
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action to be taken, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other professional advisor (being, in the case of shareholders in Ireland, an adviser authorised or exempted under the Investment Intermediaries Act, 1995 or the European Communities (Markets in Financial Instruments Directive) Regulations 2007 and, in the case of shareholders in the United Kingdom, an advisor authorised pursuant to the UK Financial Services and Markets Act 2000).

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

UNITED DRUG PLC

Letter from the Chairman

and

Notice of Annual General Meeting
to be held on 9 February 2010

4 January 2010

Dear Shareholder

The Annual General Meeting ('AGM') of United Drug plc will be held in The Shelbourne Hotel, 27 St. Stephen's Green, Dublin 2, Ireland at 12 noon on 9 February 2010. The notice of this meeting is set out on pages 4 to 8 of this document.

Share Alternative Offer

Your Board is proposing a final dividend of 5.77 cent per ordinary share for the year ended 30 September 2009. Subject to Resolutions 2 and 7 being approved, shareholders will have 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. The documents in respect of the share alternative offer are also available on the Company's website www.united-drug.ie

Ordinary Business

Resolution 1 – Financial Statements

Resolution 1 is to receive and consider the financial statements and the Reports of the Directors and the Auditor for the year ended 30 September 2009.

Resolution 2 – Dividend

Resolution 2 is to declare a final dividend of 5.77 cent per ordinary share for the year ended 30 September 2009 payable to ordinary shareholders on the Company's register at the close of business on 27 November 2009.

Resolution 3 – Report of the Remuneration Committee on Directors' Remuneration

Resolution 3 is to receive and consider the Report of the Remuneration Committee on Directors' Remuneration as set out on pages 39 to 45 of the accompanying annual report. There is no legal obligation on the Company to put such a resolution to shareholders, so this is an 'advisory' resolution and is not binding on the Company.

Resolution 4 – Re-election of Directors

Resolution 4 is to re-elect Mr. Chris Corbin, Mr. Liam FitzGerald, Mr. Hugh Friel and myself, who in accordance with the Company's Articles of Association, will seek re-election. Biographical details of all directors are set out on pages 26 and 27 in the accompanying annual report. The Board undertakes a formal annual evaluation of its directors and is satisfied that all of the Directors proposed for re-election and indeed their colleagues, continue to perform effectively and demonstrate commitment to the role.

Resolution 5 – Auditor's Remuneration

Resolution 5 is to authorise the Directors to fix the auditor's remuneration.

Special Business

Resolution 6 – Authority to Allot Shares

Resolution 6 will be proposed as an Ordinary Resolution to authorise the Directors to allot shares up to an aggregate nominal amount of €4,065,503, representing approximately one third of the nominal value of the Company's issued share capital as at 4 January 2010.

This authority will, if renewed, expire on the earlier of the date of the next AGM of the Company or 8 May 2011.

Resolution 7 – Disapplication of Pre-Emption Rights

Resolution 7 will be proposed as a Special Resolution to renew the Directors authority to disapply the statutory pre-emption provisions relating to the issue of shares for cash. The proposed authority is limited to the allotment of shares 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 amount of €609,825, representing approximately 5% of the nominal value of the Company's issued share capital as at 4 January 2010.

This authority will, if renewed, expire on the earlier of the date of the next AGM of the Company or 8 May 2011.

Resolution 8 – Purchase of Own Shares

Resolution 8 will be proposed as a Special Resolution to renew the authority of the Company, or any of its subsidiaries, to purchase up to 10% of the aggregate nominal value of the Company's issued share capital. The resolution also sets out the minimum and maximum prices that may be paid for shares purchased in this manner. The Directors do not have any current intention to exercise the power to purchase the Company's own shares.

Options to subscribe for 13,491,069 ordinary shares in the Company were outstanding on 4 January 2010, representing 5.71% of the issued share capital (excluding treasury shares) on that date. If the Directors were to exercise the authority being

renewed by this resolution up to the maximum number of shares allowed and to cancel such shares and all other treasury shares held, these options would represent 6.36% of the issued share capital.

This authority will, if renewed, expire on the earlier of the date of the next AGM of the Company or 8 May 2011.

Resolution 9 – Re-Issue of Treasury Shares

Resolution 9 will be proposed as a Special Resolution to authorise the Company to re-issue treasury shares off-market at certain specified minimum and maximum prices.

This authority will, if renewed, expire on the earlier of the date of the next AGM of the Company or 8 May 2011.

Resolutions 10 and 11 – Notice for the Convening of an Extraordinary General Meeting and Amendments to the Company’s Articles of Association

Your Board is proposing two special resolutions to reflect the implementation of the Shareholders Rights (Directive 2007/36/EC) Regulations 2009 (‘the Regulations’).

Resolution 10 will be proposed as a Special Resolution to maintain the existing authority in the Articles of Association that allows the Company to convene an extraordinary general meeting on 14 clear days notice where the purpose of the meeting is to consider an ordinary resolution. As a matter of policy, the 14 day notice will only be utilised where the Directors believe that it is merited by the business of the meeting and the circumstances surrounding the business.

Resolution 11 will be proposed as a Special Resolution to amend the Company’s Articles of Association so as to update the Articles of Association in order to make them consistent with the Regulations by incorporating the following changes:

- (a) allow for the convening of shareholder meetings to consider an ordinary resolution with 14 clear days notice provided that the Company offers its members the facility to vote electronically and provided that the members agree to this at a general meeting. Members’ consent must be sought by way of a special resolution and this may be done as part of the ordinary business of an annual general meeting. Any consent given is valid only up to the next AGM, and must therefore be renewed every year;
- (b) remove the casting vote of the Chairman at general meetings of the Company;
- (c) allow for the fixing of the record date and time which shall determine the eligibility of shareholders to participate and vote at the shareholders’ meeting; and
- (d) require any request by a member to table a draft resolution under Section 133(1)(b) of the Companies Act 1963 shall be received by the Company in hardcopy form or in electronic form at least 30 days before the meeting to which it relates.

A copy of the Articles of Association of the Company showing the amendments that would be made if Resolution 11 is adopted is available at www.united-drug.ie and may also be inspected at the registered office of the Company from the date of this letter to the conclusion of the AGM and at the place of the meeting itself prior to and during the meeting.

Resolutions 12 and 13 – New Long Term Incentive Plan and Executive Share Option Plan

During the year, the Remuneration Committee (‘the Committee’) undertook a review of the long term incentive arrangements for the executive team and senior management and, in this regard, was advised by independent consultants Deloitte LLP.

The Committee believes it is important that key individuals are motivated to drive shareholder value and to deliver sustainable improvements in financial performance. Consequently after thorough consideration, the Committee has concluded that two new incentive plans should be introduced. The Board is therefore proposing the adoption of the new ‘United Drug plc Long Term Incentive Plan 2010’ (‘the 2010 LTIP’) and the new ‘United Drug plc Executive Share Option Plan’ (‘the 2010 ESOP’).

If approved, the 2010 LTIP will replace the current Share Incentive Scheme and the Chief Executive’s former LTIP whilst the 2010 ESOP will replace the current share option scheme (due to expire in 2012).

It is intended that the 2010 LTIP will be offered to the executive team, whilst other key individuals throughout the organisation may participate in the 2010 ESOP. It is also intended that an individual cannot participate in the 2010 LTIP and 2010 ESOP in the same financial year.

In the course of developing the two new proposed plans, the Company consulted with the Irish Association of Investment Managers in relation to the principal terms of each plan.

The 2010 LTIP

The 2010 LTIP would enable the executive team to earn shares in the Company based on the achievement of stretching performance conditions. Participation in the 2010 LTIP will initially only be offered to the executive team. However, in future years, further selected senior management may be invited to participate.

The 2010 LTIP will allow for the grant of share awards worth up to a maximum of 150% of base salary in any year. However, it is envisaged that the maximum would only be awarded in exceptional circumstances. It is expected that awards will typically be granted on an annual basis. In the first year of operation the following awards will be granted: 75% of base salary for the Chief Executive and 50% of base salary for the other participants.

Shares can be earned subject to the achievement of stretching performance conditions satisfied over a three year timeframe.

The performance conditions are split into two components:

- half of the award will vest dependent on the level of Total Shareholder Return ('TSR') performance compared with a group of comparator companies; and
- half of the award will vest dependent on a financial measure over the performance timeframe (for 2010 awards, this is intended to be cash flow).

The 2010 ESOP

The 2010 ESOP seeks to provide an incentive to key individuals not participating in the 2010 LTIP.

Options will be structured as three year market value options and vesting of awards will be subject to the satisfactory performance of the Company.

The size of awards is expected to vary year-on-year but will remain within the scheme's individual and company dilution limits.

Adoption of the proposed 2010 LTIP and 2010 ESOP

The principal features of the 2010 LTIP and 2010 ESOP ('the Plans') are summarised in Appendix 1 and Appendix 2 respectively. The proposed rules of the Plans are available on the Company's website, www.united-drug.ie and are available for inspection at the Company's registered office from the date of this letter to the conclusion of the AGM and at the place of the meeting itself prior to and during the meeting.

Resolution 12 will be proposed as an Ordinary Resolution to adopt the 2010 LTIP and to authorise the Directors to do all acts and things which they consider necessary or desirable to implement the 2010 LTIP.

Resolution 13 will be proposed as an Ordinary Resolution to adopt the 2010 ESOP and to authorise the Directors to do all acts and things which they consider necessary or desirable to implement the 2010 ESOP.

Form of Proxy

You will find enclosed a Form of Proxy which, if you wish to appoint a proxy, must be completed and returned to the Company's registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland. Your proxy form may also be submitted through the internet, related instructions are set out on the Form of Proxy. Crest members who wish to appoint a proxy or proxies via the CREST electronic proxy appointment service should refer to footnote (c) on page 7.

All proxy votes must be received by the Company's registrar not less than 48 hours before the time appointed for the meeting or any adjournment of the meeting. The submission of a proxy form will not prevent a registered shareholder from attending and voting at the meeting should they wish to do so.

Recommendation

The Directors consider the resolutions to be proposed at the AGM to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend you to vote in favour of each of the resolutions set out in the attached Notice of Annual General Meeting, as they intend to do in respect of all the ordinary shares held or beneficially owned by them, amounting in total to 3,802,439 ordinary shares as at the date of this notice representing approximately 1.61% of the issued ordinary share capital (excluding treasury shares) of the Company.

Yours faithfully

Ronnie Kells
Chairman

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 Shelbourne Hotel, 27 St. Stephen's Green, Dublin 2, Ireland at 12 noon on 9 February 2010 for the following purposes:

Ordinary Business

1. To receive and consider the financial statements for the year ended 30 September 2009 and the Reports of the Directors and the Auditor thereon.
2. To declare a final dividend of 5.77 cent per ordinary share for the year ended 30 September 2009.
3. To receive and consider the Report of the Remuneration Committee on Directors' Remuneration for the year ended 30 September 2009.
4. To re-elect those directors who retire in accordance the Articles of Association and, being eligible, offer themselves for re-election:
 - (a) Chris Corbin
 - (b) Liam FitzGerald
 - (c) Hugh Friel
 - (d) Ronnie Kells
5. To authorise the Directors to fix the auditor's remuneration.

Special Business

6. To consider and, if thought fit, to pass the following as an Ordinary Resolution:

'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 the said Act) (including, without limitation, any shares purchased by the Company pursuant to the provisions of Part XI of the Companies Act, 1990 and held as treasury shares) up to an aggregate nominal value of €4,065,503, representing approximately one third of the issued share capital of the Company at the date of this notice. This authority shall expire at the close of business on the earlier of the date of the next AGM of the Company and 8 May 2011 unless previously renewed, varied or revoked by the Company in a general meeting provided, however, that the Company may make an offer or agreement, before the expiry of this authority, which would or might require relevant securities to be allotted after this authority has expired, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.'

7. To consider and, if thought fit, to pass the following as a Special Resolution:

'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 (including, without limitation, any shares purchased by the Company pursuant to the provisions of Part XI of the Companies Act, 1990 and held as treasury shares) for cash pursuant to the authority conferred on the Directors by Resolution 6 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 acceptance for a period fixed by the Directors, by way of rights issue, open offer or other offer 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 under the laws, or the requirements of any recognised regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise;
- (c) the allotment of equity securities pursuant to Article 128A of the Articles of Association of the Company; and
- (d) the allotment (otherwise than in pursuance of (a), (b) and (c) above) of equity securities up to an aggregate nominal value of €609,825, representing approximately 5% of the issued share capital of the Company at the date of this notice.

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 8 May 2011 unless previously renewed, varied or revoked by special resolution of the Company in a general meeting provided, however, that the Company may make an offer or agreement, before the expiry of this power, which would or

might require shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.'

8. To consider and, if thought fit, to pass the following as a Special Resolution:

'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 aggregate number of ordinary shares authorised to be acquired pursuant to this resolution shall be 24,393,020 ordinary shares;
- (b) the minimum price which may be paid for any share shall be the nominal value thereof;
- (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 ((i), (ii) or (iii) specified below) in relation to the Shares of the same class as the Relevant Share shall be appropriate for each of the five 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:
 - (i) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
 - (ii) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
 - (iii) 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 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.

- (d) 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 8 May 2011 unless previously varied, revoked or renewed by special resolution, in accordance with the provisions of Section 215 of the Companies Act, 1990. The Company, or any such subsidiary, may before such expiry, enter into 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.'

9. To consider and, if thought fit, to pass the following as a Special Resolution:

'That, pursuant to the authority conferred by Special Resolution 8, for the purposes of Section 209 of the Companies Act, 1990, the re-issue price range 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 a treasury share may be re-issued off-market shall be an amount equal to 120 per cent of the Appropriate Price; and
- (b) the minimum price at which a treasury 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) 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 Price.

For the purposes of this resolution the expression 'Appropriate Price' shall mean the average of the five amounts resulting from determining whichever of the following ((i), (ii) or (iii) specified below) in relation to the shares of the same class as the treasury shares being re-issued shall be appropriate for each of the five business days immediately preceding the day on which the treasury share is re-issued, 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:

- (i) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
- (ii) if there shall be only one dealing reported for the day, the price at which such dealing took place; or

(iii) 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 Price.

If the means of providing the foregoing information as to dealings and prices by reference to which the Appropriate Price is to be determined is altered or is replaced by some other means, then the Appropriate 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.

(c) 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 8 May 2011 unless previously varied, revoked or renewed in accordance with the provisions of Section 209 of the Companies Act, 1990.'

10. To consider and, if thought fit, to pass the following as a Special Resolution:

'That a general meeting, other than an Annual General Meeting and other than a meeting called for the passing of a special resolution, may be called on not less than fourteen clear days notice.'

11. To consider and, if thought fit, to pass the following as a Special Resolution:

'That the Articles of Association be and are hereby replaced by the form of Articles of Association which have been signed for identification by the Chairman of the meeting and which were available for inspection on the Company's website and at the registered office of the Company since the date of this notice.'

12. To consider and, if thought fit, to pass the following as an Ordinary Resolution:

'That approval be and is hereby given to the establishment by the Company of a new long term incentive plan in accordance with the provisions of a document entitled 'United Drug plc Long Term Incentive Plan 2010' ('the 2010 LTIP') (which has been available for inspection prior to the AGM convened for 9 February 2010 and a summary of which is set out in Appendix 1 attached to this notice), that the Directors be and are hereby authorised to take all such actions with reference to the 2010 LTIP as they consider may be necessary or desirable to ensure the establishment and operation of the 2010 LTIP and that the Directors be and are hereby authorised to establish further schemes based on the 2010 LTIP but modified to take account of local tax, exchange control and securities laws in overseas territories, provided that any shares made available under such further schemes shall count against any limits on individual participation in the 2010 LTIP and in the aggregate number of shares granted under the 2010 LTIP.'

13. To consider and, if thought fit, to pass the following as an Ordinary Resolution:

'That approval be and is hereby given to the establishment by the Company of a new executive share option plan in accordance with the provisions of a document entitled 'United Drug plc Executive Share Option Plan 2010' ('the 2010 ESOP') (which has been available for inspection prior to the AGM convened for 9 February 2010 and a summary of which is set out in Appendix 2 attached to this notice), that the Directors be and are hereby authorised to take all such actions with reference to the 2010 ESOP as they consider may be necessary or desirable to ensure the establishment and operation of the 2010 ESOP and that the Directors be and are hereby authorised to establish further schemes based on the 2010 ESOP but modified to take account of local tax, exchange control and securities laws in overseas territories, provided that any shares made available under such further schemes shall count against any limits on individual participation in the 2010 ESOP and in the aggregate number of shares granted under the 2010 ESOP.'

By order of the Board

Karen Geoghegan
Company Secretary
United Drug House
Magna Drive
Magna Business Park
Citywest Road
Dublin 24
Ireland

4 January 2010

Notes:

- (a) A registered shareholder entitled to attend, speak, ask questions and vote is entitled to appoint a proxy to attend, speak, ask questions and vote on their behalf. A proxy must be 18 years of age or older but need not be a shareholder of the Company. A proxy attending the AGM may be requested to produce evidence of identity. A shareholder may appoint more than one proxy to attend and vote at the meeting in respect of different shares held. A shareholder acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees provided each proxy is appointed to exercise rights attached to different shares held by that shareholder. If you wish to appoint more than one proxy then please contact the Company's registrar, Computershare Investor Services (Ireland) Limited, on +353 1 447 5100.
- (b) To be effective, the completed Form of Proxy together with any power of attorney or other authority under which it is executed, or a notarially certified copy thereof, must be deposited with the Registrar of the Company, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not less than 48 hours before the time appointed for the AGM or any adjournment of the meeting.
- (c) 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 made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Computershare Services (Ireland) Limited (ID 3RA50) not less than 48 hours before the time appointed for the meeting or any adjournment of the meeting. 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 the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited 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 their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by 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.

- (d) To appoint a proxy electronically log onto the website of the Registrar, Computershare Investor Services (Ireland) Limited: www.computershare.com/ie/voting/united-drug. Shareholders will require their Shareholder Reference Number (SRN) and PIN number as printed on the accompanying Form of Proxy. Full details of the procedures, including voting instructions are given on the website.
- (e) The appointment of a proxy does not prevent a registered shareholder from attending and voting at the meeting should they wish to do so.
- (f) The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 and Section 134A of the Companies Act 1963 specifies that only those shareholders registered in the register of members of the Company as at 5.00 p.m. two days before the time appointed for the meeting or any adjournment of the 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.
- (g) As a shareholder, you have several ways to exercise your right to vote:
 - (i) By attending the AGM in person;
 - (ii) By appointing the Chairman or another person as a proxy to vote on your behalf;
 - (iii) By appointing a proxy via the CREST System if you hold your shares in CREST.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members.

- (h) Any shareholder attending the AGM has the right to ask questions, subject to any reasonable measures the Company may take to ensure identification of the shareholder. The Company must cause to be answered any such question relating to business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the

preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on the Company's website in the form of an answer to a question, or (c) it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

- (i) A shareholder or a group of shareholders meeting the qualification criteria set out below have a right to table a draft resolution for the items on the agenda of the meeting subject to any contrary provisions in company law.

The relevant request must be made by a shareholder or a group of shareholders holding 3% of the issued share capital, representing at least 3% of the total voting rights of all shareholders who have a right to vote at the meeting.

The request:

- may be in hard copy form or in electronic form;
- must set out in writing details of the draft resolution in full or, if supporting a draft resolution sent by another shareholder, clearly identify the draft resolution which is being supported;
- must be authenticated by the person or persons making it (by identifying the shareholder or shareholders meeting the qualification criteria and, if in hard copy, by being signed by the shareholder or shareholders); and
- must be received by the Company not later than 42 days before the meeting to which the request relates.

In addition to the above, the request must be made in accordance with one of the following ways:

- a hard copy request which is signed by the shareholder(s), states the full name and address of the shareholder(s) and is sent to the Company Secretary, United Drug plc, United Drug House, Magna Drive, Magna Business Park, Citywest Road, Dublin 24, Ireland; or
- a request which states the full name and address of the 'Shareholder Reference Number' (SRN), as printed on the accompanying Form of Proxy of the shareholder(s) and is sent to investor@united-drug.ie

A draft resolution must not be such as would be incapable of being passed or otherwise be ineffective (whether by reason of inconsistency with any enactment of the Company's Memorandum and Articles of Association or otherwise).

Any draft resolution must not be defamatory of any person.

- (j) A shareholder or a group of shareholders meeting the qualification criteria set out below have a right to put an item on the agenda of the meeting subject to any contrary provisions in company law.

The relevant request must be made by a shareholder or a group of shareholders holding 3% of the issued share capital, representing at least 3% of the total voting rights of all shareholders who have a right to vote at the meeting.

The request:

- may be in hard copy form or in electronic form;
- must set out in writing the details of the item you wish to have included in the AGM agenda;
- must set out in writing your reasons why the item is to be included in the AGM agenda;
- must be authenticated by the person or persons making it (by identifying the shareholder or shareholders meeting the qualification criteria and, if in hard copy, by being signed by the shareholder or shareholders); and
- must be received by the Company not later than 42 days before the meeting to which the request relates.

In addition to the above, the request must be made in accordance with one of the following ways:

- a hard copy request which is signed by the shareholder(s), states the full name and address of the shareholder(s) and is sent to the Company Secretary, United Drug plc, United Drug House, Magna Drive, Magna Business Park, Citywest Road, Dublin 24, Ireland; or
- a request which states the full name and address of the 'Shareholder Reference Number' (SRN), as printed on the accompanying Form of Proxy of the shareholder(s) and is sent to investor@united-drug.ie

Any draft resolution must not be defamatory of any person.

- (k) A copy of this notice, details of the total number of shares and voting rights at the date of this notice, the documents to be submitted to the meeting, copies of any draft resolutions and copies of the forms to be used to vote by proxy and to vote by correspondence can be found at www.united-drug.ie

- (l) Should you not receive a Form of Proxy, or should you wish to be sent copies of documents relating to the AGM, you may request this by telephoning the Company's registrar on +353 1 447 5100 or by writing to the Company Secretary at the address set out above.

APPENDIX I

United Drug plc Long Term Incentive Plan 2010

The principal features of the United Drug plc Long Term Incentive Plan 2010 ('the 2010 LTIP') are outlined below.

Operation

All major decisions relating to the 2010 LTIP will be made by the Remuneration Committee ('the Committee'). The 2010 LTIP is discretionary and will only operate in those years that the Committee determines. Currently, it is expected that awards will be granted annually to the Chief Executive and members of the executive team.

Eligibility

Any employee or executive director of the Company and its subsidiaries ('the Group') will be eligible to participate in the 2010 LTIP at the discretion of the Committee. However, it is initially intended that only members of the executive team will participate in the 2010 LTIP.

Grant of awards

Awards may be granted in the six weeks following approval of the 2010 LTIP in general meeting. Thereafter, awards may normally only be granted in the six weeks following the announcement by the Company of its results for any period, or following a change in the legislation relating to share plans, or on the commencement of an eligible employee's employment or where there are circumstances considered by the Committee to be exceptional. However, at all times, the grant of awards will be subject to the Model Code on directors' dealings in securities set out in the Listing Rules.

No awards may be granted later than ten years after the approval of the 2010 LTIP in general meeting.

Awards may take the form of:

- a conditional right to acquire ordinary shares in the Company; or
- an option to acquire ordinary shares in the Company at nil or nominal cost.

Awards may be granted over newly issued ordinary shares, treasury shares or ordinary shares purchased in the market.

Except to the extent required by foreign laws, awards under the 2010 LTIP will not form part of a participant's pensionable earnings. Awards are not transferable (other than on death) without the consent of the Committee. No payment will be required for the grant of an award.

Individual limits

Awards for 2010 are expected to be as follows:

- Chief Executive: 75% of base salary
- Other participants: 50% of base salary

In future years, no employee or executive director of the Group may be granted an award under the 2010 LTIP in any financial year over shares worth more than 150% of their annual base salary. The maximum level of grant would only be made in exceptional circumstances.

The value of an award will generally be calculated by reference to the closing market price of an ordinary share in the Company on the dealing day preceding the date of grant.

Overall limits

The 2010 LTIP is subject to overall limits on the number of new ordinary shares which may be subscribed.

In any ten year period not more than 10% of the issued share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the 2010 LTIP and any other employees' share plan adopted by the Company.

While it remains best practice to do so, treasury shares will be treated as newly issued for the purpose of these limits.

For the purposes of these limits, awards or other rights to acquire ordinary shares which lapse or have been released do not count. However, where appropriate, ordinary shares subscribed by the trustees of an employee benefit trust to satisfy rights granted under any employees' share plans adopted by the Company would count towards these limits.

Dividends and voting

On vesting of an award participants will normally be entitled to additional ordinary shares representing the value of dividends on the number of ordinary shares which vest over the period from the date of grant to the date of vesting (or exercise in the case of an option).

During the performance period participants will not be entitled to vote in respect of ordinary shares subject to an award.

Vesting of awards

The Committee, at the date of grant, will determine the vesting arrangements. Awards may vest at the end of a three year period subject to performance conditions having been satisfied.

Awards granted under the 2010 LTIP as options can be exercised no later than the tenth anniversary of the date of the award (or such earlier date as determined by the Committee).

Where a conditional right vests or an option is exercised, ordinary shares will be transferred to the participant within 30 days (subject to the provisions of the document entitled 'United Drug plc Long Term Incentive Plan 2010', as may be amended, and the Model Code on directors' dealings in securities set out in the Listing Rules).

Performance conditions

Awards will be subject to the satisfaction of challenging performance conditions which will determine the proportion (if any) of the award which will vest at the end of a performance period, subject to:

- the period over which performance will be measured shall not be less than three years;
- the Committee will ensure that performance conditions are both sufficiently stretching and challenging and are appropriate for the Company and the prevailing market;
- if performance conditions are not met, the awards will lapse; and
- the conditions may be varied in certain circumstances following the grant of an award so as to achieve their original purpose, but not so as to make their achievement materially any more or less difficult.

Performance conditions for 2010 awards

For 2010 awards, it is intended that half of the award will be subject to Total Shareholder Return ('TSR') performance and half will be subject to cash flow performance, as described in the tables below:

TSR performance

TSR of United Drug against constituents of MSCI Europe Healthcare Index over the three year performance period	Percentage of TSR element of the Award vesting
Below median	0%
At median	25%
Pro-rating applies between median and upper quartile	
At or above upper quartile	100%

Cash flow performance

Aggregate cash flow performance over the three year performance period	Percentage of cash flow element of the Award vesting
Below 80% EBIT conversion rate OR if cash flow generation over the three year period is less than €180m	0%
At 80% EBIT conversion rate	25%
Pro-rating applies between median and upper quartile	
At or above 90% EBIT conversion rate	100%

Leaver provisions

Unvested awards granted under the 2010 LTIP will normally lapse on cessation of employment. Vested awards in the form of an option will normally be exercisable for a limited period following cessation of employment.

In the event of a participant's death or where a participant leaves employment as a result of illness, injury or disability or for any other compassionate reason determined by the Committee, the Committee may, in its discretion, decide the extent to which an unvested award may vest immediately, having regard to the achievement of performance conditions (if applicable) at the date of death or cessation and the period of time that has elapsed since the award was granted.

Alternatively, in these circumstances, the Committee may determine that a participant's unvested award should continue until the vesting date (determined in accordance with the 2010 LTIP rules) and any performance condition applicable to that award be measured in the usual way at the end of the performance period, the award then normally being scaled down on a time-apportioned basis.

If a participant ceases employment in any other circumstances (including by reason of summary dismissal), all awards (whether vested or unvested) will normally lapse. However the Committee may, in its discretion, determine the timing of and extent to which an award may vest, in which case they will have regard to the period of time that has elapsed since the award was granted and, where appropriate, the performance condition measured from the start of the vesting period to the date of cessation or to the end of the vesting period.

An unvested award in the form of an option may then be exercised (to the extent vested) for a limited period.

In addition, in determining the extent to which awards shall vest in any of the above circumstances, the Committee may also take into account any other relevant circumstances, including the conduct of the participant.

Exceptional circumstances

In exceptional circumstances, the Committee may grant awards under the 2010 LTIP in any financial year over shares worth up to 150% of an individual's annual base salary and determine the appropriate performance conditions and vesting period for such awards.

Also in exceptional circumstances, the Committee may determine that an award take the form other than:

- a conditional right to acquire ordinary shares in the Company; or
- an option to acquire ordinary shares in the Company at nil or nominal cost

such that it will confer on the participant an equivalent economic value (e.g. phantom awards that deliver cash).

Change of control

In the event of a change of control of the Company as a result of a takeover, reconstruction or winding up of the Company (not being an internal reorganisation), the extent to which awards may vest (and become exercisable in the case of an option) will be at the discretion of the Committee but taking into account all relevant facts and circumstances, including but not limited to, the performance of the Company, the period of time which has elapsed since the date of the award and having regard to the interests of shareholders.

Alternatively, in the above circumstances, the Committee may permit or require awards to be exchanged for new awards of shares in the acquiring company on a comparable basis.

Rights attaching to shares

Ordinary shares allotted or transferred under the 2010 LTIP will rank equally with all other ordinary shares of the Company for the time being in issue (except for rights attaching to ordinary shares by reference to a record date prior to the date of issue). The Company will apply for the listing of any new ordinary shares allotted under the 2010 LTIP.

The Committee may also satisfy awards in cash or other assets provided the participant receives the same economic value as would have been provided by an award over ordinary shares.

Variation of capital

In the event of any variation of share capital, demerger or other corporate event, the Committee may make such consequential adjustments as they consider appropriate to the number of ordinary shares subject to an award in order that a participant's award retains the same economic value.

Amendment and termination

Any alterations to the rules to the advantage of participants governing eligibility, limits on participation, the number of new ordinary shares available under the 2010 LTIP, and the terms of vesting and adjustment of awards on a variation of capital (as referred to above) must be approved in advance by shareholders in general meeting. However any alteration or addition which is minor in nature or made to benefit the administration of the 2010 LTIP, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment for participants or group companies may be made by the Committee without shareholder approval.

No alteration or addition shall be made to the 2010 LTIP which would materially abrogate or adversely affect the subsisting rights of a participant unless all of the participants who would be affected by the proposed alteration, deletion or addition have been invited to indicate whether or not they approve the proposed alteration, deletion or addition and the proposed alteration, deletion or addition is approved by at least 75% of the participants (by value of subsisting awards) who have provided such an indication.

The Committee may grant awards to non-Irish employees on different terms or establish further plans, as it considers necessary or desirable to take account of or to mitigate or to comply with relevant overseas taxation, securities or exchange control laws provided that the terms of the awards are not overall more favourable than the terms of awards granted to other employees and that any ordinary shares made available under such plans shall count towards the overall limits set out above.

The 2010 LTIP will terminate on the tenth anniversary of its approval by shareholders, or such earlier time as the Committee or the Board may determine, but the rights of existing participants will not be affected by any termination. In the event of termination, no further awards will be made under the 2010 LTIP.

Contractual implications

Participation in the 2010 LTIP is discretionary and is not intended to confer on a participant:

- any legal right to continue to be eligible in the 2010 LTIP; or
- a right to continued employment; or
- a right to damages for loss of the award on cessation of employment.

APPENDIX 2

United Drug plc Executive Share Option Plan 2010

The principal features of the United Drug plc Executive Share Option Plan 2010 ('the 2010 ESOP') are outlined below.

Operation

All major decisions relating to the 2010 ESOP will be made by the Remuneration Committee ('the Committee'). The 2010 ESOP is discretionary and will only operate in those years that the Committee determines.

Eligibility

Any employee or executive director of the Company and its subsidiaries ('the Group') will be eligible to participate in the 2010 ESOP at the discretion of the Committee. However, it is not intended that awards will be made under the 2010 ESOP if a participant has already been made an LTIP award in the relevant year.

Grant of awards

Awards may be granted in the six weeks following the approval of the 2010 ESOP in general meeting. Thereafter, awards may normally only be granted in the six weeks following the announcement by the Company of its results for any period, or following a change in the legislation relating to share plans, or on the commencement of an eligible employee's employment or where there are circumstances considered by the Committee to be exceptional. However, at all times, the grant of awards will be subject to the Model Code on directors' dealings in securities set out in the Listing Rules.

No awards may be granted later than ten years after the approval of the 2010 ESOP in general meeting.

Awards will take the form of an option to acquire ordinary shares in the Company with an exercise price equivalent to the closing market price of an ordinary share in the Company on the dealing day preceding the date of grant.

Awards may be granted over newly issued ordinary shares, treasury shares or ordinary shares purchased in the market.

Except to the extent required by foreign laws, awards under the 2010 ESOP will not form part of a participant's pensionable earnings. Awards are not transferable (other than on death) without the consent of the Committee. No payment will be required for the grant of an award.

Individual limits

No employee may be granted an award under the 2010 ESOP in any financial year over shares worth more than 100% of their base salary, other than in exceptional circumstances where the Committee may determine that a limit of up to 200% of up to base salary would be appropriate.

The value of an award will generally be calculated by reference to the closing market price of an ordinary share in the Company on the dealing day preceding the date of grant.

Overall limits

The 2010 ESOP is subject to overall limits on the number of new ordinary shares which may be subscribed.

In any ten year period not more than 10% of the issued share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the 2010 ESOP and any other employees' share plan adopted by the Company.

While it remains best practice to do so, treasury shares will be treated as newly issued for the purpose of these limits.

For the purposes of these limits, awards or other rights to acquire ordinary shares which lapse or have been released do not count. However, where appropriate, ordinary shares subscribed by the trustees of an employee benefit trust to satisfy rights granted under any employees' share plans adopted by the Company would count towards these limits.

Dividends and voting

The Committee may determine that on the vesting of awards participants may be entitled to additional ordinary shares representing the value of dividends on the number of ordinary shares which vest over the period from the date of grant to the date of vesting or exercise of the award.

During the performance period participants will not be entitled to vote in respect of ordinary shares subject to an award.

Vesting of awards

The Committee, at the date of grant, will determine the vesting arrangements. Awards may vest at the end of a three year period subject to performance conditions having been satisfied.

Awards can be exercised no later than the tenth anniversary of the date of the award (or such earlier date as determined by the Committee). Ordinary shares will be transferred to the participant within 30 days of such exercise (subject to the provisions of the document entitled 'United Drug plc Executive Share Option Plan 2010', as may be amended, and the Model Code on directors' dealings in securities set out in the Listing Rules).

Performance conditions

Awards will be subject to the satisfactory performance of the Company which will determine the proportion (if any) of the award which will vest at the end of a performance period, subject to:

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- the period over which performance will be measured shall not be less than three years;
 - the Committee will ensure that performance conditions are both sufficiently stretching and challenging and are appropriate for the Company and the prevailing market;
 - if performance conditions are not met, the awards will lapse;
 - the conditions may be varied in certain circumstances following the grant of an award so as to achieve their original purpose, but not so as to make their achievement materially any more or less difficult; and
 - a description of performance conditions attaching to awards granted will be outlined in the annual report.

The Committee will determine the appropriate level of vesting in all cases and its decision will be final.

Leaver provisions

Unvested awards granted under the 2010 ESOP will normally lapse on cessation of employment. Vested awards will normally be exercisable for a limited period following cessation of employment.

In the event of a participant's death or where a participant leaves employment as a result of illness, injury or disability or for any other compassionate reason determined by the Committee, the Committee may, in its discretion, decide the extent to which an unvested award may vest immediately, having regard to the achievement of performance conditions (if applicable) at the date of death or cessation and the period of time that has elapsed since the award was granted.

Alternatively, in these circumstances, the Committee may determine that a participant's unvested award should continue until the vesting date (determined in accordance with the 2010 ESOP rules) and any performance condition applicable to that award be measured in the usual way at the end of the performance period, the award then normally being scaled down on a time-apportioned basis.

If a participant ceases employment in any other circumstances (including by reason of summary dismissal), all awards (whether vested or unvested) will normally lapse. However the Committee may, in its discretion, determine the timing of and extent to which an award may vest, in which case they will have regard to the period of time that has elapsed since the award was granted and, where appropriate, the performance condition measured from the start of the performance period to the date of cessation or to the end of the vesting period.

An unvested award may then be exercised (to the extent vested) for a limited period.

In addition, in determining the extent to which awards shall vest in any of the above circumstances, the Committee may also take into account any other relevant circumstances, including the conduct of the participant.

Exceptional circumstances

In exceptional circumstances, the Committee may grant awards under the 2010 ESOP in any financial year over shares worth up to 200% of an individual's annual base salary and determine the appropriate performance conditions and vesting period for such awards.

Also in exceptional circumstances, the Committee may determine that an award take the form other than an option to acquire ordinary shares in the Company with an exercise price equivalent to the market value of ordinary shares at the date of grant, such that it will confer on the participant an equivalent economic value (e.g. phantom awards that deliver cash).

Change of control

In the event of a change of control of the Company as a result of a takeover, reconstruction or winding up of the Company (not being an internal reorganisation), the extent to which awards may vest (and become exercisable in the case of an option) will be at the discretion of the Committee but taking into account all relevant facts and circumstances, including but not limited to, the performance of the Company, the period of time which has elapsed since the date of the award and having regard to the interests of shareholders.

Alternatively, in the above circumstances, the Committee may permit or require awards to be exchanged for new awards of shares in the acquiring company on a comparable basis.

Rights attaching to shares

Ordinary shares allotted or transferred under the 2010 ESOP will rank equally with all other ordinary shares of the Company for the time being in issue (except for rights attaching to ordinary shares by reference to a record date prior to the date of issue). The Company will apply for the listing of any new ordinary shares allotted under the 2010 ESOP.

The Committee may also satisfy awards in cash or other assets provided the participant receives the same economic value as would have been provided by an award over ordinary shares. Specifically, the Committee reserves the right to determine that, upon exercise of any part of an award, the participant shall not pay the exercise price, but shall instead receive an amount in cash or a combination of cash and ordinary shares equal to the amount by which the market value of the ordinary shares on the date of exercise (in respect of which the award is exercised) exceeds the exercise price.

Additionally, the Company reserves the right to satisfy awards using equity settled share appreciation rights (SARs), which involves delivering the share option gain in ordinary shares without collecting the exercise price.

Variation of capital

In the event of any variation of share capital, demerger or other corporate event, the Committee may make such consequential adjustments as they consider appropriate to the number of ordinary shares subject to an award and to the exercise price of an award in order that a participant's award retains the same economic value.

Amendment and termination

Any alterations to the rules to the advantage of participants governing eligibility, limits on participation, the number of new ordinary shares available under the 2010 ESOP, and the terms of vesting and adjustment of awards on a variation of capital (as referred to above) must be approved in advance by shareholders in general meeting. However any alteration or addition which is minor in nature or made to benefit the administration of the 2010 ESOP, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment for participants or group companies may be made by the Committee without shareholder approval.

No alteration or addition shall be made to the 2010 ESOP which would materially abrogate or adversely affect the subsisting rights of a participant unless all of the participants who would be affected by the proposed alteration, deletion or addition have been invited to indicate whether or not they approve the proposed alteration, deletion or addition and the proposed alteration, deletion or addition is approved by at least 75% of the participants (by value of subsisting awards) who have provided such an indication.

The Committee may grant awards to non-Irish employees on different terms or establish further plans, as it considers necessary or desirable to take account of or to mitigate or to comply with relevant overseas taxation, securities or exchange control laws provided that the terms of the awards are not overall more favourable than the terms of awards granted to other employees and that any ordinary shares made available under such plans shall count towards the overall limits set out above.

The 2010 ESOP will terminate on the tenth anniversary of its approval by shareholders, or such earlier time as the Committee or the Board may determine, but the rights of existing participants will not be affected by any termination. In the event of termination, no further awards will be made under the 2010 ESOP.

Contractual implications

Participation in the 2010 ESOP is discretionary and is not intended to confer on a participant:

- any legal right to continue to be eligible in the 2010 ESOP; or
- a right to continued employment; or
- a right to damages for loss of the award on cessation of employment.

