



Recommended acquisition of Alliance Boots plc by AB Acquisitions Limited a company controlled by certain funds advised by Kohlberg Kravis Roberts and by Stefano Pessina

26 April 2007 - Further to recent comments reported in the press, the controlling shareholders of AB Acquisitions, KKR and Stefano Pessina, recognise the high level of public interest in our proposed acquisition of Alliance Boots and wish to clarify our plans for the Group if the acquisition is successfully completed:

As we said in the formal announcement of the proposed acquisition on 20 April 2007, we are committed to building on Alliance Boots' unique position as a trusted UK brand and retail institution and further developing the Group's existing businesses, both in the UK and overseas. We believe that under private ownership we can accelerate the development of the Group in order to meet the challenges and opportunities that it faces and to build a successful global pharmacy-led healthcare and beauty group.

In connection with this vision, our plans include:

- increasing investment in existing stores and expanding the store portfolio, which we would expect over time will lead to an increase in employee numbers in the Group;
- reviewing suitable acquisition opportunities in Continental Europe and in emerging markets such as Asia and Latin America;
- accelerating the move to a single "Boots" brand for the retail business and "Alliance" for the distribution business;
- maintaining the Group's significant presence in Nottingham;
- publishing an Annual Review for the Group so that all stakeholders are informed on the progress of the business.

KKR has a track record of involvement with the businesses in which it invests for an average of more than five years and our investment rationale for Alliance Boots is predicated on long-term growth.

Commenting on their plans, Stefano Pessina said:

"I have partnered with KKR because we share a long-term vision for the Group. Our investment horizon spans many years and we believe that we can justify the price that we have paid by the fact that we are taking a long-term view. Our strategy is about growth and investing for growth and contains no new plans for short term cost cutting; to achieve growth you need more people not fewer. We are excited about the opportunities that being private brings, to accelerate the rate of change and growth in the Company."

Dominic Murphy, Partner at KKR, commented:

"We are tremendously excited at the prospect of becoming the custodian of the Alliance Boots brands. We recognise the unique importance of this Company to its loyal employees and to the communities it serves. We will invest in the Company to nurture and develop it further. At the same time, we are committed to keeping our employees, customers and other stakeholders informed of our progress as we achieve this growth and build a stronger and more successful company."

Defined terms used in this announcement have the same meaning as those in the announcement dated 20 April 2007.

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