

# Boots Group PLC notice of annual general meeting **20th July 2006**

This document is important. Please read it straight away. If you have any doubts about the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Boots Group PLC, please immediately hand this document to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



NOTICE IS HEREBY GIVEN that the Annual General Meeting of Boots Group PLC will be held at The Albert Hall, North Circus Street, off Derby Road, Nottingham NG1 5AA on Thursday 20th July 2006 at 11 a.m.

#### **The business of the meeting will be**

**1** To receive the directors report and annual accounts for the year ended 31st March 2006 and the auditors report thereon.

[See note 4](#) **2** To approve the directors' remuneration report for the year ended 31st March 2006.

**3** To declare a final dividend.

[See note 5](#) **4** To reappoint Sir Nigel Rudd as a director.

[See note 5](#) **5** To reappoint Jim Smart as a director.

**6** To reappoint the auditors.

**7** To authorise the directors to determine the remuneration of the auditors.

[See note 6](#) **8** To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

THAT, in addition to any authority already existing under section 80 of the Companies Act 1985 (the Act), the board be and is hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities within the meaning of section 80 of the Act up to an aggregate nominal amount of £60.1 million or, if the proposed merger with Alliance UniChem Plc becomes effective, £119.9 million provided that this authority shall expire at the conclusion of the next annual general meeting of the company to be held after the passing of this resolution save that the company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

[See note 6](#) **9** To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT the board be and is hereby empowered pursuant to section 95 of the Companies Act 1985 (the Act) to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority conferred by the previous resolution and/or where such allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Act as if sub-section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment:

(i) of equity securities in connection with a rights issue in favour of ordinary shareholders (excluding any shareholder holding shares as treasury shares) where the equity securities respectively attributable to the interest of all such ordinary shareholders are

proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them provided that the board may make such arrangements or exclusions as they consider necessary or expedient in respect of fractional entitlements or legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange; and

(ii) (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount not exceeding £9.0 million or if the proposed merger with Alliance UniChem Plc becomes effective, £17.9 million

and shall expire at the conclusion of the next annual general meeting of the company to be held after the passing of this resolution save that the company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

**10** To consider and, if thought fit, to pass the following resolution as a special resolution: [See note 7](#)

THAT, subject to the company's articles of association and section 166 of the Companies Act 1985 (the Act), the company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Act) of its own ordinary shares on such terms and in such manner as the directors of the company shall determine, provided that:

(i) the maximum aggregate number of ordinary shares hereby authorised to be acquired is 48,571,000 or, if the proposed merger with Alliance UniChem Plc becomes effective, 96,756,000;

(ii) the maximum price which may be paid for each ordinary share is not more than the higher of 5% above the average of the closing mid-market prices for the ordinary shares of the company (derived from the London Stock Exchange Daily Official List) for the five business days prior to the date the purchase is made and that stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation, and the minimum price per ordinary share is the nominal value thereof in each case exclusive of any expenses payable by the company; and

(iii) the authority hereby given shall expire at the conclusion of the next annual general meeting of the company save that the company may make a purchase of ordinary shares after expiry of such authority in execution of a contract of purchase that was made under and before the expiry of such authority.

See note 8 **11** To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT the articles of association of the company be amended so that articles 63, 72 and 74 of the articles of association of the company read:

“63 Each director shall be entitled to attend and speak at any general meeting of the company. Any proxy appointed by a member shall also be entitled to speak at any general meeting of the company. The chairman may invite any person to attend and speak at any general meeting of the company where he considers that this will assist in the deliberations of the meeting.

72 Votes may be given either personally or by proxy. If a member appoints more than one proxy he shall specify the number of shares in respect of which each proxy is entitled to exercise the related votes and shall ensure that no proxy is appointed to exercise the votes which any other proxy has been appointed by that member to exercise.

74 Subject to any special terms as to voting upon which any shares may be issued or may at the relevant time be held and to any other provisions of these articles, on a show of hands every member who is present in person shall have one vote and every proxy appointed by a member and present at a general meeting of the company (other than the chairman of the meeting) shall have one vote. A proxy shall not have more than one vote on a show of hands even if he is also a member or is a proxy for more than one member. On a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder”.

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

THAT, subject to the merger with Alliance UniChem Plc becoming effective, the company be and is hereby authorised, in accordance with section 347C of the Companies Act 1985 (the Act):

(i) to make donations to EU political organisations, as defined in section 347A of the Act, not exceeding £37,500 in total; and

(ii) to incur EU political expenditure, as defined in section 347A of the Act, not exceeding £37,500 in total;

during the period beginning with the date of the passing of this resolution and ending at the conclusion of the next annual general meeting of the company to be held after the passing of this resolution.

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

That the rules of the Boots performance share plan be amended by the deletion of clause 3.3(B).

By Order of the Board  
16th June 2006

**Michael Oliver**  
**Secretary**

See note 9

See note 10

## Recommendation

Your board believes that the proposed resolutions to be put to the meeting are in the best interests of shareholders as a whole and, accordingly, recommends that shareholders vote in favour of the resolutions, as the directors intend to do in respect of their own beneficial shareholdings in the company.

## Notes

**1 Entitlement to attend and vote** The rights of members to attend and vote at the meeting will be determined by reference to entries on the register of members as at 5 p.m. on 18th July 2006. Only holders of ordinary shares (other than holders of such shares as treasury shares) on the register at that time shall be entitled to attend and/or vote at the meeting. Such shareholders may vote in respect of the number of shares registered in their names at that time, but any subsequent changes to the register of members shall be disregarded in determining rights to attend and vote.

**2 Proxies** A member entitled to attend and vote may appoint one or more proxies (who need not be members of the company) to attend and vote instead of him or her. A form of proxy is enclosed which members are invited to complete and return in the reply-paid envelope provided. Lodging a form of proxy will not preclude the member from attending the meeting and voting in person should he or she decide to do so. To be valid, the form of proxy (together with any power of attorney or other authority under which it is signed) must reach the company's registrar, Capita Registrars, not later than 11.00 a.m. on 18th July 2006 (48 hours before the AGM).

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic appointment service may do so for the AGM by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members who have appointed a voting service provider, 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 CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Issuer's agent (ID number RA10) not later than 48 hours before the time appointed for 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 provider(s) should note that CRESTCo 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 procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

**3 Documents for inspection** The following documents are available for inspection at 1 Thane Road West, Nottingham NG2 3AA during normal business hours on any weekday (excluding Saturdays) from the date of this notice until the date of the Annual General Meeting and at The Albert Hall, North Circus Street, off Derby Road, Nottingham NG1 5AA from 10 a.m. on Thursday 20th July 2006 until the conclusion of the meeting:

- (i) a register of interests of directors and their families in the shares of the company;
- (ii) copies of all contracts of service under which directors are employed by the company;
- (iii) the articles of association of the company; and
- (iv) the rules of the Boots performance share plan.

A copy of the articles of association of the company may be inspected at the offices of Slaughter & May, One Bunhill Row, London EC1Y 8YY during normal business hours on any weekday (excluding Saturdays) from the date of this notice until the date of the Annual General Meeting.

**4 Directors' Remuneration report** The Directors' Remuneration Report Regulations 2002 (the Regulations) came into effect on 1st August 2002. The Regulations require companies quoted on the London Stock Exchange to put an ordinary resolution to shareholders at the annual general meeting seeking approval of the directors' remuneration report. The remuneration report is set out in full in the annual report and accounts.

**5 Biographical details of directors seeking reappointment** Under the company's articles of association, one third of the directors must retire each year by rotation, though they may offer themselves for reappointment. In accordance with article 90 of the articles of association of the company, the directors of the company to retire (both as to number and identity) shall be determined by the composition of the board at the start of business on the date of the notice convening the annual general meeting.

This year Sir Nigel Rudd will retire by rotation and is nominated for reappointment under item 4. Dr Martin Read will also retire by rotation but, having served two three-year terms, will not offer himself for reappointment.

**Sir Nigel Rudd**

Chairman age 59

Sir Nigel Rudd was appointed to the Board of Boots in December 1999, was appointed deputy chairman in December 2001 and Chairman on 15th September 2003. He is currently the non-executive chairman of Pilkington (a role he will shortly relinquish) and of Pendragon. He is also deputy chairman of Barclays and chairman of the Boardroom Issues Group of the CBI. Sir Nigel is a chartered accountant and was previously executive chairman of Williams for nearly 20 years.

The company's articles of association require any director appointed by the board since the date of the last annual general meeting to hold office only until the annual general meeting next following the date of appointment. Mr Jim Smart was appointed to the board in October 2005 and will thus seek reappointment under item 5.

**Jim Smart**

chief financial officer age 46

Jim Smart was appointed to the Board of Boots in October 2005. He joined Boots in 2003 as group financial controller and was promoted to acting chief financial officer in May 2005. Jim was educated at Edinburgh University and trained as an accountant at Coopers & Lybrand. Before coming to Boots, Jim was at Abbey National for 15 years during which time he held a number of senior finance and operational positions including group financial controller, group finance director of First National Bank and corporate resources director.

**6 Renewal of authority to allot shares (Items 8 and 9 on the agenda)** Shareholders are being asked to renew the authorities given to the board at the last annual general meeting to allot unissued share capital and to allot shares for cash in limited circumstances (the making of a rights issue or an issue of shares for cash up to a specified maximum) which expire on 20th July 2006 until the next annual general meeting of the company.

An ordinary resolution (item 8) will be proposed to authorise the board to allot the unissued share capital up to £60.1 million or, if the proposed merger with Alliance UniChem Plc becomes effective, £119.9 million being just under 33.33% of the issued share capital of the company on 17th May 2006, the latest practicable date before the printing of this notice, and on the first day following completion of the merger (assuming that the maximum number of Boots shares are issued in connection with the merger), respectively. A special resolution (item 9) will be proposed authorising the board to allot shares for cash on a non pre-emptive basis including the allotment of ordinary shares which the company has purchased and elected to hold as treasury shares (see note 7 below). These allotments are limited to a nominal amount of £9.0 million or, if the proposed merger with Alliance UniChem Plc becomes effective, £17.9 million being approximately 5% of the issued ordinary share capital of the company on 17th May 2006, the latest practicable date before the printing of this notice, and on the first day following completion of the merger (assuming that the maximum number of Boots shares are issued in connection with the merger), respectively. As at 17th May 2006, the company does not hold any treasury shares in the company.

There are no present plans to allot any of the unissued share capital of the company other than in connection with employee share schemes or with the proposed merger with Alliance UniChem Plc.

**7 Authority to purchase own shares (Item 10 on the agenda)** Shareholders are being asked to renew, until the next annual general meeting, the board's authority to buy the company's own shares subject to the constraints set out in resolution 10. The board would exercise this power only if satisfied that it was in the interests of the shareholders as a whole to do so and that it was likely to result in an increase in earnings per share. The total number of options to subscribe for equity shares outstanding as at 17th May 2006 was 2,491,578. The number of options outstanding represents 0.512% of the issued share capital at 17th May 2006 and, if both the remainder of the existing authority to purchase shares granted at the last annual general meeting and the authority being sought were fully utilised, 0.682% of the share capital which would be in issue on the assumption that the merger does not take place (0.294% of the share capital on the assumption that the merger does take place).

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the Regulations) were laid before Parliament on 15th April 2003 and came into effect on 1st December 2003. The Regulations enable companies to retain any of their own shares they have purchased as treasury stock with a view to possible re-issue at a future date, rather than cancelling them as was previously required. The company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury stock provided that the number so held did not at any time exceed 10% of the company's issued share capital. This would give the company the ability to re-issue treasury shares quickly and cost-effectively, and would provide the company with additional flexibility in the management of its capital base.

Article 5(1) of the Buy-back and Stabilisation Regulation provides that an issuer must not, when executing trades under a buy-back programme, purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out.

**8 Amendment of articles of association (Item 11 on the agenda)** The company has established the Boots Share Account (a company sponsored nominee (CSN) so that shareholders can benefit from, amongst other things, more convenient transfer of shares and more competitive dealing rates. In order for the beneficial owners of shares held by the CSN (or held in any other nominee account) to be able to vote on a show of hands and speak at general meetings of the company which they attend as proxies, it is proposed that articles 63, 72 and 74 of the articles of association of the company be amended as set out in resolution 11. A sentence has also been inserted into article 72 requiring a member who appoints more than one proxy to attend at a particular general meeting of the company, to set out the number of shares in respect of which

each proxy is entitled to exercise the right to vote. The amendment will also, if passed, enhance the rights of all others attending as proxies.

Moreover, the Company Law Reform Bill, currently before Parliament and expected to come into force in either April or October 2007, proposes to make amendments to the Companies Act 1985 to provide proxies of members with the rights secured by the amendments proposed to articles 63, 72 and 74 set out in resolution 11. Many companies are currently moving to make the amendments set out in resolution 11 in advance of the passing of the Bill, regardless of whether they have recently established a company sponsored nominee.

**9 Authority to make political donations and incur political expenditure (Item 12 on the agenda)** The company does not intend to change its current practice of not making donations to political parties. However, the Political Parties, Elections and Referendums Act 2000 (the Act), which came into effect in February 2001, defines political donations and expenditure very widely such that normal business activities which might not be thought to be political expenditure in the usual sense are included. Sponsorship of industry forums, involvement in seminars and functions to which politicians may be invited and making provision for employees to take time off to campaign for and hold public office or to take part in trade union activities, not only in the UK but across the EU, may fall under the terms of the Act. The company has in recent years determined not to seek authority under the Act. However, given the wide geographical distribution of the Alliance UniChem businesses, and Alliance UniChem's current practice of seeking shareholder authority on a precautionary basis, it is considered appropriate for the company to seek shareholder approval (also on a precautionary basis to avoid possible inadvertent contravention of the Act) to incur a level of expenditure to cover all these activities. The resolution will allow the company to incur total expenditure of up to £75,000 for one year, beginning with the date of the passing of this resolution and ending at the conclusion of the next annual general meeting of the company to be held after the passing of this resolution.

**10 Amendment to the rules of the Boots performance share plan (Item 13 on the agenda)** Under the Boots performance share plan, the timing of grants to participants is subject to an over-riding provision that no grants may be made more than four months after the start of the relevant performance period. If the proposed merger with Alliance UniChem Plc becomes effective, senior managers throughout the enlarged organisation will be eligible to receive grants under the plan. The company has deferred grants this year to enable grants to be made on a consistent basis across the enlarged group. Such grants can, however, only be made if the amendment is approved.

### Travel

Please note that the walk to The Albert Hall from Nottingham station or from the Broadmarsh bus station will take approximately 15 minutes and that the route is mainly uphill.

### Park and Ride Schemes

Forest Park and Ride, situated to the north of the city at the Forest Site, Gregory Boulevard between the A60 and A610.

Phoenix Park and Ride, situated to the north west of the city at The Phoenix Centre, A610 near M1 junction 26.

Colwick Racecourse Park and Ride, situated to the east of the city at Nottingham Racecourse on the A6.

Queens Park and Ride, situated to the south west of the city at Queens drive, on the A453 Clifton Bridge.

### Car parks

Major car parks are clearly sign posted on the main approach roads to the city centre. The car parks most convenient to the AGM venue are Talbot Street car park and Mount Street car park.

### Train Services

Midland Mainline is the principal operator of inter-city train services to and from Nottingham Station.

### Bus Services

Numerous bus routes stop close to The Albert Hall, including 12, 28-30, 35-38, 60, 62, 75 and 77-79.

