



Walgreens to Acquire New York-based Drugstore Chain Duane Reade

- *Acquisition gives Walgreens leadership position in nation's largest retail and drugstore market*
- *Duane Reade to continue brand identity while accelerating Walgreens Customer Centric Retailing initiative in urban markets*

DEERFIELD, Ill., February 17, 2010 - Walgreen Co. (NYSE: WAG)(NASDAQ: WAG) and New York-based drugstore chain Duane Reade Holdings, Inc. today announced a definitive agreement under which Walgreens will acquire Duane Reade from affiliates of Oak Hill Capital Partners in a cash transaction for a total enterprise value of \$1.075 billion, which includes the assumption of debt.

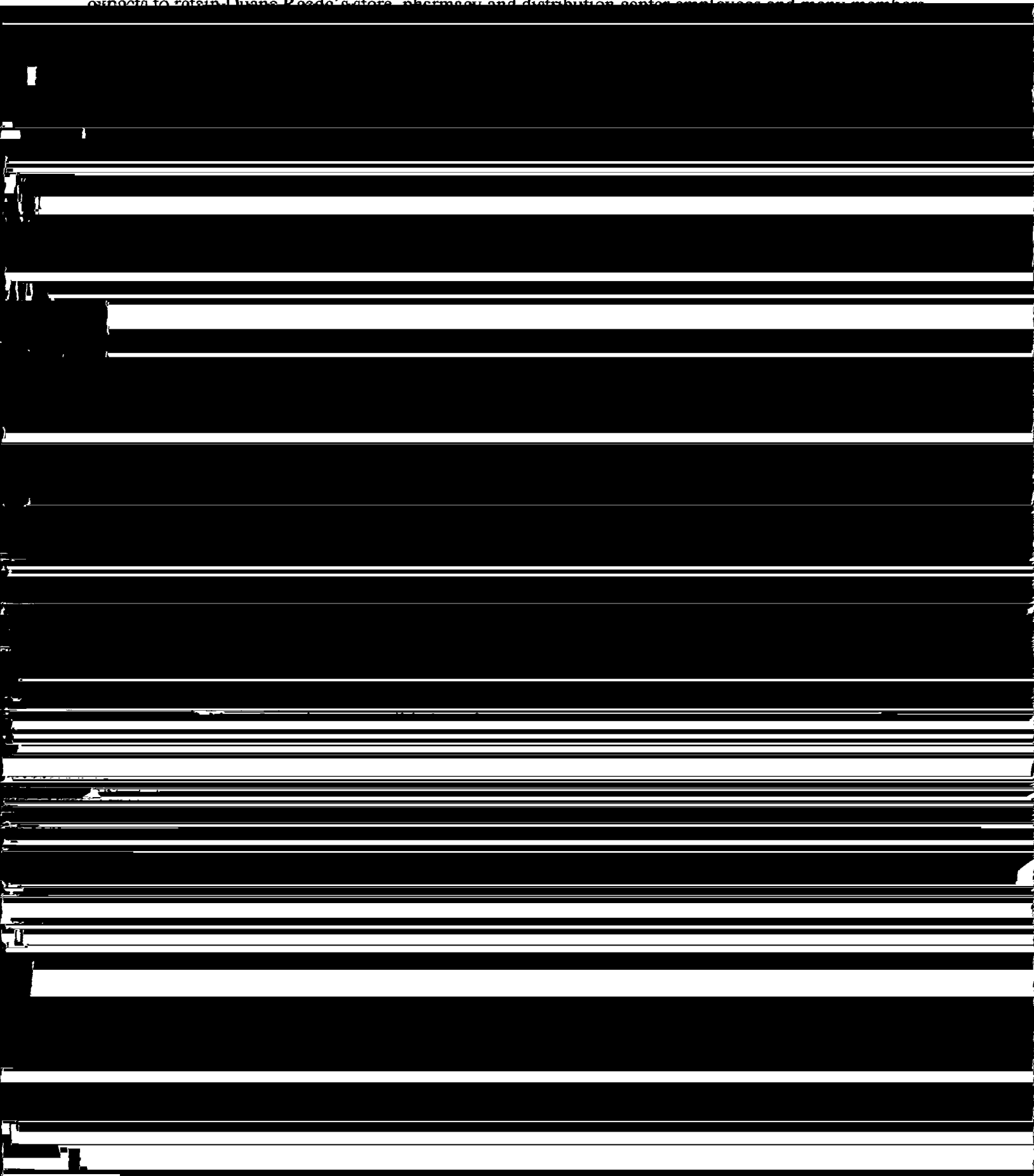
The transaction is subject to customary conditions, including receiving regulatory approvals and would include all 257 Duane Reade stores located in the New York City metropolitan area, as well as the corporate office and two distribution centers. Walgreens will fund the purchase with existing cash and anticipates the transaction will close in its current fiscal year, which ends Aug. 31.

"Duane Reade is a compelling strategic acquisition that will immediately provide Walgreens with a leading position in the largest drugstore market in the U.S.," said Walgreens President and CEO Greg Wasson. "In addition, Duane Reade's recent initiatives in urban retailing, customer loyalty and private brand products support and accelerate Walgreens strategy to enhance the customer experience in our network of more than 7,100 stores across the country."

Duane Reade had unaudited net sales of \$1.8 billion for the latest 12-month period ending Dec. 26, 2009, and has the highest sales per square foot in the retail drugstore industry nationwide.

"This transaction is consistent with the capital allocation objectives we outlined last fall, which included investing in strategic opportunities that reinforce the company's core strategies and meet return

as to the best, most effective way to harmonize the Walgreens and Duane Reade brands. Walgreens expects to retain Duane Reade's store, pharmacy and distribution center employees and many members



billion. The company operates 7,162 drugstores in all 50 states, the District of Columbia and Puerto Rico. Walgreens provides the most convenient access to consumer goods and services and cost-effective pharmacy, health and wellness services in America through its retail drugstores, Walgreens Health Services division and Walgreens Health and Wellness division. Walgreens Health Services assists pharmacy patients and prescription drug and medical plans through Walgreens Health Initiatives Inc. (a pharmacy benefit manager), Walgreens Mail Service Inc., Walgreens Home Care Inc., Walgreens Specialty Pharmacy LLC and Walgreens Long-Term Care Pharmacy LLC. Walgreens Health and Wellness Division includes Take Care Health Systems, the largest and most comprehensive manager of worksite health and wellness centers and in-store convenient care clinics, with more than 700 locations throughout the country.

About Duane Reade, Inc.

Founded in 1960, Duane Reade is the largest drugstore chain in New York City. In keeping with the company's brand vision of New York Living Made Easy, Duane Reade provides New Yorkers with prescriptions, health products and services, beauty products and services, and food and convenience items for daily life in the City... everything for "How I Feel," "How I Look" and "What I Need Now." The company operates 257 stores throughout the metropolitan New York City region.



Duane Reade, Inc. Acquisition Fact Sheet

Transaction Facts and Figures

- Transaction total enterprise value - \$1.075 billion, which includes the assumption of debt
- Acquisition includes all 257 Duane Reade stores as well as the corporate office and two distribution centers
- Duane Reade, Inc. net sales for the latest 12-month period ending Dec. 26, 2009, were \$1.8 billion. Duane Reade has the highest sales per square foot in the retail drugstore industry nationwide.
- Walgreens operates 70 stores in the greater New York metropolitan area and has had a presence in the market since 1927
- Walgreens plans to retain Duane Reade's store, pharmacy and distribution center employees, as well as many members of Duane Reade's senior management team following the acquisition. Operating