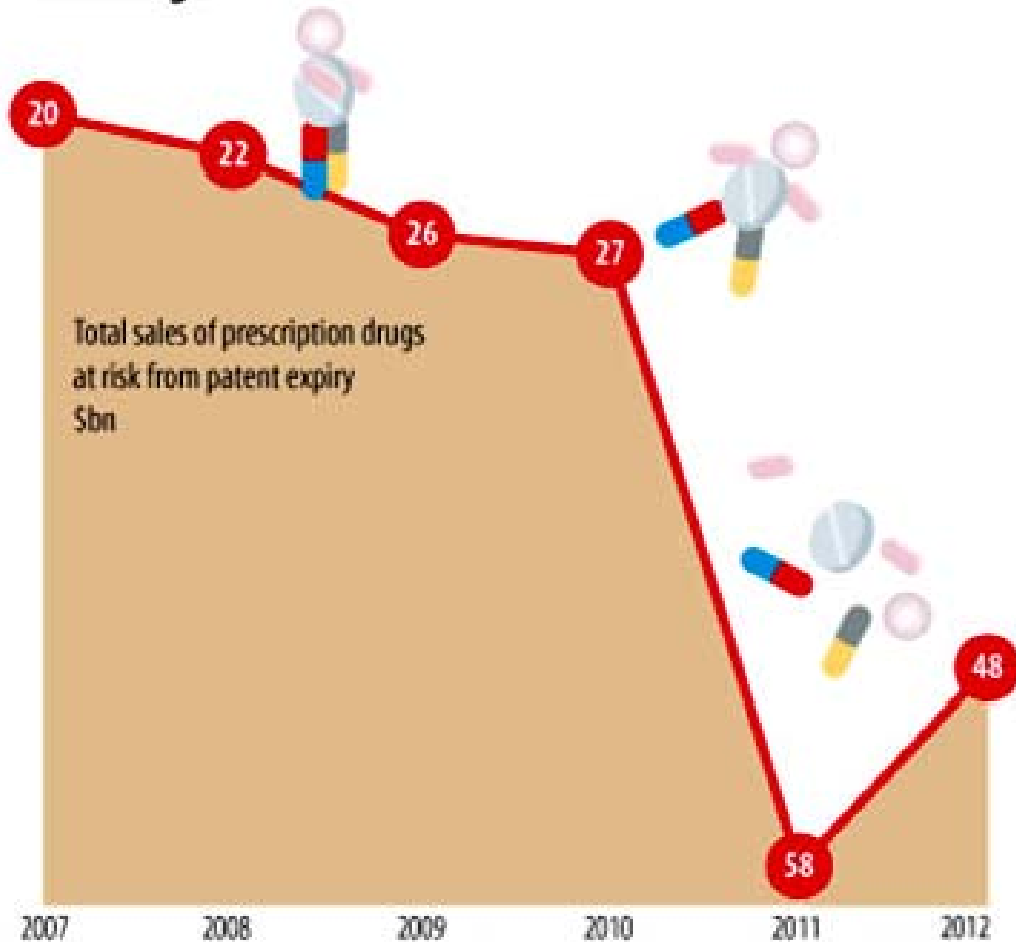
Market Opportunities – Respiratory Diseases

- In US, Japan and Western Europe:
 - ~ 64m with allergic rhinitis
 - ~ 45m people with asthma
 - ~ 29m with COPD*
- Existing drug treatments are available but not perfect
 - unwanted side effects and/or limited effectiveness
- Market size:
 - Allergic Rhinitis Global Market: US\$10 Billion, 2006*
 - Asthma & COPD Global Market: US\$28 Billion, 2007*
 - Respiratory Global Market: US\$52 Billion, 2007*

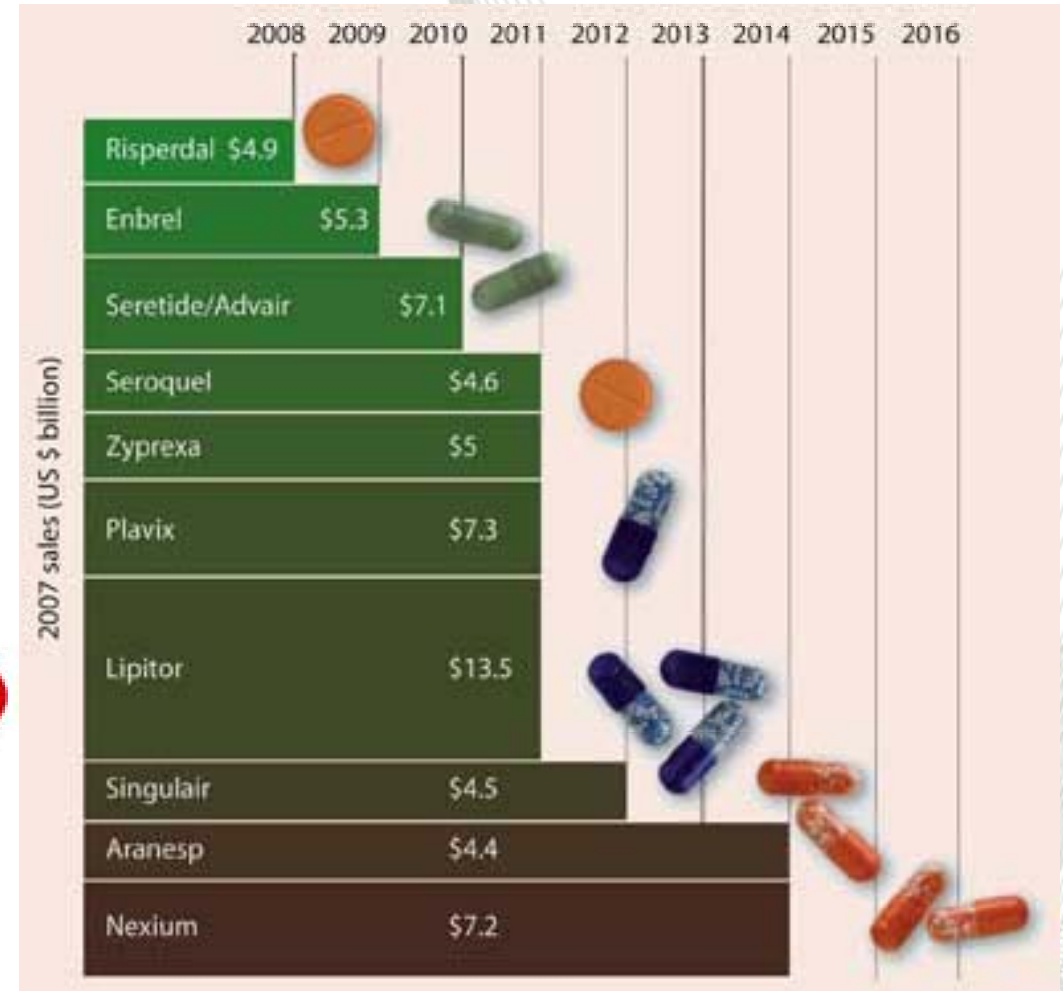
* Fraser-Moodie, I. Business Insights. Innovations and Pipelines for Respiratory Disorders. London: Business Insights Limited; 2008.

Market Opportunities – ‘The Patent Cliff’

Cliffhanger



Source: EvaluatePharma, 2009 estimate, 2010-12 forecasts



RPL554 – A Maturing Project

- Mixed phosphodiesterase (PDE) 3 and 4 inhibitor (A BRONCHODILATOR AND ANTI-INFLAMMATORY DRUG IN A SINGLE MOLECULE)
- Co-invented by Sir David Jack (former Research Director of Glaxo) who “fathered “ the inhaled asthma drugs
 - Salmeterol (Serevent®) - USD \$519 million, 2007*
 - Fluticasone (Flixotide®, Flovent®, Flonase®, Veramyst®) - USD \$1.3 billion, 2007*
 - Salbutamol / Albuterol (Ventolin®, Proventil®, ProAir®, Accumb®) USD \$442 million, 2007*
 - Salmeterol-Fluticasone Combination (Seretide®, Advair®) - USD \$7.1 billion, 2007*
 - Also Beclomethasone (QVAR®), Ranitidine (Zantac®), Ondansetron (Zofran®), and Sumatriptan (Imitrex®, Imigran®)

* Fraser-Moodie, I. Business Insights. Innovations and Pipelines for Respiratory Disorders. London: Business Insights Limited; 2008.

Company Highlights in 2009/2010

- Raised £2.8 million (net) via new ordinary shares - Dec 2009
- Completed Phase I/IIa trial of RPL554 at the Centre for Human Drug Research (CHDR), Leiden University, the Netherlands
- Discussions with potential licensees for RPL554 - continuing
- Demonstrated that RPL554 can be formulated in a Dry Powder Inhaler
- Planned experimental and clinical studies to further strengthen RPL554 licensing package
- Filed four new patents for novel NAIPs fractions
- Finalised documents for cough trial of VRP700 for submission to the appropriate authorities
- Potential new projects continually being sought, reviewed and tested

Outlook for Next 12 Months

- Licensing RPL554
 - Adding experimental and clinical strength to the licensing package
 - Safety and duration of action at higher doses
 - Repeating dose and further anti-inflammatory studies
 - Bronchodilation in COPD
 - Formulation/device combinations
- Completion of the VRP700 Cough Trial
- Evaluation of new NAIPs *in vivo* for lead selection
- Assessment and search for new IP

Cash & Share Position (As of 28 May 2010)

Cash Reserves:	~£3million
Basic Issued Ordinary Shares:	239 million shares
Fully Diluted Ordinary Shares:	256 million shares
Mgt. Shareholding:	28.5 million (11.9%)
Market Cap.: (based on 9 pence)	£21.5 million

Verona Pharma Philosophy...

- If a project is to fail...
 - it must fail quickly
 - fail cheaply
- Use the best science possible
- Managerial effort focussed
 - Meet clinically pertinent milestones for each project
- Limited investment in infrastructure
- More than one project is essential

**Goal: To quickly and efficiently obtain
clinical proof-of-concept**

Board of Directors

Clive Page, *Chairman*

Recognised international authority on lung diseases and inflammation. Co-inventor of NAIPs technology

Michael Walker, *Chief Executive Officer*

Founder and former Chairman of what became Cardiome Corp (TSX & NASDAQ: c.US\$300m market cap.) Expert in pharmacology, drug discovery and biotech

Claire Poll, *Corporate Director*

Legal & corporate executive. Previously Corporate Development Director Inmarsat Ventures plc (LSE: c. £2.5b market cap)

Trevor Jones, *Non-Executive Director*

Former Director General, Association of the British Pharmaceutical Industry. Successfully led development of numerous drug treatments

Patrick Humphrey, *Non-Executive Director*

Former Director of GlaxoSmithKline's Division of Pharmacology. Instrumental in the discovery of numerous respiratory and CNS drugs on the market

Stuart Bottomley, *Non-Executive Director*

Financier & former leading fund manager

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YOUR ATTENTION**