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COMP/M.4301 – Alliance Boots/Cardinal Health

SECTION 1.2

Description of the concentration

Alliance Boots plc (**Alliance Boots**) announced via the Regulatory News Service of the London Stock Exchange on 31 July 2006 its intention to acquire (i) the business, trade and assets of Cardinal Health U.K. 101 Limited (**Cardinal Health 101**) and (ii) the share capital of Caseview (PL) Limited owned by Cardinal Health U.K. 432 Limited (**Cardinal Health 432**) (collectively the **Target Business**). The proposed acquisition will take place through OTC Direct Limited (**OTC Direct**), a wholly owned indirect subsidiary of Alliance Boots

Alliance Boots is a UK public limited company listed on the London Stock Exchange. Alliance Boots is engaged in the wholesale supply of pharmaceutical products to retail pharmacies, dispensing doctors and hospitals via its subsidiary Alliance UniChem and its indirect subsidiary OTC Direct. At present, OTC Direct carries out the short-line pharmaceutical wholesale activities of Alliance Boots. Alliance Boots also operates a chain of retail pharmacies in the United Kingdom.

The Target Business comprises assets owned by Cardinal Health 101 and shares in Caseview (PL) Limited owned by Cardinal Health 432. Cardinal Health 101 and Cardinal Health 432 are private companies incorporated in England & Wales which are ultimately controlled by Cardinal Health, Inc., a US healthcare group. The main activity of the Target Business is the wholesale supply of pharmaceuticals to retail pharmacies and dispensing doctors in the UK. The pharmaceutical UK wholesale business can be split into two types of wholesaler: full-line wholesalers and short-line wholesalers. A full-line wholesaler stocks the whole range of pharmaceutical products and typically offers a twice daily delivery service to its customers. A short-line wholesaler offers a more limited product range consisting of fast moving products that make up a large proportion of the total volumes sold by pharmacies. The business model adopted by the Target Business is that of a short-line pharmaceutical wholesaler.

The proposed acquisition affords Alliance Boots, which currently has a very limited presence in short-line wholesaling via OTC Direct, an opportunity to enhance the services it offers to UK pharmacists and dispensing doctors by acquiring another short-line wholesaler to work alongside OTC Direct.