



Starpharma Holdings Limited

ABN 20 078 532 180

000001 000 SPL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



All correspondence to:

Computershare Investor Services Pty Limited
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Victoria 3001 Australia
Enquiries (within Australia) 1300 850 505
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www.computershare.com



22 February 2010

Dear Shareholder

I am pleased to invite you to attend our Extraordinary General Meeting and have enclosed the Notice of Meeting which sets out the item of business. The meeting will be held at the offices of Norton Rose, Level 15, RACV Tower, 485 Bourke Street Melbourne Victoria on Thursday, 25 March 2010 at 4.00pm.

If you are attending this meeting, please bring this letter with you to facilitate registration for the meeting.

If you are unable to attend the meeting, you are encouraged to complete the enclosed proxy form. The proxy form should be returned in the envelope provided, or faxed to our share registry on +61 3 9473 2555, or by using the control number on your proxy form vote online at www.investorvote.com.au, so that your vote is received by 4.00pm on Wednesday, 24 March 2010. Alternatively, it should be returned by that time to the Company's registered office, Baker Building, 75 Commercial Road, Melbourne, Vic, 3004 or faxed to (03) 9510 5955.

Corporate shareholders will be required to complete a "Certificate of Appointment of Representative" to enable a person to attend on their behalf. A form of this certificate may be obtained from the Company's share registry.

I look forward to your attendance at the meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Peter T Bartels". The signature is fluid and cursive.

Peter T Bartels, AO
Chairman

Notice of Extraordinary General Meeting

Starpharma Holdings Ltd ABN 20 078 532 180

Notice is hereby given that an Extraordinary General Meeting of the shareholders of Starpharma Holdings Ltd will be held at the offices of Norton Rose, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria on **Thursday, 25 March 2010 at 4.00pm (AEDT) (Meeting)**.

Resolution

1. Approval of grant of shares and rights to shares to Dr Jacinth Fairley

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of ASX Listing Rules 7.1 and 10.14 and all other purposes, approval is given for Dr Jacinth Fairley to be issued 1,428,571 fully paid ordinary shares in the Company and granted 750,000 rights to fully paid ordinary shares (being rights to receive shares subject to continued employment with the Company and the satisfaction of certain performance hurdles over a specified period) in accordance with the terms and conditions detailed in the explanatory memorandum accompanying this Notice of Extraordinary General Meeting.”

By order of the Board



B P Rogers
Company Secretary
22 February 2010

Voting Entitlements

The Company has determined that all securities of the Company that are quoted securities as at 7.00pm (AEDT) on 23 March 2010 will be taken, for the purpose of the Meeting, to be held by the person who held them at the time.

Proxies

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

Lodge your Proxy Form:

- **Online:** www.investorvote.com.au, using the control number on your proxy form.
- **By Post:** Computershare Investor Services Pty Limited, GPO Box 244, Melbourne, Australia 3001
- **By facsimile:** 1800 783 447 (within Australia), or +61 3 9473 2555 (outside Australia)
- **By Hand to:** the share registry of the Company, Computershare Investor Services Pty Limited, located at Yarra Falls, 452 Johnston Street Abbotsford, Vic, 3067 or at the Company's registered office, Level 6, Baker Building, 75 Commercial Road, Melbourne, Vic, 3004.

The Proxy Form must be received by no later than 4:00pm (AEDT) on Wednesday 24 March 2010.

Custodian voting

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

This explanatory memorandum has been prepared to assist shareholders with their consideration of the resolution to be put to the Extraordinary General Meeting on Thursday 25 March 2010. This explanatory memorandum should be read with, and forms part of, the accompanying Notice of Meeting.

RESOLUTION 1 – APPROVAL OF GRANT OF SHARES AND RIGHTS TO SHARES TO DR JACINTH FAIRLEY

Background

Dr Fairley was engaged as the Company's Chief Executive Officer in July 2006 and charged with a brief to commercialise Starpharma's technology portfolio. As advised previously, as part of her remuneration package, it was agreed that Dr Fairley would be rewarded for her performance with an entitlement to equity of between \$1 million and \$2 million within three years provided certain goals were met. These long term and short term goals are typical of a biotechnology company in Starpharma's lifecycle.

As shareholders may be aware, the Board reached agreement with Dr Fairley last year on the structure and share price performance targets of an incentive plan for the 3 year period originally contemplated and a grant of rights under the Company's share appreciation rights plan was proposed in the Company's Notice of Annual General Meeting dated 12 October 2009. However, a last minute change to the Federal Government's employee share scheme legislation meant that participation in the share appreciation rights plan could have potentially penal consequences. Accordingly, on 29 October 2009, the Company notified ASX that the Board had decided to withdraw the resolution relating to Dr Fairley from the agenda for the Annual General Meeting.

The Board has now considered the impact of the legislation and has developed a revised incentive scheme for Dr Fairley. The revised scheme is on substantially the same terms as the previous package except that Dr Fairley will now be issued with ordinary shares rather than share appreciation rights. The scheme outlined below is designed to reward Dr Fairley for her superior performance to date and to align her future performance with the interest of shareholders through equity based remuneration.

The Board is of the view that the Company has achieved superior performance under the stewardship of Dr Fairley and has achieved a number of significant milestones during this period. Accordingly, the Board is of the view that Dr Fairley's performance has been outstanding during the period.

Listing Rule Requirements

ASX Listing Rule 10.14 requires that Starpharma must obtain shareholder approval before Starpharma can issue securities under an employee incentive scheme to a Director or an associate of a Director. The shares and rights to shares (**Rights**) are securities and are being issued to Dr Fairley under an employee incentive scheme within the meaning of the ASX Listing Rules.

The Directors also wish to obtain the approval of shareholders to ensure that the issue of the 1,428,571 shares to Dr Fairley in tranche 1 and the grant of 750,000 Rights in tranche 2 will not be counted towards the 15% limit on the issue of equity securities without shareholder approval set out in ASX Listing Rule 7.1. If the approval of shareholders is obtained, the issue of these shares and grant of these Rights to Dr Fairley will not be counted towards the 15% limit on the issue of equity securities.

The Company will treat the future issue of shares upon vesting of the Rights as an issue to which Listing Rule 7.2 exception 4 applies. This means that when those shares are issued they also will not be counted towards the 15% limit on the issue of equity securities without shareholder approval set out in ASX Listing Rule 7.1.

Terms of Dr Fairley's Equity Incentive Plan

It is proposed that Dr Fairley be issued the following shares and granted the following Rights in two tranches to recognise her achievements and to provide the appropriate incentives for future performance.

Tranche 1

In recognition of her past performance with the Company, the Board seeks your approval to issue 1,428,571 fully paid ordinary shares in the Company. The Shares are to be issued on the day immediately following shareholder approval of the issue of the Shares.

Tranche 2

In order to align Dr Fairley's performance with that of shareholders through superior shareholder returns over the Company's lifecycle, the Board also seeks your approval to grant 750,000 Rights to Dr Fairley on the terms and conditions set out below.

The Rights will have a vesting date of 31 December 2010 and immediately upon vesting Dr Fairley will be issued one share for each vested Right. The shares issued to Dr Fairley upon vesting of the Rights will be escrowed until 1 March 2013 provided that the shares may be released from escrow early if certain events occur which are outside of Dr Fairley's control (for example, if a change of control occurs in respect of the Company). Further, if Dr Fairley's employment is terminated without cause during the escrow period, all the shares will be released from escrow on the date she ceases to be employed by the Company. If Dr Fairley's employment ends for any other reason, 50% of the shares will be released from escrow on the date she ceases to be employed by the Company. The balance of the shares will continue to be held in escrow for another 12 months.

Vesting of the Rights will be conditional upon Dr Fairley still being employed by the Company (or a related body corporate of the Company) at 31 December 2010 and the following vesting conditions being satisfied. All or part of the rights may vest earlier if certain events occur which are outside of Dr Fairley's control (for example, if a change of control occurs in respect of the Company or Dr Fairley suffers a serious illness).

No of Rights	Vesting Conditions	Vesting Date
262,500	The volume weighted average price of Starpharma's fully paid ordinary share in the 3 months ending on 31 December 2010 is equal to or greater than \$0.65.	31 December 2010
262,500	The volume weighted average price of Starpharma's fully paid ordinary share in the 3 months ending on 31 December 2010 is equal to or greater than \$1.00.	31 December 2010
225,000	<p>The achievement of certain key business performance indicators specified by the board of Starpharma. These key business performance indicators are linked to the following matters which the board believes are key drivers of shareholder value:</p> <ul style="list-style-type: none">• to advance the development and commercialization of the Company's lead product VivaGel® as a stand-alone gel and condom coating;• to actively manage existing, and execute further, commercial arrangements to build shareholder value and exploit Starpharma's technology in areas such as drug delivery, agriculture and diagnostics; and• to secure appropriate personnel and adequate working capital for the Company's ongoing operations and execution of the Company's plans.	31 December 2010

The Board believes that the performance criteria attaching to the Rights will provide the right mix of incentives to retain Dr Fairley, to motivate Dr Fairley to contribute to the growth and profitability of Starpharma and to reward Dr Fairley for her important contributions to the success of Starpharma.

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

Other ASX Listing Rule Requirements

As required by ASX Listing Rule 10.15:

- (a) Dr Fairley is the chief executive officer and a director of the Company.
- (b) The maximum number of shares to be issued to Dr Fairley (including those shares that could be issued to Dr Fairley upon exercise of the Rights) is 2,178,571.
- (c) No amount is to be paid for the shares to be issued to, or Rights to be granted to, Dr Fairley or any shares issued to Dr Fairley upon the exercise of the Rights.
- (d) No-one referred to under ASX Listing Rule 10.14 has been granted Rights under this employee incentive scheme to date. Dr Fairley was granted 350,000 options under the Starpharma Holdings Limited Employee Share Option Plan (**Options Plan**) since the Options Plan was last approved on 15 November 2007. No amount was paid for the options granted to Dr Fairley. The options have an exercise price of 50.35 cents.
- (e) Only Dr Fairley, as an executive director, will be entitled to participate in this employee incentive scheme. No other Directors of the Company are eligible to participate in the Plan.
- (f) There will not be any loans associated with the grant of the Rights to Dr Fairley.
- (g) The shares comprising tranche 1 and the Rights will be issued to Dr Fairley by no later than Wednesday, 31 March 2010. The shares (if any) to be issued to Dr Fairley on exercise of the Rights will be issued no later than Friday, 7 January 2011.

As required by ASX Listing Rule 7.3:

- (a) The maximum number of shares to be issued to Dr Fairley under tranche 1 is 1,428,571. The maximum number of Rights to be issued to Dr Fairley under tranche 2 is 750,000.
- (b) The tranche 1 shares will be issued and the Rights will be granted to Dr Fairley by no later than Wednesday, 31 March 2010. The shares (if any) to be issued to Dr Fairley on exercise of the Rights will be issued no later than Friday, 7 January 2011.
- (c) No amount is to be paid for the shares to be issued to, or Rights to be granted to, Dr Fairley or any shares issued to Dr Fairley upon the exercise of the Rights.
- (d) All shares, including shares issued on exercise of the Rights, will be issued to Dr Fairley or an entity nominated by Dr Fairley. All Rights will be granted to Dr Fairley or an entity nominated by Dr Fairley.
- (e) All tranche 1 shares will be fully paid ordinary shares. Once vested, each Right gives Dr Fairley or her nominee the right to be issued 1 fully paid ordinary share in the Company.

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolution 1 by:

- Dr Fairley; and
- an associate of Dr Fairley.

However, the Company will not disregard a vote if:

- it is cast by the person as a 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 a direction on the proxy form to vote as the proxy decides.



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Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

By Hand:

Computershare Investor Services Pty Limited,
Yarra Falls, 452 Johnston Street
Abbotsford, Vic, 3067
Company's registered office,
Level 6, Baker Building,
75 Commercial Road, Melbourne, Vic, 3004

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

For all enquiries call:

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

Proxy Form



Vote online 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



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 4:00pm (AEDT) Wednesday, 24 March 2010.

How to Vote on the Item 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 the 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 the item your vote will be invalid on the 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 under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, 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** →

MR SAM SAMPLE
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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.



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Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Starpharma Holdings 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 Starpharma Holdings Ltd to be held at the offices of Norton Rose, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria on Thursday, 25 March 2010 at 4.00pm (AEDT) and at any adjournment of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for the 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.

1 Approval of grant of shares and rights to shares to Dr Jacinth Fairley

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the 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 ____/____/____

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