

4452715

PART 3

THE SCHEME OF ARRANGEMENT

No. 3737 of 2006

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF ALLIANCE UNICHEM PLC
AND IN THE MATTER OF THE COMPANIES ACT 1985

SCHEME OF ARRANGEMENT

(under section 425 of the Companies Act 1985)

BETWEEN
ALLIANCE UNICHEM PLC
AND
THE HOLDERS OF SCHEME SHARES
(as hereinafter defined)

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Allen & Overy LLP
CERTIFIED A TRUE COPY

24th August 2006

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

Act	the Companies Act 1985 (as amended)
Alliance UniChem Extraordinary General Meeting	the extraordinary general meeting of Alliance UniChem Shareholders to be held at 10:45 a.m. on 4 July 2006 (or as soon thereafter as the Court Meeting shall have concluded or been adjourned) and any adjournment thereof
Boots	Boots Group PLC, a public company incorporated in England and Wales with registered number 4452715
Business Day	any day on which banks are generally open in England and Wales for the transaction of business other than a Saturday or Sunday or public holiday
certificated or in certificated form	a share which is not in uncertificated form (that is, not in CREST)
Company or Alliance UniChem	Alliance UniChem Plc, a public company incorporated in England and Wales with registered number 2517178
Court	the High Court of Justice in England and Wales or the Court of Appeal in England and Wales, as the case may be
Court Meeting	the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 425 of the Companies Act to consider and, if thought fit, approve the Scheme, including any adjournment thereof
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo in accordance with the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)



CRESTCo	CRESTCo. Limited
Effective Date	the date on which this Scheme becomes effective in accordance with Clause 6 of this Scheme
holder	a registered holder, including any person entitled by transmission
New Alliance UniChem Shares	the new ordinary shares of 10 pence each in the capital of the Company to be issued credited as fully paid pursuant to the Scheme
New Boots Shares	the new ordinary shares of 37 ⁷ / ₃₉ pence each in the capital of Boots to be issued credited as fully paid pursuant to the Scheme
Ordinary Shares	ordinary shares of 10 pence each in the capital of the Company
Panel	the Panel on Takeovers and Mergers
Reduction of Capital	the reduction of the Company's share capital involving the cancellation and extinguishing of the Scheme Shares provided for by the Scheme under section 137 of the Companies Act
Reduction Court Order	the Order of the Court confirming the Reduction of Capital under section 137 of the Companies Act
Scheme	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Boots
Scheme Court Order	the Order of the Court sanctioning the Scheme under section 425 of the Companies Act
Scheme Record Time	6:00 p.m. on the Business Day immediately preceding the Effective Date
Scheme Shares	<ul style="list-style-type: none"> (i) the Ordinary Shares in issue at the date of this Scheme document; (ii) any Ordinary Shares issued after the date of this Scheme document and before the Voting Record Time; and (iii) any Ordinary Shares issued at or after the Voting Record Time and prior to 6:00 p.m. on the Business Day before the confirmation by the Court of the Reduction of Capital provided for by the Scheme in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
uncertificated or in uncertificated form	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
Voting Record Time	6:00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6:00 p.m. on the second day before the day of such adjourned meeting
£, Sterling, pence and p	the lawful currency of the United Kingdom

and references to Clauses are to Clauses of this Scheme.

- (B) At the date of this Scheme, the authorised share capital of the Company is £43,292,630 divided into 432,926,300 Ordinary Shares, of which, as at 31 May 2006, 361,739,712 have been issued and are credited as fully paid, and the remainder are unissued.
- (C) Boots has agreed to appear by counsel on the hearing of the petition to sanction this Scheme and to submit to be bound by and to undertake to the Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1. Cancellation of the Scheme Shares

1.1 The issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares.

1.2 Subject to and forthwith upon the said reduction of capital taking effect:

- (a) the authorised share capital of the Company shall be increased to its former amount by the creation of such number of New Alliance UniChem Shares as is equal to the number of Scheme Shares cancelled pursuant to Clause 1.1 above; and
- (b) the reserve arising in the books of account of the Company as a result of the said reduction of capital shall be capitalised and applied in paying up in full at par the New Alliance UniChem Shares created pursuant to Clause 1.2(a) above, which shall be allotted and issued credited as fully paid free from all liens, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever to Boots and/or its nominee(s) and will be entitled to all dividends and other distributions declared or paid by the Company by reference to a record date on or after the Effective Date.

2. Consideration for cancellation of the Scheme Shares

2.1 Subject to and in consideration for the cancellation of the Scheme Shares and the allotment and issue of the New Alliance UniChem Shares as provided in Clause 1 of this Scheme, Boots shall (subject as hereinafter provided) issue credited as fully paid to or for the account of each holder of the Scheme Shares (as appearing in the register of members of the Company at the Scheme Record Time):

for every Scheme Share

1.332 New Boots Shares

and so in proportion for any other number of Scheme Shares held.

- 2.2 Fractional entitlements to New Boots Shares will not be issued to holders of Scheme Shares. Instead, fractional entitlements to New Boots Shares will be aggregated and sold in the market with the net proceeds of such sales, to the extent that they exceed £3, being paid to the persons entitled thereto.
- 2.3 The New Boots Shares will be issued credited as fully paid, will rank equally with the existing Boots Shares and will be entitled to all dividends and other distributions declared or paid by Boots by reference to a record date on or after the Effective Date.
- 2.4 The New Boots Shares to be issued pursuant to Clause 2.1 shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights and interest of any nature whatsoever.
- 2.5 The provisions of this Clause 2 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any holder of Scheme Shares with a registered address in a jurisdiction outside the United Kingdom, Boots is advised that the allotment and/or issue of New Boots Shares pursuant to this Clause would infringe the laws of such jurisdiction or would require Boots to comply with

any governmental or other consent or any registration, filing or other formality with which Boots is unable to comply or compliance with which Boots regards as unduly onerous, Boots may, in its sole discretion, either:

- (a) determine that such New Boots Shares shall not be allotted and/or issued to such holder under this Clause but shall instead be allotted and issued to a nominee for such holder appointed by Boots on terms that the nominee shall, as soon as is practicable following the Effective Date, sell the New Boots Shares so allotted and issued and shall account to such holder for the net proceeds of such sale; or
- (b) determine that such New Boots Shares shall be sold, in which case the New Boots Shares shall be issued to such holder and Boots shall appoint a person to act pursuant to this Clause 2.5(b) and such person shall be authorised on behalf of such holder to procure that any shares in respect of which Boots has made such determination shall, as soon as is practicable following the Effective Date, be sold.

Any sale under Clause 2.5(a) or 2.5(b) shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale including any amount in respect of value added tax thereon) shall be paid to the persons entitled thereto in accordance with their entitlements. To give effect to any sale under Clause 2.5(a) or 2.5(b), the nominee referred to in Clause 2.5(a) and/or the person appointed by Boots in accordance with Clause 2.5(b) (as the case may be) shall be authorised as attorney on behalf of the holder concerned to execute and deliver as transferor an instrument or instruction of transfer and to give such instructions and to do all other things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, Boots, the nominee or the person so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

3. Share Certificates

- 3.1 Upon the Scheme becoming effective on the Effective Date, each existing certificate representing a holding of Scheme Shares shall cease to be valid in respect of such holding and each holder of Scheme Shares shall be bound at the request of the Company to deliver up the same to the Company or to any person appointed by the Company to receive the same for cancellation or to destroy such share certificates.
- 3.2 Upon the Scheme becoming effective on the Effective Date, in respect of those holders of Scheme Shares who hold Scheme Shares in uncertificated form, CREST shall be instructed to cancel such holders' entitlements to such Scheme Shares.

4. Settlement

- 4.1 As soon as practicable after the Effective Date and, in any event, no later than 14 days from the Effective Date, Boots shall despatch, or procure the despatch of, definitive share certificates for the New Boots Shares by first class post (or by such other method as may be approved by the Panel) to shareholders who hold Scheme Shares in certificated form. Such certificates will be sent at the risk of the person entitled to them.
- 4.2 Where, at the Effective Date, a shareholder holds Scheme Shares in uncertificated form, the New Boots Shares to which such shareholder is entitled will be issued to such person in uncertificated form through CREST. Boots shall procure that CRESTCo is instructed to credit the appropriate stock account in CREST of such shareholder with such shareholder's entitlements to New Boots Shares. As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course thereafter.
- 4.3 All deliveries of share certificates required to be made pursuant to this Scheme shall be effected by sending the same by first class post in prepaid envelopes (or by such other

method as may be approved by the Panel) addressed to the persons entitled thereto at their respective registered address as appearing in the register of members of the Company at the Scheme Record Time (or, in the case of joint holders, at the registered address of one of the joint holders whose name stands first in the said register in respect of such joint holding on such date) or in accordance with any special instructions regarding communications, and neither Boots nor the Company nor their respective agents shall be responsible for any loss or delay in the transmission of any certificates sent in accordance with this clause, which shall be sent at the risk of the persons entitled thereto.

- 4.4 The provisions of this Clause 4 shall be subject to any prohibition or condition imposed by law.

5. General

With effect from and including the Effective Date, existing certificates representing a holding of Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound at the request of the Company to deliver up the same to the Company or as it may direct. In addition, in respect of those Scheme Shareholders holding their Scheme Shares in CREST, CRESTCo will be instructed to cancel such Scheme Shareholders' entitlements to the Scheme Shares.

6. Effective Date

- 6.1 The Scheme shall become effective in accordance with its terms as soon as office copies of each of the Scheme Court Order and the Reduction Court Order shall have been delivered to the Registrar of Companies in England and Wales for registration and the Reduction Court Order has been registered by him.

- 6.2 Unless the Scheme shall become effective on or before 31 March 2007 or such later date, if any, as Boots and the Company may agree and the Court may allow, the Scheme shall never become effective.

7. Modification

Boots and the Company may jointly consent on behalf of all concerned to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose.

Dated 5 June 2006