

9 November 2007

Dear Member

Sale of Renewal Rights and Distribution Programme

General Meeting 7th November 2007

I refer to my letter 15th October and the documentation seeking approval of the proposed sale of the Pharmacy Mutual Insurance's (PMI) Renewal Rights to the National Pharmacy Association's subsidiary, Chemists' Defence Association Limited (which has now changed its name to NPA Insurance Limited).

I regret to inform you that the Sale of the Renewal Rights was not approved at the General Meeting held on Wednesday, 7th November 2007.

As set out in the documentation sent to you on 15th October, the Articles contain a provision ensuring that any sale of the business or part of the business of PMI is required to pass a high threshold of Member approval.

A total of 28 Members attended the meeting in person with 24 voting in favour and 3 voting against (with one abstention). It is a requirement under the Articles that on a show of hands, a majority of 95% of Members attending vote in favour of the resolution on the basis of one member one vote. The 95% threshold was therefore not exceeded. To pass the resolution on a poll requires the 50% of the Full Membership to vote. We had received a substantial number of proxies, 4,344, and of these over 99% were in favour. Substantial though this support was, it could not be formally taken into account as the 50% threshold had not been exceeded. Accordingly, the resolution approving the Sale was not passed and the Sale cannot proceed at this time. This also meant the resolution approving the Distribution Programme set out in the documentation was not passed, as it was conditional upon the resolution approving the Sale being passed. The resolution amending the Articles was similarly not passed.

Your board is, of course, extremely disappointed that the votes of only 3 Members have frustrated the wishes of so many Members who were in favour of the Sale. The directors are now discussing what is the best way forward in the interest of the Members. I will be writing to you in the next two weeks with our proposals.

You can be assured that these ongoing discussions will have no effect on the current activities of the company and our day to day business and service continue as before.

Our helpline line remains open to answer any questions you may have - the number is 0845 618 5070.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Rajesh Patel', written in a cursive style.

Rajesh Patel

Chairman