



~~Walgreens Reviews 2010 Performance, Progress and Future Opportunities at Annual Meeting~~

DEERFIELD, Ill., Jan. 12, 2011 - At Walgreens (NYSE:WAG) (NASDAQ: WAG) Annual Shareholders' Meeting today, Chairman Alan G. McNally, President and Chief Executive Officer Gregory D. Wasson, and Executive Vice President and Chief Financial Officer Wade D. Miquelon reviewed the company's performance and substantial progress throughout 2010, and outlined opportunities to grow and enhance value for shareholders. They also discussed the significant steps the company is taking to achieve its goal of being America's most trusted and convenient provider of consumer goods and services, and pharmacy, health and wellness solutions.

McNally said, "Since Greg Wasson's appointment as CEO nearly two years ago, he has successfully led one of the most important strategic and operational transformations in Walgreens 110-year history. Greg has assembled a world-class leadership team and fostered a culture of innovation and operating excellence. Record free cash flow enabled us to return a record \$2.2 billion to shareholders last year through dividends and share repurchases. This included a dividend increase of 27 percent last July, marking the 35th consecutive year that Walgreens increased its dividend and bringing our compound annual growth in dividends for the past eight years to nearly 22 percent."

Looking at the business environment, Wasson said, "Walgreens intends to benefit from the growing convergence of health care and retail services. Consumers today have greater access to health care information than ever before, allowing them to become more responsible for their own health and wellness decisions. As a result, patients are increasingly becoming shoppers of health care. That is a very favorable development for Walgreens as we evolve our business from the traditional retail drugstore model toward being America's No. 1 choice for health and daily living needs by offering the most comprehensive pharmacy, health and wellness solutions to patients and health care payers. With 32 million more Americans gaining access to health care coverage in 2014, we see substantial opportunities ahead."

At the meeting, the company highlighted its total shareholder return (which includes both stock price appreciation and dividends) over the past year of 12.3 percent compared with 13.4 percent for the S&P 500. And over the past two years since the company announced its transformational "plan to win," total shareholder return was 61.7 percent compared with 49.6 percent for the S&P 500.

Additional key highlights and milestones over the past year include:

- Sales for the fiscal year were a record \$67.4 billion, a 6.4 percent increase, while operating income reached a record \$3.5 billion.
- The company filled a record 778 million prescriptions in fiscal 2010 – up 7.5 percent from the previous year and representing 19.5 percent of all U.S. retail prescriptions.
- Walgreens acquired 258 Duane Reade drugstores in the New York City metro area, the largest acquisition in its history. Other acquisitions included Snyder's Drug Stores in Minnesota, Ike's and Super D drugstores in the Memphis area, and Eaton Apothecary pharmacies in the Boston

National Influenza Vaccine Summit. Walgreens and Take Care Clinics provided 5.4 million seasonal flu shots and 2 million H1N1 vaccinations.

- Walgreens launched its Optimal Wellness program, a self-care educational program for patients with chronic and complex medical conditions. The program is initially focusing on type 2 diabetes.
- The company expanded its sustainability efforts with several new programs in the past year, including opening the nation's first drugstore to utilize geothermal energy for heating and cooling, and launching the first ongoing, nationwide Safe Medication Disposal Program. Also, as a leader in retail use of solar energy, Walgreens now has nearly 80 solar energy systems active at locations in California, Connecticut, New Jersey and Oregon.
- Walgreens was named to *Fortune* magazine's list of Most Admired Companies in America for the 17th consecutive year, and was ranked 32nd on the *Fortune* 500 list of the largest U.S.-based companies. In addition, *Fast Company* magazine ranked Walgreens as the sixth most innovative health care company for leadership in health care services.

"With more than 7,600 locations within three miles of 63 percent of all Americans, our drugstores are our center of gravity," said Wasson. "Our strategy is to leverage the best store network in America, enhance the customer experience and achieve major cost reduction and productivity gain. Implementing those strategies is creating substantial growth opportunities for our company."

Those opportunities include:

- Slowing new store openings gives Walgreens the opportunity to improve returns on capital and focus on enhancing performance at its existing stores, while continuing to take advantage of the right strategic growth opportunities in both its retail and pharmacy, health and wellness businesses.
- With its CCR initiative, designed to enhance the look and feel of the stores with new product assortments, better sightlines and a new in-store décor package, scheduled for completion by the end of calendar 2011, Walgreens is moving forward with additional front-end opportunities including: enhancing its private brand products; expanding fresh food offerings; and piloting upscale beauty departments and a customer loyalty initiative.

As other e-commerce and multi-channel retailers attempt to get products to online customers in a

screenings and other wellness services. Research published in the September issue of *Health Affairs* showed one in four U.S. emergency room visits could instead use retail clinics or urgent care centers, potentially saving \$4.4 billion annually.

- The company, through its pharmacy, health and wellness services, also is becoming a critical component of new accountable care organizations by expanding opportunities with health systems such as Northwestern Memorial Hospital in Chicago and Truman Medical Centers in Kansas City, Mo., as well as physician groups across America.

Miquelon discussed Walgreens long-term financial goals and capital allocation policy, while describing the company's drivers of growth and value creation for shareholders. "The center of our growth has always been the pharmacy," said Miquelon. "Today, we have tremendous opportunity to complement our traditional growth drivers with additional opportunities in the front-end and through multi-channel retailing initiatives, where we have significant operating leverage. And, we're developing a third area for growth through our expanding health and wellness programs, specialty pharmacy and infusion services, and prescription-like services such as immunizations. Together, these programs can deliver better services and outcomes leveraging the infrastructure we already have in place."

McNally concluded, "We continue to leverage our core strengths developed over more than a century – the best, most convenient store network in America; our trusted and iconic brand; and our strong balance sheet and financial flexibility. These great strengths serve as the bedrock for our company's transformation, and provide Walgreens the opportunity for sustained growth and value creation as we emerge from the Great Recession and continue to address our nation's growing health care needs."

Nominees to Walgreens board of directors include:

- David J. Brailer, MD, PhD, Chairman of Health Evolution Partners
- Steven A. Davis, Chairman and CEO of Bob Evans Farms Inc.
- William C. Foote, Chairman of USG Corporation
- Mark P. Frissora, Chairman and CEO of The Hertz Corporation
- Ginger L. Graham, President and CEO of Two Trees Consulting
- Alan G. McNally, Chairman of the Board of Walgreen Co.
- Nancy M. Schlichting, President and CEO of Henry Ford Health System
- David Y. Schwartz, independent business advisor and consultant, and former Partner at Arthur Andersen LLP
- Alejandro Silva, Chairman and CEO of Evans Food Group, Inc.
- James A. Skinner, Vice Chairman and CEO of McDonald's Corporation
- Gregory D. Wasson, President and CEO of Walgreen Co.

"Our two newest nominees – Dr. Brailer and Ms. Graham – together with Ms. Schlichting, enrich our board deliberations with extraordinary breadth and depth of experience, expertise and insight in the rapidly changing health care industry," said McNally.

Ten of the 11 board members are independent, consistent with the requirement in the company's governance guidelines that a majority of its board be independent.

Preliminary voting results were announced at the meeting. The final voting results on all agenda items will be disclosed in a Current Report on Form 8-K to be filed by Walgreens with the Securities and Exchange Commission after certification by the inspector of elections.

Walgreens (www.walgreens.com) is the nation's largest drugstore chain with fiscal 2010 sales of \$67 billion. The company operates 7,655 drugstores in all 50 states, the District of Columbia and Puerto Rico. Each day, Walgreens provides nearly 6 million customers the most convenient, multichannel access to consumer goods and services and trusted, cost-effective pharmacy, health and wellness services and advice in communities across America. Walgreens scope of pharmacy services includes retail, specialty, infusion, medical facility and mail service, along with pharmacy benefit solutions and respiratory services. These services improve health outcomes and lower costs for payers including employers, managed care organizations, health systems, pharmacy benefit managers and the public sector. Take Care Health Systems is a Walgreens subsidiary that is the largest and most comprehensive manager of worksite health centers and in-store convenient care clinics, with more than 700 locations throughout the country.

Statements regarding Walgreens in this release that are not historical are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, including, but not limited to, those described in Item 1A (Risk Factors) of Walgreens most recent Annual Report on Form 10-K which is incorporated herein by reference and in other documents that Walgreens files or furnishes with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, Walgreens undertakes no obligation to update publicly any forward-looking statement after the distribution of this release, whether as a result of new information, future events, changes in assumptions or otherwise.