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## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred your entire holding of ordinary shares in United Drug plc ('United Drug' or 'the Company'), please pass this document, together with the attached proxy form, to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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# **UNITED DRUG PLC**

*Registered Office: United Drug House, Magna Drive, Magna Business Park, Citywest Road, Dublin 24. Registered in Ireland No. 12244.*

### **Directors:**

Ronnie Kells\* (Chairman)†  
Liam FitzGerald (Chief Executive)  
Chris Corbin†  
Annette Flynn  
Peter Gray\*  
Gary McGann\*  
Kieran McGowan\*  
Barry McGrane (Finance Director)  
John Peter\*†  
Alan Ralph  
Philip Toomey\*

\* non-executive

† British

**To United Drug Shareholders**

16 January 2009

### **Notice of Annual General Meeting**

Dear Shareholder,

I am writing to you to outline the background to the resolutions to be proposed at the forthcoming Annual General Meeting ('AGM'), all of which the Board of Directors ('the Board' or 'the Directors') are recommending for your approval.

Your attention is drawn to the notice of the AGM of the Company, which will be held in the Conrad Hotel, Earlsfort Terrace, Dublin 2 at 12 noon on 17 February 2009, which is set out on pages 4 to 9 of this document.

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## **Annual General Meeting – Resolutions**

Biographical details of all directors are included in the accompanying Annual Report. In accordance with the Company's Articles of Association and best practice, Mr. K. McGowan, Dr. J. Peter and myself will seek re-election and Mr. A. Ralph and Mr. P. Toomey will seek election at the AGM. I have conducted a formal evaluation of the performance of Kieran, John, Alan and Philip and can confirm that these four directors and indeed their colleagues, continue to perform effectively and to demonstrate commitment to the role. The non-executive directors, led by the Senior Independent non-executive director, conducted a formal evaluation of my performance and confirmed that I also continue to perform effectively and demonstrate commitment to the role. The Board strongly recommends the re-election of the directors.

In addition to the ordinary business to be transacted at the AGM (as set out in Resolutions (1) to (5) in the notice of meeting), your Board proposes as Special Business Resolutions (6) to (12), which are summarised below under 'Special Business'.

### **Share alternative offer**

Your Board is proposing a final dividend of 5.77 cent per share for the year ended 30 September 2008. Subject to Resolution 8 being approved, shareholders are once again being offered the opportunity to receive new ordinary shares in lieu of their cash dividend under the terms of the Company's Share Alternative Scheme. In this mailing, you will also have received details of this offer together with an Election / Mandate Form detailing your entitlement to new ordinary shares in lieu of your cash dividend.

### **Special Business**

#### **Resolutions (6, 7 and 8) – Share capital**

The current authorised ordinary share capital of the Company is €15,000,000 comprised of 292,471,934 ordinary shares of 5 cent each and 7,528,066 redeemable ordinary shares of 5 cent each. Your Board considers it appropriate to increase such authorised ordinary share capital to €18,750,000 by the creation of 75,000,000 ordinary shares of 5 cent each.

Shareholders are being asked to renew, until the date of the AGM to be held in 2010 or 16 May 2010 (whichever is the earlier), the authority of the Directors to allot new shares. This authority will be limited to the allotment of relevant securities up to an aggregate nominal value of €4,004,953 (being 33% of the nominal value of the Company's issued share capital as at the latest practicable date prior to the publication of this circular).

Shareholders are also being asked to renew, until the date of the AGM to be held in 2010 or 16 May 2010 (whichever is the earlier), the Directors' power to disapply the strict statutory pre-emption provisions relating to the issue of new equity for cash. The disapplication will be limited to the allotment of equity securities in connection with the exercise of share options, any rights issue, any open offer or other offer to shareholders, the allotment of shares in lieu of dividends and in addition the allotment of shares up to an aggregate nominal value of €600,743 (being 5% of the nominal value of the Company's issued share capital as at the latest practicable date prior to the publication of this circular).

#### **Resolution (9) – Purchase of own shares**

#### **Resolution (10) – Re-issue of shares as treasury shares**

At the AGM held on 26 February 2008 shareholders passed a resolution to give the Company, or any of its subsidiaries, the authority to purchase up to 10% of its own shares. This authority is being sought as it is common practice for public companies. Furthermore such purchases would be made only at price levels which the Directors considered to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position. Shareholders also passed a resolution authorising the maximum and minimum prices at which treasury shares (effectively shares purchased by it and not cancelled) may be re-issued off-market by the Company. Shareholders are being asked to pass similar resolutions granting these authorities until the date of the AGM to be held in 2010 or 16 May 2010, whichever is the earlier.

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## **Resolution (11) - Appointment of proxies and corporate representatives, and**

In anticipation of some of the changes that will be introduced when the Shareholder Rights Directive is implemented into Irish law, your Board is proposing in Resolution 11 to amend the Company's Articles of Association so as to:

- (a) permit shareholders to appoint more than one proxy or corporate representative and, in doing so, to designate the shares which relate to such appointment;
- (b) adopt the form of article recommended by CRESTCo for the issue of an Uncertificated Proxy Instruction through the CREST System; and
- (c) require that all proxy instructions allow for three way voting on substantive resolutions and require any proxy to vote as directed in the proxy instruction.

## **Resolution (12) – Electronic communications with shareholders**

Since the Electronic Commerce Act 2000, it has been possible for a company to communicate electronically with its shareholders provided the consent of the shareholder was obtained. The Transparency (Directive 2004/109/EC) Regulations 2007 (the 'Transparency Regulations') introduced a more flexible regime in regard to the use of electronic communications by companies.

In order to avail of the E-Comms regime in the Transparency Regulations, the decision to use electronic means to convey information to shareholders must be taken in a general meeting. Although the Company's Articles of Association currently contain provisions relating to electronic communications, the Transparency Regulations permit the use of electronic communications to a greater extent than was previously possible. The Board is therefore proposing in Resolution 12 that the Company be authorised to use electronic communications as defined by the Transparency Regulations.

Should the Company seek to avail of the E-Comms regime in the Transparency Regulations in the future, the Company will initially write to all shareholders requesting their consent to the use of electronic means of conveying information. The Transparency Regulations provide that if a shareholder does not object to the use of electronic means within a reasonable period of time (one month), the shareholder's consent will be deemed to be given. Shareholders who wish to continue to receive notices, documents and information in hard copy form will be invited to notify the Company accordingly.

The Company's current Memorandum and Articles of Association are available at the Company's office and will be available at the AGM, should any shareholder wish to inspect them.

## **Further Action**

A Form of Proxy for use at the AGM is enclosed. You are requested to complete, sign and return the Form of Proxy as soon as possible whether or not you propose to attend the meeting in person. To be valid, the Form of Proxy must be lodged at the offices of Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, no later than 48 hours before the time appointed for the meeting. The completion and lodging of the Form of Proxy will not prevent you from attending and voting in person at the meeting should you so wish.

## **Recommendation**

Your Board believes that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, your directors unanimously recommend you to vote in favour of the resolutions as they intend to do in respect of all the ordinary shares held or beneficially owned by them, amounting in total to 3,570,802 ordinary shares on 7 January 2009 (being the latest practicable date prior to the publication of this circular) representing approximately 1.53% of the issued ordinary share capital of the Company.

Yours faithfully

Ronnie Kells  
Chairman

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# NOTICE OF ANNUAL GENERAL MEETING OF UNITED DRUG PLC

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of United Drug plc will be held in the Conrad Hotel, Earlsfort Terrace, Dublin 2 on 17 February 2009 at 12 noon for the following purposes:

1. To receive and consider the financial statements for the year ended 30 September 2008 and the Directors' report and the independent auditor's report thereon (Resolution 1).
2. To declare a dividend of 5.77 cent per share (Resolution 2).
3. To re-elect those directors who retire in accordance with Article 97 of the Articles of Association and, being eligible, offer themselves for re-election:

R. Kells	(Resolution 3 (a))
K. McGowan	(Resolution 3 (b))
J. Peter	(Resolution 3 (c))

4. To elect those directors who retire in accordance with Article 103 of the Articles of Association and, being eligible, offer themselves for election:

A. Ralph	(Resolution 4 (a))
P. Toomey	(Resolution 4 (b))

5. To authorise the Directors to fix the auditor's remuneration (Resolution 5).

**As special business to consider and, if thought fit, pass the following resolutions:**

**6. As an Ordinary Resolution (Resolution 6)**

'That the authorised ordinary share capital of the Company be increased from €15,000,000 to €18,750,000 by the creation of 75,000,000 ordinary shares of 5 cent each, such ordinary shares ranking pari passu in all respects with the existing issued and authorised ordinary shares of 5 cent each in the capital of the Company.'

**7. As an Ordinary Resolution (Resolution 7)**

'That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company for the purposes of Section 20 of the Companies (Amendment) Act, 1983 to allot relevant securities (within the meaning of Section 20 of that Act) up to a nominal value of €4,004,953. The power hereby conferred shall expire at close of business on the earlier of the date of the next AGM of the Company and 16 May 2010 unless and to the extent that such power is renewed, revoked or extended prior to such date, save the Company may make before such expiry an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.'

**8. As a Special Resolution (Resolution 8)**

'That the Directors be and they are hereby empowered pursuant to Section 23 and Section 24(1) of the Companies (Amendment) Act, 1983 to allot equity securities within the meaning of the said Section 23 for cash pursuant to the authority

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conferred on the Directors by Resolution 7 in the notice of this meeting as if Section 23(1) of the said Act did not apply to any such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities on the exercise of any option granted pursuant to Article 8 of the Articles of Association of the Company;
- (b) the allotment of equity securities in connection with any offer of securities open for any period fixed by the Directors by way of rights, open offer or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any holders of options under any of the Company's share option schemes for the time being) but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise (and for the avoidance of doubt the Directors are hereby authorised to provide for any such exclusions or other arrangements as they may so deem to be necessary or expedient);
- (c) the allotment of equity securities pursuant to Article 128A of the Articles of Association of the Company; and
- (d) the allotment of equity securities (otherwise than in pursuance of (a), (b) and (c) above) up to an aggregate nominal value of €600,743.

The power hereby conferred shall expire at the close of business on the earlier of the date of the next AGM of the Company and 16 May 2010 unless and to the extent that such power is renewed, revoked or extended prior to such date, save that the Company may make before such expiry an offer or agreement which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.'

## **9. As a Special Resolution (Resolution 9)**

'That the Company and/or any subsidiary (as such expression is defined by Section 155 of the Companies Act, 1963) of the Company be and they are hereby generally authorised to make market purchases (as defined in Section 212 of the Companies Act, 1990) of shares of any class of the Company ('the Shares') on such terms and conditions and in such manner as the Directors may determine from time to time but subject, however, to the provisions of the Companies Act, 1990 and to the following restrictions and provisions:

- (a) the maximum number of ordinary shares authorised to be acquired pursuant to this resolution shall be 24,029,720;
- (b) the minimum price which may be paid for any share shall be the nominal value of the Share;
- (c) the maximum price which may be paid for any share (a 'Relevant Share') shall be an amount equal to 105 per cent of the average of the five amounts resulting from determining whichever of the following ((A), (B) or (C) specified below) in relation to the Shares of the same class as the Relevant Share shall be appropriate for each of the five consecutive business days immediately preceding the day on which the Relevant Share is purchased, as determined from the information published in the Irish Stock Exchange Daily Official List reporting the business done on each of those five business days:
  - (A) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
  - (B) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
  - (C) if there shall not be any dealing reported for the day, the average of the high and low market guide price for that day

and if there shall be only a high (but not a low) or only a low (but not a high) market guide price reported, or if there shall not be any market guide price reported for any particular day then that day shall not count as one of the said five business days for

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the purpose of determining the maximum price. If the means of providing the foregoing information as to dealings and prices by reference to which the maximum price is to be determined is altered or is replaced by some other means, then the maximum price shall be determined on the basis of the equivalent information published by the relevant authority in relation to dealings on the Irish Stock Exchange or its equivalent.

The authority hereby conferred shall expire at the close of business on the earlier of the date of the next AGM of the Company and 16 May 2010 unless previously varied, revoked or renewed in accordance with the provisions of Section 215 of the Companies Act 1990. The Company, or any such subsidiary, may make before such expiry a contract for the purchase of shares which would or might be executed wholly or partly after such expiry and may complete any such contract as if the authority hereby conferred had not expired.'

#### **10. As a Special Resolution (Resolution 10)**

'That, pursuant to the authority conferred by Special Resolution 9 authorising the Company and/or any of its subsidiaries to make market purchases of shares of any class of the Company passed earlier this day, for the purposes of Section 209 of the Companies Act, 1990, the maximum and minimum prices at which any treasury shares (as defined by the said Section 209) for the time being held by the Company may be re-issued off-market shall be as follows:

- (a) the maximum price at which any such share (a 'Relevant Share') may be re-issued off-market shall be an amount equal to 120 per cent of the Appropriate Average; and
- (b) the minimum price at which a Relevant Share may be re-issued off-market shall be:
  - (i) the nominal value of the share where such share is required to satisfy an obligation under an employee share scheme (as defined in the Listing Rules of The Irish Stock Exchange Limited) operated by the Company; or
  - (ii) such price as shall be determined in accordance with Article 128A of the Company's Articles of Association where such share is required to satisfy an obligation under a scrip dividend offer made by the Company pursuant to such Article 128A; or
  - (iii) in all other cases, an amount equal to 95 per cent of the Appropriate Average.

For the purposes of this resolution the expression 'Appropriate Average' shall mean the average of the five amounts resulting from determining whichever of the following ((A), (B) or (C) specified below) in relation to shares of the class of which such Relevant Share is to be re-issued shall be appropriate for each of the five consecutive business days immediately preceding the day on which the Relevant Share is re-issued, as determined from the information published in the Irish Stock Exchange Daily Official List reporting the business done in each of those five business days:

- (A) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
- (B) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
- (C) if there shall not be any dealing reported for the day, the average of the high and low market guide price for that day;

and if there shall be only a high (but not a low) or only a low (but not a high) market guide price reported, or if there shall not be any market guide price reported for any particular day then that day shall not count as one of the said five business days for the purposes of determining the Appropriate Average. If the means of providing the foregoing information as to dealings and prices by reference to which the Appropriate Average is to be determined is altered or is replaced by some other means, then the Appropriate Average shall be determined on the basis of the equivalent information published by the relevant authority in relation to dealings on the Irish Stock Exchange or its equivalent.

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The foregoing determination of the re-issue price range shall remain effective until the close of business on the earlier of the date of the next AGM of the Company and 16 May 2010 unless previously varied or renewed in accordance with the provisions of the said Section 209.'

## **II. As a Special Resolution (Resolution II)**

'That the Articles of Association of the Company be and are hereby amended by:-

(a) the deletion of Articles 70, 71, 73 and 74 and the insertion in their place of the following new Articles 70, 71, 73 and 74:-

70. Every member entitled to attend and vote at a general meeting may appoint a proxy or proxies to attend, speak and vote on his behalf provided that, where a shareholder appoints more than one proxy in relation to a general meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by him or (as the case may be) a different €10, or multiple of €10, of stock held by him. The appointment of a proxy shall be in writing in any usual form or in any other form which the Directors may approve and shall be signed by or on behalf of the appointor. The signature on such appointment need not be witnessed. A body corporate may sign a form of proxy under its common seal, under the hand of a duly authorised officer thereof or in such other manner as the Directors may approve. A proxy need not be a member of the Company. The appointment of a proxy in electronic form shall only be effective in such manner as the Directors may approve.
71. Without limiting the foregoing, in relation to any shares which are held in uncertificated form, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic communication in the form of an Uncertificated Proxy Instruction, (that is, a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of the relevant system concerned and received by such participant in that system acting on behalf of the company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant system concerned)); and may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instruction to be made by like means. The Directors may in addition prescribe the method of determining the time at which any such properly authenticated dematerialised instruction (and/or other instruction or notification) is to be treated as received by the company or such participant. The Directors may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.
73. The Directors may send, at the expense of the Company, by post, electronic mail or otherwise, to the members forms for the appointment of a proxy (in such form as the Directors may approve and with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative. The proxy form must make provision for three-way voting on all resolutions intended to be proposed, other than resolutions which are merely procedural. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the expense of the Company, such invitations shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote thereat by proxy but the accidental omission to issue such invitations to, or the non-receipt of such invitations by, any member shall not invalidate the proceedings at any such meeting.
74. A proxy shall have the right to exercise all or any of the rights of his appointor, or (where more than one proxy is appointed) all or any of the rights attached to the shares in respect of which he is appointed the proxy to attend, to demand or join in demanding a poll and to speak and vote, at a general meeting of the Company. Unless his appointment provides otherwise, a proxy may vote or abstain at his discretion on any resolution put to the vote.'

(b) 'the deletion of Article 77 and the insertion in its place of the following new Article 77:-

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## BODIES CORPORATE ACTING BY REPRESENTATIVES AT MEETINGS

77. Any body corporate which is a member of the Company may by resolution of its Directors or other governing body authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or of any class of members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual member of the Company. Where a member appoints more than one representative in relation to a general meeting, each representative must be appointed to exercise the rights attached to a different share or shares held by the member or (as the case may be) a different €10, or multiple of €10, of stock held by the shareholder.; and

(c) the renumbering of the Articles of Association and all cross references therein to reflect the insertion of new the articles.'

### **12. As an Ordinary Resolution (Resolution 12)**

'That the Company be authorised to use electronic means (as defined by the Transparency (Directive 2004/109/EC) Regulations 2007) to convey all types of information (including notices) to shareholders or debt securities holders, including by making such information available on a website.'

By order of the Board

Karen Geoghegan  
Company Secretary

United Drug House  
Magna Drive  
Magna Business Park  
Citywest Road  
Dublin 24

16 January 2009

#### **Notes:**

- (a) A member entitled to attend, speak and vote is entitled to appoint a proxy to attend, speak and vote on their behalf and such proxy need not be a member of the Company. A proxy form is enclosed and when completed should be lodged or sent to Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 so as to arrive not later than 12 noon on 15 February 2009.
- (b) The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertified Securities) Regulations, 1996, specifies that only those shareholders registered in the register of members of the Company as at close of business on 15 February 2009 (or in the case of an adjournment as at 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
- (c) As at 7 January 2009 (being the latest practicable date prior to the publication of this circular), the outstanding share options issued by the Company would result in the issue of 12,058,756 new ordinary shares if such share options were to be exercised. Further, the issue of all of these shares would represent approximately 4.93% of the enlarged ordinary share capital (excluding treasury shares) or 5.46%, if the Company were to exercise in full the proposed authority being sought in Special Resolution 9 above to purchase its own shares.

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- (d) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with CREST Co's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Services (Ireland) Limited (ID **3RA50**) by 12 noon on 15 February 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare Investor Services PLC is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CREST Co does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to produce that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996.