

## Confidential Offering Memorandum



### CLASS B COMMON STOCK \$35.00 PER SHARE May 1, 2021

This Confidential Offering Memorandum relates to the private offer and sale (the “Offering”) to certain employees and shareholders of United Animal Health, Inc. (the “Company”) of shares of the Company’s Class B Common Stock, non-voting, no par value (the “Shares”), for \$35.00 per share. The Offering is being made available to certain employees pursuant to the terms of the United Animal Health, Inc. Second Amended and Restated Employee Stock Purchase Plan, as amended (the “Employee Stock Purchase Plan”). The Offering of Shares is also made to certain non-employee shareholders. The aggregate number of Shares offered in the Offering or in any state may be limited so as to qualify the Offering for exemptions from registration under applicable state and federal securities laws and in all cases aggregate sales under the Employee Stock Purchase Plan will not exceed \$1,000,000 in value per year.

Employee Stock Purchase Plan. Current employees are eligible to purchase Shares via the Employee Stock Purchase Plan only if they are invited to do so by the Company’s Board of Directors and receive a Subscription Agreement from the Company. For more information, see “The Employee Stock Purchase Plan”.

Non-employee Shareholders. Non-employee shareholders are only eligible to purchase Shares if they are invited to do so by the Company’s Board of Directors and receive a Subscription Agreement from the Company.

In order to purchase Shares via the Offering, those employees and shareholders who receive a Subscription Agreement must notify the Company of their desire to purchase Shares no later than Sunday, May 30, 2021 by providing to the Company a signed Subscription Agreement and the other documentation and information required by the Subscription Agreement. Any subscriber who receives a Subscription Agreement and wishes to purchase Shares but does not already own Shares in his or her individual capacity (not including Shares held in the United Animal Health, Inc. and Adopting Entities 401(k) Plan (the “401(k) Plan”)) must subscribe for and agree to purchase at least 29 Shares.

No public market exists for any of the Company’s securities, including the Shares you purchase, and no public market is expected to develop. The Company does not have any obligation to repurchase the Shares purchased from it pursuant to the Offering. The Shares issued through this Offering will be subject to restrictions on transferability and may not be resold or otherwise transferred except pursuant to registrations under, or exemptions from, the registration requirements

of the Securities Act of 1933, as amended, and applicable state securities laws, in compliance with the Company's Second Amended and Restated Code of By-Laws (the "By- Laws") and, if applicable, in compliance with the Employee Stock Purchase Plan.

**AN INVESTMENT IN THE SHARES IS SPECULATIVE AND INVOLVES SUBSTANTIAL RISK. SEE "RISK FACTORS." THERE IS NO PUBLIC MARKET FOR THE SHARES. YOU MUST BE PREPARED TO BEAR THE RISK OF YOUR INVESTMENT FOR AN INDEFINITE PERIOD AND BE ABLE TO WITHSTAND A TOTAL LOSS OF YOUR INVESTMENT.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE REGULATORY AUTHORITY HAS APPROVED THE SHARES OFFERED HEREBY OR THE TERMS OF THIS OFFERING OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THE SHARES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND STATE LAWS.**

**THIS CONFIDENTIAL OFFERING MEMORANDUM CONTAINS STATEMENTS THAT CONSTITUTE FORWARD LOOKING STATEMENTS. FORWARD LOOKING STATEMENTS APPEAR IN A NUMBER OF PLACES IN THIS CONFIDENTIAL OFFERING MEMORANDUM AND MAY INCLUDE STATEMENTS REGARDING THE INTENT, BELIEF, OR CURRENT EXPECTATIONS OF THE COMPANY WITH RESPECT TO THE POLICIES OF THE COMPANY REGARDING CAPITAL EXPENDITURES, FINANCING OR OTHER MATTERS AND INDUSTRY TRENDS AFFECTING THE COMPANY'S FINANCIAL CONDITION OR RESULTS OF OPERATIONS. PROSPECTIVE INVESTORS ARE CAUTIONED THAT ANY SUCH FORWARD LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES, AND THAT ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE IN THE FORWARD LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS, INCLUDING THE RISK FACTORS SET FORTH HEREIN. SEE "RISK FACTORS."**

**ONLY THOSE REPRESENTATIONS EXPRESSLY SET FORTH IN THIS CONFIDENTIAL OFFERING MEMORANDUM OR CONTAINED IN DOCUMENTS FURNISHED BY THE COMPANY UPON REQUEST MAY BE RELIED UPON IN CONNECTION WITH THE OFFERING. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THE DELIVERY OF THIS CONFIDENTIAL OFFERING MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS CONFIDENTIAL OFFERING MEMORANDUM.**

**THIS CONFIDENTIAL OFFERING MEMORANDUM HAS BEEN PREPARED SOLELY FOR USE IN CONNECTION WITH THE PRIVATE PLACEMENT OF CLASS B COMMON STOCK OFFERED HEREBY. THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY CLASS B COMMON STOCK IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NO OFFER TO SELL IS MADE BY THIS CONFIDENTIAL OFFERING MEMORANDUM TO ANY PERSON OTHER THAN YOU.**

**THE CONTENTS OF THIS PRIVATE OFFERING MEMORANDUM ARE NOT LEGAL OR TAX ADVICE AND PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE IT AS SUCH. EACH INVESTOR SHOULD CONSULT QUALIFIED ADVISORS AS TO THE LEGAL, TAX AND ECONOMIC CONSEQUENCES OF AN INVESTMENT IN CLASS B COMMON STOCK.**

**THIS CONFIDENTIAL OFFERING MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE OFFERING, AND ANY REPRODUCTION OR DISTRIBUTION OF THIS CONFIDENTIAL OFFERING MEMORANDUM IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS OTHER THAN TO QUALIFIED ADVISORS, IS PROHIBITED.**

## TABLE OF CONTENTS

FINANCIAL STATEMENTS.....	1
BUSINESS .....	1
RISK FACTORS .....	1
COVID-19 HAS IMPACTED CERTAIN OF OUR BUSINESS PRACTICES AND COULD ADVERSELY IMPACT OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	1
DEPENDENCE ON JOINT VENTURES .....	2
VALUATION RISKS .....	2
ABSENCE OF A PUBLIC MARKET AND EXISTENCE OF TRANSFER RESTRICTIONS .....	3
NO OBLIGATION TO REPURCHASE SHARES .....	3
CONTRACTUAL LIMITATION ON REPURCHASE OF SHARES.....	3
401(K) PLAN MANDATORY STOCK REDEMPTIONS .....	4
LEVERAGE .....	4
DEPENDENCE ON KEY PERSONNEL.....	4
A LIMITED NUMBER OF SHAREHOLDERS CONTROL A LARGE PERCENTAGE OF THE COMPANY’S COMMON STOCK .....	5
WE ARE INDIRECTLY SUBJECT TO THE RISKS OF OUR CUSTOMERS .....	5
COMPETITION .....	6
INDUSTRY CONSOLIDATION .....	6
SENSITIVITY TO COMMODITY PRICES AND AVAILABILITY OF RAW MATERIALS.....	6
CHANGES IN U.S. TRADE POLICY .....	6
VOLATILITY OF ENERGY PRICES .....	7
GLOBAL WEATHER CONDITIONS .....	7
POTENTIAL OF NEW PRODUCTS UNDER DEVELOPMENT.....	7

TECHNOLOGY OBSOLESCENCE .....	8
PRODUCT LIABILITY .....	8
LIVESTOCK DISEASES .....	8
DIVERSIFICATION STRATEGIES .....	8
CONCENTRATION OF REVENUE .....	9
INCOME TAXES.....	9
ENVIRONMENTAL AND OTHER REGULATIONS.....	9
INTERNATIONAL ACTIVITIES .....	10
ACQUISITIONS AND DIVESTITURES .....	10
MANAGEMENT SERVICES ARRANGEMENTS.....	10
OUR OPERATIONS ARE SUBJECT TO CYBERSECURITY RELATED RISKS.....	10
WE RELY ON THIRD PARTIES .....	11
THE EMPLOYEE STOCK PURCHASE PLAN.....	11
OFFERING PROCEDURES.....	11
USE OF PROCEEDS .....	12
DIVIDEND HISTORY .....	12
CAPITALIZATION .....	13
MANAGEMENT .....	13
PRINCIPAL SHAREHOLDERS.....	13
DESCRIPTION OF CAPITAL STOCK .....	14
GENERAL.....	14
COMMON STOCK.....	14
ANTI-TAKEOVER PROVISIONS OF INDIANA LAW .....	14
PREEMPTIVE RIGHTS .....	16
INDEMNITY .....	16

BY-LAWS SHARE TRANSFER RESTRICTIONS .....	16
RESALE OF THE SHARES TO BE ISSUED .....	17
ADDITIONAL INFORMATION .....	18

## FINANCIAL STATEMENTS

The Company's Financial Statements as of and for the period ended December 31, 2020 (the "Financial Statements"), accompany this Offering Memorandum. These Financial Statements have been audited by CliftonLarsonAllen, LLP, independent auditors. The Company's historical results are not necessarily indicative of results to be expected in any future period. The Company's Financial Statements are incorporated by reference into this Offering Memorandum and this Offering Memorandum should be read in conjunction with the Company's Financial Statements.

## BUSINESS

The Company was incorporated in Indiana on October 31, 1956 as United Feeds, Inc. and operated as such until September 29, 2005, when the name of the Company was changed to JBS United, Inc. On November 7, 2017 the name of the Company was changed to United Animal Health, Inc. A brief description of the Company's business can be found in the Financial Statements.

## RISK FACTORS

THE SHARES ARE NON-VOTING CLASS B COMMON STOCK OF UNITED ANIMAL HEALTH, INC. THE VALUE OF THE SHARES WILL FLUCTUATE AS A RESULT OF, AMONG OTHER FACTORS, CHANGES IN THE COMPANY'S INDUSTRY, ITS ASSETS, ITS BUSINESS AND ITS RESULTS OF OPERATIONS. INVESTMENT IN THE COMPANY'S SHARES INVOLVES A SUBSTANTIAL RISK. YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS AND THE OTHER INFORMATION IN THIS OFFERING MEMORANDUM BEFORE INVESTING IN THE COMPANY'S SHARES. THE COMPANY'S BUSINESS AND RESULTS OF OPERATIONS COULD BE SERIOUSLY HARMED AND THE VALUE OF THE SHARES COULD DECLINE DUE TO ANY OF THE FOLLOWING RISKS AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENT. WE EXCLUDE RISKS THAT WE BELIEVE ARE INHERENT IN ALL BUSINESSES BROADLY AS A FUNCTION OF SIMPLY BEING "IN BUSINESS." THESE RISKS AND ADDITIONAL RISKS NOT CURRENTLY KNOWN TO US OR CONSIDERED IMMATERIAL AT THIS TIME AND THUS NOT LISTED BELOW COULD ALSO RESULT IN ADVERSE EFFECTS ON THE COMPANY'S BUSINESS, RESULTS OF OPERATIONS OR FINANCIAL CONDITION AND THE VALUE OF THE SHARES.

### **COVID-19 HAS IMPACTED CERTAIN OF OUR BUSINESS PRACTICES AND COULD ADVERSELY IMPACT OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The novel coronavirus (COVID-19) global pandemic has and may continue to impact our business, financial condition and results of operations. Among other impacts to date, the pandemic has restricted our ability to travel to meet with current and prospective customers, which we believe has slowed adoption of certain of our offerings. The pandemic has also affected the operations and financial position of our customers. The spread of COVID-19 in the spring of 2020 forced many pork and chicken processing plants to close or limit production and caused losses to our own farms. Due to the disruption in the pork production cycle, many producers were forced to alter management practices, resulting in lower demand for the Company's nutrition products.

The Company continues to monitor the COVID-19 pandemic and take steps to mitigate the potential risks posed by its spread, including working with our customers, employees, suppliers and other stakeholders. Covid-19 or other health epidemics, pandemics, or other similar outbreaks could impact the Company's operations further if our workforce is unable to work effectively, including because of illness, quarantines, lockdowns, government actions, facility closures, or other restrictions. Additionally, third party service providers, suppliers, joint ventures, customers, and other business partners may not be able to fulfill their commitments, creating additional disruptions for the Company. In such circumstances, United Animal Health may be unable to perform fully on its contractual obligations, critical global supply chain and logistical networks may be affected, and costs and working capital may increase. These cost increases may not be fully recoverable or adequately covered by insurance. The Company cannot at this point in time predict the full impact of the COVID-19 pandemic on its future financial or operational results.

## **DEPENDENCE ON JOINT VENTURES**

In the ordinary course of business the Company enters into joint ventures in order to facilitate, expand or compliment aspects of our operations. We may or may not own a controlling interest in our joint ventures and/or oversee their day-to-day operations and in some cases, conflicts of interest may arise. One of our joint ventures, Microbial Discovery Group, LLC ("MDG"), represents a significant component of our most recent Share appraisal. MDG manufactures microbial nutrition products for advanced biotech for use as nutraceuticals in the commercial animal agriculture and human markets. MDG also manufactures janitorial and sanitation products for unrelated parties. We rely on MDG for custom fermentation inputs used in our products, among other products and services. We currently own a 70% interest in MDG and work closely with MDG's management group, but we do not generally oversee MDG's day-to-day operations. Should MDG's business or the business of other joint ventures in which we invest suffer or should conflicts of interest undermine our joint venture relationships, our business may suffer which would detrimentally impact the value of our Shares.

## **VALUATION RISKS**

The Shares are not listed on any public stock exchange and are not traded in any over-the-counter market. Therefore, there is no public forum to determine the value of the Shares. The value of the Shares is appraised from time to time by independent valuation experts in connection with the administration of the Company's 401(k) Plan and as otherwise deemed appropriate by the Board of Directors. In conducting these appraisals, the independent valuation experts consider such factors as expected future cash flows, depreciated book values of assets, the potential of new products under development, the current values of any non-operating assets and minority holder and liquidity discounts, including as related to material joint ventures. The Share price for this Offering was determined by the most recent appraisal completed on February 22, 2021, which appraisal valued the Shares as of December 31, 2020. Each appraisal of our Shares, including the most recently completed appraisal, represents only an opinion of the value of such Shares as of a particular point in time. Moreover, the value of the Shares may have fluctuated since the December 31, 2020 valuation reference date.

Changes in valuation practices or approaches may be necessary and/or appropriate from time to time and may result in significant changes to the appraised value of the Shares. For example, with respect to the December 31, 2020 appraisal, based on facts and circumstances related to the Company's and



MDG's respective assets and operating results, the Company and its independent valuation expert determined it was necessary and appropriate to utilize respective valuation methods for the Company and MDG, as opposed to the prior practice of using a blended discounted cash flow and net book value methodology applied to the combined, overall, and joint consolidated Company/MDG assets and incomes, applying a 50/50 weight to the result of each respective method. Accordingly, for purposes of the December 31, 2020 appraisal, Company assets and MDG assets were separated and each valued according to the factors considered most relevant for each respective entity and its assets, with the Company valued based on an adjusted net book value approach and MDG valued based on a discounted cash flow approach. The Company controlling-interest equity was then valued based on the sum of (i) 100% of the adjusted net book value of the assets owned by the Company and (ii) 70% of the MDG discounted cash flow value (representing the Company's equity interest in MDG). The updated valuation approach used for the December 31, 2020 appraisal resulted in a substantial increase in value as compared to the June 30, 2020 valuation. However, necessary or appropriate changes in valuation practices or approaches going forward may result in a decreased valuation of the Shares.

### **ABSENCE OF A PUBLIC MARKET AND EXISTENCE OF TRANSFER RESTRICTIONS**

The Shares are not listed on any public stock exchange and are not traded in any over-the-counter market. Finding an outside buyer for your Shares could be difficult and could result in a sale price significantly lower than the appraised value. In addition, there are restrictions on when and to whom you may sell or otherwise transfer Shares owned by you, including as discussed below under "BY-LAWS SHARE TRANSFER RESTRICTIONS." From time to time, the Company may offer to purchase shares of capital stock; however, the Company is under no obligation to make such an offer, there is no guarantee that the Company will make such an offer in the future and the Board of Directors has resolved that, unless otherwise determined by the Board of Directors, the period of time during which the Company will consider repurchasing shares offered in this Offering, shall be limited to no more than two periods each year, any such periods not to exceed thirty-one days in duration and to commence within one hundred twenty days of the completion of an appraisal. Based on these factors, your ability to sell or otherwise transfer the Shares is severely limited.

### **NO OBLIGATION TO REPURCHASE SHARES**

The Company is not obligated in any way to repurchase Shares purchased by you pursuant to this Offering or otherwise owned by you individually (other than through the 401(k) Plan). Investment in the Shares involves a high degree of risk and is suitable only for persons who have substantial financial resources, have no need for liquidity in their investment, are able to bear the substantial economic risk of their investment for an indefinite period of time and are able to withstand a total loss of their investment.

### **CONTRACTUAL LIMITATION ON REPURCHASE OF SHARES**

Contractual agreements between the Company and its lending banks as the Company may enter into from time to time may place a restriction on the amount of cash that can be used to repurchase Shares. In the event that the purchase price for the number of Shares offered for repurchase exceeds the amount permitted to be expended under such a restriction, the Company may not be able to repurchase all or any of the Shares you offer for repurchase.

## **401(K) PLAN MANDATORY STOCK REDEMPTIONS**

The Company sponsors a 401(k) Plan, which is a retirement vehicle provided to Company employees. Participants in the Company's 401(k) Plan may have previously elected to invest part or all of their account balances in Shares. Participants are no longer eligible to invest in the Shares through their 401(k) accounts, but may retain ownership of Shares purchased prior to July 7, 2014. The appraised value of Shares held in the accounts of 401(k) Plan participants is approximately \$2.51 million, representing approximately 71,700 of the total outstanding Shares. The Company has an obligation to repurchase any Shares offered for sale by 401(k) Plan participants from their accounts once each year. The Company is also obligated to repurchase Shares allocated to a 401(k) Plan participant's account following his or her retirement or other termination of employment. In fulfilling its repurchase obligations the Company could experience a decrease in its capital and liquidity, which could impair its ability to repurchase other Shares and negatively impact the Company's business and financial condition. In addition, even though the Company is obligated to repurchase Shares from the 401(k) Plan under the circumstances described above, the Company's financial condition or contractual restrictions in agreements between the Company and its lending banks may make it impossible to meet its repurchase obligations.

## **LEVERAGE**

The Company maintains a revolving credit facility through a bank, primarily for working capital purposes. From time to time, the Company has debt service obligations outstanding on this facility and other special purpose loans. As of December 31, 2020 and as of the date of this Confidential Offering Memorandum, the Company had no outstanding interest-bearing debt obligations. The degree to which the Company is leveraged could have a significant impact on the value of the Shares because (i) the Company could experience difficulties obtaining the financing necessary to maintain its current business activities; (ii) a substantial portion of the Company's cash flows may be required to make payments of principal and interest on outstanding debt obligations; and (iii) rising interest rates would increase cash outflows for new indebtedness or during the period in which variable rate debt remains outstanding. An acute and prolonged downturn in the agricultural economy or other factors beyond the Company's control could make it difficult for the Company to produce the cash flows necessary to service debt obligations.

## **DEPENDENCE ON KEY PERSONNEL**

The Company attempts to attract and retain the highest quality personnel, some of whom possess talents and skills which are unique within the industry. Each of these individuals contributes to the Company's success at a high level and brings value to the Company with his or her skills and talents. The potential loss of talented personnel is a risk to the Company's future success.

The Company generally operates without employment contracts. There is no assurance that the Company's senior management group or other key employees will remain with the Company. The Company's ability to successfully implement its business strategies depends heavily on the continued employment of the Company's senior management group and other key employees. If any of these individuals become unable or unwilling to continue in the Company's employ, the operation of the business could be disrupted and a negative financial impact could result. Moreover, the Company may be unsuccessful in attracting quality personnel to replace or supplement the

Company's senior management group and other key employees or may be forced to adjust its compensation practices to retain or hire such personnel. In particular, the Company has experienced difficulty in identifying and hiring qualified nutrition scientists and logistics personnel.

### **A LIMITED NUMBER OF SHAREHOLDERS CONTROL A LARGE PERCENTAGE OF THE COMPANY'S COMMON STOCK**

The Swisher, Crabb and Corbett families continue to hold a majority of the aggregate outstanding shares of the Company's common stock and retain a majority of the shares of the Company's voting stock. As a result, these shareholders are able to exercise significant influence over all matters requiring shareholder approval, including the election of directors, any amendments to the Company's Amended and Restated Articles of Incorporation or By-Laws, and significant corporate transactions. This concentrated ownership of outstanding common stock, coupled with the fact that the Shares are non-voting shares, may limit your and others' ability to influence corporate matters, and the interests of these shareholders may not coincide with your interests. As a result, the Company may take actions that you do not believe to be in its interests or your interests and that could depress the value of the Shares. In addition, this significant concentration of stock ownership may adversely affect the price at which you may be able to sell your Shares should prospective investors perceive the concentration of ownership as a disadvantage in owning the Shares.

The value of the Shares could also be affected should the Swisher, Crabb or Corbett families determine to dispose of a significant portion of their ownership in the Company. Significant sales of the Company's common stock by its controlling shareholders or share redemptions that the controlling shareholders might cause the Company to undertake could create business uncertainty or cause a substantial strain on the Company's resources.

### **WE ARE INDIRECTLY SUBJECT TO THE RISKS OF OUR CUSTOMERS**

We are indirectly subject to the risks of our customers and the realization of such risks could harm our business, results of operations and financial condition. Among other risks, the food industry in general is subject to changing consumer trends, demands and preferences. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced demand and price reductions for our customers' livestock and thereby reduced demand for our products.

For example, we could be indirectly adversely affected if consumers lose confidence in the safety and quality of the livestock of our customers, or the food safety system generally. Prolonged negative perceptions concerning the health implications of certain food products associated with our customers' livestock or loss of confidence in the food safety system generally could influence consumer preferences and acceptance of our customers' products.

The development, manufacture, and distribution of branded plant-based protein products as alternatives to animal-based protein products in particular represents a relatively new competitive element, which might impact our customers. A significant shift in consumer demand away from our customers' traditional protein products in favor of plant-based protein products could harm our customers' business and financial condition, which in turn may harm our business and financial condition.

## **COMPETITION**

The Company operates in highly competitive environments. Competitors consist of a relatively small number of international, national, and regional nutrition and animal health products suppliers. It is possible that they could introduce products, nutrition formulas, specialty ingredients or technologies that perform better than the Company's offerings. It is also possible that they may lower prices in such a manner that the Company would have to follow suit and suffer reduced margins and lower profits. In addition, some of the Company's competitors have significantly more financial and global marketing resources. These larger competitors may, among other things, be able to use their financial and global marketing resources in ways that decrease the Company's profitability and market share.

A large portion of the Company's customer base is composed of nonintegrated hog farms managed by independent farmers. Therefore, large integrated pork production operations – which often build their own feeds from scratch and therefore do not purchase nutrition technology from feed companies like the Company – have also historically been considered competitors because they threaten the Company's customer base of independent pork producers. The COVID-19 pandemic could exacerbate this risk should smaller farms choose to stop operations due to strain related to the pandemic. Management expects that recent changes in the industry and the Company's development of certain proprietary products may enable the Company to provide nutrition services to such entities, but that expectation may not come to fruition.

## **INDUSTRY CONSOLIDATION**

The swine industry has, and may continue to, consolidate in favor of larger producers. Due to this consolidation, certain of the Company's business practices have changed and the Company's ability to provide products and services to that market segment at or above historical levels may be at risk. Additionally, the emergence of large buying groups has and potentially could further enable such groups to attempt to extract price discounts on our products. The result of these developments has and could further impact our revenues and other financial results. Significant additional price concessions might also affect our financial condition and the value of the Shares.

## **SENSITIVITY TO COMMODITY PRICES AND AVAILABILITY OF RAW MATERIALS**

The Company's results of operations and financial condition, as well as the selling prices for its products, are dependent upon the cost and supply of commodities and other raw materials. Production and pricing of these commodities are determined by constantly changing market forces of supply and demand over which we have no control.

Volatility in the Company's commodity and raw material costs directly impact our gross margin and profitability. The Company's objective is to offset commodity price increases in pricing actions over time. However, it may not be able to increase its product prices enough to sufficiently offset increased raw material costs due to price sensitivity or the pricing postures of our competitors.

## **CHANGES IN U.S. TRADE POLICY**

The U.S. government has imposed tariffs on certain foreign goods. These tariffs and other changes in U.S. trade policy may result in one or more trading partners adopting responsive trade policy making it more difficult or costly for the Company to export its products to those countries or to sell its products to customers that are impacted by such tariffs. For example, China has and in the future may enact material tariffs on the importation of U.S. pork products. These measures could also result in increased costs for goods imported into the United States, including imported commodities and raw materials. This in turn could require the Company to increase prices to its customers which may reduce demand, or, if the Company is unable to increase prices, result in lowering the Company's margin on products sold. During the prior year import fees for certain of the Company's commodities increased substantially.

The Company cannot predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the continuation of trade wars, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for the Company's products, its costs, its customers, its suppliers, and the U.S. economy, which in turn could adversely impact the Company's business, financial condition and results of operations.

### **VOLATILITY OF ENERGY PRICES**

The Company depends on energy provided from electricity, natural gas, LP gas, diesel fuel and gasoline to power our business operations. Energy prices have become increasingly volatile in recent years making it more difficult to predict product costs. The Company generally passes changes in energy costs on to its customers in the form of price adjustments, but in many cases these adjustments take time to implement or, in some cases, cannot be implemented at all. There is risk that volatile energy prices could increase Company costs in parts of our business or with such speed that the Company will be forced to absorb those increases. To the extent that those increases are substantial, they could cause the value of the Shares to decline.

### **GLOBAL WEATHER CONDITIONS**

The Company is at risk from adverse global weather conditions. During times when weather patterns are adverse to normal crop growing conditions, crop yields decrease and grain prices increase. These adverse conditions can be localized to the Midwestern United States, or they can occur in any grain-producing region in the world. The risk of price increase is present in either scenario. Because the majority of the dietary needs of swine and poultry animals are met by the consumption of corn and soybean meal, such potential increases in grain prices increase the cost of feeding livestock. The Company is at risk to these higher prices because its customers suffer economic losses during these cycles and some livestock producers inevitably choose to discontinue production, lowering future nutrition product sales.

### **POTENTIAL OF NEW PRODUCTS UNDER DEVELOPMENT**

The Company relies on a significant research and development effort to discover new products, to reformulate current nutrition formulas, and to refine and improve the nutritional efficiencies of the products it offers. The Company employs a staff of individuals who are charged with these responsibilities. When the Company discovers new technologies that are believed to have

substantial potential value, it applies for patents or it may take other measures to try to maximize the Company's profit potential on those technologies when they are eventually marketed.

The independent appraisers who determine the value of the Shares have considered the potential of new technologies which have not yet been marketed or are in the early stages of marketing and have added value to the price of the Shares from their estimate of the value of these new technologies. In the event that the patent applications or regulatory approvals for these new technologies are not granted, that these new technologies are eventually marketed for less than their potential as estimated by the independent appraisers or that these new technologies fail to gain market acceptance, the value of the Shares could decline.

## **TECHNOLOGY OBSOLESCENCE**

Much of the Company's future sales and profitability will be dependent on discovery, or refinement of products unique to livestock production or the purchase of product technologies developed by others (see "POTENTIAL OF NEW PRODUCTS UNDER DEVELOPMENT"). Company management believes that these products are either unique or are technologically superior to existing products available to the Company's customers. The Company's new products generally enjoy higher margins early in their life cycle, but become less profitable with time as the products of competitors mimic or replace the Company's technologies. There is risk that competitors may begin to market superior or less expensive alternatives to the Company's products sooner than expected. There is also risk that competitors may introduce their own technologically unique products into the market that will render the Company's technologies obsolete in a very short period of time. In either case, the Company's expectations of future profitability may be overstated which could cause a decline in the value of the Shares.

## **PRODUCT LIABILITY**

Liability claims could be made against the Company for damages caused by defective products. The Company carries product liability insurance in varying amounts for different product lines. Consequently, any damages for which we might be held liable in excess of the amount of Company coverage must be paid from the Company's existing financial resources, which, if such claims are substantial, could negatively affect the Company's financial condition and the value of the Shares.

## **LIVESTOCK DISEASES**

Outbreaks of livestock diseases could adversely affect the Company's business in the event that those outbreaks, or eradication programs put in place by the Company, its customers or regulators in response to those outbreaks, reduce the supply of animals that the Company or its customers have available for sale or use. Outbreaks of the nature described above may have a significant impact on the Company's revenues and other financial results.

## **DIVERSIFICATION STRATEGIES**

We are pursuing and may to continue to pursue strategic diversification initiatives that management considers critical to our long-term success, including, but not limited to, our dairy, poultry, and Headstart segments as well as our PrairiE System subsidiary, which includes an

investment in LeeO Precision Farming B.V. There are significant risks involved with the execution of these types of initiatives, including significant business, economic and competitive uncertainties, many of which are outside of our control. Accordingly, we cannot predict whether we will succeed in implementing these strategic initiatives. It could take several years to realize the anticipated benefits from these initiatives, if any benefits are achieved at all. If we are unsuccessful in developing and executing revised strategies, we may not achieve our financial goals, and if not, it could negatively affect the Company's financial results and condition and subsequently the value of the Shares. Moreover, a significant portion of our business consists of services and products offered to our domestic swine segment. Should we fail to meaningfully diversify the Company through our dairy, poultry, Headstart or other diversification efforts, we may continue to be subject to risks associated with material dependence on the domestic swine segment, including business disruptions within that segment.

## **CONCENTRATION OF REVENUE**

The Company derives a significant amount of revenue and profits from the swine industry. Concentration in one industry segment may present more risks than being broadly diversified over several sectors of the economy. Any downturn in the swine industry could adversely impact our financial condition, results of operations and liquidity and cause a decline in the value of the Shares.

## **INCOME TAXES**

Our future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings between U.S. and non-U.S. jurisdictions or among jurisdictions with differing statutory tax rates, changes in our overall profitability, changes in tax laws or treaties or in their application or interpretation, changes in tax rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, the results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures. We are subject to the continuous examination of our income tax returns by the U.S. Internal Revenue Service and other tax authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows and financial condition could be adversely affected, which could negatively impact the value of the Shares.

## **ENVIRONMENTAL AND OTHER REGULATIONS**

Our past and present business operations and ownership and operation of real property are subject to stringent federal, state and local environmental and other laws and regulations pertaining to, among other things, the discharge of materials into the environment, the handling and disposition of wastes, protection of the environment generally and food safety standards and processing requirements. Inadvertent violations of these regulations could occur in a manner which would result in remediation costs and fines being assessed against the Company. In the event such assessments were made, they could adversely impact our financial condition, results of operations and liquidity and cause a decline in the value of the Shares. Moreover, changes in laws or regulations that impose additional regulatory requirements on us could increase our cost of doing business or restrict our actions or the products that we offer, causing our results of operations to be adversely affected.

## **INTERNATIONAL ACTIVITIES**

The Company is subject to risks associated with its international activities, which could affect its sales to customers in foreign countries, as well as its operations and assets in such countries.

The Company continues to increase its global business activities and sell products either directly or through dealers in numerous countries around the world. To date, most business transactions have been conducted in U.S. Dollars, but the Company expects future pressures to necessitate conducting transactions in several foreign currencies. The Company currently has ownership in companies that conduct business transactions in the Chinese Yuan and the Euro.

As a result of our international activities, we are subject to various risks and uncertainties relating to international sales and operations, including longer payment cycles and increased counterparty risk, the impact of currency exchange rate fluctuations, imposition of tariffs, and political and economic conditions, all of which could cause a decline in the price of the Shares. In addition, the Covid-19 pandemic may materially impact our international activities, including with respect to the accessibility of current and prospective customers.

## **ACQUISITIONS AND DIVESTITURES**

The Company periodically evaluates potential acquisitions, joint ventures and other initiatives, and may seek to expand our business through the acquisition of companies, facilities, technologies, products and services. Acquisitions and joint ventures involve financial and operational risks and uncertainties, and if the Company is unable to address these risks and successfully develop its acquisitions into profitable business units, such expansion could adversely affect its results. From time to time the Company may also explore the divestiture of all or parts of its business, which initiatives may necessarily involve inexact assessments of value, risk and opportunity cost, as well as execution risks.

## **MANAGEMENT SERVICES ARRANGEMENTS**

In connection with an agreement to provide management services for an integrated producer, the Company is obligated under several long-term lease agreements with various third-party swine producers. There is a risk that the integrated producer could terminate the management services contract prior to the termination of the long-term lease arrangements under which we are obligated, in which case the Company's commitments to the producers under such long-term lease arrangements would have to be paid from the Company's existing resources without reimbursement by the integrated producer, which could negatively affect the Company's financial condition and the value of the Shares.

## **OUR OPERATIONS ARE SUBJECT TO CYBERSECURITY RELATED RISKS**

In the ordinary course of our business, we collect, maintain and transmit sensitive data on our networks and systems, including our proprietary or confidential business information and confidential information with respect to our customers and our business partners. We have also outsourced elements of our information technology infrastructure and, as a result, third parties may or could have access to our confidential information. The secure maintenance of this information is critical to our business and reputation.



We believe that companies have been increasingly subject to a wide variety of security incidents, cyber-attacks and other attempts to gain unauthorized access. Cyber-attacks continue to become more prevalent and much harder to detect and defend against. Our networks and those of our vendors may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions. It is often difficult to anticipate or immediately detect such incidents and the damage caused by such incidents. These data breaches and any unauthorized access or disclosure of our information could expose sensitive business and other information.

Cyber-attacks could cause us to incur significant remediation costs, result in product development delays, disrupt key business operations and divert attention of management and key information technology resources. Our network security and data recovery measures and those of our vendors may not be adequate to protect against such security breaches and disruptions. These incidents could also subject us to liability, expose us to significant expense and cause significant harm to our reputation and business.

## **WE RELY ON THIRD PARTIES**

We rely on third parties with respect to certain of our business operations, including on third party toll mills for the production of some of our manufactured product supply. Problems experienced by the third parties we rely upon could result in a delay or interruption in our business processes or increased costs incurred with the maintenance or replacement of our third party relationships, which could have a material negative effect on our business.

## **THE EMPLOYEE STOCK PURCHASE PLAN**

If you are a current employee of the Company and you received a copy of this Confidential Offering Memorandum and a Subscription Agreement from the Company, you are eligible to purchase Shares via the Employee Stock Purchase Plan. You should have received a copy of the Employee Stock Purchase Plan. You can obtain an additional copy of the Employee Stock Purchase Plan by sending a written request to the Company at the following address: United Animal Health, Inc. 322 S. Main Street, Sheridan, Indiana 46069-1113, Attn: Shareholder Services. The terms of the Employee Stock Purchase Plan are an integral part of this Confidential Offering Memorandum and should be read prior to making a decision to purchase Shares.

## **OFFERING PROCEDURES**

To purchase Shares via the Offering you must deliver to the Company a signed Subscription Agreement and other documents and information required by the Subscription Agreement no later than May 30, 2021. Any subscriber who wishes to purchase Shares but does not already own Shares in his or her individual capacity (not including shares held in the 401(k) Plan) must subscribe for and agree to purchase at least 29 Shares. The Employee Stock Purchase Plan provides relevant limitations on the maximum number of Shares that may be offered for sale to employees in this Offering and procedures for allocating Shares in the event of an oversubscription. For purposes of this Offering, the Board of Directors has determined that the Company will sell Shares under the Employee Stock Purchase Plan valued at no more than \$1,000,000 per year and in the event of an oversubscription by the offerees the Company reserves the right to allocate Shares to such offerees as determined by the Company in its sole discretion. Therefore, you may be required to purchase a number of Shares smaller than that indicated on your Subscription Agreement. The Company

reserves the right, in its sole discretion, to accept or reject any Subscription Agreement with respect to the Offering and the purchase and sale of Shares represented thereby. If your Subscription Agreement is rejected, then the Company will return the signed Subscription Agreement to you, and all of your obligations thereunder will terminate. The Company is not obligated to repurchase any Shares purchased by you pursuant to this Offering.

### **USE OF PROCEEDS**

Proceeds from the sale of the Shares will generally be used to provide additional working capital to fund our day-to-day operations and to finance capital expenditures and other Company commitments and obligations. Management will have broad discretion as to the use of proceeds from this offering. As a result, investors must rely on management’s judgment regarding the application of the proceeds.

### **DIVIDEND HISTORY**

The Company’s dividend payment history appears in the table below. The amounts of any future dividend payments are subject to multiple limiting factors, including those that may be contained in the bank credit agreements that we enter into from time to time and others as determined by the Board of Directors. There can be no assurance of the amount of any future dividend payment or that a dividend will be paid at all in any particular quarter or year.

<b>RECORD DATE</b>	<b>PAYABLE DATE</b>	<b>AMOUNT PER SHARE</b>
May 27, 2012	September 17, 2012	\$0.0450
May 26, 2013	September 16, 2013	\$0.1014
September 15, 2013	December 9, 2013	\$0.1014
May 3, 2015	June 1, 2015	\$0.1500
May 31, 2015	September 21, 2015	\$0.1000
September 20, 2015	December 14, 2015	\$0.1000
May 29, 2016	September 23, 2016	\$0.062
November 15, 2016	November 29, 2016	\$0.0754
January 31, 2017	February 15, 2017	\$0.0977
April 1, 2017	April 13, 2017	\$0.0697
May 27, 2017	August 4, 2017	\$0.0746
October 9, 2017	October 23, 2017	\$0.0749
December 12, 2017	December 21, 2017	\$0.0749
March 4, 2018	March 15, 2018	\$0.0834

<b>RECORD DATE</b>	<b>PAYABLE DATE</b>	<b>AMOUNT PER SHARE</b>
May 26, 2018	August 2, 2018	\$0.0808
August 31, 2018	September 27, 2018	\$0.0808
November 14, 2018	November 28, 2018	\$0.0808
September 30, 2019	November 7, 2019	\$0.0653
December 31, 2019	February 13, 2020	\$0.1118
March 31, 2020	May 14, 2020	\$0.1118
June 30, 2020	August 6, 2020	\$0.1206
September 30, 2020	November 11, 2020	\$0.1135
December 31, 2020	February 17, 2021	\$0.1491

### **CAPITALIZATION**

As of December 31, 2020, there were 1,953,044 shares of Class A Common Stock and 454,320.357 shares of Class B Common Stock outstanding, which were held by 144 shareholders of record.

### **MANAGEMENT**

A list of the Company's corporate officers and directors can be found in our last audited Financial Statements dated December 31, 2020.

### **PRINCIPAL SHAREHOLDERS**

The following table sets forth each person, or group of affiliated persons, who owns more than 5% of our outstanding stock as of December 31, 2020. This table lists applicable percentage ownership based on 2,407,364.357 shares of common stock outstanding as of December 31, 2020.

#### **Shares Beneficially Owned**

<b>Beneficial Owner</b>	<b>Number of Shares of Class A Common Stock</b>	<b>Number of Shares of Class B Common Stock</b>	<b>Percent Ownership Interest Before Offering</b>	<b>Percent Voting Interest</b>
-------------------------	---	---	---	--------------------------------

<b>John B. Swisher and C. Jean Swisher, their children, their children's spouses, and their grandchildren, or trusts for their benefit</b>	<b>1,747,309</b>	<b>254,963</b>	<b>83.17%</b>	<b>89.47%</b>
--	------------------	----------------	---------------	---------------

## DESCRIPTION OF CAPITAL STOCK

### GENERAL

The Company is authorized to issue 6,000,000 shares of common stock, without par value, 3,000,000 of which are designated Class A Common Stock, and 3,000,000 of which are designated Class B Common Stock. Except for the fact that Class A Common Stock has voting rights and Class B Common Stock does not have voting rights, the Class A Common Stock and the Class B Common Stock have the same rights, preferences, qualifications, limitations and restrictions.

### COMMON STOCK

Voting. Holders of the Class A Common Stock possess exclusive voting power. Holders of Class B Common Stock possess no voting power except the right to vote on any amendment to our Articles of Incorporation which would fix, change or alter the relative rights, preferences, qualifications, limitations or restrictions of Class B Common Stock. Each shareholder is entitled to one vote for each share held on matters on which such shareholder has the right to vote, subject to limitations discussed under the caption "Anti-takeover Provisions" below. Shareholders have no cumulative voting rights.

Liquidation or Dissolution. In the event of the liquidation or dissolution of the Company, the holders of the common stock will be entitled to receive (after payment or provision for payment of all of our debts and liabilities) all of our assets available for distribution, in cash or in kind.

Distributions. The Company's Board of Directors has authority to authorize and direct payment of dividends and the making of other distributions in respect of the issued and outstanding shares of common stock.

### ANTI-TAKEOVER PROVISIONS OF INDIANA LAW

The following discussion is a general summary of the material provisions of the Indiana Business Corporation Law, as amended (the "IBCL"), which may be deemed to have an effect of delaying, deferring or preventing a change of control. The following description of certain of these provisions is general and not necessarily complete and is qualified by reference to the IBCL.

The IBCL requires directors to discharge their duties, based on the facts then known to them, in good faith, with the care an ordinary, prudent person in a like position would exercise under similar circumstances and in a manner the director reasonably believes to be in the best interests of the Company. The director is not liable for any action taken as a director, or any failure to take any action,

unless the director has breached, or failed to perform the duties of the director's office in compliance with, the foregoing standard, and the breach or failure to perform constitutes willful misconduct or recklessness.

The IBCL requires directors to discharge their duties in a manner reasonably believed to be in the best interests of the corporation, and in such context authorizes them to consider the effects of any action on shareholders, employees, suppliers, and customers of the corporation, and communities in which offices or other facilities of the corporation are located, and any other factors they consider pertinent. Under the IBCL, directors are not required to approve a proposed business combination or other corporate action if they determine in good faith that such approval is not in the best interests of the corporation. The IBCL explicitly provides that the different or higher degree of scrutiny imposed in Delaware and certain other jurisdictions upon director actions taken in response to potential changes in control will not apply.

Several provisions of the IBCL could affect the acquisition of shares of common stock of, or control over, the Company. Chapter 43 of the IBCL ("Business Combinations Statute") prohibits certain business combinations between a corporation having more than 100 shareholders and any shareholder beneficially owning 10% or more of the voting power of the outstanding voting shares for five years following the date on which the shareholder obtained 10% beneficial voting ownership, unless the business combination was approved prior to that date by the board of directors. If prior approval is not obtained, a number of price and procedural requirements must be met before the business combination may be completed. The Business Combinations Statute only applies to Indiana corporations that (1) have a class of voting shares registered with the Securities and Exchange Commission under Section 12 of the Exchange Act or (2) have elected to be governed by this provision in its articles of incorporation. The Business Combinations Statute will not apply to us. However, the Board of Directors and shareholders of the Company may amend the Company's Amended and Restated Articles of Incorporation to provide that the Business Combinations Statute does apply to the Company with respect to interested shareholder transactions subsequent to such amendment.

In addition, the IBCL contains provisions designed to protect minority shareholders in the event that a person makes a tender offer for, or otherwise acquires shares giving the acquiror, more than 20%, 33-1/3%, or 50% of the outstanding voting securities of an Indiana corporation that meets the definition of an "issuing public corporation" (the "Control Share Acquisitions Statute"). Under the Control Share Acquisitions Statute, if an acquiror purchases shares of a corporation which together with any previously held shares cross any of such thresholds, then until each class or series of shares entitled to vote separately on the proposal approves the right of the acquiror to vote the acquired shares by a majority of all votes entitled to be cast by that group (excluding shares held by officers of the corporation, by employees of the corporation who are directors thereof and by the acquiror), the acquiror cannot vote any of the shares acquired in such "control share acquisition." The Control Share Acquisition Statute does apply to the Company. The Board of Directors may, however, amend the By-Laws at any time to provide that the Control Share Acquisitions Statute does not apply to the Company for purposes of any subsequent "control share acquisitions."

The foregoing provisions of the IBCL could have the effect of preventing or delaying a person from acquiring or seeking to acquire a substantial equity interest in, or control of, the Company.

## **PREEMPTIVE RIGHTS**

Preemptive rights permit shareholders to maintain their relative ownership in subsequent rounds of capital-raising by permitting them to purchase a percentage of the new capital equal to their ownership percentage before the capital is raised. The Company has not previously granted preemptive rights to shareholders. Purchasers of Shares will not receive preemptive rights.

## **INDEMNITY**

As permitted by the IBCL, the Amended and Restated Articles of Incorporation of the Company require us to indemnify our officers and directors from certain liabilities, if the officer or director acted in good faith and in a manner he or she reasonably believed, in the case of conduct in his or her official capacity, was in our best interests, and in all other cases, was not opposed to our best interests, and, with respect to criminal proceedings, the officer or director had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful. The Amended and Restated Articles of Incorporation of the Company further require us to advance to officers or directors expenses incurred in connection with proceedings against them for which they may be indemnified under circumstances described in the IBCL.

## **BY-LAWS SHARE TRANSFER RESTRICTIONS**

In addition to restrictions upon transfer imposed by federal and state securities laws, the Shares purchased by you in this Offering will be subject to transfer restrictions imposed by our By-Laws. Our By-Laws do not permit you to sell, give, transfer or encumber any of the Shares, except in the following circumstances.

Death. If you die, your representative (e.g. heir, estate, etc.) who holds title to your Shares due to your death is required to offer to sell the Company all of your Shares. The Company may elect to purchase all or any part of the Shares if it notifies your representative of its desire to purchase the Shares within 60 days after the time the Company is notified in writing of your death or acknowledges in writing its knowledge of your death. If the Company decides to purchase any of the Shares, it must purchase those Shares within 30 days after it accepts the offer. The purchase price for the Shares will be based on the most recent appraisal completed before the Company receives the offer from your representative. The Company has the option to purchase the Shares in cash or by executing an unsecured promissory note. If the Company executes a promissory note, the principal amount of the promissory note will equal the purchase price for the Shares, the promissory note will be payable in 20 equal quarterly payments plus interest at the prime rate published by JPMorgan Chase Bank, N.A. and we would have the right to prepay the promissory note at any time.

Termination of Employment. If you are employed by the Company or one of its subsidiaries and your employment is terminated for any reason, you are required to offer to sell the Company all of your Shares. The Company may elect to purchase all or any part of the Shares if it notifies you of its desire to purchase the Shares within 60 days after the date of your termination of employment. If the Company decides to purchase any of the Shares, it must purchase those Shares within 30 days after it accepts the offer. The purchase price for the Shares will be based on the most recent appraisal completed before your termination. The Company has the option to purchase the Shares in cash or by executing an unsecured promissory note. If the Company decides to execute a promissory note, the principal amount of the promissory note will equal the purchase price for the Shares, the

promissory note will be payable in 20 equal quarterly payments plus interest at the prime rate published by JPMorgan Chase Bank, N.A. and we would have the right to prepay the promissory note at any time.

Sale to Third Party. If you desire to sell your Shares to another person or entity other than the Company, you may do so only if you first offer to sell your Shares to the Company by giving it written notice of the terms and conditions of such sale and the identity of the potential purchaser. The Company then has the right to purchase the Shares on the terms and conditions of your proposed sale to such other person. The Company has 30 days after its receipt of your notice to elect to purchase some or all of the Shares. If the Company elects to purchase some or all of the Shares, it must complete the purchase between 30 and 55 days after it receives notice from you of your proposed sale to such other person. If the Company does not elect to purchase all of the Shares, you have the right to sell the Shares that the Company did not elect to purchase only on the same terms and conditions contained in the notice you provided it and only between 30 and 50 days after we received notice from you of your proposed sale to such other person. If any of the terms and conditions of the sale change (e.g. price, proposed purchaser, etc.) or you do not complete the sale between 30 and 50 days after the Company receives the notice of your proposed sale, you may not sell the Shares until you again comply with this restriction by making a new offer to the Company.

Gift. You may give the Shares to your spouse, your child or your child's spouse if the value of the Shares given is greater than \$10,000.

By majority vote, our Board of Directors may at any time amend or waive the above restrictions without the approval of you or any other shareholder, provided that under Indiana law a restriction does not affect shares issued before the restriction was adopted unless the holders of the shares are parties to the restriction agreement or voted in favor of the restriction. The above restrictions apply to you and to any person to whom you transfer the Shares in accordance with the above restrictions. Each certificate evidencing Shares will have a legend typed on its back which refers to the restrictions contained in our By-Laws and summarized above.

The foregoing description of the By-Laws is a summary only and does not purport to be complete. A complete copy of the By-Laws is attached to the Employee Stock Purchase Plan and additional copies may be obtained by sending a written request to us at the following address: United Animal Health, Inc. 322 S. Main Street, Sheridan, Indiana 46069-1113, Attn: Shareholder Services. Potential investors are advised to read the By-Laws carefully before deciding to invest in the Shares.

## **RESALE OF THE SHARES TO BE ISSUED**

The Shares to be issued in this Offering will constitute "restricted securities" within the meaning of United States and applicable state securities laws. As a result, the ability to resell such securities will be severely limited. Prior to any resale of such securities (other than a repurchase by the Company), you must furnish the Company with an opinion of counsel satisfactory to the Company that such resale may occur without the necessity of registration or any other action under any United States or other applicable securities laws. In addition to securities laws restrictions, the Shares to be issued in this Offering will be subject to the provisions of the Company's Amended and Restated Articles of Incorporation, By-Laws and the Subscription Agreement. Certificates evidencing the Shares will bear the following restrictive legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE LAWS OF ANY STATE, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT FOR DISTRIBUTION. IN ADDITION, THE SHARES REPRESENTED BY THIS CERTIFICATE AND THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON THEIR TRANSFER UNDER THE CORPORATION'S CODE OF BY-LAWS, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THE CORPORATION. THIS CERTIFICATE OR THE SHARES EVIDENCED HEREBY OR ANY PORTION THEREOF, MAY NOT BE OFFERED, PLEDGED, HYPOTHECATED, SOLD OR TRANSFERRED IN ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SHARES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND/OR THE LAWS OF ANY STATE AS MAY BE APPLICABLE, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED BY LAW, NOR MAY ANY TRANSFER BE MADE IN VIOLATION OF THE RESTRICTIONS IN THE CORPORATION'S CODE OF BY-LAWS, AND ANY SUCH PURPORTED TRANSFER SHALL BE NULL, VOID AND OF NO EFFECT.

A FULL STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES, AND LIMITATIONS APPLICABLE TO EACH CLASS OF SHARES AND THE VARIATIONS IN RIGHTS, PREFERENCES, AND LIMITATIONS DETERMINED FOR EACH SERIES (AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS OF FUTURE SERIES) OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE WILL BE FURNISHED, WITHOUT CHARGE, TO ANY SHAREHOLDER UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

Owners of the Class B Common Stock of United Animal Health, Inc. are not entitled to vote except in special circumstances as may be provided in the Articles of Incorporation or By-laws of the Issuer or applicable law. In all other respects, the Class B Common Stock shares have the same rights as the Class A (voting) Common Stock shares of the Issuer. The owner of the shares represented by this certificate should consult the Articles of Incorporation and the By-laws of the Issuer for a detailed explanation of his or her rights as a shareholder.

The shares represented by this certificate are further subject to certain restrictions on transferability and rights of the Issuer to reacquire such shares as set forth in the By-Laws of the Issuer.

#### **ADDITIONAL INFORMATION**



If you have any questions or would like additional information, please make your requests in writing to the following address: United Animal Health, Inc., 322 S. Main Street, Sheridan, Indiana 46069-1113, Attn: Shareholder Services.