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PART I

PROPOSED MERGER OF BOOTS AND ALLIANCE UNICHEM TO CREATE ALLIANCE BOOTS PLC AN INTERNATIONAL PHARMACY-LED HEALTHCARE GROUP

The Boards of Alliance UniChem and Boots announce that they have agreed the terms of a recommended Merger to create Alliance Boots, an international pharmacy-led healthcare group with combined sales of over £13 billion. This merger of equals builds on the existing strategies of Alliance UniChem and Boots, combining their complementary skills and businesses to:

- **Create Europe's leading retail pharmacy business** comprising just under 3,000¹ retail outlets with a wholesale and distribution network serving over 88,000¹ outlets including:
 - a network of approximately 2,600 UK healthcare outlets, including two distinctly managed formats which will be branded Boots, comprising approximately 1,500 *community pharmacies* and approximately 800 destination *health and beauty* stores, most of which include a pharmacy. In addition, the Group will have approximately 300 other retail outlets. The Merger will allow improved healthcare offerings across the broader network of community and local pharmacies while continuing to support and develop the destination stores as the UK's health and beauty expert
 - a wholesale network across 11 European countries¹, predominantly serving both independent pharmacies and Alliance Boots outlets
 - enhanced opportunities for further retail pharmacy expansion in existing markets utilising Alliance Boots' combined skills, brands and own label products
- **Enhance international growth opportunities** in new markets:
 - Alliance Boots has a pipeline of existing acquisition opportunities in new geographical markets for the expansion of both its retail pharmacy network and its wholesale and distribution activities
 - Alliance Boots' acquisition skills, management expertise, internationally-recognised brands and strong balance sheet are expected to enhance Alliance Boots' ability to access these new markets
- **Deliver annual pre-tax cost savings of at least £100 million*** by the fourth full year following completion of the Merger by:
 - streamlining the combined Group's purchasing, logistics and wholesale network
 - rationalising corporate costs

Alliance Boots also expects incremental revenue benefits from the increased availability of our leading brands, our own label products and the Boots Advantage Card across the larger network. In addition, the Group will benefit from the application of retail pharmacy and wholesale skills across the broader Group.

The Merger will combine two complementary management teams with Sir Nigel Rudd becoming Chairman of the Group and Richard Baker becoming Chief Executive. Stefano Pessina will be appointed as Executive Deputy Chairman and George Fairweather will be Group Finance Director.

Merger terms

The Exchange Ratio shall be calculated on the basis of the issued share capital of Boots immediately prior to the posting of the Merger Documentation so as to provide Alliance UniChem Shareholders (on a fully diluted basis) with such number of New Boots Shares as results in Boots Shareholders holding 50.2 per cent., and Alliance UniChem Shareholders holding (on a fully diluted basis) 49.8 per cent., of the issued share capital of Alliance Boots. The Merger is pre-conditional, *inter alia*, on the disposal of BHI. It is intended that Boots will return by way of the Special Dividend all post-tax disposal proceeds in excess of £400 million to Boots Shareholders prior to the determination of the Exchange Ratio for the Merger.

The Boards of Alliance UniChem and Boots each intend unanimously to recommend the Merger to their respective shareholders.

The Merger will be implemented by way of the Merger Offer unless the parties agree to implement it by way of the Scheme.

Boots has received an irrevocable undertaking to accept the Merger Offer (or, as the case may be, to vote in favour of the resolutions to effect the Scheme) from Stefano Pessina, the Executive Deputy Chairman of Alliance UniChem in respect of 108,447,700 Alliance UniChem Shares in aggregate, representing approximately 30 per cent. of Alliance UniChem's issued share capital. This undertaking will cease to be binding in certain circumstances as set out in Part II.

Following completion of the Merger, Mr. Pessina will hold approximately 15 per cent. of Alliance Boots, a holding he has indicated he intends to retain for the long term.

Save for the Special Dividend, Alliance UniChem and Boots will each retain their current dividend policies in respect of the period prior to the completion of the Merger. Following the Merger, consistent with Alliance Boots' enhanced growth strategy, it is expected that Alliance Boots will follow a progressive dividend policy which balances returns to shareholders with the need to retain sufficient funds to drive growth. In setting its initial dividend, it is expected that Alliance Boots will target a dividend cover of 2.0-2.5 times.

The Merger is also subject to certain other pre-conditions including the obtaining of appropriate competition authority clearances.

Dependent upon the position of the relevant competition authorities, it is expected that the Merger will be completed in 2006.

Commenting on today's announcement, **Sir Nigel Rudd, Chairman of Boots**, said:

"This merger provides both businesses with a unique opportunity to combine their respective strengths to create an international force in pharmacy retailing and distribution. In this management team, I believe we have the best of healthcare and retailing expertise to drive growth and deliver substantial value to shareholders."

Commenting on today's announcement, **Paolo Scaroni, Chairman of Alliance UniChem**, said:

"The Board of Alliance UniChem believes that the combination with Boots presents exciting opportunities to our shareholders and employees. We whole-heartedly recommend it to all our stakeholders."

Commenting on today's announcement, **Richard Baker, Chief Executive of Boots**, said:

"Today's announcement will enable Boots to put the Chemist even more firmly at the heart of our strategy. With Alliance UniChem's distribution network and proven international expertise, Alliance Boots will also have exciting opportunities to take the trusted Boots brand and products into new markets."

Commenting on today's announcement, **Stefano Pessina, Executive Deputy Chairman of Alliance UniChem**, said:

"The fast evolving healthcare markets around the world provide the new group with a broad international stage upon which we can deploy our combined operational and management skills. We at Alliance UniChem have significant experience of acquiring and integrating healthcare businesses internationally. The Merger creates a platform to grow both our pharmacy and distribution businesses and enhance our offering to the independent pharmacist."

Goldman Sachs International is acting as financial adviser to Boots. UBS is acting as corporate broker to Boots.

Merrill Lynch is lead financial adviser and joint corporate broker to Alliance UniChem. CSFB is acting as financial adviser and joint corporate broker to Alliance UniChem.

This summary should be read in conjunction with the full text of the following announcement. Appendix II contains definitions of certain terms used in this summary and the following announcement.

There will be a presentation to analysts at 9:15 a.m. today at Merrill Lynch, King Edward Hall, 2 King Edward Street, London EC1A 1HQ, and a press conference at 11:15 a.m. at the same address.

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Goldman Sachs International, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for Boots in relation to the matters described in this announcement and is not advising any other person and accordingly will not be responsible to any person other than Boots for providing the protections afforded to the customers of Goldman Sachs International or for providing advice in relation to the matters described in this announcement.

UBS is acting as corporate broker to Boots and no one else in connection with the Merger Offer and will not be responsible to anyone other than Boots for providing the protections afforded to clients of UBS, nor for providing advice in relation to the Merger Offer.

Merrill Lynch, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for Alliance UniChem in relation to the matters described in this announcement and is not advising any other person and accordingly will not be responsible to any person other than Alliance UniChem for providing the protections afforded to the customers of Merrill Lynch or for providing advice in relation to the matters described in this announcement.

CSFB, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for Alliance

UniChem in relation to the matters described in this announcement and is not advising any other person and accordingly will not be responsible to any person other than Alliance UniChem for providing the protections afforded to the customers of CSFB or for providing advice in relation to the matters described in this announcement.

This announcement does not constitute, or form part of, any offer for, or any solicitation of any offer for, or any offer to sell securities in any jurisdiction, nor does it constitute a prospectus or prospectus equivalent document.

This announcement does not constitute an offer for the sale of, or an offer to acquire, securities in the United States. The New Boots Shares to which this announcement relate have not been, and will not be, registered under the US Securities Act and may not be offered or sold, directly or indirectly, into the United States absent registration or an applicable exemption from registration under the US Securities Act. There will be no public offering of the New Boots Shares in the United States.

If the Merger is implemented by way of the Merger Offer, the Merger Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of any securities exchange of, Canada, Australia or Japan and will not be capable of acceptance by any such use, means, instrumentality or facility or from within Canada, Australia or Japan. Accordingly, neither this announcement nor the Offer Document nor the Form of Acceptance is being, and must not be, mailed or otherwise forwarded, transmitted, distributed or sent in, into or from Canada, Australia or Japan. Doing so may render invalid any purported acceptance of the Merger Offer. All Alliance UniChem Shareholders or other persons (including nominees, trustees or custodians) who would or otherwise intend to, or may have a contractual or legal obligation to, forward this announcement or the Offer Document or the Form of Acceptance to any jurisdiction outside the United Kingdom, should refrain from doing so and seek appropriate professional advice before taking any action.

Any person who, acting alone or acting together with any person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control securities of Boots or Alliance UniChem, owns or controls or becomes the owner or controller, directly or indirectly, of one per cent. or more of any class of securities of Boots or Alliance UniChem is generally required under the provisions of Rule 8 of the City Code to notify a Regulatory Information Service as specified in the Listing Rules and the Panel by not later than 12:00 noon (London time) on the London business day following the date of the transaction of every dealing in such securities during the offer period to the date on which the Merger Offer becomes or is declared unconditional in all respects or lapses or is otherwise withdrawn (or, as the case may be, the Scheme becomes effective). Dealings by Boots or Alliance UniChem or by their respective "associates" (as defined in the City Code) in any class of securities of Boots or Alliance UniChem until the end of such offer period must also be disclosed. Please consult your financial adviser if you believe this Rule may be applicable to you.

The New Boots Shares to be issued in connection with the Merger have not been, and will not be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan and no regulatory clearances in respect of the New Boots Shares have been, or will be, applied for in any jurisdiction other than the UK. Accordingly, unless an exemption under the relevant securities laws is applicable, the New Boots Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in or into Canada, Australia or Japan or to, or for the account or benefit of, any person resident in Canada, Australia or Japan.

¹ *Including associates*

** The expected synergies have been calculated by Boots and Alliance UniChem on the basis of the existing and projected cost and operating structures of the Group. These statements of estimated synergies relate to future actions and circumstances which, by their nature involve risks, uncertainties, contingencies and other factors. As a result, the synergies referred to may not be achieved, or those achieved may be materially different from those estimated.*

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PART II

PROPOSED MERGER OF BOOTS AND ALLIANCE UNICHEM TO CREATE ALLIANCE BOOTS PLC AN INTERNATIONAL PHARMACY-LED HEALTHCARE GROUP

1. Introduction

The Boards of Alliance UniChem and Boots announce that they have agreed the terms of a recommended Merger to create Alliance Boots, an international pharmacy-led healthcare group with combined sales of over £13 billion.

The Merger will be implemented by way of the Merger Offer to be made by Goldman Sachs International on behalf of Boots for Alliance UniChem, unless the parties agree to effect the Merger through the Scheme.

2. Merger terms

On 7 April 2005, Boots announced its intention to dispose of BHI, its consumer healthcare business. The sale process is ongoing. Following the proposed disposal of BHI, it is intended that £400 million of the disposal proceeds will be retained by Boots for future investment. It is intended that the balance of the after-tax disposal proceeds will be distributed to Boots Shareholders by way of the Special Dividend which will be accompanied by a consolidation of the share capital of Boots.

The Exchange Ratio for the Merger will be determined immediately prior to the posting of the Merger Documentation and only once the Boots Special Dividend has been paid and the associated share capital consolidation has taken place. The Exchange Ratio will be calculated on the basis of the issued share capital of Boots immediately prior to posting of the Merger Documentation so as to provide Alliance UniChem Shareholders (on a fully diluted basis) with such number of New Boots Shares as results in existing Boots Shareholders holding 50.2 per cent., and Alliance UniChem Shareholders holding (on a fully diluted basis) 49.8 per cent., of the issued share capital of Alliance Boots.

The Merger is subject to the Pre-Conditions and the Conditions set out in Appendix I to this announcement. The Pre-Conditions include receipt of appropriate competition authority clearances as well as the completion of the proposed disposal of BHI. The Merger Documentation will not be issued until such time as all the Pre-Conditions have been satisfied or waived. The Merger will be conditional, *inter alia*, on the approval of the transaction by Boots Shareholders.

Dependent upon the position of the relevant competition authorities, it is expected that the Merger will be completed in 2006.

If the Merger is effected by way of the Merger Offer, the Alliance UniChem Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights then attaching thereto other than as relates to dividends as set out in paragraph 13 below.

Alliance UniChem and Boots reserve the right to implement the Merger by way of the Scheme rather than the Merger Offer, if they agree to do so. In this event, the Scheme will be implemented on the same terms, so far as applicable, as those which would apply to the Merger Offer. The Scheme would involve an application by Alliance UniChem to the Court to sanction the Scheme and confirm the cancellation of all of the Alliance UniChem Shares which are the subject of the Scheme, in consideration for which the Alliance UniChem Shareholders would receive New Boots Shares.

The Scheme would require the approval of the Alliance UniChem Shareholders at the Court Meeting and approval by the Alliance UniChem Shareholders of certain resolutions to be proposed at the Alliance UniChem Extraordinary General Meeting. The Scheme would be approved at the Court Meeting if a majority in number representing 75 per cent. in value of the Alliance UniChem Shareholders present and voting, either in person or by proxy, vote in favour of the Scheme. The Alliance UniChem Extraordinary General Meeting would be convened for the purposes of considering and, if thought fit, passing a special resolution to approve the reduction of Alliance UniChem's share capital and amendments to the articles of association of Alliance UniChem necessary to implement the Scheme and any other resolutions that may be necessary.

Once the necessary approvals from the Alliance UniChem Shareholders have been obtained and the other Conditions have been satisfied (or, where applicable, waived), the Scheme would become effective upon sanction by the Court and the registration of the final court order by the Registrar of Companies in England and Wales.

Fractional entitlements to New Boots Shares under the terms of the Merger will be disregarded and will not be issued.

3. Board recommendations

The Directors of Alliance UniChem, who have been so advised by Merrill Lynch and CSFB, consider the terms of the Merger to be fair and reasonable and intend unanimously to recommend that Alliance UniChem Shareholders accept the Merger Offer (or as the case may be, to recommend that Alliance UniChem Shareholders vote in favour of the resolutions to effect the Scheme), as they intend to do in respect of their own direct and indirect beneficial holdings of, in aggregate, 108,872,530 Alliance UniChem Shares, representing approximately 30 per cent. of Alliance UniChem's existing issued share capital. Merrill Lynch is deemed to be a connected party to Boots. CSFB is therefore acting as the independent financial adviser to Alliance UniChem for the purposes of providing independent advice to the Board of Alliance UniChem on the Merger Offer under Rule 3 of the Code. In providing their advice to the Directors of Alliance UniChem, Merrill Lynch and CSFB have taken into account the commercial assessments of the Directors of Alliance UniChem.

The Directors of Boots, who have received financial advice from Goldman Sachs International, are of the opinion that the Merger is in the best interests of Boots Shareholders as a whole and that the terms are fair and reasonable. In providing its financial advice to the Directors of Boots, Goldman Sachs International has taken into account the commercial assessments of the Directors of Boots. The Board of Boots intends unanimously to recommend that Boots Shareholders vote in favour of the resolutions to be proposed at the Boots Extraordinary General Meeting.

4. Irrevocable undertakings

Boots has received an irrevocable undertaking to accept the Merger Offer (or, as the case may be, to vote in favour of the resolutions to effect the Scheme) from Stefano Pessina, the Executive Deputy Chairman of Alliance UniChem in respect of 108,447,700 Alliance UniChem Shares, representing approximately 30 per cent. of Alliance UniChem's existing issued share capital.

This irrevocable undertaking will cease to be binding in the following circumstances:

- (A) the Pre-Conditions are not satisfied or waived within 13 months following submission of the Form RS or Form CO (whichever is the earlier and each as defined in the Framework Agreement);
- (B) the Merger Offer is withdrawn or lapses;
- (C) a competition authority irrevocably blocks the Merger;
- (D) Boots Shareholders do not pass the relevant resolutions to approve the Merger at the Boots Extraordinary General Meeting;
- (E) if the Merger is to be implemented by way of the Scheme, Alliance UniChem Shareholders do not approve the resolutions to approve the Scheme; ;
- (F) Stefano Pessina dies or is permanently incapacitated;
- (G) an Independent Competing Offer is announced for Boots which is recommended by the Directors of Boots;
- (H) an Independent Competing Offer is made for Boots which is not recommended by the Boots Board and which becomes unconditional in all respects;
- (I) an Independent Competing Offer is made for Boots which is either recommended by the Directors of Boots or in respect of which the Boots Directors fail to advise Boots Shareholders not to accept such an Independent Competing Offer;
- (J) prior to the Boots Extraordinary General Meeting, the Directors of Boots withdraw, qualify or adversely amend their recommendation to Boots Shareholders to vote in favour of the resolutions proposed at the Boots Extraordinary General Meeting;
- (K) an Independent Competing Offer is made by a third party for Alliance UniChem under which acceptances are received in respect of more than 45% of the Alliance UniChem Shares at that time;
- (L) an Independent Competing Offer is announced for Boots (whether or not subject to a pre-condition) by a person with a controlling interest in a business the principal activity of which is national pharmaceutical wholesale or pharmacy activity in the UK; or
- (M) a third party or a group of people acting in concert acquire shares or rights over shares carrying 25 per cent. or more of the voting rights exercisable at a general meeting of Boots.

5. Rationale for the Merger

The Merger will create an international pharmacy-led healthcare group. The Merger builds on the existing strategies of Alliance UniChem and Boots, combining their complementary skills and businesses. The Merger will better position Alliance Boots to capture the substantial growth opportunities that Alliance UniChem and Boots expect in the health and beauty sectors, while also delivering substantial cost savings to enhance Alliance Boots' efficiency and competitiveness in pursuing those opportunities.

Growth opportunities in pharmacy

Healthcare

Growth in demand for healthcare has been driven by an increasing consumer health awareness and an ageing population. European governments continue to focus on ways to minimise healthcare costs and, as a result, have implemented policies that offer significant opportunities for Alliance Boots. For example:

- Governments have promoted the increased prescription of generics instead of more costly branded pharmaceuticals. Alliance Boots is well positioned to benefit from this trend due to its international buying capabilities and the attraction of *Almus*, its award-winning brand of generic drugs
- the UK government is urging pharmacists to take a more clinical and proactive role in the health of patients as a result of the New Pharmacy Contract in England and Wales

Beauty

Growth in demand for beauty products has been driven by an increased consumer willingness to spend money on personal care. Boots is the leader in this market in the UK and has a portfolio of differentiated and leading brands such as No 7, Soltan and Botanics, which are already being sold in selected international markets.

To address these trends and capture a greater share of the health and beauty markets the Merger will establish:

■ Europe's leading retail pharmacy business

The Merger will create an international pharmacy-led healthcare group comprising just under 3,000 retail outlets, including associates, of which just under 2,700 have a pharmacy, with a wholesale network serving over 88,000 outlets. This comprises:

— Approximately 2,600 healthcare outlets in the UK

The network will include two distinctly managed retail formats, both branded Boots, ranging from smaller dispensing pharmacies to larger high street and “edge of town” health and beauty stores:

- approximately 1,500 *community pharmacies* where healthcare and dispensing revenues typically account for the majority of sales. These pharmacies are typically in community and secondary high street locations and have a strong emphasis on healthcare and advice. These are well placed to provide an increased role in the provision of services, working closely with other primary healthcare providers
- approximately 800 destination *health and beauty* stores, which typically include a pharmacy, focused around a broader health and beauty offer, including Boots' trusted private label and other trusted Boots brands such as No 7, Soltan and Botanics
- in addition, Alliance Boots will operate approximately 300 other retail outlets, including Boots Opticians and Scholl footcare outlets

— International Retail

Alliance Boots operates over 400 pharmacies in Norway, The Netherlands, Thailand, Ireland, Italy and through an associate in Switzerland, and also through other healthcare outlets

— Wholesale

Alliance Boots' wholesale business model is designed to provide customers and manufacturers with an efficient system for the distribution of medicines and other healthcare products to pharmacies, supported by valued added services. Alliance UniChem's wholesale network (including associates)

operates in 11 European countries, through 272 depots with over 22,000 employees

■ **Enhanced international growth opportunities in new markets**

Alliance Boots has a pipeline of attractive opportunities in new geographical markets for the expansion of both its retail pharmacy network and its wholesale and distribution activities. Alliance Boots' ability to access new markets and its attractiveness to potential partners is expected to be significantly enhanced by the management expertise, internationally recognised brands and balance sheet strength of the combined group:

— **Complementary management teams**

Alliance Boots' management team has a unique combination of pharmacy, wholesale, retail, acquisition and brand management. In particular, Alliance UniChem already has an established track record of successful expansion into new geographical markets. Boots' management brings proven retail expertise with which to enhance the Group's expansion potential

— **Internationally recognised brands**

the Boots brand will increase the Group's appeal to potential partners, customers and pharmacists. In addition, the sale of Alliance Boots' extensive proprietary product range to new customers in new international markets (e.g. *No 7*, *Soltan*, *Botanics* and *Almus*) is expected to provide incremental benefits

— **Strong balance sheet**

Alliance Boots intends to have an investment grade credit rating in order to provide financial flexibility and support attractive acquisitions in new international markets

■ **Projected annual pre-tax cost savings of at least £100 million* and incremental revenue potential**

— **Cost savings**

Alliance Boots expects annual pre-tax cost savings as a result of the Merger of at least £100 million by the fourth full year following Completion. The savings are expected to be delivered such that over 60 per cent. of the run-rate savings will accrue by the second year following the Merger and 100 per cent. by the fourth year. The cost savings are expected to arise from:

- streamlining the combined group's purchasing, logistics and wholesale network to deliver savings of approximately £80 million by the fourth full year following Completion
- rationalising corporate costs to deliver savings of approximately £20 million by the fourth full year following Completion

The aggregate one-off profit and loss charges, which are all cash costs, related to achieving these synergies, are expected to amount to approximately £53 million. In addition, Alliance Boots will incur additional capital expenditure of £7 million in relation to the delivery of these synergies.

— **Revenue opportunities**

The Group also expects incremental revenue benefits from the increased availability of our leading brands, our own label products and the Boots Advantage Card across the larger network. In addition, Alliance Boots will benefit from the application of pharmacy retail and wholesale skills across the Group.

6. **Change of name**

It is intended that a resolution to change the name of Boots to Alliance Boots will be put to Boots Shareholders at the Boots Extraordinary General Meeting.

7. Board of Directors

The Board will be drawn from the current Boards of Alliance UniChem and Boots as follows:

Sir Nigel Rudd	Chairman
Stefano Pessina	Executive Deputy Chairman
Richard Baker	Chief Executive
George Fairweather	Group Finance Director
Ornella Barra	Wholesale and Commercial Affairs Director
Steve Duncan	Community Pharmacy Director
Scott Wheway	Health and Beauty Retail Director
Guy Dawson	Non-Executive Director
Adrian Loader	Non-Executive Director
Tim Parker	Non-Executive Director
Hélène Ploix	Non-Executive Director
Patrick Ponsolle	Non-Executive Director
Manfred Stach	Non-Executive Director

A further Non-Executive Director will be appointed following the completion of the Merger.

Stefano Pessina, Executive Deputy Chairman, will be responsible for integration and strategy and will report directly to the Board of Alliance Boots.

In the absence of one of the individuals set out above, Alliance UniChem and Boots have agreed that at Completion, six Directors of Alliance Boots will be nominated by Boots and seven Directors of Alliance Boots will be nominated by Alliance UniChem.

Alliance UniChem and Boots have agreed that as at Completion, Directors nominated by Alliance UniChem will comprise a majority of the Nominations Committee of the Group.

8. Information on Boots

Boots is a health and beauty company with operations in retail, manufacturing and distribution. Boots sells its products in 130 countries and, excluding BHI, employs approximately 65,000 people globally. Boots operates over 1,400 health and beauty stores in the UK with an aggregate selling area in excess of 647,000 square metres. The group sells a wide range of products under the Boots brand and also owns a number of internationally recognised brands such as No 7, Soltan and Botanics. Boots' international division, BRI, operates more than 400 implants in nine countries as well as over 80 owned stores in Asia. On 7 April 2005, Boots announced the intended sale of BHI, its consumer healthcare business.

For the financial year ended 31 March 2005, Boots reported turnover of £5,469.1 million and generated group operating profit before exceptional items of £501.7 million, profit before taxation of £427.6 million and basic earnings per share before exceptional items of 45.7 pence. Boots reported net assets of £1,610.5 million as at 31 March 2005.

9. Information on Alliance UniChem

Alliance UniChem, formed in 1997 through the merger of UniChem PLC and Alliance Santé S.A., has core businesses of pharmaceutical wholesaling and retail pharmacy. Including associates, Alliance UniChem operates over 1,250 pharmacies across Europe, including 939 in the UK (including associates). Alliance UniChem distributes to over 88,000 pharmacies, hospitals and health centres across Europe through a

distribution network comprising 272 depots. Alliance UniChem's largest wholesale operations are in France and the UK, which reported revenues of £3,640.1 million and £1,873.1 million respectively in the year ended 31 December 2004.

Alliance UniChem, including associates, has approximately 30,000 employees, with wholesaling operations in 11 countries and retail operations in 5 countries.

For the financial year ended 31 December 2004, Alliance UniChem reported turnover of £8,898.4 million and generated total operating profit before amortisation of intangible assets of £291.4 million, profit before tax of £252.0 million and diluted earnings per share before amortisation of intangible assets and exceptional items of 48.2 pence. Alliance UniChem reported net assets of £1,081.5 million as at 31 December 2004.

10. Current trading

Alliance UniChem

As announced on 28 July 2005:

"The strength and diversity of the group's business portfolio has enabled us to deliver another strong financial performance in the first half of the year, despite some relatively difficult wholesale markets.

We continue to focus on improving the performance of all our businesses, through our commitment to consistently deliver superior customer service, our expertise in margin management and our drive for further productivity savings and synergies, combined with our strong emphasis on working capital efficiency and cash generation to fund profitable expansion.

This focus, together with the benefits of our business portfolio, our opportunities for expansion and the initiatives we are taking to drive future growth, give us confidence in maintaining our track record of strong financial performance for the group for the year as a whole."

Boots

As announced on 29 September 2005:

"Trading conditions have been difficult throughout the first half with consumer spending softening further over the last quarter and we see no sign that the market will get any easier for the rest of the year. Our priority for the second half continues to be delivering for our customers while managing our trading margin, costs and working capital.

The difficult market conditions in H1 have led to LFL sales below the rate planned for the full year; the market is expected to remain similarly tough through H2. Good progress has been made towards full year plans on gross margin, operating costs and new store openings. As expected the phasing of the store openings and of supply chain changes will weight the increase in costs towards H1.

Reduced consumer spending on replacement eyewear and price deflation following the deregulation of contact lens sales, coupled with the disruption to the Boots Opticians business from the integration into BTC adversely impacted the results in H1, and these trends are expected to continue. Personnel changes in store are expected to complete in the next quarter and a robust plan is in place to drive sales with a new and up weighted advertising campaign and the introduction of new designer ranges."

11. Management and employees

The Boards of Alliance UniChem and Boots have confirmed to each other that, following the Merger Offer becoming or being declared unconditional in all respects (or, as the case may be, the Scheme becoming effective), the existing employment rights, including pension rights, of all employees of both Alliance UniChem and Boots will be fully safeguarded.

A substantial operating presence will be maintained in Nottingham, Feltham, Weybridge and Chessington in relation to the Group's UK retail and wholesale businesses. It is intended that Alliance Boots will maintain a small head office in central London.

12. Alliance UniChem Share Option Schemes

Boots intends to make appropriate proposals to holders of options in the Alliance UniChem Share Option Schemes once the Merger Offer becomes or is declared unconditional in all respects (or, as the case may be, the Scheme becomes effective).

Such proposals may include inviting participants to exchange their options or awards for corresponding options or awards over Boots Shares; the basis of any such exchange would reflect the terms of the Merger. No such invitation would be made in jurisdictions into which the Merger Offer is not being made, unless Boots otherwise determines. Participants will be informed of the proposals as soon as is practicable.

13. Dividends and year end

Save for the Special Dividend, Alliance UniChem and Boots will each retain their current dividend policies in respect of the period prior to completion of the Merger.

It is intended that if Completion takes place after the end of the current financial year of either company, the shareholders of Alliance UniChem and Boots, as relevant, shall be entitled to receive an interim dividend in respect of any period elapsed since the end of that financial year in addition to the final dividend in respect of that financial year. Such interim dividend shall be calculated on the basis of the anticipated dividend for the whole of the then current financial year pro-rated for the number of days of the year elapsed prior to completion, and after deducting any interim dividends already paid or payable in respect of that financial year.

It is intended that if Completion takes place prior to the completion of the current financial year of either company, shareholders of Alliance UniChem and Boots, as relevant, shall be entitled to receive an interim dividend calculated on the basis of the anticipated dividend for the current financial year, pro rated for the number of days of the year elapsed prior to Completion and after deducting any interim dividends already paid or payable in respect of the current year.

It is expected that any such interim dividend shall be payable to shareholders of Boots or Alliance UniChem, as relevant, by reference to a record date before Completion.

Following the Merger, consistent with the Group's enhanced growth strategy, Alliance Boots will follow a progressive dividend policy which balances returns to shareholders with the need to retain sufficient funds to drive growth. In setting its initial dividend, it is expected that Alliance Boots will target a dividend cover of 2.0-2.5 times.

The New Boots Shares will carry the right to all dividends and other distributions declared, made or paid on or

after the date on which the Merger Offer becomes or is declared unconditional in all respects (or as the case may be, after the Scheme becomes effective) save that the New Boots Shares will not carry entitlement to the Special Dividend or any interim dividend as referred to above.

It is intended that Alliance Boots will have a 31 March accounting year end and that it will pay an interim dividend in February and a final dividend in September.

14. Inducement fees

Boots has agreed to pay Alliance UniChem an inducement fee in an amount of £43 million (inclusive of VAT) on the first to occur of the following:

- (A) an Independent Competing Offer for Boots is announced and the Boots Directors recommend that Boots Shareholders accept such offer;
- (B) an Independent Competing Offer for Boots is announced (whether or not on a pre-conditional basis) and such offer becomes or is declared unconditional;
- (C) The recommendation by the Boots Directors to the Boots Shareholders to vote in favour of the resolutions proposed at the Boots Extraordinary General Meeting, at or prior to such meeting, withdrawn, qualified or adversely modified; or
- (D) The Boots Shareholders fail to pass the resolutions proposed at the Boots Extraordinary General Meeting.

Alliance UniChem has agreed to pay Boots an inducement fee in an amount of £31 million if, the irrevocable undertaking given by Stefano Pessina ceases to be binding by reason of the event described in paragraph 4 (L) above, and, following such event:

- (A) an Independent Competing Offer for Alliance UniChem is announced and the Alliance UniChem Directors recommend that Alliance UniChem Shareholders accept such offer;
- (B) an Independent Competing Offer for Alliance UniChem is announced (whether or not on a pre-conditional basis) and is declared wholly unconditional;
- (C) The recommendation by the Alliance UniChem Directors to the Alliance UniChem Shareholders to accept the Merger Offer, or, if Boots elects to implement the Merger by the Scheme, to vote in favour of the resolutions to implement the Scheme, is withdrawn, qualified or adversely amended; or
- (D) At day 60 of the Merger Offer or such earlier or later date upon which the Merger Offer closes, acceptances in respect of the Merger Offer have been received in respect of 50% or less of the Alliance UniChem Shares, or, if Boots elects to implement the Merger by way of the Scheme, the Alliance UniChem Shareholders fail to pass the resolutions to implement the Scheme.

If Boots has paid Alliance UniChem an inducement fee, then Alliance UniChem may not subsequently be required to pay an inducement fee to Boots and vice versa.

15. Boots Extraordinary General Meeting

Given the size of the proposed Merger in relation to the current size of Boots, it will be necessary for Boots Shareholders to approve the Merger and to authorise an increase in the share capital of Boots and the allotment of the New Boots Shares. The Boots Extraordinary General Meeting will be convened for this purpose.

It is expected that the Circular containing the notice of Boots Extraordinary General Meeting will be sent to Boots Shareholders shortly after the satisfaction or waiver of the Pre-Conditions.

16. De-listing and compulsory acquisition

If the Merger Offer becomes or is declared unconditional in all respects (or, as the case may be, the Scheme becomes effective), Alliance UniChem and Boots intend that Alliance UniChem will make an application to delist the Alliance UniChem Shares from the Official List and to cancel trading of Alliance UniChem Shares on the London Stock Exchange's market for listed securities and on Euronext Paris.

If the Merger is effected by way of the Merger Offer, it is anticipated that cancellation of listing on the Official List and trading on the London Stock Exchange will take effect no earlier than 20 business days after Boots has acquired or agreed to acquire 75 per cent. of the voting rights attaching to the Alliance UniChem Shares. De-listing would significantly reduce the liquidity and marketability of any Alliance UniChem Shares not assented to the Merger Offer at that time.

If the Merger is effected by way of the Merger Offer and Boots receives acceptances under the Merger Offer in respect of, or otherwise acquires, 90 per cent. or more of the Alliance UniChem Shares to which the Merger Offer relates, Boots will exercise its rights pursuant to the provisions of sections 428 to 430F (inclusive) of the Companies Act to acquire compulsorily the remaining Alliance UniChem Shares in respect of which the Merger Offer has not been accepted.

17. Securities in issue

In accordance with Rule 2.10 of the City Code, as at 7:00 a.m. on 30 September 2005, being the last business day prior to this announcement, Boots had 713,479,528 ordinary shares of 25 pence each in issue (ISIN number GB0032310780) and Alliance UniChem had 361,705,316 ordinary shares of 10 pence each in issue (ISIN number GB0009165720).

18. Listing, dealings and settlement

Applications will be made to the UK Listing Authority for the New Boots Shares to be admitted to the Official List and to the London Stock Exchange for the New Boots Shares to be admitted to trading on the London Stock Exchange's market for listed securities.

It is expected that Admission will become effective and that dealings for normal settlement in the New Boots Shares will commence on the London Stock Exchange at 8.00 a.m. on the first dealing day following the date on which the Merger Offer becomes or is declared unconditional in all respects (subject only to the condition relating to Admission contained in paragraph (D) of Part B of Appendix I to this announcement) or, as the case may be, at 8.00 am on the date on which the Scheme becomes effective.

19. General

The Merger will be governed by English law and will be subject to the jurisdiction of the English courts.

Neither Boots, nor any of its directors, nor, so far as Boots is aware, any person deemed to be acting in concert with it, owns or controls any Alliance UniChem Shares or has any option to acquire any Alliance UniChem Shares, or has entered into any derivative referenced to securities of Alliance UniChem which remains outstanding.

The Merger will be on the terms and subject to the Pre-Conditions and the Conditions set out herein and in Appendix I and to be set out in the Merger Documentation.

It is expected that the Merger Documentation, which will include a letter of recommendation from the Chairman of Alliance UniChem, will be despatched to Alliance UniChem Shareholders shortly after the satisfaction or waiver of the Pre-Conditions.

It is expected that a Circular explaining the Merger and convening the Boots Extraordinary General Meeting to seek approval for the Merger, to increase the authorised share capital of Boots and to authorise the Directors of Boots to issue the New Boots Shares will be sent to Boots Shareholders shortly after the satisfaction or waiver of the Pre-Conditions.

ENQUIRIES

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This announcement does not constitute an offer or an invitation to purchase any securities. The laws of the relevant jurisdictions may affect the availability of the Merger to persons not resident in the United Kingdom. Persons who are not resident in the United Kingdom, or who are subject to the laws of any jurisdiction other than the United Kingdom, should inform themselves about, and observe, any applicable requirements. Further details in relation to overseas shareholders will be contained in the Merger Documentation.

The Merger will be on the terms and subject to the Pre-conditions and Conditions and to be set out in the Merger Documentation. It is intended that the Merger Documentation will be despatched to Alliance UniChem Shareholders shortly after the satisfaction or waiver of the Pre-Conditions. It is also intended that a Prospectus and a Circular explaining the Merger and convening the Boots Extraordinary General Meeting to seek approval for the Merger, to increase the authorised share capital of Boots and to authorise the Directors of Boots to issue the New Boots Shares will

also be despatched to Boots Shareholders shortly after the satisfaction or waiver of the Pre-Conditions.

Goldman Sachs International, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting only for Boots and no-one else in connection with the Merger and will not regard any other person as its client or be responsible to any person other than Boots for providing the protections afforded to clients of Goldman Sachs International, nor for giving advice in relation to the Merger.

UBS is acting as corporate broker to Boots and no one else in connection with the Merger Offer and will not be responsible to anyone other than Boots for providing the protections afforded to clients of UBS, nor for providing advice in relation to the Merger Offer.

Merrill Lynch, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for Alliance UniChem in relation to the matters described in this announcement and is not advising any other person and accordingly will not be responsible to any person other than Alliance UniChem for providing the protections afforded to the customers of Merrill Lynch or for providing advice in relation to the matters described in this announcement.

CSFB, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for Alliance UniChem in relation to the matters described in this announcement and is not advising any other person and accordingly will not be responsible to any person other than Alliance UniChem for providing the protections afforded to the customers of CSFB or for providing advice in relation to the matters described in this announcement.

This announcement does not constitute, or form part of, any offer for, or any solicitation of any offer for, or any offer to sell securities in any jurisdiction nor does it constitute a prospectus or prospectus equivalent document. Any acceptance or other response to the Merger should be made only on the basis of information referred to in the Merger Documentation. In particular, no subscription for New Boots Shares should be made except on the basis of information contained in the Prospectus.

This announcement does not constitute an offer for the sale of, or an offer to acquire, securities in the United States. The New Boots Shares to which this announcement relate have not been, and will not be, registered under the US Securities Act and may not be offered or sold, directly or indirectly, into the United States absent registration or an applicable exemption from registration under the US Securities Act. There will be no public offering of the New Boots Shares in the United States.

If the Merger is implemented by way of the Merger Offer, the Merger Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of any securities exchange of, Canada, Australia or Japan and will not be capable of acceptance by any such use, means, instrumentality or facility. Accordingly, neither this announcement nor the Offer Document nor the accompanying Form of Acceptance is being, and must not be, mailed or otherwise forwarded, transmitted, distributed or sent in, into or from Canada, Australia or Japan. Doing so may render invalid any purported acceptance of the Merger Offer. All Alliance UniChem Shareholders or other persons (including nominees, trustees or custodians) who would or otherwise intend to, or may have a contractual or legal obligation to, forward this announcement or the Offer Document or the accompanying Form of Acceptance to any jurisdiction outside the United Kingdom, should refrain from doing so and seek appropriate professional advice before taking any action.

The New Boots Shares to be issued in connection with the Merger have not been, and will not be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan and no regulatory clearances in respect of the New Boots Shares have been, or will be, applied for in any jurisdiction other than the UK. Accordingly, unless an exemption under the relevant securities laws is applicable, the New Boots Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in or into, Canada, Australia or Japan or to, or for the account or benefit of, any person resident in the Canada, Australia or Japan.

The expected operational cost savings and financial synergies referred to in this announcement have been calculated on the basis of the existing cost and operating structures of the companies and by reference to current prices and the current regulatory environment. These statements of estimated cost savings relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings referred to may not be achieved, or those achieved could be materially different from those estimated. This statement should not be interpreted to mean that the earnings per share in the first full financial year following the Merger, or in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial period.

Any person who, acting alone or acting together with any person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control securities of Boots or Alliance UniChem, owns or controls or becomes the owner or controller, directly or indirectly, of one per cent. or more of any class of securities of Boots or Alliance UniChem is generally required under the provisions of Rule 8 of the City Code to notify a Regulatory Information Service as specified

in the Listing Rules and the Panel by not later than 12:00 noon (London time) on the London business day following the date on the transaction of every dealing in such securities during the offer period to the date on which the Merger Offer becomes or is declared unconditional in all respects or lapses or is otherwise withdrawn (or, as the case may be, the Scheme becomes effective). Dealings by Boots or Alliance UniChem or by their respective "associates" (as defined in the City Code) in any class of securities of Boots or Alliance UniChem until the end of such offer period must also be disclosed. Please consult your financial adviser if you believe this Rule may be applicable to you.

¹ *Including associates*

** The expected synergies have been calculated by Boots and Alliance UniChem on the basis of the existing and projected cost and operating structures of the Group. These statements of estimated synergies relate to future actions and circumstances which, by their nature involve risks, uncertainties, contingencies and other factors. As a result, the synergies referred to may not be achieved, or those achieved may be materially different from those estimated.*

APPENDIX I

PRE-CONDITIONS, CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER

Part A – Pre-Conditions

The Merger, and the posting of the Merger Documentation, will only take place if the following Pre-Conditions are satisfied or waived:

(A)

- (i) the European Commission adopting, in terms reasonably satisfactory to Alliance UniChem and Boots, a decision under Article 6(1)(b) or 8(2) of Council Regulation (EC) 139/2004 (the “Regulation”) in respect of the Merger (or any aspect of the Merger that has not been referred under sub-clause (ii) or (iii) below) or being deemed to have done so under Article 10(6) of the Regulation;
- (ii) in the event that a request under Article 9(2) of the Regulation has been made by a European Union or EFTA state other than the United Kingdom, the European Commission indicating, in terms satisfactory to Alliance UniChem and Boots, that it does not intend to refer the Merger or any aspect of the Merger, to a competent authority of that state in accordance with Article 9(3) of the Regulation, or in the event of such a reference being made, clearance being obtained from the merger control authorities of that state on terms reasonably satisfactory to Alliance UniChem and Boots; and
- (iii) in the event that the United Kingdom obtains jurisdiction in relation to the Merger or any aspect of the Merger as a result of the application of Article 4(4), 9(3) or 21(4) of the Regulation,
 - (a) it being established, on terms reasonably satisfactory to Alliance UniChem and Boots and without any amendments, assurances, conditions or undertakings being required that are not reasonably satisfactory to Alliance UniChem and Boots, that neither the Merger nor any matter arising from the Merger will be referred to the Competition Commission (“Non-Referral Decision”) and the period within which an application for review of such Non-Referral Decision may be made to the Competition Appeal Tribunal (“CAT”) having expired without such an application having been made or, where any application has been made, such application having been dismissed by the CAT and it being established, on terms reasonably satisfactory to Alliance UniChem and Boots, that no further appeal will be made against the decision of the CAT; or
 - (b) in the event that the Merger or any matter arising from the Merger is referred to the Competition Commission, it being established, on terms reasonably satisfactory to Alliance UniChem and Boots, that the Merger may proceed without requiring any amendments, assurances, conditions or undertakings that are not reasonably satisfactory to Alliance UniChem and Boots, and to the extent that any amendments, assurances, conditions or undertakings that are reasonably satisfactory to Alliance UniChem and Boots are required to be made, given or implemented prior to

completion of the Merger, that they have been so made, given or implemented;

- (B) Alliance UniChem and Boots being reasonably satisfied, for the purposes of the requirements of the FSA and the UKLA, that the necessary financing facilities will be available on reasonable market terms following completion of the Merger to provide for the working capital requirements of the Group; and
- (C) it having been demonstrated to the reasonable satisfaction of Alliance UniChem and Boots that completion of the proposed sale of all or substantially all of BHI has occurred.

Unless Alliance UniChem and Boots agree otherwise, with the consent of the Panel, the Pre-Condition referred to in paragraph (B) above must be satisfied or waived within 21 days after the later to occur of the satisfaction or waiver of the Pre-Condition referred to in paragraph (A) above and the satisfaction or waiver of the Pre-Condition referred to in paragraph (C) above.

Boots may, with the consent of Alliance UniChem, waive any or all of these Pre-Conditions, in whole or in part.

The Merger will not proceed if the Pre-Conditions have not been satisfied or waived by the close of business on the date following 13 months after the submission of the Form RS or Form CO (each as defined in the Framework Agreement), whichever is earlier, or such later date as Alliance UniChem and Boots may agree.

Part B - Conditions of the Merger

The Merger Offer will be subject to the following conditions:

- (A) valid acceptances being received (and not, where permitted, withdrawn) by not later than 3.00 p.m. on the first closing date of the Merger Offer (or such later time(s) and/or date(s) as Boots, with the consent of Alliance UniChem, may, with the consent of the Panel or in accordance with the Code, decide PROVIDED THAT Boots will not be required to obtain the consent of Alliance UniChem in circumstances where a third party has announced a firm intention to make an offer for Alliance UniChem, in accordance with Rule 2.5 of the City Code, whether or not on a pre-conditional basis) in respect of not less than 90 per cent. (or such lower percentage as Boots, with the consent of Alliance UniChem, may decide PROVIDED THAT Boots will not be required to obtain the consent of Alliance UniChem in circumstances where a third party has announced a firm intention to make an offer for Alliance UniChem, in accordance with Rule 2.5 of the City Code, whether or not on a pre-conditional basis) in nominal value of the Alliance UniChem Shares to which the Merger Offer relates, PROVIDED THAT this condition shall not be satisfied unless Boots and/or any of its wholly-owned subsidiaries shall have acquired or agreed to acquire, whether pursuant to the Merger Offer or otherwise, Alliance UniChem Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at general meetings of Alliance UniChem PROVIDED FURTHER THAT this Condition shall be capable of being satisfied only at a time when all other Conditions (other than Condition (D)) have been satisfied or waived. For the purposes of this Condition:
 - (i) shares which have been unconditionally allotted but not issued before the Merger Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on being entered into the register of members of Alliance UniChem; and

- (ii) the expression “Alliance UniChem Shares to which the Merger Offer relates” shall be construed in accordance with sections 428 to 430F of the Companies Act 1985, as amended;
- (B) in the event that the Pre-Condition set out in paragraph (A) of Part A above has been waived in whole or in part:
 - (i) the European Commission adopting, in terms reasonably satisfactory to Alliance UniChem and Boots, a decision under Article 6(1)(b) of the Regulation in respect of the Merger (or any aspect of the Merger that has not been referred under sub-clause (ii) or (iii) below) or being deemed to have done so under Article 10(6) of the Regulation;
 - (ii) in the event that a request under Article 9(2) of the Regulation has been made by a European Union or EFTA state other than the United Kingdom, the European Commission indicating, in terms satisfactory to Alliance UniChem and Boots, that it does not intend to refer the Merger or any aspect of the Merger, to a competent authority of that state in accordance with Article 9(3) of the Regulation, or in the event of such a reference being made, clearance being obtained from the merger control authorities of that state on terms reasonably satisfactory to Alliance UniChem and Boots;
 - (iii) in the event that the United Kingdom obtains jurisdiction in relation to the Merger or any aspect of the Merger as a result of the application of Article 4(4), 9(3) or 21(4) of the Regulation, a Non-Referral Decision having been issued on terms reasonably satisfactory to Alliance UniChem and Boots and without any amendments, assurances, conditions or undertakings being required that are not reasonably satisfactory to Alliance UniChem and Boots, and the period within which an application for review of such Non-Referral Decision may be made to the CAT having expired without such an application having been made or, where any application has been made, such application having been dismissed by the CAT and it being established, on terms reasonably satisfactory to Alliance UniChem and Boots, that no further appeal will be made against the decision of the CAT.
- (C) the passing at the Boots Extraordinary General Meeting of:
 - (i) such resolution or resolutions as are necessary to approve, implement and effect the Merger and the acquisition of any Alliance UniChem Shares including a resolution or resolutions to increase the share capital of Boots and to authorise the creation and allotment of New Boots Shares;
 - (ii) resolutions to appoint Directors nominated by Alliance UniChem to achieve the composition of the Alliance Boots Board as set out in paragraph 7 of Part II of this announcement, subject only to Completion;
 - (iii) a resolution to amend the articles of association of Boots such that Directors who reach the age of 65 will not be required to vacate the office of Director at the next annual general meeting, subject only to Completion.

- (D) the admission to the Official List of the New Boots Shares becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the London Stock Exchange's market for listed securities becoming effective or if Alliance UniChem and Boots so agree (and subject to the consent of the Panel) the UKLA agreeing to admit such shares to the Official List and the London Stock Exchange agreeing to admit such shares to trading;
- (E) save (in respect of the Alliance UniChem Group) as fairly disclosed to Boots prior to the date of this announcement by any member of the Alliance UniChem Group or (in respect of the Boots Group) as fairly disclosed to Alliance UniChem prior to the date of this announcement by any member of the Boots Group, or as may be agreed between Alliance UniChem and Boots, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the wider Alliance UniChem Group or the wider Boots Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which in consequence of the Merger or the proposed acquisition of any shares or other securities in Alliance UniChem or the issue of the New Boots Shares pursuant to the Merger or because of a change in the control or management of Alliance UniChem or Boots or otherwise, would or might reasonably be expected to result in to an extent which is material in the context of the wider Alliance UniChem Group as a whole or, as the case may be, the wider Boots Group taken as a whole:
- (i) any moneys borrowed by or any other indebtedness (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely modified or affected or any obligation or liability arising or any adverse action being taken thereunder;
 - (iii) any assets or interests of any such member being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
 - (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member;
 - (v) the rights, liabilities, obligations or interests of any such member in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
 - (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
 - (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or

(viii) the creation of any liability, actual or contingent, by any such member,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the wider Alliance UniChem Group or the wider Boots Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would reasonably be expected to result, to an extent which is material in the context of the wider Alliance UniChem Group taken as a whole or, as the case may be, the wider Boots Group taken as a whole, in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this paragraph;

(F) no government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body (including, without limitation, any national or supranational anti-trust or merger control authority), court, trade agency, association, institution or any other body or person whatsoever in any jurisdiction (each a "Third Party") having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps which would or might reasonably be expected to:

(i) require, prevent or delay the divestiture, or alter the terms envisaged for any proposed divestiture by any member of the wider Boots Group or any member of the wider Alliance UniChem Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the wider Boots Group or the wider Alliance UniChem Group, in either case taken as a whole;

(ii) require, prevent or delay the divestiture by any member of the wider Boots Group of any shares or other securities in Alliance UniChem which, in any such case, is material in the context of the wider Boots Group taken as a whole;

(iii) impose any limitation on, or result in a delay in, the ability of any member of the wider Boots Group or wider Alliance UniChem Group, directly or indirectly, to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the wider Alliance UniChem Group or the wider Boots Group or to exercise management control over any such member which is material to the Alliance UniChem Group or the Boots Group;

(iv) otherwise adversely affect the business, assets, profits or prospects of any member of the wider Boots Group or of any member of the wider Alliance UniChem Group in a manner which is adverse to and material in the context of the Boots Group or the Alliance UniChem Group in either case taken as a whole;

(v) make the Merger or its implementation or the acquisition or proposed acquisition by Boots or any member of the wider Boots Group of any shares or other securities in, or control of Alliance UniChem void, illegal and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise materially interfere with the same, or impose additional conditions or

obligations with respect thereto, or otherwise challenge or materially interfere therewith which, in any such case, is material in the context of the wider Boots group taken as a whole;

- (vi) require any member of the wider Boots Group or the wider Alliance UniChem Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the wider Alliance UniChem Group or the wider Boots Group owned by any third party (other than in the implementation of the Merger) which, in either case, is material in the context of the wider Boots Group or the wider Alliance UniChem Group (as the case may be), taken as a whole;
- (vii) impose any limitation on the ability of any member of the wider Alliance UniChem Group or the wider Boots Group to co-ordinate their respective businesses, or any part of them, with the businesses of any other members of the wider Alliance UniChem Group or the wider Boots Group, in each case which is adverse to and material in the context of the group concerned taken as a whole; or
- (viii) result in any member of the wider Alliance UniChem Group or the wider Boots Group (which member is material in the context of the wider Alliance UniChem Group or, as the case may be, the wider Boots Group in each case taken as a whole) ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Merger or the acquisition or proposed acquisition of any Alliance UniChem Shares having expired, lapsed or been terminated;

- (G) all necessary filings or applications having been made in connection with the Merger and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Merger or the acquisition by any member of the wider Boots Group of any shares or other securities in, or control of, Alliance UniChem (and all waiting and other time periods (including extensions thereto) under any applicable legislation and/or regulations in any jurisdiction having expired, lapsed or been terminated (as appropriate)) and all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals reasonably deemed necessary or appropriate by both Alliance UniChem and Boots for or in respect of the Merger or the proposed acquisition of any shares or other securities in, or control of, Alliance UniChem by any member of the wider Boots Group having been obtained in terms and in a form reasonably satisfactory to both Alliance UniChem and Boots from all appropriate Third Parties and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all material authorisations orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the wider Boots Group or the wider Alliance UniChem Group which is material in the context of the relevant group as a whole remaining in full force and effect and all filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Merger becomes otherwise effective and all necessary statutory or regulatory obligations in any jurisdiction in respect of the Merger having been complied with in each case where a consequence of a failure to make such notification or filing or to wait for the expiry, termination or lapsing of any waiting period or to comply with any such obligation or obtain any necessary authorisation would have a material adverse effect on the relevant group taken as a whole;

- (H) save as provided in the Framework Agreement, except as publicly announced by Alliance UniChem prior to the date of this announcement, and save as disclosed in the interim financial statements of Alliance UniChem for the six month period ended 30 June 2005 or as fairly disclosed to Boots prior to the date of this announcement by any member of the Alliance UniChem Group, no member of the wider Alliance UniChem Group having, since 30 June 2005, and except as publicly announced by Boots prior to the date of this announcement and save as disclosed in the accounts of Boots for the year ended 31 March 2005 or as fairly disclosed to Alliance UniChem prior to the date of this announcement by any member of the Boots Group, no member of the wider Boots Group having, since 31 March 2005:
- (i) save (in respect of a member of the wider Alliance UniChem Group) as between Alliance UniChem and wholly-owned subsidiaries of Alliance UniChem or for Alliance UniChem Shares issued pursuant to the exercise of options or awards granted under the Alliance UniChem Share Option Schemes or (in respect of a member of the wider Boots Group) as between Boots and wholly-owned subsidiaries of Boots or for Boots Shares issued pursuant to the exercise of options or awards granted under the Boots Share Option Schemes, issued, authorised or agreed the issue of additional shares of any class;
 - (ii) save (in respect of a member of the wider Alliance UniChem Group) as between Alliance UniChem and wholly-owned subsidiaries of Alliance UniChem or (in respect of a member of the wider Boots Group) as between Boots and wholly-owned subsidiaries of Boots, issued or agreed to issue or authorised the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
 - (iii) other than to another member of the Alliance UniChem Group or, as the case may be, another member of the Boots Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise;
 - (iv) save for intra-Alliance UniChem Group transactions or, as the case may be, intra-Boots Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest which is material to the Alliance UniChem Group or the Boots Group (as the case may be), and other than in the ordinary course of business;
 - (v) save for intra-Alliance UniChem Group transactions or, as the case may be, intra-Boots Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital which is material to the Alliance UniChem Group or the Boots Group (as the case may be);
 - (vi) issued, authorised or proposed the issue of any debentures or (save for intra-Alliance UniChem Group transactions or, as the case may be, intra-Boots Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;

- (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (viii) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business which is material in the context of the wider Alliance UniChem Group taken as a whole or, as the case may be, the wider Boots Group taken as a whole, or entered into or materially changed the terms of any contract with any director or senior executive of Alliance UniChem or any director of any member of the wider Alliance UniChem Group;
- (ix) made any material change to:
 - (a) the terms of the trust deeds constituting the pension scheme(s) established for its directors, employees or their dependents; or
 - (b) the benefit entitlements which accrue or the pension entitlements which are payable thereunder; or
 - (c) the terms on which qualification for, or accrual or entitlement, to such benefit entitlements or pension entitlements are determined; or
 - (d) the terms upon which the liabilities (including pension entitlements) of such pension schemes are funded or made,

which is material and adverse in the context of the wider Alliance UniChem Group taken as a whole or, as the case may be, the wider Boots Group taken as a whole,

- (x) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could be materially restrictive on the businesses of any member of the wider Alliance UniChem Group or the wider Boots Group or which involves or could involve an obligation of such a nature or magnitude or which is other than in the ordinary course of business and which in each case is material in the context of the wider Alliance UniChem Group taken as a whole or, as the case may be, the wider Boots Group taken as a whole;
- (xi) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or a material part of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;
- (xii) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the wider Alliance UniChem Group or the wider Boots

Group other than to a nature and extent which is normal in the context of the business concerned and other than to a nature and extent which is not material in the context of the wider Alliance UniChem Group taken as a whole or, as the case may be, the wider Boots Group taken as a whole;

- (xiii) waived or compromised any claim which is material in the context of the Alliance UniChem taken as a whole or, as the case may be, the wider Boots Group taken as a whole, otherwise than in the ordinary course of business; or
- (xiv) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition,

and, for the purposes of this condition, the term 'Alliance UniChem Group' shall mean Alliance UniChem and its wholly-owned subsidiaries and the term 'Boots Group' shall mean Boots and its wholly-owned subsidiaries;

- (l) since (in respect of the wider Alliance UniChem Group) 30 June 2005 and save as disclosed in the interim financial statements of Alliance UniChem Group for the six month period then ended and save as publicly announced in accordance with the Listing Rules by Alliance UniChem prior to the date of this announcement and save as fairly disclosed to Boots prior to the date of this announcement by any member of the Alliance UniChem Group and which in any such case is material in the context of the wider Alliance UniChem Group taken as a whole and since (in respect of the wider Boots Group) 31 March 2005 and save as disclosed in the accounts for the year then ended and save as publicly announced in accordance with the Listing Rules by Boots prior to the date of this announcement and save as fairly disclosed to Alliance UniChem prior to the date of this announcement by any member of the Boots Group and which in any such case is material in the context of the wider Boots Group taken as a whole:
 - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the wider Alliance UniChem Group or, as the case may be, the wider Boots Group;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the wider Alliance UniChem Group or, as the case may be, the wider Boots Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the wider Alliance UniChem Group or, as the case may be, the wider Boots Group having been instituted, announced or threatened by or against or remaining outstanding in respect of any member of the wider Alliance UniChem Group or, as the case may be, the wider Boots Group which in any such case might reasonably be expected to affect adversely any member of the wider Alliance UniChem Group or, as the case may be, the wider Boots Group;
 - (iii) no contingent or other liability having arisen or become apparent to Boots or, as the case may be, Alliance UniChem which would be likely to adversely affect any member of the wider Alliance UniChem Group or, as the case may be, the wider

Boots Group; and

- (iv) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the wider Alliance UniChem Group or, as the case may be, the wider Boots Group which is necessary for the proper carrying on of its business;

(J) save as fairly disclosed to Boots prior to the date of this announcement by any member of the Alliance UniChem Group, Boots not having discovered:

- (i) that any financial, business or other information concerning the wider Alliance UniChem Group as contained in the information publicly disclosed at any time by or on behalf of any member of the wider Alliance UniChem Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading, where the misleading information, misrepresentation or omission is material in the context of the Merger;
- (ii) that any member of the wider Alliance UniChem Group or any partnership, company or other entity in which any member of the wider Alliance UniChem Group has a significant economic interest and which is not a subsidiary undertaking of Alliance UniChem is subject to any liability (contingent or otherwise) which is not disclosed in the annual report and accounts of Alliance UniChem for the year ended 31 December 2004 or the interim financial statements of the Alliance UniChem Group for the six month period ended 30 June 2005 and which is material in the context of the wider Alliance UniChem Group taken as a whole; or
- (iii) any information which adversely affects the import of any information disclosed at any time by or on behalf of any member of the wider Alliance UniChem Group and which is material in the context of the wider Alliance UniChem Group as a whole;

(K) save as fairly disclosed to Boots prior to the date of this announcement by any member of the Alliance UniChem, Boots not having discovered that:

- (i) any past or present member of the wider Alliance UniChem Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters, or that there has otherwise been any such disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) on the part of any member of the wider Alliance UniChem Group which is material in the context of the wider Alliance UniChem Group taken as a whole; or
- (ii) there is, or is reasonably likely to be, for that or any other reason whatsoever, any liability (actual or contingent) of any past or present member of the wider Alliance UniChem Group to make good, repair, reinstate or clean up any property or any

controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the wider Alliance UniChem Group, under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction and which is material in the context of the wider Alliance UniChem Group taken as a whole.

- (L) save as fairly disclosed to Alliance UniChem prior to the date of this announcement by any member of the Boots Group, Alliance UniChem not having discovered:
- (i) that any financial, business or other information concerning the wider Boots Group as contained in the information publicly disclosed at any time by or on behalf of any member of the wider Boots Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading, where the misleading information, misrepresentation or omission is material in the context of the Merger;
 - (ii) that any member of the wider Boots Group or any partnership, company or other entity in which any member of the wider Boots Group has a significant economic interest and which is not a subsidiary undertaking of Boots is subject to any liability (contingent or otherwise) which is not disclosed in the annual report and accounts of Boots for the year ended 31 March 2005 and which is material in the context of the wider Boots Group taken as a whole; or
 - (iii) any information which adversely affects the import of any information disclosed at any time by or on behalf of any member of the wider Boots Group and which is material in the context of the wider Boots Group as a whole;
- (M) save as fairly disclosed to Alliance UniChem prior to the date of this announcement by any member of the Boots Group, Alliance UniChem not having discovered that:
- (i) any past or present member of the wider Boots Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters, or that there has otherwise been any such disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which disposal, spillage, release, discharge, leak or emission would be likely to give rise to any material liability (actual or contingent) on the part of any member of the wider Boots Group in the context of the wider Boots Group taken as a whole; or
 - (ii) there is, or is reasonably likely to be, for that or any other reason whatsoever, any liability (actual or contingent) of any past or present member of the wider Boots Group to make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the wider Boots Group, under any environmental

legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction and which is material in the context of the wider Boots Group taken as a whole; and

(N) Alliance UniChem and Boots being reasonably satisfied that the board of directors of Boots will comprise only the directors contemplated by paragraph 7 of Part II of this announcement or, if that is not possible, to ensure that the composition of the board of directors of Boots will comprise 13 directors, of which seven are nominated by Alliance UniChem in accordance with the Framework Agreement, effective as of Completion.

For the purposes of these Conditions, the “wider Alliance UniChem Group” means Alliance UniChem and its subsidiary undertakings, associated undertakings and any other undertaking in which Alliance UniChem and/or such undertakings (aggregating their interests) have a significant interest and the “wider Boots Group” means Boots and its subsidiary undertakings, associated undertakings and any other undertaking in which Boots and/or such undertakings (aggregating their interests) have a significant interest and for these purposes “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Companies Act 1985, other than paragraph 20(1)(b) of Schedule 4A to that Act which shall be excluded for this purpose, and “significant interest” means a direct or indirect interest in ten per cent. or more of the equity share capital (as defined in that Act).

Boots reserves the right to remove the reference to any Pre-Condition in Condition (B) above at the time the Merger Documentation is issued.

Subject to the requirements of the Panel, Boots reserves the right, with the consent of Alliance UniChem, to waive and shall, at the direction of Alliance UniChem, waive, in whole or in part, all or any of Conditions (E), (H) and (I), insofar as they relate to Boots or any member of the wider Boots Group, and/or all or any of Conditions (L), (M) and (N).

Subject to the requirements of the Panel, Boots reserves the right, with the consent of Alliance UniChem, to waive, in whole or in part, all or any of Conditions (B), (F) and (G).

Subject to the requirements of the Panel, Boots reserves the right to waive in whole or in part all or any of Conditions (E), (H) and (I), insofar as they relate to Alliance UniChem or any member of the wider Alliance UniChem Group, and/or all or any of Conditions (J) and (K).

Boots shall be under no obligation to waive or treat as satisfied, and Alliance UniChem shall be under no obligation to (as the case may be) direct Boots to waive, or consent to Boots’s waiver of, any of the Conditions (B) and (E) to (W) (inclusive) by a date earlier than the latest date specified in the Offer Document for the satisfaction thereof, notwithstanding that the other Conditions of the Merger may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

If Boots is required by the Panel to make an offer for Alliance UniChem Shares under the provisions of Rule 9 of the Code, Boots may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.

Alliance UniChem and Boots reserve the right to implement the Merger by way of the Scheme if Alliance UniChem and Boots so agree. In such event, the Merger will be implemented on the same terms (subject to

appropriate amendments), so far as applicable, as those which would apply to the Merger Offer. In particular, Condition (A) would not apply and the Scheme will be subject to the following further Conditions which are not intended to be capable of waiver:

- (i) approval of the Scheme by a majority in number, representing 75 per cent. or more in value present and voting, either in person or by proxy, at the Court Meeting, or at any adjournment of the Court Meeting;
- (ii) the resolution(s) required to approve and implement the Scheme being duly passed by the requisite majority at the Alliance UniChem Extraordinary General Meeting, or any adjournment of the Alliance UniChem Extraordinary General Meeting; and
- (iii) the sanction (with or without amendments, on terms reasonably acceptable to Boots) of the Scheme and confirmation of the reduction of capital involved therein by the Court and an office copy of the order of the Court sanctioning the Scheme and confirming the reduction of capital involved in the Scheme being delivered for registration to the Registrar of Companies in England and Wales and being registered by him.

If Alliance UniChem is not permitted to invoke, or to fail to direct Boots to waive, any Condition, the Panel may determine that Alliance UniChem shareholders who have accepted the Merger Offer should have the right to withdraw their acceptances on such terms as the Panel considers appropriate and/or determine that the timetable for the Merger Offer set out in the Code should be amended in such manner as the Panel considers appropriate.

The Merger Offer will lapse (or, as the case may be, the Scheme will not proceed) if, following the posting of the Merger Documentation, the Merger or any matter arising from the Merger is referred to the Competition Commission or if the European Commission initiates proceedings under Article 6(1)(c) of the Regulation in respect of the Merger or any aspect of the Merger before 3.00 p.m. on the first closing date of the Merger Offer or the date on which the Merger Offer becomes or is declared unconditional as to acceptances, whichever is the later (or, as the case may be, the date on which the resolutions are passed at the Court Meeting and Alliance UniChem Extraordinary General Meeting).

This Merger will be governed by English law and be subject to the jurisdiction of the English courts and to the Conditions set out in this announcement and in the Merger Documentation.

Part C - Certain further terms of the Merger

Fractional entitlements to New Boots Shares under the Merger will be disregarded and will not be issued.

In the event that the Merger is implemented by way of the Merger Offer, the Merger Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or e-mail) of interstate or foreign commerce of, or of any facility of a national securities exchange of Canada, Australia or Japan and the Merger Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within Canada, Australia or Japan.

The New Boots Shares to be issued pursuant to the Merger have not been and will not be registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan. Accordingly, the New Boots Shares may not be offered, sold or delivered, directly or

indirectly, in Canada, Australia or Japan, nor to any person resident in Canada, Australian or Japan, except pursuant to exemptions from applicable requirements of any such jurisdiction.

The New Boots Shares to be issued in connection with the Merger have not been, and will not be, registered under the US Securities Act and may not be offered or sold, directly or indirectly, into the United States except pursuant to an applicable exemption from, or in a transaction that is not subject to, the registration requirements of the US Securities Act. If the Merger is implemented by way of the Merger Offer, the Merger Offer will not be made, directly or indirectly, in or into the United States, except that Boots reserves the right to extend the Merger Offer to a limited number of qualified institutional buyers (as defined in Rule 144A under the US Securities Act) in transactions exempt from registration under the US Securities Act. If the Merger is implemented by way of the Scheme, New Boots Shares will be issued to persons resident in the United States in reliance on the exemption from registration provided by Section 3(a)(10) under the US Securities Act.

If the Merger Offer becomes or is declared unconditional in all respects (or, as the case may be, the Scheme becomes effective), Alliance UniChem and Boots will issue a press release in France setting out the details of the Merger and the treatment of the holders of Alliance UniChem shares traded on Euronext Paris.

The New Boots Shares will be issued credited as fully paid and will rank pari passu in all respects with the existing Boots Shares and will rank pari passu for any dividends or distributions declared, made or paid on or after the date on which the Merger Offer becomes unconditional in all respects (or, as the case may be, after the date of which the Scheme becomes effective), save that they will not carry the right to receive the Special Dividend or the dividends referred to in paragraph 13 of this announcement. Applications will be made to the UK Listing Authority for the New Boots Shares to be admitted to the Official List and to the London Stock Exchange for the New Boots Shares to be admitted to trading.

If the Merger is effected by way of the Merger Offer, Alliance UniChem Shares will be acquired under the Merger Offer free from all liens, equities, charges, encumbrances and other interests and together with all rights attaching thereto, save, in the case of dividends, for the dividends referred to in paragraph 13 of this announcement.

APPENDIX II

DEFINITIONS

“Act” or “Companies Act”	the Companies Act 1985, as amended
“Admission”	the admission of New Boots Shares to the Official List and to trading on the London Stock Exchange’s market for listed securities
“Alliance UniChem”	Alliance UniChem Plc
“Alliance UniChem Extraordinary General Meeting”	the extraordinary general meeting of Alliance UniChem to be convened in connection with the Scheme (if Alliance UniChem and Boots agree to implement the Merger in this manner) following the satisfaction or waiver of the Pre-Conditions, including any adjournment thereof
“Alliance UniChem Group”	Alliance UniChem and its subsidiary undertakings
“Alliance UniChem Options”	options or awards granted under the Alliance UniChem Share Option Schemes
“Alliance UniChem Shareholders”	holders of Alliance UniChem Shares as appearing in the register of members of Alliance UniChem from time to time
“Alliance UniChem Shares”	the fully paid ordinary shares of 10 pence each in the capital of Alliance UniChem and, in the case of the Merger being effected by way of the Merger Offer, any further shares which are unconditionally allotted or issued prior to the date on which the Merger Offer closes (or such earlier date or dates, as Boots may, with the consent of the Panel decide)
“Alliance UniChem Share Option Schemes”	the Alliance UniChem 1997 Share Option Scheme, the Alliance UniChem Share Incentive Plan, the UniChem PLC Saving Related Share Option Scheme 1990, the Alliance Share Ownership Plan, the UniChem PLC Executive Share Option Scheme 1990, and the Ian Meakins Share Incentive Scheme
“BHI”	the Boots Healthcare International division of Boots
“Board”	the board of Directors of Alliance UniChem or Boots or, as the case may be, the Group, as constituted from time to time
“Boots”	Boots Group plc
“Boots Extraordinary General Meeting”	the extraordinary general meeting of Boots to be convened by the notice set out in the Circular to be sent to Boots Shareholders following the satisfaction or waiver of the Pre-Conditions, including any adjournment thereof
“Boots Group”	Boots and its subsidiary undertakings
“Boots Options”	options granted under the Boots Share Option Schemes
“Boots Shareholders”	the holders of Boots Shares as appearing in the register of members of Boots from time to time
“Boots Share Option Schemes”	the Boots 1990 Executive Share Option Scheme; The Boots Group Executive Share Option Plan 2002; The individual Executive Share Option Plan for Mr. Barker; The Boots 1990 SAYE Share Option Scheme; The Boots Group SAYE Share Option Plan 2002; The Boots Company All-Employee Share Ownership Plan 2000; The Boots Company All-Employee Share Ownership Plan 2002; The Boots Long-Term Bonus Scheme 1996; The Boots Long-Term Bonus Scheme 1999; The Boots Group Long-Term Bonus Plan 2002

“Boots Shares”	fully paid ordinary shares of 25 pence each in the capital of Boots
“Circular”	the Boots circular to be sent to Boots Shareholders, following satisfaction or waiver of the Pre-Conditions, convening the Boots Extraordinary General Meeting
“City Code” or “Code”	The City Code on Takeovers and Mergers
“Closing Price”	the closing middle market quotation of Alliance UniChem Shares and Boots Shares, as the case may be
“Completion”	the Merger Offer becoming or being declared wholly unconditional or, as the case may be the Scheme becoming effective
“Conditions”	the conditions to the Merger set out in Part B of Appendix 1 to this announcement
“Court”	The High Court of Justice in England and Wales
“Court Meeting”	the meeting or meetings of the Alliance UniChem Shareholders (or relevant classes thereof) to be convened pursuant to the order of the Court under section 425 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) if Alliance UniChem and Boots agree to implement the Merger in this manner
“CSFB”	Credit Suisse First Boston (Europe) Limited
“Daily Official List”	The daily official list of the London Stock Exchange
“Director”	an executive or non-executive director of Alliance UniChem or Boots as the case may be
“Exchange Ratio”	the ratio pursuant to which the exact number of New Boots Shares to be issued in respect of each Alliance UniChem Share is determined so as to provide Alliance UniChem Shareholders, in aggregate and on a fully diluted basis, with 49.8% of the issued share capital of Alliance Boots, such ratio to be calculated by reference to the issued share capital of Boots immediately prior to the posting of the Merger Documentation
“Form of Acceptance”	the form of acceptance to be distributed with the Offer Document
“Form of Proxy”	the form of proxy for use at the Extraordinary General Meeting, to be distributed with the Circular
“Framework Agreement”	the agreement between Alliance UniChem and Boots dated 3 October 2005
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Group”	the combined Alliance UniChem Group and Boots Group
“Independent Competing Offer”	an offer or scheme of arrangement or recapitalisation or other transaction involving a possible change of control of Alliance UniChem or Boots which, if accepted in full would result in the offeror holding shares carrying over 50 per cent. of the voting rights of Boots or Alliance UniChem as the case may be and which is made by or with a party which is not acting in concert (as such term is defined in the Code) with Alliance UniChem or Boots
“Listing Rules”	the Listing Rules of the UK Listing Authority as amended from time to time
“London Stock Exchange”	London Stock Exchange plc
“Merrill Lynch”	Merrill Lynch International
“Merger”	the proposed merger of Alliance UniChem and Boots to be implemented by means of the Merger Offer or (if Alliance UniChem and Boots agree) by way of the Scheme, in each case, on the terms and subject to the Pre-Conditions and Conditions set out in

“Merger Documentation”	this announcement the Offer Document and the Form of Acceptance or, if Alliance UniChem and Boots agree to implement the Merger by way of the Scheme, the Scheme Document (together with relevant forms of proxy to accompany such document) and, in either case, to the extent required, the Prospectus
“Merger Offer”	the offer to be made by Goldman Sachs International on behalf of Boots to acquire the entire issued and to be issued share capital of Alliance UniChem on the terms and subject to the Pre-Conditions and Conditions set out in this announcement and to be set out in the Offer Document and, where the context admits, any subsequent revision, variation, extension or renewal thereof
“New Boots Shares”	Boots Shares proposed to be issued fully paid pursuant to the Merger
“Offer Document”	the document containing the Merger Offer to be sent to Alliance UniChem Shareholders following the satisfaction or waiver of the Pre-Conditions
“Official List”	the Official List of the UK Listing Authority
“Panel”	the Panel on Takeovers and Mergers
“pence” or “£”	the lawful currency of the United Kingdom
“UK Listing Authority” or “UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“Pre-Conditions”	the pre-conditions set out in Part A of Appendix I to this announcement which must be satisfied or waived before the Merger Documentation is posted
“Prospectus”	the prospectus or prospectus equivalent document in respect of the New Boots Shares to be published following the satisfaction or waiver of the Pre-Conditions
“Scheme”	the acquisition of the entire issued share capital of Alliance UniChem by way of a scheme of arrangement under section 425 of the Companies Act (if Alliance UniChem and Boots agree to implement the Merger in this manner), on the terms and subject to the Pre-Conditions and Conditions set out in this announcement and to be set out in the Scheme Document
“Scheme Document”	the document to be sent to Alliance UniChem Shareholders following the satisfaction or waiver of the Pre-Conditions which will contain, among other things, the terms and conditions of the Scheme (if Alliance UniChem and Boots agree to implement the Merger in this manner)
“Special Dividend”	the special dividend proposed to be paid to the Boots Shareholders following the completion of the sale of BHI as contemplated by this announcement
“UBS”	UBS Limited
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US” or “USA” or “United States”	the United States of America, its territories and possessions, any state in the United States of America and the District of Columbia
“US Securities Act”	the United States Securities Act of 1933, as amended
“US Securities Exchange Act”	the United States Securities Exchange Act of 1934, as amended

For the purposes of this announcement, “subsidiary”, “subsidiary undertaking”, “undertaking” and “associated undertaking” have the meanings given by the Act (but for this purpose ignoring paragraph 20(1)(b) of

Schedule 4A of the Act).