

Message

From: Ashworth, Richard M. [richard.ashworth@walgreens.com]
Sent: 2/27/2012 7:40:26 AM
To: Hose, William J. [w.hose@walgreens.com]; Miller, William J. [bill.miller@walgreens.com]; Atlas, Howard A. [howard.atlas@walgreens.com]; Hasty, Robert E. [rob.hasty@walgreens.com]; Zins, Barry W. [barry.zins@walgreens.com]; Sesto, Matthew D. [matt.sesto@walgreens.com]; Bandurraga, Sue I. [sue.bandurraga@walgreens.com]; Malee, Melanie [melanie.malee@walgreens.com]; Zimmerly, Laura L. [laura.zimmerly@walgreens.com]; Stewart, Keiona [keiona.stewart@walgreens.com]; Bujdei, Gabriela F. [gabriela.bujdei@walgreens.com]; Jacobs, Robert C. [robbie.jacobs@walgreens.com]; Bhana, Sanjay K. [sanjay.bhana@walgreens.com]
CC: Bujdei, Gabriela F. [gabriela.bujdei@walgreens.com]
Subject: INFO: Western Division Update 2.25.12
Attachments: Western Division Weekly Update- 2.27.12.doc

Team,

Please see attached. Our Division meeting is at 4pm on Tuesday, Dinner to follow.

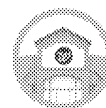
Regards,

Richard

Richard Ashworth
Corporate Operations Vice President
Walgreen Co.
200 Wilmot Road
Deerfield, Illinois 60015
847.315.2442

PLAINTIFFS TRIAL
EXHIBIT
P-25748_00001

TO: WESTERN DIVISION
FROM: RICHARD ASHWORTH
DATE: 02.27.12
SUBJECT: WEEKLY COMMUNICATION



Operations & Community
Management

Please review the notes below.

ACTION ITEMS:

1. KPI / Scorecard (within Pharmacy Update)

- a. We have to strive for the activities that drive incremental scripts. There are metrics we can improve, today, that will demonstrate the “doing whatever it takes” to achieve 100% of FY11 Script volume. See just a snapshot of the metrics related to driving incremental scripts. We are not doing whatever it takes – we have to be able to demonstrate the ability to execute.

	Chain	West	M2	M5	M11	M14	M17	M22	M26
New to Therapy Calls % Not Made	76%	79%	84%	88%	64%	87%	61%	78%	95%
% Rx Sold w/Autofill	4%	4%	2%	9%	5%	2%	5%	3%	2%
PSC Cards	1583/mkt	11,270	1,226	1,875	2,031	909	2,467	1808	954
Part-D Conversion Rate	9%	4%	0%	3%	6%	0%	25%	3%	0%
Verified by Promised Time	77%	75%	78%	73%	74%	76%	73%	77%	78%
% Waiters	23%	22%	26%	4%	23%	27%	28%	24%	27%

- b. What about items at the market level – How are we doing on these opportunities? What numbers would we fill in as evidence of our efforts to drive incremental Rx’s.

	Chain	West	M2	M5	M11	M14	M17	M22	M26
Bedside Delivery Contracts									
Adult Living Facility Contracts									
340B contracts signed									
File Transfers / B&O									
Direct contracts with HP or Emp.									

- a. At the highest levels, our efforts (driving execution to raise performance indicators and market level successes) will drive incremental prescriptions to meet targets. As you can see below, MTD, we are well below expectations.

Operation: 1, Richard Ashworth, Western										Month to Date: Feb 25, 2012		
										Date-To-Date, Established Stores		
Mkt	Name	Sales			Gross Profit			Rx Sold				
		Dollars*	LY%-%	Div Rk	AR	Cash	Dollars	LY%-%	Div Rk	Count	LY%-%	Div Rk
	All Stores	\$604,803,548	-12.4%		\$457,968,753	\$148,336,535	\$145,848,559	-12.0%		10,337,058	-15.3%	
	Est Stores	\$578,792,030	-13.4%		\$438,159,720	\$140,633,461	\$139,622,230	-13.7%		9,894,957	-16.2%	
	Avg Est Store	\$383,785			\$287,824	\$86,014	\$85,344			6,055		
14	BB Miller	\$415,442	-2.4%	1	\$303,946	\$111,494	\$108,603	2.4%	1	7,041	-3.1%	1
5	Barry Zins	\$393,517	-17.3%	6	\$297,991	\$105,924	\$93,719	-19.0%	6	6,794	-24.7%	7
11	BB Hosa	\$361,738	-15.2%	4	\$288,857	\$72,786	\$72,714	-16.2%	5	5,403	-18.1%	5
22	Rob Healy	\$357,093	-15.3%	5	\$275,376	\$81,627	\$80,918	-16.3%	4	6,440	-18.5%	4
28	Howard Atlas	\$336,718	-11.8%	3	\$251,589	\$85,129	\$88,039	-9.8%	2	5,831	-12.6%	2
17	Matt Sesto	\$302,643	-19.0%	7	\$242,646	\$59,987	\$86,200	-22.6%	7	5,195	-21.5%	6
2	Sue Bandunaga	\$294,416	-11.8%	2	\$214,480	\$79,956	\$75,429	-15.5%	3	5,471	-15.2%	3



Division WE
2.25.12.pdf

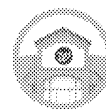


Market WE
2.25.12.pdf

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TO: WESTERN DIVISION
FROM: RICHARD ASHWORTH
DATE: 02.27.12
SUBJECT: WEEKLY COMMUNICATION

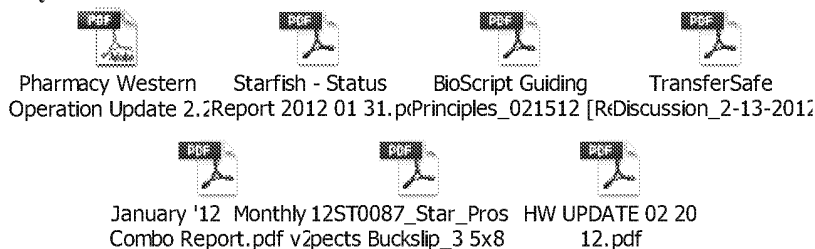


Operations & Community
Management

DISCUSSION ITEMS:

2. Status Update

a. Pharmacy



b. FE/Merchandizing



c. Administration



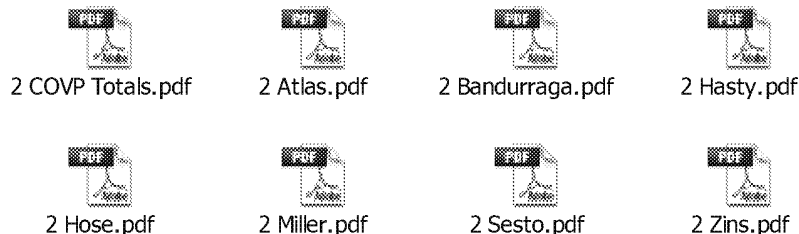
3. Service

- a. Top 2 complaints were Poor Employee Attitude and Pharmacy Fill was denied. Focus on 5 minute meetings to help drive operational excellence and to hone in on opportunities that will help educate our employees on our engagement expectations. Rx not ready when promised and long wait for Rx to be filled should not be an issue. We must differentiate ourselves and we must be able to speak to accuracy and efficiency.



4. Inventory

- a. We cannot have our Sales of DSD items outpacing our COGS, we will build days of supply and lose margin. We need to focus on selling our investment. As a division our DSD purchases have gone up 9.1% and our COGS has only gone up 0.8%.



5. January 90 Update

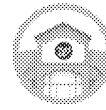
- a. One of our best retention tools we have, great for our patients, and lowers costs for payors. Keep discussing the importance and value of 90 day. Also, attached is the 90day whitepaper.



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FROM: RICHARD ASHWORTH
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6. FE Customer Count and Efficiency

- a. Speaks to the efficiency of our FE labor and comparison over time.



January 2012.pdf

7. Hires and Rehires Report Week Ending Feb 12th to Feb 18th

- a. We hired three technicians and 1 Rph, please make sure you are preparing our leaders for the HR plans coming in the next few weeks.



Weekly Hire-Rehire
Report 022012.XLS

8. Immunizations

- a. We will have offsite pricing in a week or so, we need to have a plan to come our swinging. You will hear about the new offsite process developed by the Retail Clinical Services team, you will like the changes.
- b. Additional Immunizations is a key focus for all of you – make sure the 20% are also engaged.



Immunization_Totals Weekly_Flu_Report_
_FY12_2.15.12.xls WkEnding_2.18.2012

9. January margin increased 75 bps

- a. Primary driver was an increase in our overall retail prices.



Mix Margin Report -
January 2012.pdf

10. Payroll Reports

- a. Best division for RX payroll control, very well done. This is where we should always be. As we get closer to the HR reductions, we will need to monitor closely the payroll levels.
- b. Best division for FE payroll adoption and stores >20 hours.... Keep up the great work.



Act vs Bgt
201213.pdf



Summary
201213.pdf

11. West Script Retention Report

- a. We must execute on the strategies to maximize our buy-out dollars, especially if we are going to take more risk.



rpt_ScriptRetention_
West.pdf

12. PSC February Enrollments

- a. Continue the focus, especially with the current PM in place.

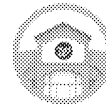


PSC Feb Enrollments
2 23 12.pdf

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FYI ITEMS:

13. January 2012 Retail Rx Market Share report w/ ESI Enhancements

- a. As we expected, our retail share has dropped to 18.2%. Keep pushing to regain prescriptions.



Jan12_Monthly
Market Share.pdf

14. Articles

- a. For your reading pleasure.



Benefits Managers
Can Slow Pharmaceut



0816_001.pdf



HealthCloud_ESC_-
2012_02_14_FINAL [



Feb 2012 PBM
Newsletter.pdf



Employer
Newsletter_February

15. Enterprise Scheduling Appointment Trends - Week Ending 2/18

- a. We need to continue to push this application to help distribute the work and gain efficiency.



Appointment trends
2-18-12.pdf

16. Fresh Report - 2.12.2012 - 2.18.2012

- a. 9.8% growth and Margin at 30.5% - we are progressing very well.



Fresh Report -
2.12.2012 - 2.18.201

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TO: WESTERN DIVISION
 FROM: SANJAY BHANA
 SUBJECT: PHARMACY UPDATE

DATE: FEBRUARY 26, 2012

Generic Lexapro (Escitalopram) Launch March 1st

- Estimated Launch date March 1st
- Initial communication went to the field on February 21st
- Communication will go to the field this week once final details around the launch are confirmed
- Ramp down of Lexapro in stores has occurred
- Need 100% execution in stores here, all hands on deck
- System enhancements are in place to help with conversion
- Rph's must take the time to counsel patients on the benefits of the Generic
- Identify opportunities via the work que, pick up bins, etc. (no stone uncovered)

Store Opportunity Scorecard

- **Medicare Part D**
 - 9% of patients blocked successfully resulted in a Med D Review session held (based on bar code scan)
 - We should be holding Med D Review Sessions with all patients, easy win here
 - Western Division was at 4% , behind chain average
- **Immunizations**
 - We are trending positively here with some markets really driving select immunizations
 - Flu is still an opportunity: empty the fridge
 - Pneumonia has lots of potential as well, stay focused on these select patients
 - Zostavax: stay strong here, in stock issues let us know asap
- **Adherence**
 - New To Therapy Calls, stores are not actively engaged here
 - Call list is front and center, many stores still unaware what the purpose is here
 - Please lets get the word out here, full court press
- **MTM**
 - Lagging behind the chain
 - I realize that we have plans in place, meetings have been held however we need to go here...today please
 - MTM is more extensive however it holds strong value
 - Our corporate team will help with local calls with RxS's if needed
- **Health Testing**
 - 2 markets provided over 1500 BP tests
 - 1 market provided over 1000 BP tests
 - What about the other health tests?

Store Target Goal (Avg)	Week Ending Fri 02/17		Week Ending Fri 02/10		Week Ending Fri 02/3		2012 YTD (Calendar)	
	Actual	Shortfall/Surplus	Actual	Shortfall/Surplus	Actual	Shortfall/Surplus	Actual	Shortfall/Surplus



	Wkly)							
Gross Profit		400,986,266		359,686,858		349,853,715		2,442,722,321
Scripts Sold		12,476,628		12,781,074		12,728,892		85,370,451
90-Day Adjusted Scripts Sold		14,680,642		15,075,600		15,040,792		100,921,395

Metric Category	Metric	W/E Fri 02/17		W/E Fri 02/10		W/E Fri 02/3		2012 YTD (Calendar)	
		Actual Volume	%+/- LY	Actual Volume	%+/- LY	Actual Volume	%+/- LY	Actual Volume	%+/- LY
Immunizations	Flu	11,380	-38 %	14,847	-27 %	17,959	-33 %	153,513	-20 %
	Zostavax	6,046	40 %	7,052	74 %	6,044	27 %	40,750	67 %
	Pneumovax	1,194	111 %	1,381	157 %	1,243	59 %	10,139	92 %
	Tdap	1,899	245 %	1,728	212 %	1,740	187 %	11,254	204 %
	Meningitis	310	1,048 %	448	2,535 %	618	2,189 %	13,130	6,336 %
	Other	1,326	32 %	1,169	45 %	1,155	29 %	8,139	51 %
MTMs	Comp. Medical Review	1,589		1,134		909		6,281	
	Targeted Medical Review	4,368		3,946		2,190		15,787	
Health Tests	Blood Pressure	37,686	286 %	26,481	371 %	9,256	427 %	87,429	126 %
	Blood Glucose	112	918 %	125	12,400 %	128	2,033 %	753	766 %
	A1C Test	66	6,500 %	93	9,200 %	70	1,650 %	411	793 %
	Total Cholesterol	46		54	5,300 %	56	5,500 %	337	8,325 %
	Full Cholesterol	127		133		156		906	
	Body Composition	11		5		1		25	
	Wellness Bundle	404		474		515		3,755	
Misc Services	PSC Cards	45,924	108 %	51,478	144 %	133,725	559 %	940,485	668 %
	Flavor Rx	44,122	82 %	41,411	83 %	37,394	62 %	233,418	89 %
	Compounds	27,161	-43 %	26,580	-31 %	26,452	-18 %	177,220	-13 %
New Rx Volume	New Profile Registrations	519,823	-12 %	524,060	-7 %	522,764	-9 %	3,527,373	3 %
	Rx Transferred In	83,471	-9 %	89,320	-4 %	90,757	3 %	658,876	18 %
Adherence	% Rx Sold w/ Autofill	4 %	-1 %	4 %	-1 %	4 %	26 %	4 %	7 %
	% Rx Sold Enrolled in Text Messaging	6 %	45 %	6 %	47 %	6 %	46 %	6 %	48 %
	New to Therapy Calls - % Spoke to Patient	14 %		8 %		8 %		9 %	
	New to Therapy Calls - % Unable to Reach	10 %		6 %		5 %		6 %	
	New to Therapy Calls - % No Attempt Made	76 %		86 %		87 %		86 %	
Medicare	Part-B Diabetic Supplies Rx Sold	32,723	14 %	34,458	29 %	32,702	20 %	214,723	32 %
	Part-D Eligible Patient CAP Blocks	472		796		889		7,649	
	Part-D Review Sessions Held	44		55		38		314	
	Part-D Block to Review Conversion Rate	9 %		7 %		4 %		4 %	



Week Ending Fri 02/17							2012 YTD (Calendar)												
Operation	Rx Sold Goal	Actual Rx Sold	+/-	90-Day Adj Rx Goal	Actual 90-Day Adj Rx	+/-	GP Goal	Actual GP	+/-	Rx Sold Goal	Actual Rx Sold	+/-	90-Day Adj Rx Goal	Actual 90-Day Adj Rx	+/-	GP Goal	Actual GP	+/-	
Eastern		2,713,476			3,176,434			\$95,781,216			18,742,650				22,041,242			\$581,528,137	
Midwest		3,307,760			3,874,220			\$98,610,021			22,635,458				26,624,964			\$608,924,727	
Non-Retail		76,571			202,141			\$0			551,238				1,460,746			\$0	
Southern		3,517,716			4,097,800			\$115,578,564			23,903,670				27,952,600			\$692,850,023	
Western		2,861,105			3,330,047			\$91,016,466			19,537,435				22,841,843			\$559,419,435	

Week Ending Fri 02/17						2012 YTD (Calendar)					
Operation	Immunizations	MTMs	Health Tests	Prescription Savings Club	Total	Immunizations	MTMs	Health Tests	Prescription Savings Club	Total	
Eastern	4,339	1,668	12,247	10,752	29,006	53,953	6,810	28,819	215,046	304,628	
Midwest	4,545	1,620	8,597	8,988	23,750	48,486	5,986	21,387	215,548	291,407	
Non-Retail	0	259	0	538	797	0	1,106	0	24,509	25,615	
Southern	5,315	1,522	10,457	14,376	31,670	67,828	5,185	26,779	286,577	386,369	
Western	6,630	888	7,151	11,270	25,939	58,519	2,981	16,631	198,805	276,936	

Week Ending Fri 02/17							2012 YTD (Calendar)							
Operation	Influenza	Zostavax	Pneumovax	Tdap	Meningitis	Other	Total	Influenza	Zostavax	Pneumovax	Tdap	Meningitis	Other	Total
Eastern	2,437	1,473	202	211	16	374	4,713	39,297	10,986	2,047	1,458	165	2,344	56,29
Midwest	2,238	1,536	205	556	10	285	4,830	33,347	9,714	2,134	3,237	54	1,524	50,01
Non-Retail	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Southern	3,257	1,174	387	253	244	261	5,576	42,475	8,697	2,770	1,538	12,348	1,560	69,38
Western	3,448	1,863	400	879	40	406	7,036	38,394	11,353	3,188	5,021	563	2,711	61,23

Week Ending Fri 02/17					2012 YTD (Calendar)				
Operation	Comprehensive Medical Review (CMR)	Targeted Medical Review (TMR)	Total	Comprehensive Medical Review (CMR)	Targeted Medical Review (TMR)	Total			
Eastern		427	1,241	1,668	1,785	5,025			
Midwest		581	1,039	1,620	2,388	3,598			
Non-Retail		0	259	259	0	1,106			
Southern		365	1,157	1,522	1,390	3,795			
Western		216	672	888	718	2,263			

Week Ending Fri 02/17									2012 YTD (Calendar)								
Operation	Blood Pressure	Blood Glucose	A1C	Total Chol	Full Chol	Body Comp	Bundle	Total	Blood Pressure	Blood Glucose	A1C	Total Chol	Full Chol	Body Comp	Bundle	Total	
Eastern	12,104	17	14	10	18	8	76	12,247	27,637	122	72	70	122	11	785	28,819	
Midwest	8,321	35	21	20	42	2	156	8,597	19,169	235	146	97	324	6	1,410	21,387	
Non-Retail	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Southern	10,220	46	19	9	51	1	111	10,457	24,806	307	133	104	325	6	1,098	26,779	
Western	7,041	14	12	7	16	0	61	7,151	15,817	89	60	66	135	2	462	16,631	

Week Ending Fri 02/17					2012 YTD (Calendar)				
Operation	PSC Cards Sold	Flavor Rx Sold	Compound Rx Sold	Total	PSC Cards Sold	Flavor Rx Sold	Compound Rx Sold	Total	
Eastern	10,752	8,516	4,877	24,145	215,046	45,439	32,049	292,534	



Midwest	8,988	16,270	7,696	32,954	215,548	84,173	51,410	351,131
Non-Retail	538	0	51	589	24,509	0	335	24,844
Southern	14,376	11,361	8,550	34,287	286,577	63,615	53,690	403,882
Western	11,270	7,975	5,987	25,232	198,805	40,191	39,736	278,732

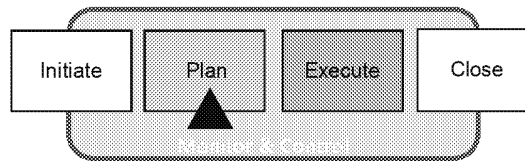
Operation	Week Ending Fri 02/17		2012 YTD (Calendar)	
	New Profile Registrations	Rx Transferred In	New Profile Registrations	Rx Transferred In
Eastern	126,480	20,884	870,051	165,796
Midwest	102,800	20,608	699,101	170,985
Non-Retail	384	196	3,514	1,167
Southern	153,011	21,023	1,031,069	153,259
Western	137,148	20,760	923,638	167,669

Operation	Week Ending Fri 02/17					2012 YTD (Calendar)				
	% Rx Sold w/ Autofill	% Rx Sold Enrolled in Text Messaging	New to Therapy Calls - % Spoke to Patient	New to Therapy Calls - % Unable to Reach	New to Therapy Calls - % No Attempt Made	% Rx Sold w/ Autofill	% Rx Sold Enrolled in Text Messaging	New to Therapy Calls - % Spoke to Patient	New to Therapy Calls - % Unable to Reach	New to Therapy Calls - % No Attempt Made
Eastern	2.7 %	5.2 %	22.0 %	13.9 %	64.1 %	2.8 %	5.0 %	14.4 %	8.9 %	76.8 %
Midwest	2.8 %	5.5 %	14.6 %	10.4 %	75.1 %	2.9 %	5.3 %	8.5 %	5.9 %	85.5 %
Non-Retail	15.9 %	3.4 %				16.0 %	3.4 %			
Southern	4.9 %	6.7 %	10.4 %	7.1 %	82.5 %	5.2 %	6.5 %	6.7 %	4.6 %	88.7 %
Western	4.3 %	6.8 %	11.7 %	8.9 %	79.4 %	4.7 %	6.6 %	5.4 %	3.9 %	90.6 %

MEDICARE

Operation

Operation	Week Ending Fri 02/17				2012 YTD (Calendar)			
	Part-B Diabetic Supplies Rx Sold	Part-D Eligible Patient CAP Blocks	Part-D Review Sessions Held	Part-D Block to Review Conversion Rate	Part-B Diabetic Supplies Rx Sold	Part-D Eligible Patient CAP Blocks	Part-D Review Sessions Held	Part-D Block to Review Conversion Rate
Eastern	5,564	91	11	12.1 %	37,214	1,491	61	4.1 %
Midwest	7,385	94	14	14.9 %	49,585	1,840	79	4.3 %
Non-Retail	10,322	0	0		64,136	0	0	
Southern	4,776	117	12	10.3 %	31,556	2,080	117	5.6 %
Western	4,676	170	7	4.1 %	32,232	2,238	57	2.5 %



Report Date	For Period Ending
1/31/12	1/31/12

Program Name: Inventory Reduction Strategy	Project Name: Starfish
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Project Scope/Objectives: The objective of Project Starfish is to decrease pharmacy inventory costs by developing a hub & spoke model for Walgreens that limits expensive and slow moving items to a smaller number of 24 hour stores. These "hub" stores will be the inventory source that serves multiple "spoke" stores in a designated geographic area.

Key Message: The overall trend this period is positive. The technology costs have been estimated and the funding request is being developed. The pilot market for Starfish has moved from Tennessee to Colorado.
The project is in green health status as the high level project plan and cost estimates continue to be developed.
The project is expected to remain in green status as the RAC funding request will be presented in February.

Status Trend = Positive		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase		
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Original Plan	12/15/11	12/31/11	tbd	tbd
Scope	<input checked="" type="checkbox"/>			Revised Date		2/15/12		
Resources	<input checked="" type="checkbox"/>			Actual Date				

Critical Issues/Risks:	Owner:	Due Date:
1. The project funding may be impacted by the re-categorization of spending for FY12.	1. Owner is Denny	1. Target 2/15

Accomplishments & Highlights:

- The high level technology estimates and approach for delivering the Starfish enhancements were reviewed by the IT delivery teams to ensure the work needed to meet the Starfish requirements is covered. The estimated technology cost including infrastructure and hardware is now \$4.6m.
- Regulatory review of Tennessee has shown it is not the candidate pilot state most open to the hub and spoke model for filled prescriptions. Two other states on the candidate list, CO and MN, are better suited for the pilot.
- Enterprise Geographic Information Services (EGIS) conducted an analysis of the Denver market using the mean center approach to calculate average distance between stores in order to determine the 24 hour hub locations. Three hub locations were selected for Denver, serving 68 spoke stores.
- Logistics & Transportation has researched options in the Denver market for transporting the filled scripts from the hub stores to the spoke stores. Estimates of \$6 per stop and \$12 per stop have been presented.
- Rolling out Starfish to the chain is being reviewed for regulatory limitations on a state by state basis.
- The impact of the Starfish approach in the Central Fill markets has been discussed with Rex Swords. The projected volume of scripts should be handled within the available capacity of Central Fill. The advantage in Central Fill markets is the lack of additional transportation costs from the hub to the spoke stores.

Near-term Milestones/Deliverables:

- Analysis of the prescription activity for the Denver market will be conducted to identify the targeted CHiP drug list for the pilot. From that list will come the projected volume of Starfish scripts to be handled by the hub stores and the projected inventory savings for the Denver market.
- Identify the chain wide coverage that will be targeted for Starfish based on the initial review of the states that allow the Starfish process and the proposed hub & spoke store groupings.
- Develop the FP&A business case for presentation to the RAC based on the cost estimates received for technology enhancements, the preliminary analysis for the selected drug list, the selected store groupings, and the per transaction cost for delivery services. Due to the cost difference when transportation to the spoke store is not required in Central Fill markets, two alternatives are being developed; one for chainwide roll out and one for roll out to the Central Fill markets.
- Define the initial project plan with the work streams integrated for a pilot go live date. Key component of the pilot plan is to determine Starfish slotting in the pharmacy application release schedule.

Project Manager(s) Name & Phone	Kort Gustafson	(708)829-8917	PMO Project #
Business Owner Name(s)	Denny Murray	(847)315-2005	

Status				Schedule	Plan Phase	Design Phase	Build Phase	Test Phase	Deploy Phase
Overall	<input type="checkbox"/>	Schedule	<input type="checkbox"/>	Original Plan					
Scope	<input type="checkbox"/>	Cost	<input type="checkbox"/>	Revised Dates					
Resources	<input type="checkbox"/>	Quality	<input type="checkbox"/>	Actual Dates					

STATUS

Overall | The current overall state of the project taking into account Scope, Resources, Schedule, Cost and Quality Metrics.

Scope | The current scope of the project compared to the approved and finalized requirements of the initiative. This indicator represents the overall amount of requirements changes that are in-flight on the effort and that will likely impact the project deliverables.

Resources | The current availability of resources, including human, equipment, facilities and material against those

Schedule | The current availability of resources, including human, equipment, facilities and material against those that were planned for and needed for the initiative. If resources are needed and not engaged, the resource indicator is either yellow or red.

Cost | N/A - Will be included in a future release of the standard status report template.

Quality | N/A - Will be included in a future release of the standard status report template.

SCHEDULE DATES

Orig. Plan | The original planned completion date for each Phase Milestone. Don't change these values once they are set/reported.

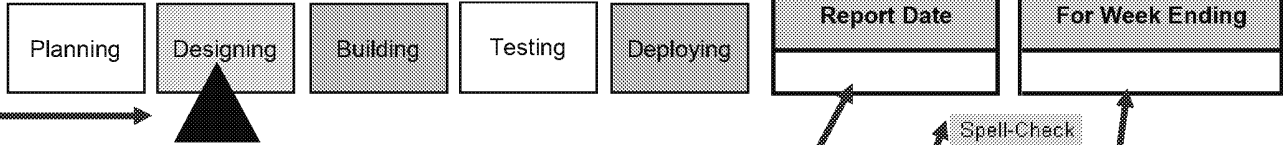
Revised | For all tasks that have not yet been completed, the revised completion date for milestones against whi

Actual | The actual date on which the Phase Milestone was completed. This date is only reported after approval by all stakeholders supporting the initiative.

|

2

Drag this triangle to point to where the project is at within the lifecycle



Program Name: (enter Program name here) **Project Name:** (enter Project name here) **Run Spell-Check if**

Project Scope/Objectives: (enter your Project Scope/Objective) Enter dates as 5/25 and will convert to yyyy-mm-dd format for you

Key Message: (first sentence - The overall Trend is (positive, negative, unchanged) due to..... (second sentence - The project is in X (red, yellow, green) health status because....) (third sentence - What are you doing to address the health rating?) (fourth sentence - We expect to stay in X status because.....or expect to move from X to Y status by MM/DD/YY) N/A if none exist.

Status Trend =		Schedule		Plan Phase	Design Phase	Build Phase	Test Phase	Deploy Phase
Overall	<input type="checkbox"/> Negative	Schedule	<input type="checkbox"/>	Original Plan				
Scope	<input type="checkbox"/>	Revised Dates		Click the dropdown and Negative, Positive, Unchanged				
Resources	<input type="checkbox"/>	Actual Dates		Click the dropdown and choose R,Y,G and will fill in color for you				

Critical Issues/Risks:	Owner:	Due Date:
(enter your Critical Issues/Risks here)	(enter each Owner of the Issue or Risk here)	(enter the Date that each Issue or Risk will be addressed here)

Accomplishments & Highlights:
 (enter your Accomplishments/Highlights here)

Please provide a brief list your accomplishments and highlights since your last status report in this location. You can drag the row height to fit your text.

Near-term Milestones/Deliverables:
 (enter your Near-term Milestones/Deliverables here)

Please provide a a brief list your upcoming Milestones/Deliverables and dates xx/xx/xx in this location. You can drag the row height to fit your text.

Project Management Contact(s): (names & phone #)

(enter Project Manager name here) (enter Project Manager Phone # here) (enter 2nd Project Manager name here) (enter 2nd Project Manager Phone # here) PMO Project #

Please provide the Walgreens Project Manager Name and phone number in this location

Please provide the Walgreens Project Manager Name and phone number in this location

Status			
Overall	<input checked="" type="checkbox"/>	Schedule	<input type="checkbox"/>
Scope	<input type="checkbox"/>	Cost	<input type="checkbox"/>
Resources	<input checked="" type="checkbox"/>	Quality	<input type="checkbox"/>

Category	Red	Yellow	Green
Overall	Planned scope or date will be missed. Team is reworking plan and proposed date, scope, budget will be submitted to management.	Significant issues or impacts under investigation that may cause unplanned change to project. Delivery date is at risk.	Project is progressing without any Critical issues. No Yellow or Red issues on the project.
Scope	Open Change Requests (CR) that will not be resolved by the impacted project phase and will have direct impact on subsequent milestones.	Open Change Requests (CR) that will not be resolved within the schedule but can be closed before the impacted project phase.	No outstanding Change Requests (CR) or all CRs can be resolved within the current schedule.
Resources	A lack of qualified resources will directly impact the schedule or quality of deliverables.	A lack of qualified resources with the capacity as called for by the schedule. However, there is adequate lead time to identify, on-board and ramp up missing capacity and capabilities.	There are sufficient resources with requisite capabilities to meet the deliverables within the current schedule.
Schedule	Some tasks are impacting the critical path of the project that will cause the date to be missed.	Some tasks are late but there is no impact to the critical path of the project.	All tasks are on schedule. The overall project is less than 7 days late.
Cost	N/A – for future consideration	N/A – for future consideration	N/A – for future consideration
Quality	N/A – for future consideration	N/A – for future consideration	N/A – for future consideration

BioScrip Guiding Principles

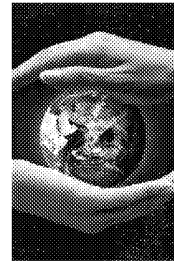


The BioScrip Acquisition represents an important investment in community pharmacy for Walgreens. The following objectives will drive the integration plan and execution:



Transition

- BioScrip will continue to be our competition with the intent to integrate on May 4. Sharing of our internal strategies and business information should not occur until after the close on May 4.



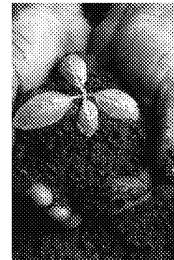
Protect

- BioScrip offers a complementary set of services catering to a specialized customer in our shared market. Through the course of the transition and integration, our intent is to protect their business model and continue to execute against their strategy.



Learn & Understand

- BioScrip has been successful in the development of relationships between their patients and physicians. Over the next several months, we want to learn and understand their operations in order to ensure the patient and physician relationships remain unchanged.



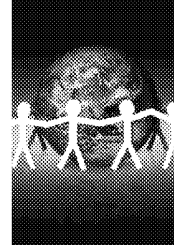
Grow

- We will work to grow the presence and services that our collective pharmacy network offers to our expanded list of patients and customers.



Educate

- The exchange of information across the business units will provide an opportunity for growth and excellence to the organization.



Integrate

- To limit disruption to the BioScrip operations, a new business unit for the BioScrip retail locations will be established for the planned transition period. Over time, the community pharmacies will transition within Store Operations and Community Management.



TO: PHARMACY SERVICES LEADERSHIP
 FROM: R. SWORDS, M. UMBLEBY
 SUBJECT: TRANSFERSAFE DISCUSSION

DATE: FEBRUARY 13, 2012

TransferSafe:

- Eliminates most expensive task from pharmacist workload
- Quality improved through direct, electronic transmission of prescription information vs. verbal transcription
- Regulatory and industry momentum has been created with expansion to additional states and competitor acceptance
- Discussions currently taking place with vendors to create reciprocity of TransferSafe functionality with Walgreens and competitors

Current Regulatory Landscape:

Allowed by Statute or Regulation	Allowed by BOP approval-permanent	Allowed by BOP approval-temporary	Approval Declined by BOP when approached
CA	GA	AZ- 60 days via waiver	AR
DE	KY	IL-90 days via waiver	CO
FL	MO	IN-90 days via waiver	ID
HI		LA-90 days via waiver	NY
KS		NC - 90 days via waiver	SC
MA		NH - 180 days via waiver	WI
MD		OH-90 days via waiver	
MI		TX- waiver w/pending rule	
MT			
NV			
NJ			
NM			
OR			
TN			
VA			
WY			

RxIT Requirements:

- Effort required to add and remove states is minimal and requires update of table

Considerations:

- **Lack of Visibility**
 - Stores do not have ability to pre-emptively reach out to patient before completion of transfer
 - Future SOP change regarding how stores contact patients may amplify this issue
- **Additional Workload**
 - Returning transfers to stores will increase time spent on non-revenue related tasks plus additional time spent on patient outreach
 - Need consensus on patient outreach success on loss of scripts un-related to ESI

Walgreens – Pharmacy Services

TransferSafe – February 13, 2012

Identified As Confidential by Walgreens



- **Florida**

- Florida has been using TransferSafe for close to three years. Decision will need to be made on whether they continue if the rest of the chain does not move forward
- This decision will also have PCC implications

- **ESI-Medco Merger**

- Temporarily removing states now and then adding if ESI-Medco merger takes place may portray Walgreens in a bad light to regulatory partners

Walgreens – Pharmacy Services

TransferSafe – February 13, 2012

Identified As Confidential by Walgreens



Pharmacy Health Wellness Program Management Office (Rx PMO)
 Combined Status Report
 Period Ending 1/31/2012

1Q 12/2012 Pharmacy Health & Wellness Headlines:						
**90 Day Expansion: Rx Volume re-forecasted to incorporate ESI loss of business. (P31)						
**New Project: 340B Optimization. (P6)						
**Rx Pricing Solution project scheduled to go live by February 2013. (p.1)						
**Florida Diabetes Self Management Education, expected to be AADE accredited by mid February. (p.19)						
**Immunizations FY12: 5.4 Million flu shots administered across enterprise between 9/1/11-1/27/12. (p.14)						
**Immunizations FY13: Program kicked off on Jan. 18th. (p.15)						
**New Project: Pricing Process Optimization - Round 2 (p.13)						
**New Project: GAP (p.8)						
**Project Rebalancing has extended their scope to 4 drug categories. (p.33)						
Program/ Project Name	Business Owner	PM	Phase	Previous Period Health Rating	Current Period Health Rating	Notes
11 Retirent our cost structure through continuous improvement and innovation						
1. Rx Pricing Solution - Business Release 1	C. Hooker	M. Diab	Execute	G	G	Project continues on track for BR1. BR2 and BR3 currently in design stage, reporting will begin in March. Go live date currently scheduled for Feb. 2013.
2. Prescriber Data Base	J. Ausbrook	M. Lostumbo	Execute	Y	Y	Project is expected to return to green status once, vendor agreement is finalized and timelines for launching enhancements are finalized with PHWIT.
3. eRx- NCPDP SCRIPT Standard V10.6	N. Jhaveri	N. Scott	Plan	G	G	Timeline was drafted. Project is aligned for R67, prior to Dec 2012 NCPDP Script certification deadline.
4. eRx- Automation Location Maintenance	N. Jhaveri	N. Scott	Initiate	G	G	Project continues in green status. Near term project milestones include, finalized timeline and plan.
5. eRx - Electronic Prescribing for Controlled Substances	N. Jhaveri	N. Scott	Execute	R	R	Project is expected to continue in red status until issues with pilot are addressed and mail order certification (EPCS) is obtained.
6. 340B Optimization	K. Mohsin	M. Lostumbo	Plan	N/A	G	First time on this report. This project is focusing on optimizing on-boarding clients to the program.
7. Starfish	D. Murray	K. Gustafson	Plan	G	G	Pilot has been moved from TN to CO. Technology requirements and cost have been assessed. RAC funding request will be presented in February.
8. GAP	J. Foreman	K. Gustafson	Plan	N/A	G	First time on this report. The objective of this project is to acquire branded drugs directly from manufacturer, thereby decreasing Pharmacy Brand Rx COGS.



Pharmacy Health Wellness Program Management Office (Rx PMO)
 Combined Status Report
 Period Ending 1/31/2012

9.Rx, Health & Wellness Portfolio Management Implementation	L. Weaver	C. Roche	Execute	G	G	New updates to FD and Portfolio mgmt. processes, including project tracking sharepoint site, PMO newsletter, FD improvements. Changes will be communicated soon.
10. Product-To-Market / Approval Work stream	M. Viirree	V. Samandas	Execute	G	G	PM will take over responsibilities for development and review of the implementation plan, first draft due 2/3
11. Specialty /WIRS Sales Force Optimization	M. Ellis	M. Hood	Initiate	N/A	G	First time on this report. The objective of this project is to help create a competitive advantage through optimization of both the specialty and WIRS sales platforms.
12. Electronic Physician Notification Letters. (Formerly called Well Connected Interim Solve (Phase 1))	M. Rochol	P. Haworth	Execute	Y	Y	High level design, test case design draft, UAT documents drafted this month. Project expected to stay in yellow status until resource issues are addressed.
13. Pricing Process Optimization - Round 2	M. Viirree	V. Samandas	Plan	N/A	G	First time on this report. This project will improve effectiveness of pricing governance processes by improving the quality and format of the information presented to the pricing and proposal committees. Project charter approved.
#2 Create community-centric healthcare integration with expanded pharmacy health and wellness solutions						
14. RCS - Immunizations FY2012 Program	T. Brne	M. Hood	Execute	Y	R	Flu forecast has been adjusted and we are progressing positively towards the updated forecast. However, still trending behind original forecast.
15. RCS - Immunizations FY2013 Program	T. Brne	M. Hood	Initiate	N/A	G	New Project. Program goal is to expand vaccine administration throughout the year, rather than the typical "Flu season". Program kicked off on Jan 18th.
16. Specialty & Infusion Reinvention - Phase 2 Retail Specialty Patient Experience	J. Lee	C. Ulbert	Execute	G	G	R64 Chain wide rollout completed. Near term milestones include to reinforce message "scan every script " by communicating message from Kermit, posting stickers, break room posters & newsletter.
17. Louisiana Coordinated Care Network	A. Jaffe	S. Manalo	Initiate	G	G	Project trend is positive, due to possible interest in potential program collaboration offerings with UHC.
18. Illinois Diabetes Self-Mgmt. Education (DSME)	J. Pierre-Louis	S. Manalo	Execute	G	G	On target to complete all milestones for AADE application submission in Mid-April.



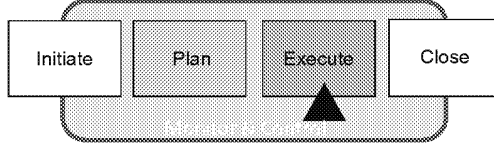
Pharmacy Health Wellness Program Management Office (Rx PMO)
 Combined Status Report
 Period Ending 1/31/2012

19. Florida Diabetes Self Management Education (DSME)	J. Pierre-Louis	S. Manalo	Execute	G	G	Met target date for AADE application. Expected to be fully accredited in February.
20. Medicare Strategy Medicare Part B, Diabetes Testing Supplies Bid	R. Leonardi	J. Vaitaitis	Execute	G	G	Pricing model application is near completion. Currently, under leadership review, before Sr. Mgmt. presentation.
21. 340B Sentry Data Systems Process Integration	J. Rickord	E. Gain	Plan	G	Y	Project in negative status due to resource issues for both Sentry and WAG. PM is working with both groups to finalize project timeline and direct the project towards a positive trend.
22. 340B Specialty Integration	N/A	S. Kubisztal	Plan	Y	G	Business Owner (Larry Bursick) left the company, no replacement has been named at this time. Project is expected to continue in positive trend.
23. Project Dynamite - New To Therapy (NTT)	K. Rudkin	M. Vranicar	Plan	N/A	G	NTT manual approach was approved and rolled out in Jan. Integration testing will start in Feb. Last time on this report.
24. HSRx WellTransitions 1.0 (Discharge Solutions)	J. Wright	S. Kovach	Execute	G	N/A	Project completed in Dec. Last time on this report.
25. HSRx WellTransitions 2.0	J. Wright	S. Kovach	Plan	G	G	Business case approved by PNPC. RAC presentation to follow later in Feb. Finalized partnership with Home Health and Skilled Nursing Facility.
#3 Deliver an outstanding customer experience through enhanced employee engagement						
#4 Transform our traditional drug store to a "Retail health and daily living" store						
26. Prescription Savings Club Refresh Pilot (PSC 2.0)	J. Devine	J. Miyazaki	Execute	G	G	Project continues in green status and expected to launch chain wide on May 1st. UAT for IT applications will begin in February.
28. Travel Health Program POC	J. Trznadel	P. Haworth	Execute	G	G	New PM assigned. Launched Pharmacist consultation POC in 6 stores in TX. Will be presenting to PNPC to approve pilot in 40-60 stores.
29. Well Experience-Bridge Pharmacy	N. Jhaveri	L. Chini	Execute	Y	Y	The Overall trend is neutral and in yellow status due to technology challenges and regulatory unknowns.
30. Jenny Craig Pilot	S. Minger	S. Manalo	Initiate	Y	Y	New PM assigned. Revisions to agreement have been made by WAG. Expected to meet with JC in late Feb to review agreement.
#5 Expand across channels and markets						



Pharmacy Health Wellness Program Management Office (Rx PMO)
 Combined Status Report
 Period Ending 1/31/2012

31. 90 Day Expansion	J. Heid	J. Vaitaitis	Execute	N/A	G	New PM assigned. Incorporating loss of ESI business, re-forecasted volume is about 156 million adjusted Rx's vs. original forecast of 168 million adjusted (excluding worksites and Duane Reade).
32. REACH Reach MedCenter Proof of Concept	J. Heid	B. Stec	Plan	R	Y	Progress made on technology and security issues, creating a positive trend. Asteres kiosk expected to arrive at WAG test lab in February.
33. Project Rebalancing	S. Ewing	P. Roman	Plan	G	G	Scope has expanded to include 4 drug categories, Diabetes, Cholesterol, SSNI, SRNI.



Report Date	For Month Ending
1/31/12	1/31/12

Program Name: _____ **Project Name:** Rx Pricing Solution - Business Release 1

Project Scope/Objectives: The objective of the RxPricing project is to replace the incumbent Pricing Solution which no longer supports the industry and Walgreens' pricing strategies as these have changed significantly. The new solution will, at minimum, enable the Team to:

- Allow user configurable rules and algorithms
- Provide a customizable work flow to proactively manage exceptions and alerts
- Provide a tool to perform analytics and system simulations
- Leverage market intelligence and 3rd party reimbursement data
- Provide a tool to recommend optimal prices

Such a solution will enable the Team to shift from tedious tactical tasks to strategic tasks which will positively impact the company's bottom line.

Key Message: Vendor presented live demos and screens for Pre-Analytics and Post-Analytics were approved by Business. Project is on track to begin System Integration Testing (SIT) for BR1 on February 20. User Acceptance Testing (UAT) by the business users will follow. Targeting March 21 implementation. Next project release (BR2+3) activities well under way. Will wrap up BR2+3 Design and begin Build in March as we prepare go live in February 2013.

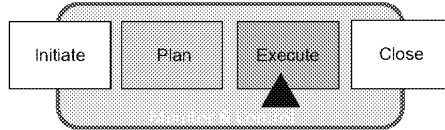
Status Trend = Positive		Business Release (BR) 1						
		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase		
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Original Plan	1/14/11	10/31/11	12/1/11	2/1/11
Scope	<input checked="" type="checkbox"/>			Revised Date	4/15/11		3/31/12	4/13/12
Resources	<input checked="" type="checkbox"/>			Actual Date	5/10/11	10/4/11		

Critical Issues/Risks:	Owner:	Due Date:
<p>1. IT Security Assessment of Vendor</p> <p>History: Original assessment came back as Moderate. This was based on assumption that system was being built by Vistaar and turned over to Walgreens. Assessment was revised in September based upon Vistaar's request for 18 months VPN access to Walgreens network via IPSec tunnel. Revised assessment resulted in some risks being elevated to High. This month: Vistaar submitted next set of security documentation focusing on Human Resource Security, Asset Management, Facilities and Management and System Security. Documentation passed review with few recommendations. Next steps: Vistaar working on next set of prioritized findings.</p> <p>Risk: Reduced severity due to increased cooperation in providing required documentation to become compliant with Walgreens IT Security standards.</p> <p>Mitigation plan: Continue to provide guidance and work with Vistaar until all findings are remediated.</p>	Mary Diab	Ongoing

- Accomplishments & Highlights:**
1. Statement of Work (SOW) finalized and signed off.
 2. TEST environment build out in progress.
 3. Vistaar on site to present live demonstrations of functionality to be implemented with BR1.
 4. IT Security Vendor Assessment PASS of next set of moderate risks.
 5. User Interface (UI) document signed off.
 6. System Architecture document signed off.
 7. Design for BR2+3 in progress.
 8. Staging area build complete.
 9. Built SharePoint tool to managed defects for User Acceptance Testing (UAT).
 10. Screens for Pre-Analytics and Post-Analytics signed off.
 11. Approved change request required for year format modification in DSS.

- Near-term Milestones/Deliverables:**
1. Begin daily loads of data utilizing Staging area as storage place for Walgreens to push data in specific formats and for Vistaar to pull same data for pricing system testing.
 2. IT Security Vendor Assessment PASS of all risks including moderate risks.
 3. Install Vistaar application and complete database structure in WAG QA environment.
 4. Vistaar WebEx demo of live screens scheduled for Feb. 2-3.
 5. DSS to complete year format changes allowing data to be loaded into Staging area.
 6. First round of System Integration Testing (SIT) to start Feb. 20.
 7. Train business users on UAT testing and SharePoint defect management.
 8. Install Vistaar application on UAT testers workstations.
 9. Begin reporting status on next release (BR2+3). Currently in Design phase and scheduled to begin Build in March. Implementation scheduled for February 2013.

Project Manager(s) Name & Phone	Mary Diab	847 964 6150	PMO	
Business Owner Name(s)	Cade Hooker		Project #	1



Report Date
2/2/12

For Month Ending
1/31/12

Program Name:	Project Name: Prescriber Data
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Project Scope/Objectives:

The objective of the Prescriber Data Project is to implement an enterprise wide solution that focuses in consolidating the most accurate, up to date prescriber information that execute business rules to validate data and to link various IDs that point to a prescriber or to a prescriber location. It will also implement data quality and it will ensure that the data conforms with Walgreens and industry standards. An enterprise wide solution will provide:

- Increased data quality and visibility to critical data, such as Sanction data, which, today is only available to a limited number of business areas
- Reduced amount of time spent investigating data for third party audits
- Implementation of data governance
- Reduced costs in procuring prescriber data and in maintaining redundant data
- Minimized, if not eliminated, claims recoupment and audit violations

The second objective of this project is to enhance the Prescriber Master Application built within IC+ to assess and validate data entered by the end user, and to configure state/federal mandates and other prescriber rules in order to minimize Walgreens exposure to financial and regulatory risks. This initiative is aligned with the Walgreens strategic plank in reducing cost and boosting productivity.

Key Message:

The overall Trend is in Yellow due to the lengthy time needed to award a contract to a vendor and to the uncertainty date/ timeline that the requested prescriber enhancements can be done in IC+. We expect to return to a Green status as soon as the contract is awarded to vendor and we receive finalized dates from PHWIT for developing and launching the IC+ Prescriber Data Enhancements. The team met on 1/31 with HMS to agree on the MSA and Task Order issues and redlines. Both teams came to an agreement and determined to include the negotiation terms to the MSA and Task Order and to proceed with the execution of the contract. However, as a press release went out on 2/2 noting that Walgreens has acquired BioScript, HMS has requested additional language to be added to the contract. The language will expose Walgreens to a 5% increase when Walgreens acquires an existing HMS client or acquires a competing retail pharmacy chain that results in a net increase in store count of 5% of the then current store base. This request by HMS may further delay the execution of the contract.

Status Trend = Unchanged		Enterprise Prescriber Data - (OneWalgreens)				IC+ Enhancement R68		
	Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase	Plan Phase	Execute	Close
Overall	<input checked="" type="checkbox"/>	2/1/11	8/15/11	2/27/12	3/30/12	12/29/11	4/6/12	2/28/13
Scope	<input checked="" type="checkbox"/>		11/30/11					
Resources	<input checked="" type="checkbox"/>	2/1/11	11/25/11					
	Schedule							
	Original Plan							
	Revised Date							
	Actual Date							

Critical Issues/Risks:	Owner:	Due Date:
<p>Funding: A lot of uncertainty are raised around the budget allocated to Prescriber for FY13 by finance manager</p> <p>PHWT: Prescriber IC+ enhancements planned for R66 are now slated for R68 which is tentatively scheduled to launch on Feb 2013. Until IC+ Prescriber Master Application is enhanced, Walgreens is still exposed to regulatory and financial risks due to the limitation of the incumbent application</p> <p>Compliance: Major concerns were raised by Sr. Mgmt due to the incumbent Prescriber System not adhering to CMS guidelines. Intermediate solutions are implemented to ensure that NPIs submitted in Medicare Part D claims are valid in order to pass the audits conducted by PBMs. These intermediate solutions have a cost as we are engaging additional services from Relay Health, and it requires intensive monthly work from critical 3rd party operations resources. Yet, we are still exposed to compliance risks around sanctioned, retired, state/federal laws.</p>	Kim Clark/ Marcella Lostumbo/Jenn Ausbrook PHWT: Awaiting for PHWIT to publish R68 dates	2/2/12

Accomplishments & Highlights:

Finalized negotiation with HMS

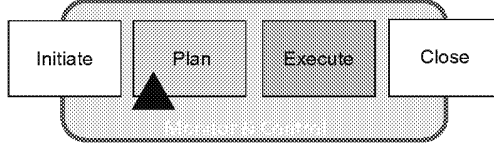
OneWalgreens : On schedule with their BUILD/Test Phase

IC+Prescriber: Additional elaboration sessions have been scheduled to ensure that 1) All the requirements were translated into functional design 2) Incorporate elimination of Alternate Prescriber ID, 3) Explain enhanced blocking, 4) Define Power Screens/ Reporting

Near-term Milestones/Deliverables:

Award contract - Receive Full Standard HMS Prescriber Data by 3/1 or earlier - Due to today's Press release, awarding the contract to HMS may be delayed as HMS has requested to add additional language in the contract that exposes Walgreens to 5% subscription increase in the event that Walgreens acquires an existing HMS client / and or a competing pharmacy chain that will result in 5% increase of the Walgreens store base

Project Manager(s) Name & Phone	Marcella Lostumbo	847 527 5454	PMO Project #	2
Business Owner Name(s)	Jenn Ausbrook			



Report Date	For Period Ending
1/27/12	1/31/12

Program Name: eRx	Project Name: Migrate to NCPDP SCRIPT v10.6 Standard
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Project Scope/Objectives: The objective of the Migrate to NCPDP SCRIPT v10.6 Standard project is to implement and obtain Surescripts certification on the NCPDP SCRIPT v10.6 Standard prior to December 2012.

Key Message: This project is in green status because project is now scheduled for deployment prior to the December 2012 deadline and is moving forward. The project team is meeting weekly to monitor status as well as discuss issues and questions. We expect to stay in green status by monitoring project timelines (including government and industry deadlines) closely and conducting project activities per the timeline.

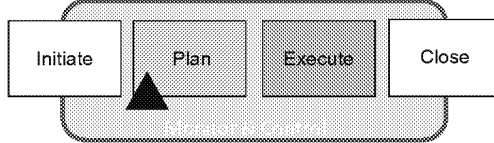
Status Trend = Positive		Schedule			
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope <input checked="" type="checkbox"/>		Original Plan	10/4/11	2/24/12	7/23/12
Resources <input checked="" type="checkbox"/>		Revised Date	11/30/11		9/4/12
		Actual Date	11/30/11		

Critical Issues/Risks:	Owner:	Due Date:

Accomplishments & Highlights:
 1. Timeline (high level) was drafted and is aligned with R67, which will meet the December 2012 deadline for having the NCPDP Script v10.6 standard in place.

Near-term Milestones/Deliverables:
 1. Finalize timeline and project plan. 2. Communicate/coordinate with Surescripts regarding the timeframe for v10.6 certification when timeline is finalized..

Project Manager(s) Name & Phone	Nancy Scott	(630)247-7965	PMO Project #	3
Business Owner Name(s)	Mohsin Ansari	(847)964-6067		



Report Date	For Period Ending
1/27/12	1/31/12

Program Name: eRx	Project Name: Automated Location Maintenance (Pharmacy Upload)
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Project Scope/Objectives: The objective of the Automated Location Maintenance project is to automate maintenance of store information for SureScripts with data from Walgreens Location Database (LDB). This project also includes automation of the Store Mapping Table (maps the NABP# to Store #).

Key Message: The project is in green status because project planning is on track. Weekly status meetings are in place to monitor progress and address any issues or questions. We expect to stay in green as the timeline and the plan for the project are finalized.

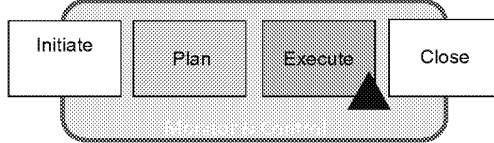
Status Trend = Positive		Schedule				
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase	
Scope <input checked="" type="checkbox"/>		Original Plan	10/4/11	2/17/12	4/24/12	6/1/12
Resources <input checked="" type="checkbox"/>		Revised Date	11/30/11			
		Actual Date	11/30/11			

Critical Issues/Risks:	Owner:	Due Date:
N/A		

Accomplishments & Highlights:
 1. Timeline was drafted. The timeline is expected to change slightly when the architecture is finalized.

Near-term Milestones/Deliverables:
 1. Finalize timeline and plan.

Project Manager(s) Name & Phone	Nancy Scott	(630)247-7965	PMO Project #	4
Business Owner Name(s)	Mohsin Ansari	(847)964-6067		



Report Date	For Period Ending
1/30/12	1/31/12

Program Name: eRx	Project Name: Electronic Prescribing for Controlled Substances (EPCS)
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Project Scope/Objectives: The objective of the EPCS project is to implement the changes required to be able to receive e-prescriptions for CII-V drugs for retail and mail order pharmacy. In addition to implementing the DEA requirements for CII-V prescriptions, certification by an outside auditor must be achieved.

Key Message: We are in red status because 1. the EPCS retail pilot in the state of Virginia (started on 12/8/11 and turned off on 12/13/11) uncovered new issues that are not yet fully resolved, and 2. the KPMG audit (on 11/29/11) for mail order identified system changes (not started yet) that are required before certification can be attempted. The business team continues to work with RxIT on: 1. issue resolution for the retail pilot and 2. how soon the system changes needed for mail order pharmacy will be started. The project is expected to remain in red status while the retail pilot is turned off and mail order certification is not obtained.

Status Trend = Negative		Schedule			
Overall	Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope	Resources	Original Plan	12/15/10	8/15/11	10/15/11
		Revised Date		TBD for Mail Order	TBD
		Actual Date	12/15/10	12/8/11 for Retail	

Critical Issues/Risks:	Owner:	Due Date:
<p>1. Resolution of the follow up items for Promise and follow up items for Plus that were identified by KPMG is needed before the Mail Order Pharmacy systems (Promise & Plus) can be certified for EPCS. The items identified will require systematic changes. RxIT is preparing an estimate of the IT costs for the system changes. KPMG review/audit work is on hold until the system changes, Walgreens testing, and Walgreens sign off on representation and attestation letters are complete.</p> <p>2. A digital signature issue and a delimiter issue have been resolved, and fixes were deployed.</p> <p>3. Ab Initio Database Issue-Three Tables need to be revised to accept data size. Fix is in progress.</p> <p>4. Table Join Issue - Unique identifier is needed so that data will load properly. Fix is in progress.</p> <p>5. Failed Test Scenario - An eRx that is received and deleted prior to creation of a prescription number does not show in the Audit Application with any auditable events. Options for resolution are under discussion. This issue has potential to cause a significant delay in the retail pilot expansion and further rollout. A significant delay will result in loss of competitive advantage with Walgreens being unable to participate in the EPCS Limited Availability Pilot which ends on 2/29/12. General Availability starts on 3/1/12.</p>	<p>1. Owner is eRx/RxIT.</p> <p>2. Owner is RxIT.</p> <p>3. Owner is RxIT.</p> <p>4. Owner is RxIT.</p> <p>5. Owner is eRx/RxIT.</p>	<p>1. Open 11/29/11</p> <p>2. Closed 01/19/12.</p> <p>3. Open 1/25/12.</p> <p>4. Open 1/25/12.</p> <p>5. Open 1/25/12.</p>

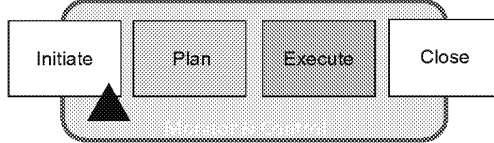
Accomplishments & Highlights:

- The EPCS deployment for the retail pilot was successfully launched on 12/8/11. Two issues identified on 12/12/11 resulted in turning off the pilot on 12/13/11. Those two issues have been resolved. However, three new issues were identified on 1/25/12. These three new issues are being worked on by RxIT.
- The Surescripts Implementation Services Agreement and first Task Order related to v8.1E has been reviewed by Surescripts and was returned to Walgreens for review on 12/7/11. Walgreens business and legal review is in progress.
- The Plus System (Mail Order) was reviewed for logical security criteria on 1/4/12, and an audit application demo was performed on 1/4/12.
- The EPCS Operating Procedures were reviewed and updated by a small workgroup in preparation for review and discussion with a larger workgroup in February.
- The KPMG audit of the mail order pharmacy applications (Promise, Plus) started on 11/29/11. The issues identified require system changes. RxIT is continuing to work on cost estimates for the solutions. A start date for the required system changes has not been communicated by RxIT yet.

Near-term Milestones/Deliverables:

- Resolve the three newly identified issues with Ab Initio/Database, Table Joins, and the Failed Test Scenario for the EPCS retail pilot.
- Re-activate the EPCS retail pilot stores in the state of Virginia after the three current retail pilot issues (noted in #1) are resolved.
- Finalize the EPCS Operating Procedures (includes reporting to the DEA) after review with a larger workgroup (including IT Security, Legal, Loss Prevention, Compliance, and RxIT).
- Work with RxIT to identify the start date for the system changes that are needed for mail order.
- Review the draft ongoing process for maintaining EPCS compliance with DEA criteria/requirements.
- Finalize the Surescripts Implementation Services Agreement and associated first Task Order for v8.1E.

Project Manager(s) Name & Phone	Nancy Scott	(630)247-7965	PMO Project #	5
Business Owner Name(s)	Mohsin Ansari	(847)964-6067		



Report Date	For Month Ending
2/2/12	1/31/12

Program Name: _____ **Project Name:** 340B Optimization

The purpose of this project is to apply Six Sigma tools and techniques to improve the 340B business performance. As the market has become educated with the value of the 340B Drug Pricing program; coupled with favorable regulatory environment and a growing number of uninsured due to the economic downturn; the number of 340B covered entities has consistently grown and is expected to grow.

Although this continuous growth positively impacts the Walgreens' bottom line; the 340B team is challenged with several concerns:

- Lengthy time frame to bring clients to market due to external factors
- Limited number of resources taking on an ongoing increased number of implementations, clients support and program monitoring
- Increased exposure to company's liability
- Numerous manual /ineffective processes that inhibits the team to quickly and effectively reconcile clients' accounts, and/or shift to more strategic tasks
- A significant increase of "Order exceptions" that require analyst's attention and /or manual process

Project Scope/Objectives:

This project focuses on identifying non value added tasks, waste and/or automating processes to:

- Improve the time of bringing clients to market, and
- Effectively process/monitor 340B day-to-day operations.

This initiative is aligned with the following Walgreens' strategic planks:

- Reinvent cost structure through continuous improvements and innovation
- Deliver an outstanding customer experience through enhanced employee engagement
- Expand across new channels and markets

Key Message: The overall Trend is positive. The project is in Green health status because the team is focused in improving their processes in order to reduce the client implementation time line, increase resource scalability and free up the analysts to shift to strategic and client relationship tasks. We expect to stay in a Green status because of the team cooperation

Status Trend = Positive		Business Release (BR) 1						
		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase		
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Original Plan	2/10/12	2/28/12	3/15/12	4/30/12
Scope	<input checked="" type="checkbox"/>	Revised Date						
Resources	<input checked="" type="checkbox"/>	Actual Date						

Critical Issues/Risks:	Owner/ Mitigation	Due Date:
Awaiting for External Stakeholder contact information (Clients and Wholesalers)	Marcella - Meeting with the team to solicit the client list. The team does not feel that it is best at this time to have any conversation with the wholesalers. This is agreeable, as the wholesalers can be revisit at a later time	

Accomplishments & Highlights:

Project Charter, 340B Implementation As Is Proces Map, Quick wins Identification documents completed and reviewed by Business Owner/Sponsors

Internal stakeholders have been interviewed

Discussion with BPM tool have taken place

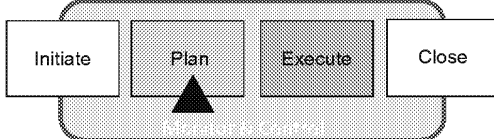
Request to create a 340B Team SharePoint site has been sent

Voice Of Customer (VOC) Research Plan and SIPOC completed

Near-term Milestones/Deliverables:

Invoke VOC plan and determine finding/ Move forward with the implementation of Quick Wins

Project Manager(s) Name & Phone	Marcella Lostumbo	847 527 5454	PMO Project #	6
Business Owner Name(s)	Karl Mohsin			



Report Date	For Period Ending
1/31/12	1/31/12

Program Name: Inventory Reduction Strategy	Project Name: Starfish
---	-------------------------------

Project Scope/Objectives: The objective of Project Starfish is to decrease pharmacy inventory costs by developing a hub & spoke model for Walgreens that limits expensive and slow moving items to a smaller number of 24 hour stores. These "hub" stores will be the inventory source that serves multiple "spoke" stores in a designated geographic area.

Key Message: The overall trend this period is positive. The technology costs have been estimated and the funding request is being developed. The pilot market for Starfish has moved from Tennessee to Colorado. The project is in green health status as the high level project plan and cost estimates continue to be developed. The project is expected to remain in green status as the RAC funding request will be presented in February.

Status Trend = Positive		Schedule			
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope <input checked="" type="checkbox"/>		12/15/11	12/31/11	tbd	tbd
Resources <input checked="" type="checkbox"/>			2/15/12		
		Original Plan			
		Revised Date			
		Actual Date			

Critical Issues/Risks:	Owner:	Due Date:
1. The project funding may be impacted by the re-categorization of spending for FY12.	1. Owner is Denny	1. Target 2/15

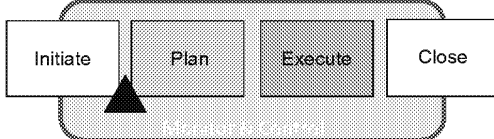
Accomplishments & Highlights:

- The high level technology estimates and approach for delivering the Starfish enhancements were reviewed by the IT delivery teams to ensure the work needed to meet the Starfish requirements is covered. The estimated technology cost including infrastructure and hardware is now \$4.6m.
- Regulatory review of Tennessee has shown it is not the candidate pilot state most open to the hub and spoke model for filled prescriptions. Two other states on the candidate list, CO and MN, are better suited for the pilot.
- Enterprise Geographic Information Services (EGIS) conducted an analysis of the Denver market using the mean center approach to calculate average distance between stores in order to determine the 24 hour hub locations. Three hub locations were selected for Denver, serving 68 spoke stores.
- Logistics & Transportation has researched options in the Denver market for transporting the filled scripts from the hub stores to the spoke stores. Estimates of \$6 per stop and \$12 per stop have been presented.
- Rolling out Starfish to the chain is being reviewed for regulatory limitations on a state by state basis.
- The impact of the Starfish approach in the Central Fill markets has been discussed with Rex Swords. The projected volume of scripts should be handled within the available capacity of Central Fill. The advantage in Central Fill markets is the lack of additional transportation costs from the hub to the spoke stores.

Near-term Milestones/Deliverables:

- Analysis of the prescription activity for the Denver market will be conducted to identify the targeted CHIP drug list for the pilot. From that list will come the projected volume of Starfish scripts to be handled by the hub stores and the projected inventory savings for the Denver market.
- Identify the chain wide coverage that will be targeted for Starfish based on the initial review of the states that allow the Starfish process and the proposed hub & spoke store groupings.
- Develop the FP&A business case for presentation to the RAC based on the cost estimates received for technology enhancements, the preliminary analysis for the selected drug list, the selected store groupings, and the per transaction cost for delivery services. Due to the cost difference when transportation to the spoke store is not required in Central Fill markets, two alternatives are being developed; one for chainwide roll out and one for roll out to the Central Fill markets.
- Define the initial project plan with the work streams integrated for a pilot go live date. Key component of the pilot plan is to determine Starfish slotting in the pharmacy application release schedule.

Project Manager(s) Name & Phone	Kort Gustafson	(708)829-8917	PMO Project #	7
Business Owner Name(s)	Denny Murray	(847)315-2005		



Report Date	For Period Ending
1/31/12	1/31/12

Program Name: Pharmacy COG Improvement-Brand Rx	Project Name: Gap
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Project Scope/Objectives: The objective of Project Gap is to acquire branded drugs directly from the manufacturers, thereby decreasing Pharmacy Brand Rx COGs (cost of goods). Disintermediation will require Walgreens to manage the relationships and inbound logistics with approximately 150 brand drug manufacturers instead of the single wholesale source currently in place (WAG is currently only direct with Pfizer, Teva (ProAir) and Zogenix).

Key Message: The overall trend this period is positive. Staffing of the Brand Purchasing team continues. The project work streams have been formed and are defining the impacts on their operations from managing the direct purchasing strategy. The team has developed the workplan to create and review the capital funding request for the April Board meeting. Conversations with targeted brand drug manufacturers are going well. The project is in green health status as the high level plan and distribution options continue to be developed. The project is expected to remain in green status as the team continues to meet with manufacturers and develops the funding request to be presented in April.

Status Trend = Positive		Schedule					
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope	<input checked="" type="checkbox"/>	Original Plan		11/23/11	4/30/12	8/31/13	tbd
Resources	<input checked="" type="checkbox"/>	Revised Date					
		Actual Date		12/6/11			

Critical Issues/Risks:	Owner:	Due Date:

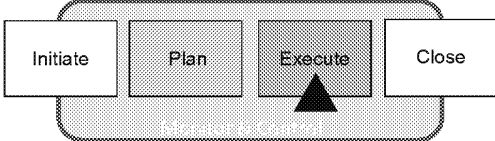
Accomplishments & Highlights:

- The following work streams have been formed: Logistics, Technology, Supply Chain, Legal, Pharmaceutical Development, Accounting, Finance, Branded Purchasing and Investor Relations/Communication/Securities. Standing meetings have been scheduled with most of the work streams, and cross functional meetings are scheduled with interdependent work streams. The work streams have defined their initial high level scope and initial areas of concern. Follow up on scope definition and areas of concern is ongoing.
- The timeline and work steps to develop the capital funding request for the April Board meeting have been defined and reviewed by the project team. Significant milestones for pre-review are included in the plan.
- The analysis of capacity requirements for distribution of the branded drugs from 150 manufacturers has begun. The list of items that will need to flow through the Walgreens distribution centers has been identified, including dimensions and special handling instructions where available.
- Alternative distribution models have been identified. They include: standing up a new redistribution center (RDC) for a single ship to point for manufacturers, expanding the capacity of existing distribution centers (DCs), centralizing tail items at a single existing DC, and utilizing a consolidation service in a manner similar to generic drugs (ie. NCS). Also, daily delivery to stores is being looked at beyond the POC to optimize inventory and service levels.
- The team recently met with 50+ branded manufacturers to discuss the direct strategy.
- The Brand Purchasing team has hired new to Walgreens two directors and one category manager.

Near-term Milestones/Deliverables:

- Recruit, hire and on board three additional category managers.
- Continue to define the capacity requirements for the distribution of all brand drugs.
- Define the tax and tax incentive evaluation criteria for the alternative distribution models being considered.
- Identify the preferred distribution model to be presented for the Board funding request. Define the costs and benefits of the selected distribution model.
- Finalize the scope of each work stream and define the high level milestones for each work stream to deliver the capability / capacity needed to manage the 150 brand drug manufacturers for direct purchasing.
- Have initial discussions with Investor Relations regarding Project Gap and timelines for communication.

Project Manager(s) Name & Phone	Kort Gustafson	(708)829-8917	PMO Project #	8
Business Owner Name(s)	Jeff Foreman	(847) 964-4687		



Report Date	For Week Ending
1/31/12	1/31/12

Program Name: _____ **Project Name:** Rx, Health & Wellness Portfolio Management Implementation

Project Scope/Objectives: Develop a Portfolio Management process to track, monitor, review and assess all projects impacting Rx, Health & Wellness. Create and maintain a Rx based portfolio book of work to identify current in-flight projects and track future demand. Develop and implement a standard and efficient project prioritization method for making consistent, fact-based decisions for all projects.

Key Message: The overall trend this period is positive. The schedule is now in green status as we have hit our Portfolio Review date.

Status Trend = Positive		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Original Plan	6/8/11	8/9/11	8/15/11	
Scope <input checked="" type="checkbox"/>		Revised Date				
Resources <input checked="" type="checkbox"/>		Actual Date	6/15/11	8/12/11		

Critical Issues/Risks:	Owner:	Due Date:
1. Lack of engagement from RxHWT	L. Weaver	2/13/2012

Accomplishments & Highlights:

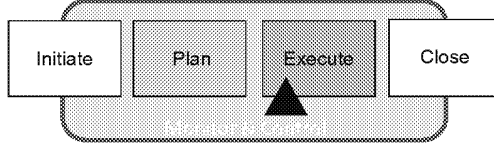
- Engagement with New Business Development team to align process
- Engagement with Change Mgmt team
- Engagement with CSG
- Monthly project reporting for December
- Resource utilization reporting for December

Near-term Milestones/Deliverables:

- Sharepoint site to allow project tracking on a monthly basis for all PHW Projects in portfolio (excluding PMs that send monthly status reports to PMO) - 1/31/ 12
- PHW PMO Monthly Newsletter - 2/1/12
- Front Door improvements - 2/10/12
- Governance Process documentation - 2/28/12

Summary of Impactful Change Requests:

Project Manager(s) Name & Phone	Christina Roche	847-315-2128	PMO Project #	9
Business Owner Name(s)	Leah Weaver	847-315-3410		



Report Date	For Week Ending
1/31/12	1/27/12

Program Name: Product-To-Market **Project Name:** Approval Workstream

Project Scope/Objectives: In the scope of the Product-to Market program, implement the following process improvement recommendations:
 A. Implement the qualification process for all new opportunities in Salesforce.com
 B. Implement a contract document approval process in Salesforce.com

Key Message: Sales Automation has communicated a revised go-live target for the Approvals enhancements at the end of February. Intermediate milestones for design review, testing, user acceptance testing (UAT) are currently not available and will depend on progress of the Manual Request project. Training is tentatively planned on February 23-24, followed by the system rollout. Will continue to work with the Automation Lead to define a detailed plan and coordinate change management activities with all affected stakeholders.

Status Trend = Positive		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase		
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Original Plan	2/24/11	7/15/11	12/31/11	TBD
Scope	<input checked="" type="checkbox"/>			Revised Date		9/30/11	2/29/11	
Resources	<input checked="" type="checkbox"/>			Actual Date	2/24/11	9/7/11		

Critical Issues/Risks:	Owner:	Status & Due Date:
Risks: 2. Not all Business Units are included the project scope will have access to Salesforce.com - the planned process may be impeded by users' inability to participate in the opportunity review workflow. Need to review Salesforce.com implementation/rollout plan and opportunity approval process map(s). Mitigation Strategy: Gather Salesforce.com access requirements for BU and/or Functional teams participating in the approval process (1A). 3. Ensure that the business stakeholders have an opportunity to review and validate the new solution design specification based on the provided business requirements. Mitigation Strategy: Sales Automation team to present an implementation plan and design specifications to the project leadership team. 4. A detailed implementation plan is not available which makes it difficult to plan change management activities on the business end. Mitigation Strategy: Develop a preliminary milestones and coordinate resources and activities around design review, testing, and training. 5. Replacement for Ric Wentz (going on PTO) has not been identified. Mitigation Strategy: Work with Automation PM (Tony) to identify a resource. Introduce the replacement to the workstream team.	R2: Heather Badt, Cecile Horsky R3: Tony Olbrich R4: Tony Olbrich/Val Samandas R5: Tony Olbrich/Val Samandas	R2: Active - 12/31/2011 R3: Active 12/1/2011 R4: Active 12/31/2011 R5: Closed 12/8/2011

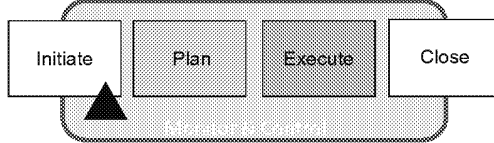
Accomplishments & Highlights:

- Jointly with Sales Automation, Contracting, and Adam Terry (Pricing) reached out to Brett Srivener (TCHS Finance) to gather feedback on the ESG contracting process. TCHS Finance believes that the responsibilities for ESG contracts should move from under Sales and to either Health Law or Contracting under Scott Schuller. Currently, contracting is researching the possibility of taking on these additional responsibilities that however maybe affected by resource constraints.
- It was agreed that VS will propose a more detailed implementation plan and review with Automation. Once accepted, the plan will be communicated to the Approvals team.

Near-term Milestones/Deliverables:

- Will take over responsibilities for development and review of the implementation plan. Should complete and present the first draft - 2/3/12
- Complete and review design specifications with the team and communicate recommendations to Sales Automations - TBD

Project Manager(s) Name & Phone	Val Samandas	847-964-6162	PMO Project #	10
Business Owner Name(s)	Executive Sponsor: Chris Noble Business Owner: Mike Viirree			



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: _____ **Project Name:** Specialty/WIRS Sales Force Optimization

A key initiative of this project is to improve sales effectiveness within each of the Specialty and WIRS divisions. This initiative includes all aspects of field sales, managed care account management and marketing strategy and investment. To support field sales efforts, ZS Associates has been contracted to assist in positioning the sales team to maximize its impact in the each of the infusion and specialty marketplaces. ZS Associates is a global management consulting firm specializing in sales and marketing capabilities with a deep expertise in healthcare. They have worked with more than 700 companies over 25 years, helping them measurably improve their sales and marketing performance.

The overall goal of this project is to help create a competitive advantage through optimization of both of the Specialty and WIRS sales platforms and will include an evaluation of all aspects of each sales model such as:

Project Scope/Objectives:

Market Coverage - Is there appropriate sales force sizing, territory alignment, structure and coverage to maximize potential in each market?

Customer Segmentation - Are the sales teams calling on the right accounts and contacts to maximize referral/revenue potential?

Competency Requirements - What skills and training will help support the efforts in the field and the ongoing professional development of both the Specialty and WIRS teams?

Performance Focus - What are the best opportunities to compensate and motivate field sales and to provide recognition of top performers with demonstrated results?

Key Message: The overall trend is Green as the project is still in the Initiate Phase. We expect to stay in green status as the appropriate resources, plan and processes are being put in place to ensure we meet the goals and objectives of the program.

Status Trend = Positive		Schedule					
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope	<input checked="" type="checkbox"/>	Original Plan		2/29/12	TBD	TBD	TBD
Resources	<input checked="" type="checkbox"/>	Revised Date					
		Actual Date					

Critical Issues/Risks:	Owner:	Due Date:
None at this time.		

Accomplishments & Highlights:

WIRS (Walgreens Infusion and Respiratory Services)

- ZS completed updates to alignment design based on feedback from 1/10 meeting in preparation for the 2/1 meeting.
- WAG/ZS 1/24 meeting - Reviewed IC plan and motivational program recommendations.
- ZS revised sales reporting mock-ups and distributed to team for final review.
- ZS revised competency model and distributed to team for final review - Feedback requested by 2/3.
- Continued progress on incentive design and goal-setting phases.
- ZS Completed and shared high level timeline of milestones / steps leading up to "go live" date under multiple scenarios.
- ZS started developing IC plan documents.
- WAG internal core team meeting to discuss ZS deliverables and implementation approach/strategy.
- Information sharing discussions between WAG Business Owners and PMO.

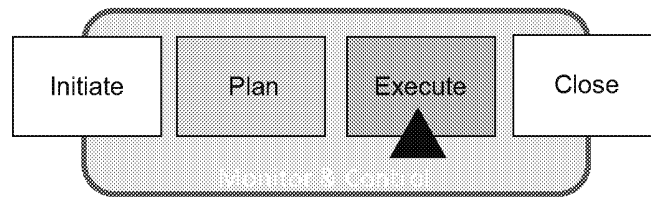
Specialty

- Territory alignment - Updated territory to region alignment based on core team feedback. Targeting & SF Deployment project phase complete except for finalization of territories by RSDs.
- IC plan design - Discussed IC plan communication requirements and RSD payout curve with WAG following the quota setting meeting. Had follow-up call on 25-Jan to review revised materials and RSD payout options.
- Goal setting - Facilitated quota setting workshop on 18-Jan. Reached consensus on Rep compensation base and Quota setting methodology and parameters. Goal Setting project phase complete except for final quota setting exercise.
- Information sharing discussions between WAG Business Owners and PMO.

Near-term Milestones/Deliverables:

- Next WIRS/ZS Meetings - 2/1/12 and 2/10/12.
- Executive Review Meeting with Mike Ellis and PMO - 2/7/12.
- PMO delivers recommended implementation approach, PM support and next steps - 2/17/12.
- ZS Associates rolls off - 2/17/12.

Project Manager(s) Name & Phone	Michelle Hood	847-527-5175	PMO Project #	11
Business Owner Name(s)	Mike Ellis, Paul Mastrapa, Mike Nameth			



Report Date
1/27/12

For Week Ending
1/27/12

Program Name: HealthCloud Connected Health Surescripts Initiatives	Project Name: Electronic Physician Notification Letters
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Project Scope/Objectives: Build connection to Surescripts Clinical Interoperability network to send immunization related messages across the network to connected physicians and health systems. Project 1 includes immunization Physician Notification Letters (PNLs), Project 2 includes immunization reporting to state registries, and Project 3 includes Take Care Clinic (CSG) patient visit summaries.

Key Message: The overall trend is positive due to significant progress developing High Level Design, Test Case Design, and User Acceptance Test documentation. The project will remain in a yellow status due to delay in Take Care technical resource availability and newly identified need for RxHWT QA resource. We expect to remain in yellow status, until we receive input from Take Care technical resource and RxHWT QA resource.

Status Trend = Positive		Schedule					
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope	<input checked="" type="checkbox"/>			11/1/11	12/15/11	1/13/12	2/29/12
Resources	<input checked="" type="checkbox"/>				12/28/11	TBD	TBD
				Actual Date	11/1/11	1/9/12	

Critical Issues/Risks:	Owner:	Due Date:
1. Issue - Need Take Care technical resource to be assigned to ePNL project	Dan Spring	2/3/12
2. Issue - Need RxHWT QA resource for end-to-end testing	Gowri Selka	1/31/12
3. Risk - Contract may not be fully executed prior to 2/29/12 implementation date	Warren Olden	2/29/12

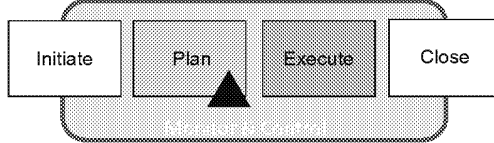
Accomplishments & Highlights:

- Surescripts/Walgreens Connected Health Strategy meeting conducted on 1/19/12 & 1/20/12.
- User Acceptance Test document draft completed on 1/27/12.
- High level design and Test Case Design draft completed on 1/27/12.

Near-term Milestones/Deliverables:

- OPV Coding and Unit Testing due 2/3/12.
- OPV System Test due 2/22/12.
- OPV User Acceptance Test due 2/24/12.
- Take Care Coding and Unit Testing due TBD.
- Take Care System Test due TBD.
- Take Care User Acceptance Test due TBD.

Project Manager(s) Name & Phone	Patty Haworth	847-964-8047	PMO Project #	12
Business Owner Name(s)	Miranda Rochol	847-315-8117		



Report Date	For Week Ending
1/30/12	1/27/12

Program Name: Pricing Process Optimization **Project Name:** Optimization Round 2

Project Scope/Objectives:

1. Improve effectiveness of pricing governance processes by improving the quality and format of the information presented to the Pricing and Proposal Committees.
2. Implement an automated method for development of weekly agenda and proposal materials.
3. Define escalation guidelines for high-urgency proposals.
4. Determine a better method to do postmortem analysis on deals reviewed by the Pricing and Proposal Committees.
5. Develop detailed Governance process documentation for internal (Pricing) staff members and external stakeholders.
6. Prepare and rollout a revised SLA to include recently-launched Pricing Validation and the proposal request processes supported by Salesforce.com.
7. Review proposal approval parameters to potentially reduce the number of deals that require a decision by the Proposal Review Committee.

Key Message: The overall trend is positive. The Project Charter was approved on 1/9/12 by Mike Viirre. The team is finalizing requirements and the project plan. Propose a new date for the Plan Phase completion due to shifting the priority to the Manual Request (SFDC) project. The change should not impact the overall project schedule.

Status Trend = Positive		Schedule				
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase	
Scope <input checked="" type="checkbox"/>		Original Plan	12/15/11	1/20/12	2/29/12	3/1/12
Resources <input checked="" type="checkbox"/>		Revised Date		2/10/12		
		Actual Date	1/9/12			

Critical Issues/Risks:	Owner:	Due Date:
Risk: 1. SFDC (Manual Request) implementation scope and timeline may impact the ability to implement proposal request process changes and corresponding updates to the SLA. <u>Mitigation Strategy:</u> Collaborate with SFDC throughout the SFDC implementation project, participate in design review and UAT.	Val Samandas	1/31/2012

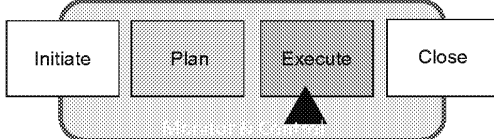
Accomplishments & Highlights:

1. Reviewed and approved the Project Charter.
2. Prioritized requirements and developed a preliminary project schedule.
3. Development of the Pricing Governance playbook is underway.
4. Developed and rolled out the Pricing Customer Satisfaction survey.
5. Completed Manual Request UAT - approximately 60 issues have been reported and addressed. No show-stoppers remain on the list.
3. Developed and conducted Manual Request training.

Near-term Milestones/Deliverables:

1. Analyze and report survey results - 2/17/12
2. Develop a comprehensive list of Pricing clients (the execs and distribution lists) by Segment (Employer, Gov., etc.) and Business Unit (Sales, Ops, etc.).
3. Recommend KPIs to measure Cust Satisfaction.
4. Finalize business requirements/rules for the Pricing Governance process playbook - 2/10/12
5. Complete and approve Governance playbook (and other documentation if required) - 2/17/12

Project Manager(s) Name & Phone	Val Samandas	847-964-6162	PMO Project #	13
Business Owner Name(s)	Mike Viirre	847-964-6794		



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: Retail Clinical Services	Project Name: Immunizations FY12
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Project Scope/Objectives: High Level Goals: (1) Be the first choice for health and daily living through immunizations (2) Offer a "National Immunization Solution" (3) Present one common Walgreens Offering (4) Use Sales Opportunities to sell wellness
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Key Message: The overall trend is red as we continue to trend below this year's and last year's original flu forecast. However, the flu forecast has been adjusted and we are progressing positively toward the updated forecast. We expect to stay in red status as we do not expect to meet the original flu forecast.

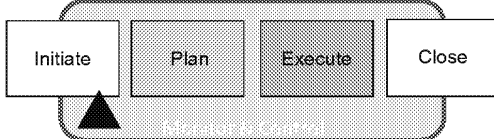
Status Trend = Positive		Schedule					
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope	<input checked="" type="checkbox"/>	Original Plan		1/31/11	5/31/11	3/31/12	4/30/12
Resources	<input checked="" type="checkbox"/>	Revised Date					
		Actual Date		1/31/11	5/31/11		

Critical Issues/Risks:	Owner:	Due Date:
None at this time.		

Accomplishments & Highlights:
<p>(1) We have administered more than 5.4 Mil Flu shots across the enterprise 8/1/11 thru 01/27/12. Pneumo - 165,534 FY12 thru 01/15/12 (12,746 for December). Zostavax - 138,125 FY12 thru 01/15/12 (28,444 for December). Tdap - 33,775 FY12 thru 01/15/12 (5558 for December). Meningitis - 15,037 FY12 thru 01/15/12 (3171 for December). The following vaccines had the following % increase this year over last year for FY thru Dec 31st: Tdap - 22%; Zostavax - 116%; Meningitis - 714%; Other (Vaccines not including Flu, Pneumo, Zostavax, Tdap, Meningitis) - 25%.</p> <p>(2) Sales exceeded their targeted goal for the 2011-2012 season!</p> <p>(3) Flu Bowl incentive program began round two of the playoffs on Sunday, January 22nd and it will continue through January 29th. The Flu Bowl championship will begin on Superbowl Sunday, February 5th and continue through February 12th.</p> <p>(4) January Circular distributed.</p> <p>(5) Senior Immunization Program kicked off January 4th, 2012.</p> <p>(6) Executive Steering Committee Meeting - 1/19/12. Lessons Learned for FY12, Sales Update and Part I of the Customer Flu Story were shared.</p> <p>(7) Offsite Clinics Program Revamp Initiative is still underway. A Small Business B2B web page is being designed with plans for development to begin as soon as the budget is approved. Discussions are underway with Tribune Media to secure a 10 Mil client data base.</p> <p>(8) Retail Clinical Services Walgreens.Com Web Page Revamp is still underway. Designs have been reviewed and a cost estimate has been provided. After budget is approved 1st draft copy will be provided back to RCS for review/feedback.</p> <p>(9) Physicians Distribution Program Pilot is underway. To improve influenza immunization rates in our communities, the Immunization Services Team has designed a program that will allow Walgreens to offer physicians access to purchase flu vaccine through our local pharmacies. This pilot program only applies to all stores in the following states: Illiniois, Texas, Missouri, California, and Indiana.</p> <p>(10) HHS Voucher Program is underway. HHS is teaming with community organizations to distribute 300K free walgreens flu shot vouchers that can be redeemed at a flu shot clinic set up at organizations or in any retail store, Take Care Clinic or Duane Reade store. 38,091 (12.5%) of the vouchers have been redeemed as of Jan 13th.</p> <p>(11) Weekly communication to the field of Immunization Hot Topics.</p>

Near-term Milestones/Deliverables:
<p>(1) Feedback from eCommerce IT on RCS Web Page Designs - 2/3/12.</p> <p>(2) Reverse Vaccine Distribution to begin - 4/15/12.</p>

Project Manager(s) Name & Phone	Michelle Hood	847-527-5175	PMO	
Business Owner Name(s)	Jack Cantlin, Tim Brne, Jason Rubin		Project #	14



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: Retail Clinical Services **Project Name:** Immunizations FY13

For FY13 the goal of the Immunization Program is to continue to expand the program and ensure that the administration of vaccines is maximized throughout the year rather than being concentrated during what is typically labeled as the "flu season". We are now focusing on the next significant opportunities with Zostavax, Tdap and Meningitis based on payer access, state mandates and outbreaks.

Business Need/Opportunity:

- (1) Walgreens has an opportunity to increase its market share in the immunization space.
- (2) Walgreens has an opportunity to increase immunization rates across the country by collaborating with healthcare providers in local communities.
- (3) Expanding access will allow more patients to be immunized by Walgreens.

Project Scope/Objectives:

Goals/Objectives:

- Growing medical billing capabilities
- Expanding the number of stores available to provide enhanced immunizations
- Adding new patients
- Implementing an Offsite B2B Web Tool
- Coordinating the Sales Team and the Field to a unified entity
- Discounted Offsite Clinic price for the field
- Working with government affairs to expand protocol and privilege within the states

Key Message: The overall trend is Green. We kicked off the FY13 program on January 18th and are making revisions to the 1st draft of the project charter. We expect to stay in green status as the appropriate resources, plan and processes are being put in place to ensure we meet the goals and objectives of the program.

Status Trend = Positive		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase		
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Original Plan	1/31/12	5/31/12	3/31/13	4/30/13
Scope	<input checked="" type="checkbox"/>			Revised Date				
Resources	<input checked="" type="checkbox"/>			Actual Date				

Critical Issues/Risks:	Owner:	Due Date:
None at this time.		

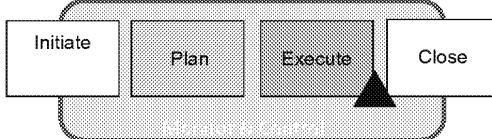
Accomplishments & Highlights:

- (1) FY13 Immunization Program Kickoff was held January 18th.
- (2) Marketing Leadership approved the Marketing Brief.
- (3) Vaccine Vendors have been selected and the contract/pricing process with the vendors is underway.
- (4) 1st Draft of the project charter was reviewed and updates are being provided to create the 2nd draft.
- (5) FY13 Weekly Workstream owner status meetings began January 25th.

Near-term Milestones/Deliverables:

- (1) Marketing - Small Business Strategy Complete - 1/29/12.
- (2) Implementation - Client data in salesforce.com - Complete - 1/31/12.
- (3) Offsite/Worksite implementation process flow distributed - 2/9/12.
- (4) Marketing - B2B Health and Employer Plans Presentations Complete - 2/17/12.
- (5) Marketing - Sales Training Slides Complete - 2/17/12.
- (6) Legal/Contracting - Update existing immunization templates - Complete - 2/24/12.
- (7) Legal/Contracting - Confirm contract request, routing, approval and signature processes - Complete - 2/24/12.
- (8) Sales Training Complete - 2/27/12.
- (9) Pricing Strategy Approved - 2/29/12.
- (10) Regulatory - Protocol research, Protocol physician agreement and fee structure and Yellow Fever physician agreement and fee structure - Complete - 2/29/12.

Project Manager(s) Name & Phone	Michelle Hood	847-527-5175	PMO	
Business Owner Name(s)	Jack Cantlin, Tim Brne, Jason Rubin		Project #	15



Report Date	For month Ending
1/30/12	1/31/12

Program Name: Specialty Reinvention - Phase 2	Project Name: Retail Specialty Patient Experience
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Project Scope/Objectives: The scope is to design the ideal process for the retail specialty patient experience where human and technology resources will facilitate the high-touch relationship and can provide the level of care identical to central specialty but offering the patient the convenience of having their medication fulfilled through the retail pharmacy.

Objectives:
 Drive communication and service at the same level of central specialty through the retail channel
 Real time identification and handling of specialty scripts presented at retail
 Leverage the retail footprint to differentiate Walgreens specialty offering to patients and clients

Key Message: The overall trend for this project is positive and the project is in Green status. Specialty TPR support in R64 rolled out chainwide the first week of January. There was a high influx of work the following week for both the Resolution Center and the Specialty Call Center that created higher time to resolve. This was a result of ESI business, first of year traffic and the new Specialty TPR process. The team worked rapidly to put measure into place to begin to reduce the lag time and continues to identify opportunities to improve efficiency. Since there are two separate systems, IC+ and SR2, the team continues to work on data capture and to validate it.

Status Trend = Positive		Schedule	Initiate	Plan	Design	Build	Test	Deploy	Close
Overall	<input checked="" type="checkbox"/>	Original Plan	1/25/11	5/31/11	6/30/11	8/16/11	10/7/11	11/18/11	11/30/11
Scope	<input checked="" type="checkbox"/>	Revised Date	3/10/11 5/16/11	7/22/11			10/28/11	12/9/11 1/23/12	12/30/11 2/15/12
Resources	<input checked="" type="checkbox"/>	Actual Date	5/16/11	7/29/11	6/30/11	8/16/11	10/28/11	1/23/12	

Critical Issues/Risks:	Owner:	Due Date:
Specialty scripts in queue are not being prioritized over the retail volume. At go live for R64 pilot they noticed TPRs were not being pushed so a ticket was opened. In the short term it's low risk because they have a manual workaround however for rollout risk will be high. 12/1 it was found that this was not included in the requirements. RxIT said that this has high effort and risk. A meeting was set up to understand the issue and the requirement and the team requested that this be added to the roadmap for phase 1. The RC would like to have this prioritized and completed as soon as possible. 12/14 Discussion occurred to prioritize into R66. 1/27 pending confirmation regarding R66.	HW RxIT	2/8/2012

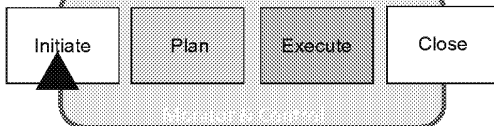
Accomplishments & Highlights:

- R64 chain wide roll out completed on 1/6.
- RetailSpecialty@walgreens mailbox is being utilized
- Competitor Limited Distribution Report is live in production.
- Obtained POWER database access for pulling scorecard data.
- Developed process for handling store requests to be turned off of remote TPR handling
- Agreement on how to handle backwards compatibility issues for the IC+/SM rx transfer functionality in R65.
- Developed Kermit message, PRN NewByte and content for the Feb. OPT Newsletter for Scan Every Script
- Determined drugs to be removed from remote TPR resolution eligibility

Near term milestones/deliverables:

- Finalize TPR Scorecard
- Pilot RSPE in the 108 Building pharmacy.
- Streamline RSPE data maintenance process.
- R65 UAT testing.
- Kermit's message delivered through Compass for Scan Every Script
- Scan Every Script break room poster and stickers for imagers will be delivered in the Feb. sign package.
- OPT newsletter communication explaining need to scan every script and reminders for the OPTs to discuss with store staff published
- Continue to address R64 store and district feedback
- Plan and implement additional communications to reinforce awareness and adoption
- Business resources trained on BPM
- PA process revised, approved and implemented

Project Manager(s) Name & Phone	Claudia Ulbert	847-527-4090	PMO Project #	16
Business Owner Name(s)	John Lee	847-914-8907		



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: Louisiana Coordinated Care Network - United Health Care | **Project Name:** Louisiana Coordinated Care Network - United Health Care

Project Scope/Objectives: The objective is to participate in the new Louisiana Managed Medicaid program called Bayou Health (or LA CCN) with a coordinated care solution that includes partnerships with Hospital Systems, Community Health Clinics, Physician Groups and potentially other providers and payors. The over-arching objective was initially to present a solution that would win the bid and serve as a model that we can build on to create coordinated care networks in other states. As the project and research was conducted to show that legally WAG could not at that time conduct that activity, WAG's position has shifted to being a valued subcontractor to Payors and Providers and eventually be a central piece of CCN.

Leverage Walgreens footprint to improve Bayou Health patients with improved access to care. Walgreens and United HealthCare will partner to develop a Retention messaging campaign to newly enrolled United HealthCare patients by providing a warm welcome to their new United Bayou Health Plan.

Key Message: The overall trend is positive due to the ability to continue to partner with United Health Care to understand their needs and present them with viable program offers. We are in Green status because the meetings we've held thus far continue to result in pin pointing potential product offerings on which United Health Care would like to collaborate. We expect to remain in Green status because of UHC continued interest in partnering with us and their cooperation to internally work within their organization to determine the risks, benefits and funding to support such programs.

Status Trend = Positive		Schedule			
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope <input checked="" type="checkbox"/>		Original Plan	7/1/11	10/1/11	12/1/11
Resources <input checked="" type="checkbox"/>		Revised Date			2/1/12
		Actual Date			

Critical Issues/Risks:	Owner:	Due Date:

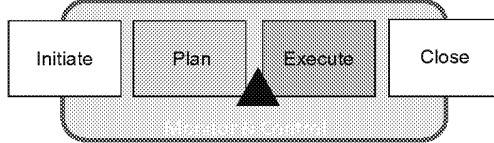
Accomplishments & Highlights:

1. January 13th
 - Follow-up discussion with United Health Care to obtain feedback which programs they are most interested in. Outcome of meeting resulted in UHC expressing their interest in Gift Card Program and Wellness Bus. Additional outstanding research from both WAG and UHC is required to further determine if partnership will go forward.

Near-term Milestones/Deliverables:

TBD - Awaiting for UHC to respond to WAG's response on outstanding inquiries presented to them post January 13th meeting.

Project Manager(s) Name & Phone	Sheila Manalo	847-315-8065	PMO Project #	17
Business Owner Name(s)	Adam Jaffe	847-315-2087		



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: Diabetes Self Management Education **Project Name:** Illinois Diabetes Self Management Education

Project Scope/Objectives: Develop a reimbursable, accredited DSME program to disrupt the current education delivery model to better meet the diverse needs of people with diabetes & differentiate WAG from the competition by innovating the patient experience. Core program design based on CME reimbursement rates for diabetes education. CMS reimburses newly diagnosed diabetes patients for 10 education hours in the first year and reimburses already diagnosed diabetes patients for 2 education hours annually. Stores where diabetes education program provided

Key Message: The overall trend is positive due to the ability to on-board RPh Supervisors and Managers to support the Illinois DSME project initiative. We are in Green status because key Operational activities scheduled have been defined and completed. We expect to remain in Green status because we are on target to meet all identified milestone dates in terms of training and preparing for AADE application submission.

Status Trend = Positive		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase		
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Original Plan	11/22/11	12/22/11	End of January	TBD
Scope	<input checked="" type="checkbox"/>			Revised Date			Early February	Late June / Early July
Resources	<input checked="" type="checkbox"/>			Actual Date				

Critical Issues/Risks:	Owner:	Due Date:

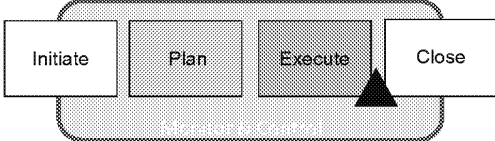
Accomplishments & Highlights:

- Week of 1/2:
 - 1/6: Received several authenticator IDs. Awaiting for 6 more ids which Denise will be sending an email for RPh Managers to send information to Jude and Sheila by next week.
 - 1/6: Received a couple of resumes. Awaiting for remaining resumes to be sent. Denise will be sending an email for RPh managers to send to Jude asap.
 - 1/6: Top Prescriber list. Denise will send an email reminding RPh Managers to begin compiling their Top Prescribers. No need to send information to Jude.
 - 1/4: Worked with Katie Mee to post 1 hour webinar link to WE website
- Week of 1/9:
 - 1/13: Received majority of the instructors Authenticator IDs. Waiting for 1 last ID. As soon as received will send to Narlyn to skill instructors in SR2.
 - 1/13: Mailed training materials to stores
- Week of 1/16:
 - 1/18: Sent list of Authenticator IDs for Narlyn to skill in SR2
 - 1/18: Completed 1 hour webinar conference call
 - 1/19: Sent 3 day live training meeting invite content to Katie Mee to post on WE Website by 1/23
- Week of 1/23:
 - 1/25: Jude confirmed receipt of all resumes
 - 1/25: Jude to review if there are any outstanding CEs
 - 1/19: 3 Day Live training invite posted on WE Website
 - 1/25: Sent email for pending responses on Dinner RSVP
 - 1/25: Sent email for any dietary needs for lunch and dinner orders
 - 1/25: Confirmed Narlyn will have authenticator IDs skilled by 2/4

Near-term Milestones/Deliverables:

2/7 to 2/9: RPh instructors determine DSME program class offering date/time align with their schedule
 2/7 to 2/9: 3 Day LIVE Training (owner: Jude Pierre-Louis / Joslin) Training
 Week of 2/13: HG and Tech training (owner: Jude / Susan / Amy) Training
 Mid February: Hard Copy Collateral available at stores – Brochures and Flyers (owner: Amy Jo Burke)
 Mid April – Submit AADE application
 Early May – Receive accreditation

Project Manager(s) Name & Phone	Sheila Manalo	847-315-8065	PMO Project #	18
Business Owner Name(s)	Jude Pierre Louis	847-964-6793		



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: Diabetes Self Management Education **Project Name:** Florida Diabetes Self Management Education

Project Scope/Objectives: Develop a reimbursable, accredited DSME program to disrupt the current education delivery model to better meet the diverse needs of people with diabetes & differentiate WAG from the competition by innovating the patient experience. Core program design based on CME reimbursement rates for diabetes education. CMS reimburses newly diagnosed diabetes patients for 10 education hours in the first year and reimburses already diagnosed diabetes patients for 2 education hours annually. Stores where diabetes education program provided

Key Message: The overall trend is positive due to the RPH instructors ability to continue the momentum of seeking and scheduling patients for DSME classes. We are in Green status because weekly meetings are being held with RPH instructors to obtain learnings and progress from each PILOT locations. We expect to remain in Green status because have met our target date in submitting our AADE application and look forward to being officially accredited mid February.

Status Trend = Positive		Schedule			
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
		Original Plan	7/1/11	8/1/11	11/1/11
		Revised Date	7/1/11	8/1/11	11/1/11
		Actual Date			11/30/11

Critical Issues/Risks:	Owner:	Due Date:

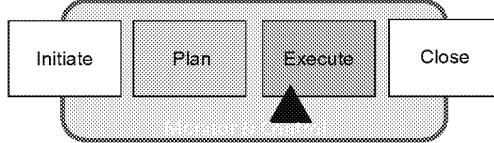
Accomplishments & Highlights:

- Week of 1/2:
 - 1/4 – Conference call with Michelle Davidson and Allison Thomas on Medicare contract
- Week of 1/9:
 - 1/11 – Held 7th administrative Rounds meeting with RPH instructors at PILOT locations.
- Week of 1/16:
 - 1/16 – Held Monthly FL DSME Project Leadership Conference Call
 - 1/18 – Held 8th administrative Rounds meeting with RPH instructors at PILOT locations
 - Week of 1/16 - Prepare application
- Week of 1/23:
 - 1/23 – Submitted all applications to AADE
 - 1/25 – Held 9th administrative Rounds meeting with RPH instructors at PILOT locations.
 - 1/25 – Held Initial Clinical Rounds
 - Week of 1/23 - Began receipt of example of CQI Process

Near-term Milestones/Deliverables:

- Early February: English Brochures will be available at stores
- Late January: Spanish training materials will be available at select stores
- Early to Mid February: AADE Application approved
- Mid February : Bill Commercial payers
- 2/13: Monthly FL DSME Project Leadership Conference Call
- Early April: Bill Medicare

Project Manager(s) Name & Phone	Sheila Manalo	847-315-8065	PMO Project #	19
Business Owner Name(s)	Jude Pierre Louis	847-964-6793		



Report Date	For Week Ending
1/27/012	1/27/12

Strat Alignment: Medicare Strategy **Project Name:** Medicare Part B, Diabetes Testing Supplies Bid (DTS)

Project Scope/Objectives: Win the 2011 Medicare Part B (DTS) bid.

Key Message: The overall trend is positive. The government has issued the national bid for DME products on 12/1/11. The RFP team initiated registration of the primary and secondary officers. Necessary forms can be submitted beginning January 30th, 2012. Pricing model is finalized and will undergo review session with leadership prior to the senior management presentation. The project is currently in the green as we are anticipating the timely and accurate competition of the RFP. We expect to stay in the green, as we have a working session with the RFP team for the online bid registration. In addition, the team will review the documents from past bid submission and collect and submit new financial and other necessary documents in a timely manner. The team is aggressively pursuing pricing strategy for all bid outcome scenarios and preparing for the efficient RFP response. Weekly team meetings are in place to ensure timely collaboration and idea exchange.

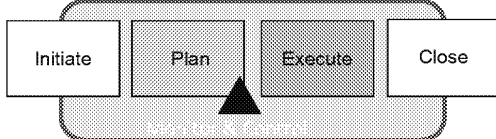
Status Trend = Unchanged		Schedule			
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Scope <input checked="" type="checkbox"/>		Original Plan	6/21/11	N/A	N/A
Resources <input checked="" type="checkbox"/>		Revised Date			
		Actual Date			

Critical Issues/Risks:	Owner:	Due Date:
None so far.		

Accomplishments & Highlights:
Biweekly pricing group meetings to facilitate and solidify ideal pricing strategies for the bidding process. Weekly meetings help facilitate pricing and RFP response strategies. Bid Registration process. Pricing model application near completion.

Near-term Milestones/Deliverables:
Pricing Model. Online registration.

Project Manager(s) Name & Phone	Jane Vaitaitis	847-315-3809	PMO Project #	20
Business Owner Name(s)	Ric Leonardi	847 964-6757		



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: HSSG - 340B	Project Name: 340B-Sentry Data Systems Process Integration
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Project Scope/Objectives: Develop an IT focused process to integrate Walgreens 340B Complete system with Sentry Data Systems 340B Program. Walgreens provides an end-to-end solution that includes Walgreens contracted pharmacies. Sentry provides a revenue management system that specializes in patient eligibility and auditing. Sentry validates Walgreens prescriptions for 340B compliance, patients, and locations. Walgreens manages client direct contracts, billing, and inventory for Sentry. Identified Walgreens-Sentry shared clients are Ochsner (LA), Beth Israel (MA), St. Francis (IN), Stony Brook (NY), Marion General (IN), and Tourney Hospital (SC). 1/25 - Sentry projected additional clients in discussions with Karl Meehan, project executive sponsor.

Key Message: The overall trend is negative due to the project timeline development. The project is in overall yellow health status because Sentry temporarily stepped away from the project to evaluate resources, and the WAG EDI team reallocated resources. The project is moving forward with both groups to finalize the project timeline. The project can change to green status with the WAG-Sentry Collaboration team agreeing to a high level timeline, identifying the critical path, and finalizing technical questions.

Status Trend = Negative		Schedule						
Overall	<input checked="" type="checkbox"/> Y	Schedule	<input checked="" type="checkbox"/> Y	Initiate Phase	Plan Phase	Execute Phase	Close Phase	
Scope	<input checked="" type="checkbox"/> G			Original Plan	11/15/11	12/2/11	2/7/12	2/27/12
Resources	<input checked="" type="checkbox"/> G			Revised Date		1/6/12	3/20/11	4/13/12
				Actual Date	11/3/2011			

Critical Issues/Risks:	Owner:	Due Date:
1. Project delivery dates dependent on both WAG & Sentry meeting negotiated timelines and project milestones. Need agreement on WAG-Sentry high level timeline and critical path.	Paul, John, Jeff, Shipra, Surendra, Rohit, Vijay, and Lizbeth	2/10/2012
2. Walgreens EDI connectivity with Sentry dependent on approval from Walgreens IT Security. WAG EDI can submit request when Sentry provides details originally requested in December.	Jeff, Shipra, Paul, Rohit, Vijay, and Lizbeth	1/27/12
3. Cardinal, McKesson, and Bergen create a customized sender return id that allows WAG to identify shared Sentry clients. Need vendors to implement within project timelines.	Jeff, Shipra, Paul, Rohit, and Vijay	2/29/12
4. Identify impact to project schedule from WAG EDI revised timeline and Sentry stepping away from project.	John, Paul, Rohit, Jeff, Shipra, Surendra, Maria, Vijay, Madhuri, and Lizbeth	1/31/12

Accomplishments & Highlights:

- Sentry confirmed resources available to continue project on 1/25/12.
- WAG Functional Requirements document approved.
- Completed implementation for 3 interfaces - price file, settled reconciled data, and crosswalk file.
- Determined no impact to the project schedule from Sentry request to receive price file in the EDI 832 specification. CR3 & CR4.

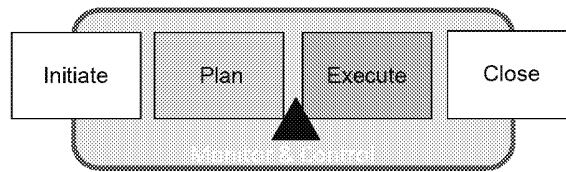
Near-term Milestones/Deliverables:

- Schedule WAG-Sentry collaboration team meeting for week of 1/30 to begin addressing open technical questions - using the Sentry API to access Sentry data, system accumulator reconciliation process, NCPDP D.0 interface, and file formats approval.
- Identify key hand-off dates (critical path) between Walgreens and Sentry.
- Complete interface implementation and testing by 2/29/12.
- Begin User Acceptance Testing (UAT) on 2/27/12.

Summary of Impactful Change Requests:

CR1 - Extend schedule for design as a result of late WAG-Sentry kick-off - Approved one week.
 CR2 - NCPDP D.0 format for WAG candidate prescriptions sent to Sentry - Approved 6 weeks.

Project Manager(s) Name & Phone	Lizbeth Gain 847-964-6747		PMO Project #	21
Business Owner Name(s)	John Rickord			



Report Date	For Week Ending
1/31/12	1/31/12

Program Name: 340B	Project Name: 340B Specialty Integration
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Project Scope/Objectives: Process Walgreens Specialty Pharmacy dispenses through the existing Retail 340B-Complete application to identify dispenses eligible for 340B Drug Process and to process those dispenses accordingly. This project requires tight coordination and communication with the Specialty Pharmacy IT staff due to the EDI transactions that need to be processed and the Specialty Pharmacy system changes that need to occur.

Key Message: The overall Health Trend is Positive.
 The project's Overall health is Green.
 There is no need to address the Overall health rating at this time.
 We expect to stay in Green status because all CORE Team members have agreed the schedule is realistic and the milestones are achievable.

Status Trend = Positive		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Overall <input type="checkbox"/> G	Schedule <input type="checkbox"/> G	Original Plan	10/1/11	12/30/11	3/31/12	4/30/12
Scope <input type="checkbox"/> G		Revised Date	10/1/11	1/20/11	4/16/12	
Resources <input type="checkbox"/> G		Actual Date	10/1/11	1/20/11		

Critical Issues/Risks:	Owner:	Due Date:
Business Owner (Larry Bursick) has left the company and a replacement has not been named. A replacement is not critical at this time because direction has been set and the teams are progressing without issue.	John Rickord	N/A

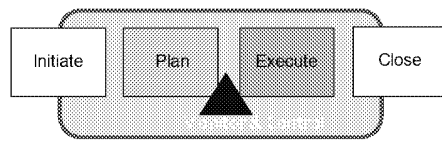
Accomplishments & Highlights:

- Larry Bursick's (Business Owner) last day with Walgreens was 1/12/12.
- Project Schedule was created and has been approved by the CORE Team. Expected date for 340B Specialty Intg. functionality to be available 4/2/12.
- Specialty Pharmacy IT team have begun coding/development of new functionality.
- 340B-Complete team is finalizing design by 1/27/12 and planning to begin development on 1/30/12.
- There are currently no critical issues. The team continues to resolve issues shortly after identification.
- Project SharePoint site is actively being used as focal point of project communication.

Near-term Milestones/Deliverables:

- 340B-Complete Functional Design Approved
- 340B-Complete Build Begins
- WSP Design Completed
- Interface Document Approved
- Start Test Environment Setup
- Start System Integration Testing
- System Integration Testing Completed

Project Manager(s) Name & Phone	Steve Kubisztal	847-964-8038	PMO	
Business Owner Name(s)	TBD		Project #	22



Report Date	For Week Ending
1/31/12	2/10/12

Strat Alignment: Transform Community Pharmacy and Expand Specialty Pharmacy/Infusion	Project Name: Project Dynamite - New to Therapy (NTT)
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Project Scope/Objectives: The goal of this project is to leverage the new campaign management tool, Unica, (INTERACT) and OPV to identify patients real time for adherence consultations, similar to the way Rx Advisor does today. Current systems do not allow for accurate identification of patients and have limited data collection ability. Leveraging Unica for this purpose will allow us to create more complex rules, provide more robust reporting, and centralize all contacts from Walgreens that any one patient is receiving. In order to accomplish this we need to build the link between Unica and OPV and the link from OPV to Rx Advisor. Rx Advisor will remain the user interface for the pharmacist and changes to Rx Advisor may be required to accommodate. This would require involvement then from the IC+ team/ OPV and Rx IT to ensure that systems will be tested and accounted for in this new platform

Key Message: Project is trending positive as Phase 0 is our manual approach where the pharmacists will be able to access a list of NTT patients to 17 therapeutic classes on StoreNet and they will call those patients live to have the first consultation. The training launches today with a go live date of 1/10/12. This has been rolled out. Phase 1 is now in progress. The overall Trend is yellow as there are system and environment issues that are being worked on. All teams working in conjunction with component testing. The project is in Yellow health status because all components of technology are new and pending adaptability and familiarity with one another. This is being closely monitored for any issues and risks throughout the project, we will review in testing if this is a risk overall. We expect to stay in Yellow status and remain here til we encounter any outstanding issues or risks. The project is in yellow status due to an open issue / dependency on the OPV/Unica interface, which has resulted in schedule delays. The Design, Build, & Test phases are currently in progress and running in parallel. To improve the health rating, the Unica interface needs to be finalized and the Design & Build Phases need to be closed.. The OPV -IRP regression testing needs to be completed by 2-8 in order for Bravo code to be completed to keep us with regression testing. Team will review overall timeline for these dependencies, along with the change request for buy outs and partial fills have pushed out the original date of 3-30 roll out.

Status Trend = Positive	Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Overall <input checked="" type="checkbox"/>	Schedule <input checked="" type="checkbox"/>	Original Plan	11/1/11	12/1/11	1/10/12
Scope <input checked="" type="checkbox"/>		Revised Date	11/30/11	12/1/11	
Resources <input checked="" type="checkbox"/>		Actual Date	11/30/11	12/30.11	

Critical Issues/Risks:	Owner:	Due Date:
*Alpha Minor Regression Testing in IRP environment still not completed * System Testing between Unica and OPV has been delayed due to design/build issues with interact campaign *Change Request for Buy Out and Partial needs to be accounted for as we cannot roll out without	Rx IT-OPV and Unica	2/10/2012

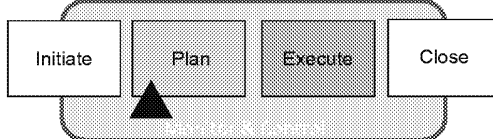
Accomplishments & Highlights:

1. NTT Manual Approach has been approved and rolled out January 2012
2. TR1/Tr2 environment set up with Unica and OPV
3. OPV, Unica and RxHWT 95% complete with design
4. Change management plan and communication plan completed
5. Firewall issue resolved. Initial connectivity testing completed

Near-term Milestones/Deliverables:

2/8 IRP Environment to be completed and closed out 2/8
2/20 Start of Integration Testing with all teams

Project Manager(s) Name & Phone	Marianna Vranicar	847-964-8967	PMO Project #	23
Business Owner Name(s)	Kristi Rudkin	847-964-8078		



Report Date	For Week Ending
As of 1/31/2012	As of 1/27/2012

Program Name: HSRx WellTransitions 2.0	Project Name: WellTransitions 2.0
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Project Scope/Objectives: WellTransitions™ is an existing program, currently in pilot, targeted to address the needs to reduce hospital readmissions due to improper and/or lack of use of medications. WellTransitions™ v2.0 is intended to build on the success and learning from WellTransitions™, to continue to address the needs to reduce hospital readmissions while at the same time positioning Walgreens as a trusted provider in the health care system delivery by demonstrating Walgreens ability and scale to provide healthcare service in addition to retail pharmacy. In summary, the scope of this project includes components of WellTransitions™ 1.0, ROI Calculator, Improve workflow through electronic transmission, Risk-Sharing/Shared-Savings, Enhance disease-specific interventions: AMI, Pneumonia, (CAD, COPD), utilize Call Center, Include Retail locations.

Key Message: The overall trend is green. The business case was presented and approved by PNPC. RAC is scheduled for February. We are on track with the Market Research, all inputs are ready and LRW (market research vendor) have begun recruiting. We have finalized our partnerships strategy with Home Health and Skilled Nursing Facility.

Status Trend = Unchanged		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase
Overall <input type="checkbox"/>	Schedule <input type="checkbox"/>	Original Plan	12/31/11	4/27/12	10/31/13	3/31/13
Scope <input type="checkbox"/>		Revised Date				
Resources <input type="checkbox"/>		Actual Date	12/31/11			

Critical Issues/Risks:	Owner:	Due Date:
1) Acceptance of shared savings/risk sharing by hospitals	1. Ferry Tamtoro	1. End of February, 2012
2) Ability to transition partners/clients from Innovations Challenge grant to WT2.0, if needed	2. Katie Lestan / Dan Kwasigroch	2. End of April, 2012
3) Payment/Service arrangement model with IT vendor, Loopback Analytics, if Walgreens doesn't get the grant. Will need to discuss payment tied to shared savings.	3. Ferry Tamtoro	3. End of April, 2012

Accomplishments & Highlights:

- 1) All Market Reseach materials finalized.
- 2) Market Research firm (LRW) has begun recruiting for the director-level participants.
- 3) Presented Business Case to PNPC and received unanimous approval.
- 4) Finalized partnership strategy with Home Health agencies and Skilled Nursing Facilities.
- 5) Parallel effort: Committed 14 clients/partners and finalized application for Innovation Challenge.

Near-term Milestones/Deliverables:

- 1) Market Research
- 2) RAC Presentation

Project Manager(s) Name & Phone	Susan Kovach	847-315-8135	PMO Project #	25
Business Owner Name(s)	Joel Wright	847-315-2357		



Monitoring & Controlling				Report Date	For Month Ending
Initiating	Planning	Executing	Closing	01/27/12	1/31/2012

Project Name: Prescription Savings Club (PSC) 2.0 - Phase I

Project Scope/Objectives: Effect nationwide launch of enhanced Prescription Savings Club program (PSC 2.0), which was piloted in 2011 in the Louisville, KY, market. Provides affordable solutions (Rx, other) for uninsured and under-insured customers at Walgreens. Key program attributes include increased Rx discounts, risk-free membership, healthcare discounts (i.e. Take Care/ Immunizations, and customer enhancements including web and mail services.

Key Message: Project status is green; project is progressing per schedule, with PSC 2.0 launch date of 5/1/2012. Team's focus is to maintain progress to baseline, which was finalized on 1/13/2012. We expect to remain in the green zone, as no critical issues or risks have been identified that have not been addressed.

Status Trend = Unchanged		Schedule	Initiating Stage	Planning Stage	Executing Stage	Closing Stage	
Overall	G	Schedule	G	Original Plan	11/17/11	03/31/12	04/30/12
Scope	G	Resources	G	Revised Dates	01/13/12	05/31/12	06/30/12
Cost	G			Actual Dates	01/13/12		

Critical Risks:	Owner:	Due Date:

Critical Issues:	Owner:	Due Date:

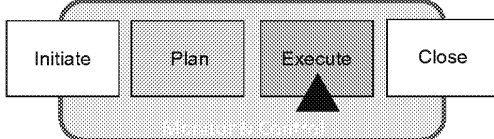
Accomplishments & Highlights:

1. Project scope and schedule baselines finalized, 1/13/2012.
2. PSC reduced price promotion launched on January 1 on very short notice; over 500,000 new enrollments.
3. Decision reached on Duane Reade co-branding for PSC 2.0: Walgreens PSC card to be distributed nationwide, with two different card carriers -- 1) co-branded WAG-Duane Reade carrier for New York area, and 2) WAG carrier for remainder of country.
4. Marketing Activation Plan completed and approved.
5. Market Manager survey completed; PSC 2.0 Computer-based training module design completed.
6. All Technology application designs for PSC 2.0 complete; builds in progress.

Near-term Milestones/Deliverables:

1. Value Priced Generics formulary to be completed, early February.
2. PSC 2.0 Terms and Conditions (for Louisville pilot) finalized, February.
3. Meetings with Market Leadership in high-acquisition markets to effect integration, February-March.
4. User Acceptance Testing for IT applications to begin, February.

Project Manager(s) Name/Phone #	John Miyazaki	(847) 964-8755	Project #	26
Business Owner Name/Phone #	Joe Kristie	(847) 964-8961		



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: CIT Immunization Program **Project Name:** Travel Health Program Proof of Concept

Project Scope/Objectives: Walgreens is testing a comprehensive travel health offering that would complement the transforming role of the community pharmacists. This concept links the travel medicine consultation with the Walgreens immunization delivery infrastructure in select Centers of Excellence for Immunizations (ICE) locations that offer the full array of CDC recommended vaccines.
 The objective of this Proof of Concept (POC) is to test pharmacist-based consultations. Walgreens is the provider of immunizations, medications and OTC items/travel products for individuals and organizations that have received travel consultations.

Key Message: The overall trend is green. The project is in green health status because we launched the Pharmacist-based consultation model POC in 6 stores in Houston, TX on 12/16/11. The project team is collecting best practices and key learnings to advance the initiative to a full pilot. The project expects to stay in green status because the appropriate resources and PM tools are in place.

Status Trend = Positive		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase		
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Original Plan	8/31/11	10/31/11	6/30/12	7/31/12
Scope	<input checked="" type="checkbox"/>			Revised Date				
Resources	<input checked="" type="checkbox"/>			Actual Date	8/31/11	10/31/11		

Critical Issues/Risks:	Owner:	Due Date:
(1) Concern re: charging for travel consultation in one location, but not another	Ed Cohen	2/17/2012

Accomplishments & Highlights:
 (1) After 30 days, experienced vaccine lift (Hep A=200%, Polio=200%, Typhoid=400%, Yellow Fever=1200%)
 (2) Test consultations with store personnel - 5 per store x 6 stores
 (3) Rx Advisor Block approved
 (4) Working with Contracting on language to develop contract template for Sales

Near-term Milestones/Deliverables:
 (1) CIT Immunizations team plans to travel to Houston to coincide with Market Meeting - 2/6/12
 (2) PNPC approval to pilot in 40-60 stores - 2/21/12
 (3) 1st 2 Month Period Check Point - 2/28/12
 (4) Outcomes Data to be tracked/reported finalized - 3/16/12

Project Manager(s) Name & Phone	Patty Haworth	847-964-8047	PMO Project #	28
Business Owner Name(s)	Joe Trznadel	847-964-7409		



**Well Experience Program
Status Well Experience
Program Status Bridge**

Track: Bridge

Track Owner

Nimesh Jhaveri

847-527-5564

Report Date

Week Ending

Program Manager

Linda Chini

224-565-3315

1/25/2012

1/20/2012

**Program Scope/
Objectives:**

Bridge is the Pharmacy and Health Services component of the Well Experience. The objective is to move from a convenient provider of prescriptions and OTC products to a trusted partner who helps make healthy living an everyday experience.


Overall	Y	Trend	=
Scope	G	Schedule	R
Cost		Resources	R

Key Message


The Overall trend is neutral and in yellow status due to technology challenges and regulatory unknowns.

Critical ISSUES (as logged on SharePoint Issues List and referenced with SharePoint Issue ID [Sp ID])

Sp ID	Priority	Market	Title	Description	Comments/ Impact/Next steps	Owner	Open Date	Target Date
25	2	Chicago	Health Guide positions	Open Health Guide positions in Chicago and Indy	10/21 Update – HG hiring has been successful for a few locations – four open positions currently exist in Chicago	Karissa Warmack/Sue McGuinness	5/18/11	10/21/11
43	1	Program	Drive Thru Technology	Indy stores are reporting phone/intercom issues in the drive thru. Majority of INDY stores that have gone live on Cisco phones have reported quality issues with drive-thru phone communication. This issue has also been consistently reported in the Chicago WE market, as well as, the FL and AZ POWER markets over the years. Problem is most likely the change to Cisco phones.	Impact – poor sound quality in drive thru – received complaints by customers as well as employees. 1/9 UPDATE: Store survey has been completed. Preliminary data has been distributed. Analysis phase will begin.	Greg Michelini	9/7	12/31 1/9 For survey


 Well Experience Program Status Well Experience Program Status Bridge	Track Owner Nimesh Jhaveri 847-527-5564	Report Date	Week Ending
	Program Manager Linda Chini 224-565-3315	1/25/2012	1/20/2012

95	2	Indy/Chicago	Pharmacy Workstations shutting down	Workstations in the Pharmacy are shutting down with frequent memory error messages	Impact – Staff has to reboot often or not use the workstation- staff are creating non Bridge workflow workarounds. 1/13 UPDATE: IT recommendation is to upgrade the workstations to HP6000 with the Elmo VPR solution. Many of the current workstations are over 8 years old.	Bob Kessler/Lars Lucas/Greg Micheline	10/19	In progress
107	2	Program	Digital Displays	IT-ESS has suspended the Enterprise Digital Display initiative indefinitely due to Austerity	Resources have been cut while complexity is increasing. Until resolved, digital marketing will be limited to a single “playlist” appropriate for all stores. No local customization. Working on long term solution with Digital Marketing task force.	Lars Lukas/Heather Hill	12/9	3/31

 NaviGate	Well Experience Program Status Well Experience Program Status Bridge			Track Owner Nimesh Jhaveri 847-527-5564	Report Date 1/25/2012	Week Ending 1/20/2012
	Track: Bridge	Program Manager Linda Chini 224-565-3315				


112		Program	New Store Information	<p>Many of the same people supporting the remodels also support new WE stores. Information for new stores is not readily available.</p>	<p>Communications about the new stores are either late or missed. This creates last minute crises and missed opportunities. In addition, many of the same people who work on the remodels also support the new stores - this information is needed in order to plan for resource deployment.</p> <p>The new store process needs to be updated to incorporate the WE. Need one person to own and communicate data to the WE team.</p>	?	1/18	Need owner
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Major RISKS (as logged on SharePoint Risk List and referenced with SharePoint Risk ID [Sp ID])							
Sp ID	Priority	Market	Title	Description	Progress/ Comments	Owner	ID Date
11	4	All Markets	Market Approval	Not receiving regulatory approval in market/state	Redacted - Attorney Client Privileged	Linda Chini	8/4
95	4	All Markets	Next Gen 1.0	Next Gen 1.0 has not been tested with Bridge	<p>If Bridge does not work with Next Gen 1.0, Bridge will need to stay on Next Gen .5 – lead time for this equipment is 12 weeks</p> <p>12/30 Update – QA is testing Next Gen 1.0 with Bridge technology on IC+ release 65 is due to complete on 1/13. Risk still exists for new locations going live on R64.</p>	Mike Smialek	10/26
105	4	All Markets	CPO/PCC capacity	Can the PCC and CPO manage the anticipated volume increases for 2012 and beyond	<p>Nimesh met with Troy Mills and Rex Swords. Troy and Rex stated they can manage the volume from a resource perspective for 2012 – people and facilities (no need for a new facility in 2012). The risk for 2012 is the</p>	Jill Helenbrook	2/6 Development estimate

 NaviGate	Well Experience Program Status Well Experience Program Status Bridge	Track Owner Nimesh Jhaveri 847-527-5564	Report Date	Week Ending
	Track: Bridge	Program Manager Linda Chini 224-565-3315	1/25/2012	1/20/2012

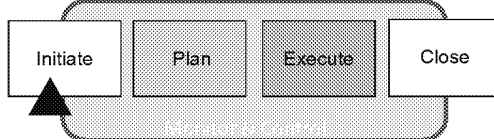
					technology capabilities. Jill Helenbrook is creating a cost, time and resource estimate. Long term plan in progress.		
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Key Milestones					
ID	Market	Title/ Description	Owner	Due Date	Status
01	Program	Technology -Fast-track EMR rollout – delayed – critical issue discovered during pilot; pilot has resumed in one store. 1/13 UPDATE: Pilot will expand to additional stores the week of 1/16; Romeoville, 75 th & State, Buffalo Grove, & State & Randolph. Take Care Educator will be onsite for the new pilot stores.	Rick Kelly	11/14-11/18 12/2011 2/29	R
02	Chicago	Services - My Diabetes Workshop- The amount of work required by the field in January and February for ESI has caused a delay to rollout some of the services	Jude Pierre-Louis/Susan Heald	2/1/12 2/9/12	Y
03	Program	Technology -Kiosk Usability improvements have been scoped for NextGen POS Release 7.0 (February 2012) Update -Received POS implementation schedule and this improvement has been slated for NextGen POS Release 8.0.	Joe Conlon	2/2012 Next Gen 8.0	R
04	Program	Environment -Present all Bridge design revisions to the Design Review Board for final sign-off. Meeting rescheduled for 1/24 due to participant availability	Archana Dhruve	1/17 1/24	Y
06	Indy	Services -Hypoglycemia Awareness Partnership with Lilly – delay is due to Eli Lilly legal team’s turnaround of materials.	Melissa Farley/Brian Stewart/Susan Heald	2/15/12-3/2 1/12	Y
07	Indy	Services -Clinical Services Health Guide- The amount of work required by the field in January and February for ESI has caused a delay to rollout some of the services	Rina Shah/Jay Nadas/Susan Heald	2/15/12-3/5 /12	Y
08	Indy/Chicago	Services- American Heart Association Educational Sessions	Susan Heald	2/15/12	G
09	Indy	Services -Sponsorship to Quit partnership with Glaxo	Scott Minger/Susan Heald	3/3/12	G
10	Program	Operations – Nine new stores will open with a Bridge Pharmacy - Dates keep changing – so we are told- we do not have a good method of getting accurate and timely data for new store openings	Susan Heald/Keith Voss	Month of March	Y

 NaviGate	Well Experience Program Status Well Experience Program Status Bridge	Track Owner Nimesh Jhaveri 847-527-5564	Report Date 1/25/2012	Week Ending 1/20/2012
	Track: Bridge	Program Manager Linda Chini 224-565-3315		

11	Indy/Chicago	Services -MTM	Jay Nadas/Susan Heald	4/1/12	G
12	Chicago	Services -HIV Testing	Glen Pietradoni/Susan Heald	6/15/12	G
13	Indy	Services -Jenny Craig	Scott Minger/Susan Heald	6/15/12	R

Major Accomplishments/ Highlights				
ID	Market	Description	Date	
01	Indy/Chicago	Services -New to Therapy Rollout	1/9	
02	New Stores	Environment -Completed layout diagrams/elevations for new stores	1/16	
03	Program	Environment - All Bridge furniture has been assigned a WIC # and will be warehoused to prevent any future delays (as seen at State & Randolph and DC locations	1/6	
04	Program	Environment - Bridge BOM document compiled; still awaiting detailed spec info from Sourcing on many items	1/6	



Report Date	For Month Ending
1/27/12	1/31/12

Program Name: _____ **Project Name:** Jenny Craig Pilot

Project Scope/Objectives:

To expand our Health and Wellness offerings and enhance value added to new and existing customers by providing a save and cost effective Weight Management Program. After rigorous due diligence, it was determined that by partnering with Jenny Craig, Walgreens will be able to quickly tap into this niche with low risks and low costs. To test the effectiveness of this program, the program will pilot 5 **Project 1** Stores in the Indianapolis area by 1/1/2012, followed by about 2 in the Chicago area, and 2 in Arizona by March 2012. The Goal of this program is to:

Establish a limited time (18 mos.) partnership with Jenny Craig for a weight loss program pilot that will be launched to 7 stores

- Select **Well Experience stores** in Indianapolis, Arizona and the Chicago area based on demographics such as income level, weigh loss demand and distance to the nearest Jenny Craig
- Build out space to meet Jenny Craig's recommended layout
- Send drawing of Jenny Craig's components to Premier to manufacture and ship equipment at least one week prior to the pilot launch
- Line up Jenny Craig's consultants for conducting weight loss program
- Provide basic cross training to Walgreens employees and Jenny Craig's employees
- Update our official company website to announce Jenny Craig 's program (Nice to have)
- Update online components to make Jenny Craig products available via ecommerce (Nice to have)
- Set up phone integration & update Interactive Voice Response to prompt Jenny Craig extension
- Provide the necessary advertising and promotional plan as defined in the Marketing activation plan

Post Launch

- Understand consumer acceptance for joining a weight loss program offered at Walgreens
- Determine influencers for consumers to join a weight loss program
- Understand type of consumers who will participate i.e. healthy, chronically ill, men, etc.
- Determine product offering for those with chronic conditions
- Create KPI and metrics to determine whether to continue partnership

Plan Phase II

- Continue to investigate building a proprietary weight loss program with Hopkins
- Determine to rollout private brand or rollout Jenny Craig chain wide

Key Message: The overall Trend is unchanged. The project is Yellow health status because revision to the business agreement has been made by WAG though review of document with Jenny Craig has yet to be scheduled. We expect to return in a Green status once the business agreement is signed and timelines are agreed among all parties.

Status Trend = Unchanged		Business Release (BR) 1			
		Initiate Phase	Plan Phase	Execute Phase	Close Phase
Overall	<input checked="" type="checkbox"/> Y	-	1/1/12	11/1/11	1/31/12
Scope	<input checked="" type="checkbox"/> G				
Resources	<input checked="" type="checkbox"/> G				
		Original Plan			
		Revised Date			
		Actual Date			

**this plan is no longer valid

Critical Issues/Risks:	Owner/ Mitigation	Due Date:
<p><u>Semiprivate weight-in area:</u> Jenny Craig needs to have a semi private area for weight-in/BMI measurement. Our stores may not accommodate this additional square footage.</p> <p><u>Project Priority:</u> Determine the priority/urgency of this project and timeline to turn around the business agreement. Still little progress has been made on the business agreement.</p> <p><u>Communication:</u> Market VP/Sr Managers and Well Experience Stakeholders are not aware of this initiative causing new services to be introduced to the stores currently selected to house Jenny Craig. This creates contest with the Health Corner area.</p> <p><u>Store Selection:</u> Issue with store #3231 - Soffit is under 7'6" causing misfit with the cooler- Gondola Issues with stores #5753, #6455</p>	<p>Scott Minger: To determine where the weight-in area will be located (part of the business agreement negotiation) - (This is on hold and it will be addressed during the business agreement redlines if needed)</p> <p>Scott Minger: To determine timelines and urgency for this project</p> <p>brought to Heather Hugh's attention. She will discuss with Susan Heald</p> <p>Design Board Review decision: This meeting cannot be scheduled until the BA is signed and it is presented to the Committee Board Review for approval and funding</p>	Issue

Accomplishments & Highlights:

January 17th: On-boarded newly assigned PM (Sheila Manalo). Held brief conference call with Business Owner to introduce PM.

January 19th - Held PM introduction between WAG PM (Sheila Manalo) and JC PM (Alphan Turkeli)

WAG Business Team reviewed and redlined the Business Agreement. Scheduled conference call with Jenny Craig on February 10th to discuss high-lights of the Business Agreement.

Near-term Milestones/Deliverables:

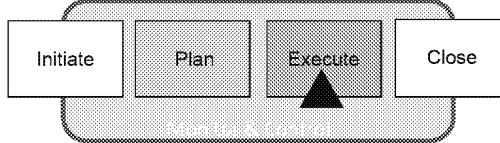
February 10: Conference Call to discuss high-light of Business Agreement with Jenny Craig

Mid February: Provide Jenny Craig copy of WAG reviewed and redlined Business Agreement

Late February: Face to face meeting with Jenny Craig to review Business Agreement

Late February: Develop PM tools / templates necessary to organize JC program. Revise timeline post Business Agreement approval from both sides.

Project Manager(s) Name & Phone	Sheila Manalo	847-315-8244	PMO Project #	30
Business Owner Name(s)	Scott Minger			



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: 90 Day **Project Name:** 90 Day Expansion

Project Scope/Objectives: 90 Day will continue to deliver growth for Walgreens to ensure we retain and grow our chronic patient population

Key Messages:

1. Volume is up 37.9% YOY vs. budgeted growth of 39.9% (variance: -2.0%).
2. Incorporating loss of ESI business, re-forecasted volume is about 156 million adjusted Rx's vs. original forecast of 168 million adjusted (excluding worksites and Duane Reade).
3. Turning off proactive brand conversion has slowed growth in brand 90 Day scripts, which protects the GP, but negatively impacts 90-Day numbers. Brand growth of 13.3% in November versus generic growth of 37.6%.
4. In the first month of selling generic Lipitor (Atorvastatin), generic utilization was approximately 65% and an approximate \$100/G.P. per 90 Day script.
5. Heavy B2C campaign, including TV commercial with PSC tag line began airing in January.

Status Trend = Positive		Schedule	Initiate Phase	Plan Phase	Execute Phase	Close Phase	
Overall	<input type="checkbox"/>	Schedule	<input type="checkbox"/>	Original Plan	12/15/10	10/1/11	2013
Scope	<input type="checkbox"/>			Revised Date			
Resources	<input type="checkbox"/>			Actual Date			

Critical Issues/Risks:	Owner:	Due Date:
Key Risks:		
■ Novartis – Manufacture shortages for Diovan.	Mike Suwalski	In progress
■ Significant WHI losses by Catalyst	Ryan Sekula	In progress
■ Impact of ESI/Medco merger	Mike Suwalski	In progress
■ Additional access to new lives needed from Sales to grow incremental business.	Ryan Sekula	In progress

Accomplishments & Highlights:

Operations:
Focusing on:

- 1) Underperforming markets
- 2) Duane Reade
- 3) Driving Diovan penetration
- 4) Converting Lipitor (Atorvastatin) patients to 90 Day generic.

Pharma:

- Pharma is actively pursuing additional brand programs.
- Contract signed with Novartis for a rebate based model to improve 90 Day on select products. Pressuring Novartis to improve Diovan supply

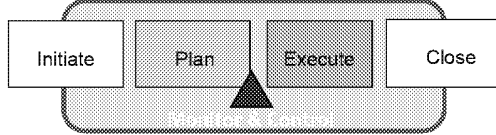
Near-term Milestones/Deliverables:

FY12Q2:

1. Continue operations campaign in underperforming markets.	2.
Release 64 goes live.	3. Begin B2C
consumer marketing campaign, including television.	4. Implement Big
Push campaign for Operations to continue to drive 90 Day leadership to implement Go90 campaign.	5. Work with Duane Reade

Summary of Impactful Change Requests:

Project Manager(s) Name & Phone	Jane Vaitaitis	(847)961-8031	PMO Project #	31
Business Owner Name(s)	John Heid	(847)964-8272		



Report Date	For Week Ending
1/27/12	1/27/12

Program Name: Reach Kiosk Technology - PharmaTrust MedCenter, Asteres ScriptCenter	Project Name: Project Reach Kiosk Technology Proof of Concept (POC)
<p>Overall Objective: To increase accessibility and consumer convenience in Rx dispensing in a cost effective manner while maintaining the benefits of face-to-face Rx interaction/engagement with customers.</p> <p>Proof of Concept (POC) Objectives:</p> <ol style="list-style-type: none"> 1) Test consumer acceptance of the kiosk dispensing experience in corporate, client, hospital and retail settings. 2) Measure selected cost assumptions within different operating environments. 3) Ensure the effectiveness and accuracy of the PharmaTrust MedCenter and Asteres ScriptCenter kiosk dispensing technology. <p>Scope:</p> <ul style="list-style-type: none"> - Establish Walgreen lab equipped with both partner's kiosks for development and testing for POC and subsequent releases. - Deploy 6 MedCenter and 7 ScriptCenter kiosks as POC in diverse environments (ESG, HSSG and Retail) in FY12/FY13. - Develop scalable, enterprise solution in parallel with POC period. 	

Key Message:

The overall program trend turned POSITIVE this month moving to YELLOW from RED due to the progress made on technology and security issues. The program health status YELLOW from RED with the increased focus of partners and WAG to prioritize deliverables and solidify a revised integrated plan for POC. The program is expected to remain at YELLOW for an additional month as the team keeps close watch on performance to plan and progress in key areas to achieve the target delivery dates.

The program is on close watch to keep the momentum going on development and deployment.

PharmaTrust POC		Asteres POC		Schedule				
Status Trend =	Positive	Status Trend =	Unchanged	Initiate Phase	Plan Phase	Execute Phase	Close Phase	
Overall	<input checked="" type="checkbox"/>	Schedule	<input checked="" type="checkbox"/>	Original Plan	1/14/10	6/30/11	8/31/12	11/30/13
Scope	<input checked="" type="checkbox"/>	Scope	<input checked="" type="checkbox"/>	Revised Date	11/30/11	2/29/12	Replan	
Resources	<input checked="" type="checkbox"/>	Resources	<input checked="" type="checkbox"/>	Actual Date				

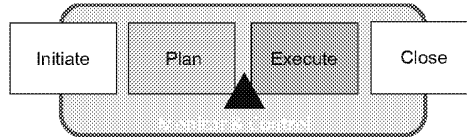
Critical Issues/Risks:	Owner:	Due Date:
- Technology: PHWT resource constraints still remain as well as clarity on QA/BA deliverables for both kiosks. Bandwidth in Lab is insufficient to support the MedCenter. Economic alternatives being pursued for Lab as well as additional investigation for field deployments. The Technology work stream remains RED for internal and external reasons with impact on other work streams.	Suzzette Jaskowiak	Oct 2011 -> Dec 2011->Feb 2012
Redacted - Attorney Client Privileged	Michael Simko	Nov 2011 -> Feb 2012
- Partner Relationship: PharmaTrust has realigned internally to focus on July '12 POC for non-pill counting. Activity in last month has been positive but remains RED until replan completed. Asteres team continues to work through PCI compliance and security audit.	John Heid/Barb Stec	Oct 2011 -> Feb 2012
- Security: Security review and assessment remains outstanding with more than 50% items open for each partner. Asteres review in progress pending PHWT design information. Completion of Security audits escalated with PHWT PM to close so an risk assessment can be made and any modifications made.	Suzzette Jaskowiak	Nov 2011->Mar 2012

Accomplishments & Highlights:

- PharmaTrust Lab MedCenter has been reconfigured to address performance issues (1/13).
- PharmaTrust - WAG Solution and Re-Planning Week Workshop (1/9-13) had positive results, relationship and deliverables.
- PharmaTrust Executive Product Design Review Workshop (1/18) participants helped define and prioritize design elements for new pill-counting kiosk.
- Team assisted ACCESS (client) in preparation for federal innovation grant to implement WAG technology/kiosk business solution presented in December.
- Corporate 108 Pharmacy has agreed to support project as the host RPh for our Corporate POC MedCenters.

Near-term Milestones/Deliverables:		
Asteres Kiosk arrives in WAG Test Lab	Barb Stec/Asteres	Week of February 20th
PharmaTrust replan to be presented for approval.	PharmaTrust, WAG	February 20th
Walgreen, Asteres and PharmaTrust Master Agreement finalized.	Greg Kunstman, John Heid, Barb Stec	February 29th
Increased bandwidth to be installed in Lab to address PharmaTrust kiosk performance issues.	Gary Jensen, Adam Kaplan	TBD

Program Manager(s) Name & Phone	Barb Stec, Overall PM, 847.914.2076	Adam Kaplan, PHWT Project Manager	PMO Project #	32
Business Owner Name(s)	John Heid, 480.752.5217			



Report Date
1/31/12

For Week Ending
1/27/12

Program Name: Project Oasis	Project Name: Project Rebalancing
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Project Scope/Objectives: The initial phase of Project Rebalancing will include:
 1. Design the "New to Therapy-Support" experience
 2. Design the "New to Therapy-Support" adjunct support touchpoints to surround the New to Therapy program
 3. Pilot "New to Therapy-Support" experience in march in Indianapolis Market
 4. Launch the "New to Therapy-Support" experience nationally in FY 2013

Key Message: The scope of the project is evolving. Scope is final stage of approval pending approval of health content vendor. Scope has expanded to include 4 drug classes: Diabetes, Cholesterol, SSNI, SRNI.

Status Trend = Unchanged		Initiate phase			
		Schedule			
Overall	<input type="text" value="G"/>	Schedule	<input type="text" value="Y"/>	Original Plan	
Scope	<input type="text" value="G"/>			Revised Date	
Resources	<input type="text" value="G"/>			Actual Date	

Critical Issues/Risks: Time available to design and implement pilot based on scope. Addition of 3 drug classes altering scope and proposed support experience Reviewing Health Content for use pilot. This vendor will need to go thru IT security review if selected UNICA ability to delivery NTT required functionality by 3/3/12	Owner: Sue Ewing Jamie Vortherms	Due Date: Unknown
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Accomplishments & Highlights:
 (1) Finalized components encompassing the project
 (2) Process flow finalized
 (3) IT areas (OPV, Rx IT, Unica, ESS and E-Commerce) fully engaged in project
 (4) Content associated with Communication materials initial draft completed
 (5) BRD delivered
 (6) E-Commerce delivery dates confirmed
 (7) IT resources allocated (UNICA, E-Commerce, OPV, Rx IT)

Near-term Milestones/Deliverables:
 IT Inception meeting completed - SWAG dates to be provided
 Approved Project Charter
 Approve IT Architecture Flow
 Decision on Health Content Vendor

Project Manager(s) Name & Phone	Paul Roman	847.964.6071	PMO Project #	33
Business Owner Name(s)	Sue Ewing & Jamie Vortherms			

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prescriptions
at Walgreens today.



We accept most
prescription insurance plans!

See back for details.



3 great reasons

to switch all your prescriptions to Walgreens

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- Convenient 90-day prescriptions
- The most 24-hour and drive-thru pharmacies nationwide
- Refill reminders

Healthcare expertise

- Guidance on insurance benefits
- Immunization-trained pharmacists
- 10-point Safeguard Check for accuracy and interactions

Switching is easy

Simply bring in your prescription bottles or visit Walgreens.com/switchnow.

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Switch today!



We match prescription coupons*

*Offer not valid for prescriptions paid for in part or in whole by a state or federally funded healthcare program, such as Medicare or Medicaid. Competitor's coupon must be presented at time of prescription drop-off. Coupon matching valid on new or transferred prescriptions. Prescriptions cannot be transferred from another Walgreens or Duane Reade. Offer not valid in AL, MA, MS, ND, RI, NY and PA. Some restrictions may apply.

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Health & Wellness Initiatives Team
Walgreen Co
200 Wilmot Rd MS 2194
Deerfield IL 60015



Operations & Community
Management

Date: Feb 13th, 2012
Subject: Health and Wellness Update

Detailing – cross function team working on direction and store level execution pieces.

1. Centralize all current material from Storenet into a single page
2. Develop a road map for end state capabilities
3. Messaging to launch to the field explaining current processes and end state
4. Basic training delivered (How to set up meetings, who to meet with, what to do and what constitutes success.
5. Develop targeted detailing programs

Bonus Target Communication

1. Will go out this week that targets will be in IMPROvE in RYG format
2. Store Opportunity Scorecard will have IMPROvE numbers to highlight when transitions go between Yellow and Green.

Suggestive Sell – Rx (Sample in attachments)

1. Goal - Convert FOS patients to pharmacy patients through interaction with FOS employees
2. Timing - 8M buckslips arriving in Sign Pack 9 during the week of 2/29
 - a. All stores will receive 1000 slips each
 - b. Instructions are to hand out the slips during the month of March
 - c. This will be followed in April with a buck slip offering a \$25 coupon for transferring
3. Store Direction - Management and FOS employee engagement in the aisles
 - a. Layer onto suggestive sell program during timeframes when the store isn't too busy
 - b. Not meant to be a bag stuffer without a conversation

Delivery –

1. Bringing together a cross functional team for solutions in this area.
2. Bedside Delivery –
 - a. Need to sync up lists of health systems we are approaching with HSSG team.
 - b. What are you currently charging teams to gain in this area?

New Years Eve Hours

- Finance is recommending closing at 7pm from a profitability view.
- Sanjay will be bringing the Pharmacy Services strategy points to discuss.

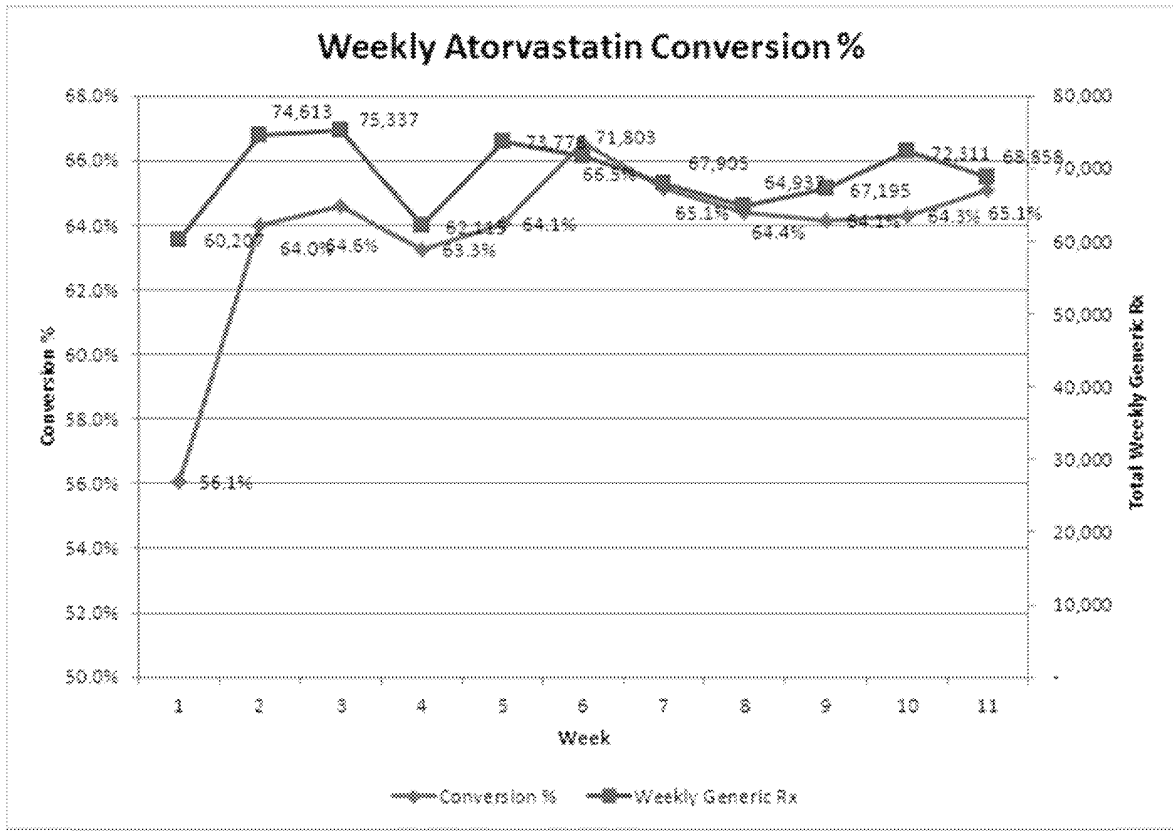
TransferSafe – Review of Pharmacy Services Document and Discussion

Atorvastatin Conversions – Lagging behind competition on this conversion.'

- Data Points distributed by Suzanne on Friday.
- What else is needed to drive this?

WALGREENS – HEALTH & WELLNESS INITIATIVES
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PAGE 1 OF 1

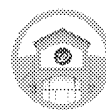


Other Attachments

- a. Starfish Update – Hub/Spoke Pilot for high dollar and specialty items
- b. January Monthly Combo Report – Pharmacy
- c. Bioscript Handout – Attached covering the guiding principles to the acquisition.
- d. STAR Buckslip – FOS Detailing
- e. TransferSafe Discussion Document

Upcoming Meetings

- 1. PNPC
 - a. Project Reach – Kiosk technology
 - b. Project Rebalancing – Pilot patient multichannel experience (Indy)
- 2. Walgreens Leadership Academy Next Week



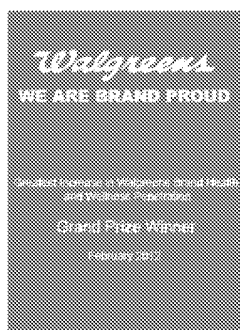
Date: February 24, 2012
To: Operations & Community Management
From: Roberto Valencia
Subject: Weekly Status Report

February Private Brand Employee Contest- UPDATE (3rd week)

- The stores that have the greatest “penetration” % increase in PB Health and Wellness sales over same period LY will win prize (see prize structure from 1/13 Status)
- Penetration is defined as the “percent of sales that come from private brand (Health and Wellness)”
 - Example: If Private Brand penetration is 20% that means out of every \$100 of sales, \$20 of sales were private brand (Health and Wellness) items.
- Chain Walgreens and W-brand Health and Wellness Penetration: TY 31.9%, LY 30.9% **change 1.0%**
- Top penetration % increase stores have remained the same in Charles Bernard’s division
 - Top Stores by COVP region as of February 18th:

COVP	Store Nbr	District Nbr	District Name	Market VP Name	TY pent	LY Pent	Variance
ASHWORTH	9955	293	MODESTO	BILL HOSE	37.2%	30.9%	6.3%
ASHWORTH	3767	205	PHOENIX SOUTHEAST	BARRY ZINS	35.6%	30.2%	5.5%
ASHWORTH	4997	56	SAN JOSE	BILL HOSE	32.0%	26.6%	5.4%
BADGLEY	7692	118	ST LOUIS NORTH	SCOTT HAYNES	32.4%	23.6%	8.8%
BADGLEY	11994	267	CHATTANOOGA	CONNIE LATTA	36.7%	29.5%	7.2%
BADGLEY	2797	190	INDIANAPOLIS EAST	CHRIS WHELAN	36.3%	29.7%	6.6%
FOLEY	10253	245	CHARLOTTE WEST	DANA PSOMAS	35.5%	26.4%	9.1%
FOLEY	9273	282	GREENVILLE	DANA PSOMAS	41.3%	33.0%	8.2%
FOLEY	11362	261	COLUMBIA WEST	DANA PSOMAS	40.9%	32.8%	8.1%
BERNARD	2928	109	ORLANDO WEST	MARLIN HUTCHENS	29.9%	17.1%	12.8%
BERNARD	10312	214	MOBILE	KIM TREECE	31.2%	22.4%	8.8%
BERNARD	11450	195	BIRMINGHAM NORTH	STEVE JOHNSON	38.4%	30.6%	7.8%

- Plaque for the winners- Dimensions are 7” x 9”; store #, city and state will be included
 - GRAND PRIZE (1) will read: TOP STORE IN CHAIN
 - FIRST PLACE PRIZES (4) will read: TOP STORE IN OPERATION
 - SECOND PLACE PRIZE (29) will read: TOP STORE IN MARKET



- E prize will deliver the plaque and prize(s) to the MVP(s) to deliver to the winning store(s)
- The plaque should be placed in an area of the store for all team members to see (i.e. breakroom, office, etc.)

Nice! Brand Soda

- Nice! 4pk and 2L soda will be offered on DM Group 8-5
- Group will be sent to the DM's on 2/20 and is due to return on 2/28/2012
- Margins on Nice! 2L and 4pks are over 25% vs. branded margins of 0% when on ad
- The group will have a forecast of 60 days
- Please Note: These items are only offered on DM Group
- Recommended to be displayed on an endstand with Nice! Snack/Nut items.

Authorized Distributions of DC Cleanout Merchandise- UPDATE

- Supply chain created authorized distributions of selected discontinued or excess items in DC's to push product to stores
- Some distributions were made in error (Milky Way Snack Size) and others sent excessive quantities of merchandise to a small group of stores.
- Supply Chain has identified at least 9 items (below) that were done incorrectly. They are creating store call-ins on the excess merchandise.
 - **DC requested only original FULL CASE ONLY will be accepted**
 - **We shipped the stores open stock and the DC WILL take the product back (out of full case)**
 - The labor the DC would incur is LESS than the store's holding cost
- Additional items are being authorized as DC cleanout to reduce DC inventory and create sales. Most or all distributions billed at full cost and retail.

502351	MCGRAW SOUTHERN BLEND 1.70Z EDTS X	2/8/2012	\$ 18.80	302	3,739	\$70,293	16.0	18	return to DC and redistribute
449799	BABY PHAT LOVE ME EDT CLAMSHELL 10Z	2/8/2012	\$ 17.35	219	704	\$12,214	3.3	4	return to DC and redistribute
496856	FAITH HILL 1.70Z EDTS X	2/8/2012	\$ 18.80	294	4,700	\$88,360	19.9	20	return to DC and redistribute
471462	J/SIMPSON FANCY W EDP 10Z	2/8/2012	\$ 13.50	280	5,405	\$72,968	24.1	30	return to DC and redistribute
478274	B. SPEARS CIRCUS EDP 10Z SP X	2/8/2012	\$ 19.29	543	2,490	\$48,032	5.7	6	return to DC and redistribute
502552	USHER UR SHE EDP LDS 10Z X	2/8/2012	\$ 15.00	533	1,675	\$25,125	4.0	4	return to DC and redistribute
507925	GIORGIO BLUE EDT SP 1.70Z	2/8/2012	\$ 22.00	516	3,276	\$72,072	8.0	8	return to DC and redistribute
452604	WALG DIGITAL THERM 8 SEC MULTI-TIP PK	2/15/2012	\$ 7.59	811	232	\$1,761	1.5	12	return to DC and redistribute
202548	MILKY WAY FUN SIZE 11.24OZ	2/8/2012	\$ 2.54	7233	131,581	\$334,216	20.3	80	Allow Stores to return excess to DC
						\$725,041			

March 4 Roto Ad

- **Front Page**

Walgreens Well trusted since 1901

2/\$11 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

3/\$3 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

50¢ Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

5/49 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

4/\$14 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

50¢ Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

3/\$3 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

4/99 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

2/\$5 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

2/\$9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9 Soften Bounty Paper Towels 6 or 9

Prices good March 4 - 10, 2012

- **Back Page**

- Colgate FARR offer: **mistake in the Roto Ad**- Max Fresh is not supported in the promotion (will not be available in stores until March 16)
 - Ad apology will be sent to the stores
- Colgate Total 4oz varieties will be FARR (6 sku's)



African American Initiatives- Diversity Group (Gleatha Glispie)

- **"Walgreens Celebrates Black Heritage All Year Long" chain wide promotion 2/26-3/17**
 - Spend \$20 on African American produced products receive a \$5 register reward coupon
 - Not represented in the roto ad or any other in-store marketing elements
 - List of participating items was sent to the stores via a COMPASS communication on Friday 2/24.
 - There will be an article on the promotion in the Chicago and Memphis Defender newspapers on 2/29/12 and 3/1/12.
 - The Andre Guichard Art Canvas Bag from February 2011 (WIC# 447463) is part the promotion- still have 45K units on hand. Cost: \$6.00; Retail: 2/\$15

Inventory On Hand Summary
 Inventory Information As Of Date: 22-FEB-12
 PLN Number: 40000447463
 PLN Description: ART ICON CANVAS BAG AST PPR
 Total Store Inventory: 45176

IOH Units	# Of Store	% Of Store
0	171	3.8
1	599	12.1
2 - 3	658	13.2
4 - 8	1213	24.4
9 - 20	1867	37.6
21 - 50	455	9.2
50+	6	0.1
TOTAL STORE NUMBER	4,968	

- Store Operations was informed of this promotion the week February 20.
- **Select stores receiving Cerese D MLK bracelet**
 - To support Black Heritage, 56 stores will receive an African American (Cerese D) produced MLK bracelet (Chicago and Memphis)
 - Quantities range from 8-30 per store; Cost: \$12.00; Retail: \$19.99 GP: 40%
 - The bracelets arrived to the selected stores via UPS or FedEx by Saturday, 2/26/12.
 - Included in the "Walgreens Celebrates Black Heritage All Year Long" promotion 2/26-3/17
 - Store Operations was informed the week of February 20

3/10 Saturdate- Olay Regenerist and Covergirl Eye/Lip

- P&G Brand Saver FSI 3/4/12: Buy \$50 , Get \$15 National Rebate with a \$5 FSI for Olay and \$1 FSI for Cover Girl
- Olay Regenerist: \$21.99- buy \$40, Get \$10 Register Rewards; Projections: \$450K, 18K-22K units
- Top 5 items for Olay Regenerist- 26 weeks ending 2/18

WIC	Desc	TY Sales	TY Units	TY Profit
555789	OLAY REG MICRO SCULPTNG CRM 1.7OZ	\$ 1,903,644	72,805	573,624
441408	OLAY REGEN WRNKL REV COMPLX 1.7OZ	\$ 1,066,726	39,800	318,245
658593	OLAY REG NIGHT RECOVERY 1.7OZ X	\$ 1,025,862	46,049	316,871
705888	O/OLAY REGENERIST CREAM 1.7Z X	\$ 887,888	39,830	259,113
646742	OLAY DAILY REG CLEANSER 5OZ	\$ 719,864	107,950	200,265

- o Store Level inventory on-hand report for 555789 Olay Reg Micro Sculpting Cream 1.7oz

Inventory On Hand Summary

Inventory Information As Of Date: 22-FEB-12
 PLN Number: 40000555789
 PLN Description: OLAY REG MICRO SCULPTNG CRM 1.7OZ
 Total Store Inventory: 45895

In-stock condition is good

IOH Units	# Of Store	% Of Store
0	42	0.8
1	145	1.9
2 - 3	3067	26.9
4 - 8	3869	50.4
9 - 20	1537	19.6
21 - 50	42	0.8
50+	2	0.0
TOTAL STORE NUMBER		7,674

- Cover Girl: BOGO 50% March Megasaver & Ads 2/26, 3/4, 3/18; Projections: \$500, 60k-75k units

- o Peer groups that have the highest % of sales of Covergirl Eye/lip items last 26 weeks ending 2/18

219	AvgInc(40-60K),Wht(>80%),Midwest
410	HighInc (>80K),Wht(>80%)
214	AvgInc(40-60K),Wht(>80%),Southeast

spring into beauty.

Refresh your skin using Olay Regenerist Mitts, Creams and Serums.
 Then let your beauty blossom with Cover Girl Cosmetics.



Join us for a
SaturDate
 with Beauty
 Saturday, March 10 • 10 a.m. to 5 p.m.
 For store event updates, visit Walgreens.com to 21579

Our Beauty advisors will be here to help you experience these exclusive products.
 www.walgreens.com



3/24 Saturdate: Garnier Ultra lift and Maybelline Eye/Lip

- Garnier Ultra lift and Maybelline Eye/Lip- BOGO 50%
- Garnier Ultra lift Skin Care projections: \$200K, 19K units
- Garnier Ultra lift items (only 2 items)- 26 weeks ending 2/18

WIC	Desc	TY Sales	TY Units	TY Profit
441270	GARNR ULT LFT INTNS DP WRNK 1.6OZ	\$ 423,741	27,400	164,838
422513	GARNIER ULT/LFT 2N1 W/R S&M 1.7OZ	\$ 182,757	11,555	80,385

○ **Store level inventory for 441270 GARNR ULT LFT INTNS DP WRNK 1.6OZ**

Inventory On Hand Summary

Inventory Information As Of Date: 22-FEB-12

PLN Number: 40000441270

PLN Description: GARNR ULT LFT INTNS DP WRNK 1.6OZ

Total Store Inventory: 21232

IOH Units	# Of Store	% Of Store
0	55	1.4
1	365	5.0
2 - 3	5133	78.4
4 - 8	1679	23.5
9 - 20	14	0.2
21 - 50	1	0.0
50+	1	0.0
TOTAL STORE NUMBER		7,232

○ **Store level inventory for 422513 GARNIER ULT/LFT 2N1 W/R S&M 1.7OZ**

Inventory On Hand Summary

Inventory Information As Of Date: 22-FEB-12

PLN Number: 40000422513

PLN Description: GARNIER ULT/LFT 2N1 W/R S&M 1.7OZ

Total Store Inventory: 24412

IOH Units	# Of Store	% Of Store
0	341	4.7
1	425	5.7
2 - 3	3273	44.0
4 - 8	3063	41.0
9 - 20	54	0.7
21 - 50	1	0.0
50+	1	0.0
TOTAL STORE NUMBER		7,439

- Maybelline Projections: \$375K, 45K units

○ **Peer groups that have the highest % of sales of Maybelline eye/face: last 26 weeks ending 2/18**

219	AvgInc(40-60K),Wht(>80%),Midwest
410	HighInc(>80K),Wht(>80%)
319	AbvAvgInc(60-80K),Wht(>80%),Midwest

Beauty... every step of the way

Pair Garnier Skin Care and Maybelline Cosmetics for a fresh, healthy look!

Join us for a **SaturDate** with Beauty

Saturday, March 24 • 10 a.m. to 5 p.m.

For exclusive event updates, visit SaturDate at Walgreens.com

Walgreens is proud to partner with Garnier and Maybelline to help you achieve your beauty goals.

Walgreens

Papyrus Greeting Cards Test- Valentine's Day Results

- Papyrus cards (American Greetings) were tested in 882 stores for Valentine's Day- several markets
- The cards were merchandised in a floor spinner near the seasonal aisle or the Hallmark aisle
- Papyrus cards average retail was \$6.05 (50% GP); The test resulted in \$439K sales
- Sell thru was only 27%- average of 80 cards/store (initial fill of 360 cards was too deep)
- Approx. 62 stores had a sell thru greater than 50%
- The cards were 100% guaranteed and have been picked up by the vendor
- Merchandising is working with Papyrus to improve the Mother's Day test (approx. 900 stores)

Hallmark Greeter Program- Valentine's Day Results

- 1800 stores were selected to pilot a "Hallmark Greeter" February 13-14 for 4 hours each day
- Purpose of the program was to support our customer's needs and support sales of Hallmark products
- "Preliminary" results are positive- detailed results are being finalized

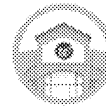
In-store florist "Pilot" Results- 9 stores

- Sales: \$2,000 (\$222/store) - There was no cost to WAG; all labor and product was 100% supplier funded.
- Key learning's:
 - There is an opportunity to provide a simplified offer (i.e. less options for the customer)
 - Need to focus on taking our existing bouquets from the shipper(s) and arranging in a vase vs. building custom bouquets
 - Need to develop opportunities to "bundle" offers (i.e. "Chocolates, wine and flowers")
 - Need to pre-communicate the offer to customers via in-store marketing elements
 - Need drip bags and carry out boxes for vases
 - Need an improved "working station" vs. the cardboard table that was used.
- Merchandising will continue to refine the program for the future- working with key store and District Mgrs.

Helium Balloon Valentine's Day Sales

- Balloons are purchased from Progressive, not Hallmark—we send seasons out on group
- Vendor shipped almost \$5M of combined balloons and balloon gifts in December 2011
- Challenging to determine current store on-hands due to the balloons being DSD items
- Valentine's Day accounts for almost 50% of our annual helium balloon sales.
- Helium balloon sales (last 52, 26, 13 and 4 weeks ending 2/18)-

	TY SALES \$	LY SALES \$	CHG	% CHG	TY GP \$	LY GP \$	CHG	% CHG	TY SALES UNITS	LY SALES UNITS	CHG	% CHG
LAST 52 WKS	\$ 4,740,156	\$ 3,940,093	\$ 800,063	20.3%	\$2,687,331	\$2,230,596	\$ 456,736	20.5%	1,080,453	927,674	152,779	16.5%
LAST 26 WKS	\$ 2,743,494	\$ 2,838,571	\$ (95,076)	-3.3%	\$1,560,946	\$1,594,410	\$ (33,463)	-2.1%	613,098	617,074	(3,976)	-0.6%
LAST 13 WKS	\$ 2,621,288	\$ 2,754,903	\$(133,615)	-4.9%	\$1,496,654	\$1,549,772	\$ (53,119)	-3.4%	566,225	578,112	(11,887)	-2.1%
LAST 4 WKS	\$ 2,524,564	\$ 2,700,781	\$(176,216)	-6.5%	\$1,447,310	\$1,520,860	\$ (73,551)	-4.8%	533,434	555,697	(22,263)	-4.0%



Date: 02/20/2012

To: Mark Wagner, Richard Ashworth, John Foley, Lisa Badgley, Charles Bernard, Roberto Valencia, Rick Gates, Wayne Orvis

From: Roxanne Flanagan

Subject: Weekly Status

Vendor Invoice USPS to Danville

Anticipated pilot-Still gathering requirements but targeting end of February/beginning of March pilot.

- 35 store pilot will begin on March 6 and run for 4 weeks. Stores are scattered across the country to see how long it takes for USPS deliveries to reach Danville.
- Stores will send invoices to Danville using the prepaid envelopes. USPS will pick them up from the along with the coupon envelopes.
- Estimated chainwide late spring.

Illinois Lottery

Anticipated completion of 20 stores for March 2012

Risk-Target date dependent on construction, remerchandising, MVP/DM approval, equipment delivery

- Development meeting this week to lay out SOP and training plan with anticipated delivery to stores and district leadership by end of February

On Shelf Availability (OSA) Task Force

- RGIS will audit all depts (with few exceptions) in 50 stores across the country for "outs."
- DMs will be informed about audits but will not be told which store(s) or when the audit will be conducted, only that there will be an audit in the next 30 days.
- Once data collected from audits, analytics will be done on items to determine order history, warehouse status, insufficient stock, store on-hands, order adjustments, etc.

Floor Planning Express (FPE)

Anticipated Completion Date: WAG done, DR complete April

- Confirmed DR training plan with Jeff Koziel, Roberto Chavoya, and Greg Calvano.
 - Ops and PD team developing webinar for DMs and OPTs
- Walgreen Update: Sent out Compass task to complete floor plan by 3/5/12 if not done yet.

Stockroom Safety - Continuous Improvement

- Goal of project: Reduce total injuries from falls and material handling activities by 50% by FY13 (\$11MM).
- Pilot Plan: 90 days (3/26/12 thru 6/23/12), 3 districts > D211, Atlanta East, D131, Milwaukee West, and D4 Chicago North Sub
- Pilot data to collect: Injury rate (pre vs. post pilot) and Safety check (pre vs. post pilot)

Outs/Order Review KPI

- The Outs/Order Review KPI will be disabled from pilot stores on Feb 21
- Ops and Inventory team reviewed current state and determined that info was not as actionable as intended.

Kronos Time Keeping

Anticipated completion Chainwide June 9, 2012

- Next Group: Connecticut 2/18, Phoenix 2/25, Dallas 3/10

IMPROvE Project

Bonus

- Kicker bonus for Avg 90 Day Adjusted Script count will be shown by the red (no bonus), yellow (half bonus), and green (full bonus) box around the scorecard's current ytd actual.

Scorecard

Status Green

- ESI impact plan for scorecard:
 - IMPROvE loaded the new targets for Ave 90 Day Adjusted Script, FE Sales and IACC. Created a report with the target values for district, market or operation target. Finance validated the expected values.

- Once COVPs confirm new targets, will begin the process of creating Jan scorecard.

Next Gen POS Rollout update

Anticipated Completion Date: 9/1/12

- Week 31 of rollout: 1836 stores on Next Gen as of 2/17 of which 1220 on NG 1.0.

Next Gen Release Update

Release 7.0

Anticipated Completion Date - Pilot 2/7, Chainwide 3/7

- Expanded Refund-Phase 1
 - Expanded Pilot for NG stores 2/20, Pilot for 4690 stores same week.
 - Training documentation completed for NG. PD working on 4690 training doc.

New Scheduling System

- TimeLine
 - Pre pilot: 2- stores August
 - Pre pilot phase 2: 18 stores, September
 - Pilot: 3 Communities October or January
 - RX Pilot: March
 - Expanded SS pilot: March
 - Begin Chain rollout: April/ May 2013- August 2014 (length due to dependency on IE8)

Replenishment Carts

- Communication for all MVPS/DM's regarding rollout will go out on Monday

COMPASS

Workload Watch- example

- 2/25 Ad Tag Count 5648. 22 Hours Labor (14 seconds to print and hang)

Training

- Store Training for Recurring and Editing a project will be communicated via a NYCU on 3/19 for the 3/20 release. This information will also be added to the OPT Release Webinar at the end of March.

Community Leader

Community Chat topic

- We modified the process in which we were sharing pictures with CLs. The current process was that we have one account and we gave the username and password to all the CLs for access. The new way allows us to keep the current account and add a "group room". For the group room, we are able to send invitations with a passcode for CLs to join.
 - The group room has been created
 - Will sign up Mark and the COVPs and Mark W and then give them the log in info
Address: <http://photo2.walgreens.com/groups/communityleaders/otsc=SYE/otsi=CRI>
Room code: 1community

Time clock survey

- Topic is PSC benefits.
- Questions will run Feb. 20-29.

Compliance

Connecticut Sick Time Accrual

- Last fall, the state of Connecticut passed new legislation to require employers to allow new employees to accrue sick hours/time.
- This is a benefit for non-tenured employees, however one tenured – Walgreen sick leave benefits are much more robust.
- The necessary system enhancements are in place to support the proper accrual of the sick time, and the benefits are currently being accrued for those team members that qualify.
- The Sick Leave policy for CT is being updated by Employee Records and once complete a Compass project will be sent to all CT stores. Kim reviewed the communication with Mr. Bourdo and his DMs are aware of these changes.

Puerto Rico Recycling

- Last fall several Puerto Rico store and non-store locations participated in a pilot for recycling.

- The sustainability group was to provide an update to Store Ops after the beginning of the year with a plan to address this legal requirement.
- There were some delays; however we are meeting with the sustainability group this week, so that they may review their plan to rollout a recycling/back haul plan for Puerto Rico.

Communications

- Created market-specific COMPASS communications to announce winners of holiday quota contest

New Beauty Website

- Launches 3/1, will run concurrent to old page for 30 days
- Located on StoreNet
- Administered internally – can be updated ASAP
- Vendor sponsored ads on the top and side of each page
- Beauty University resides on new site(last tab)
 - Updated quarterly, beginning with March 2012
 - Covers 4-8 topics per quarter, with 4 lessons each (16-32 lessons)
 - Lessons are vendor sponsored, but edited/approved by Beauty Team
 - After lesson is taken, BAs are directed to LMS site to take quizzes to earn certification
 - Expectation is that all BAs access the site on a regular basis to complete lessons and receive the latest information (6 hours per BA per quarter)

NEW STORES

- Opened 2 new stores in the following states: NY and VA
- 87 new stores have opened this fiscal year to date including acquisitions
- 105 new stores remain scheduled for open this fiscal year

FLAGSHIP REMODELS

#10160 Guaynabo (San Patricio)(Look Boutique)

- Demo started Wednesday

Well Experience Indianapolis Market

- Indianapolis Market Closeout of Punchlists
 - 358 issues closed out of 393 (91% complete)
- Installation of colored pegboard –Begin 3/19
 - All 43 Indianapolis stores will received colored pegboard in the OTC department

LOOK BOUTIQUE

- **#12463 Miami Beach, FL**
 - Has been cancelled

WEB PICK-UP CABINET HARDWARE

Locks being changed out for 500+ locations within the Indiana and Chicago markets

- Project will begin 3/5 and the target end date is within 4 weeks
- 3rd party completing the change is Advantage Sales & Marketing
- Hardware for locks will be sent directly to 3rd party team; direction is to return previous lock version to corporate upon completion
- Future WPU installs will be set with newer lock hardware and do not anticipate future change outs

In Store Hanging Sign program – project goals

- . Create system to hang signs in open ceiling stores (Well Experience)
- . Reduce labor hanging sign package (should not take longer than ½ hour to hang (seasonal sign package)
- . Get the ladders OFF the sales floor
- . Determine other points around the store system can be used to hang signs (Rx, Photo, beer/wine)

Status - In final stage of development of sign hanging system. Final prototype early week of 2/20/12

- . Prototype at the IC now. Make final changes week of 2/20/12
- . Hanging system sent to 31 Indy stores for test 2/15/12

- . Went to stores and used system to hang Easter sign package in 4067-4988-4941
(Buffalo Grove and Wheeling 2/16/12)
- . Systems being manufactured for (19) Chicago WE stores and Westmont
- . Test existing stores to determine possible chainwide rollout

Customer Complaints - Retail

January 2012

Customer Experience

Executive Summary

- January 2012 shows an increase in normalized pharmacy complaints (YoY: +0.05) and a decrease in normalized self service complaints (YoY: -0.06)
 - Top pharmacy reasons include “Poor Employee Attitude” and “Pharmacy Fill Denied”.
 - Deep dive analysis on “Pharmacy Fill Denied” shows that 72% of the complaints are from the Southern Operation - especially Tampa and Miami.
 - The top reason in self service remains “Poor Employee Attitude”.

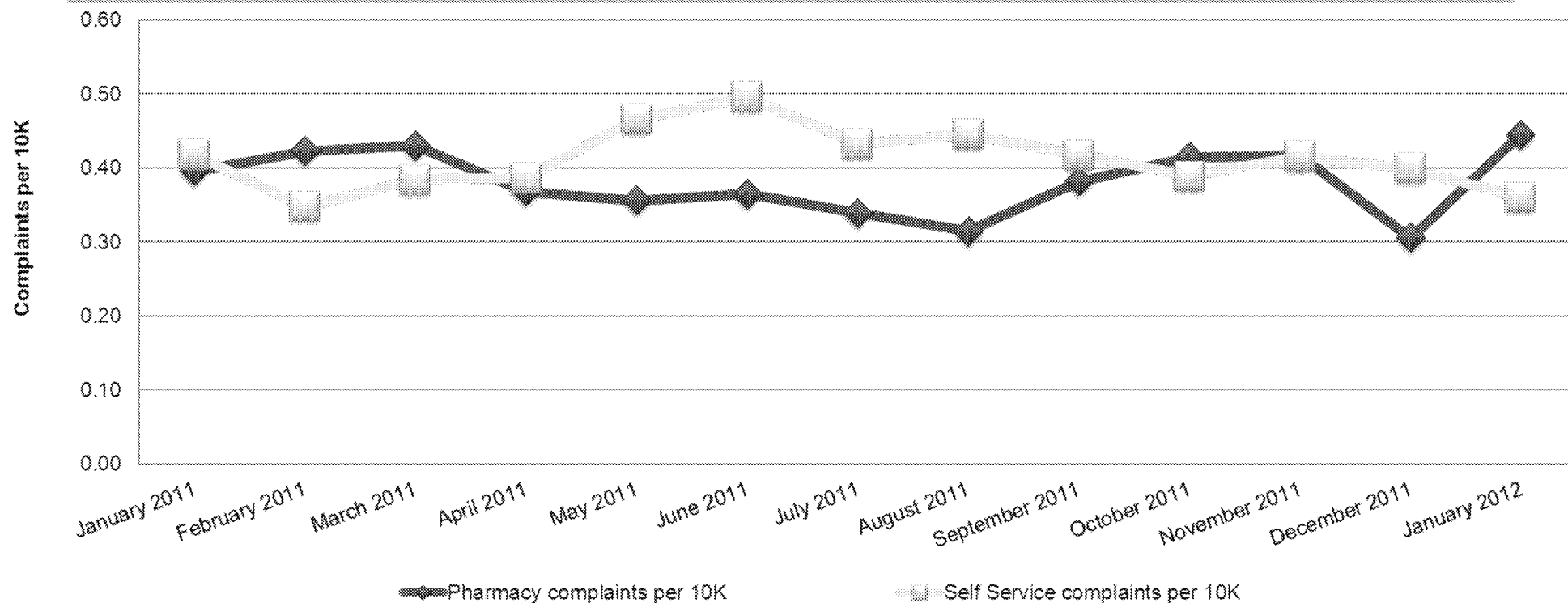
- Out of 13,234 complaints in fiscal Jan’ 12 :
 - The top 20 complaints contributed to 84% of the total complaints with 37.5% coming from Pharmacy and Self Service Employee Attitude’ .
 - A deep dive analysis is being conducted to determine the service breakdowns most associated with employee attitude complaints.

- This report is focused on retail controllable complaints, reported on a fiscal basis and normalized per 10,000 transactions to facilitate comparisons across periods.

Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

January 2012 shows an increase in Pharmacy Complaints and a decrease in Self Service complaints

**Pharmacy and Self Service Complaints per 10K trend - 13 Month View
(Fiscal Month ending – January 2012)**

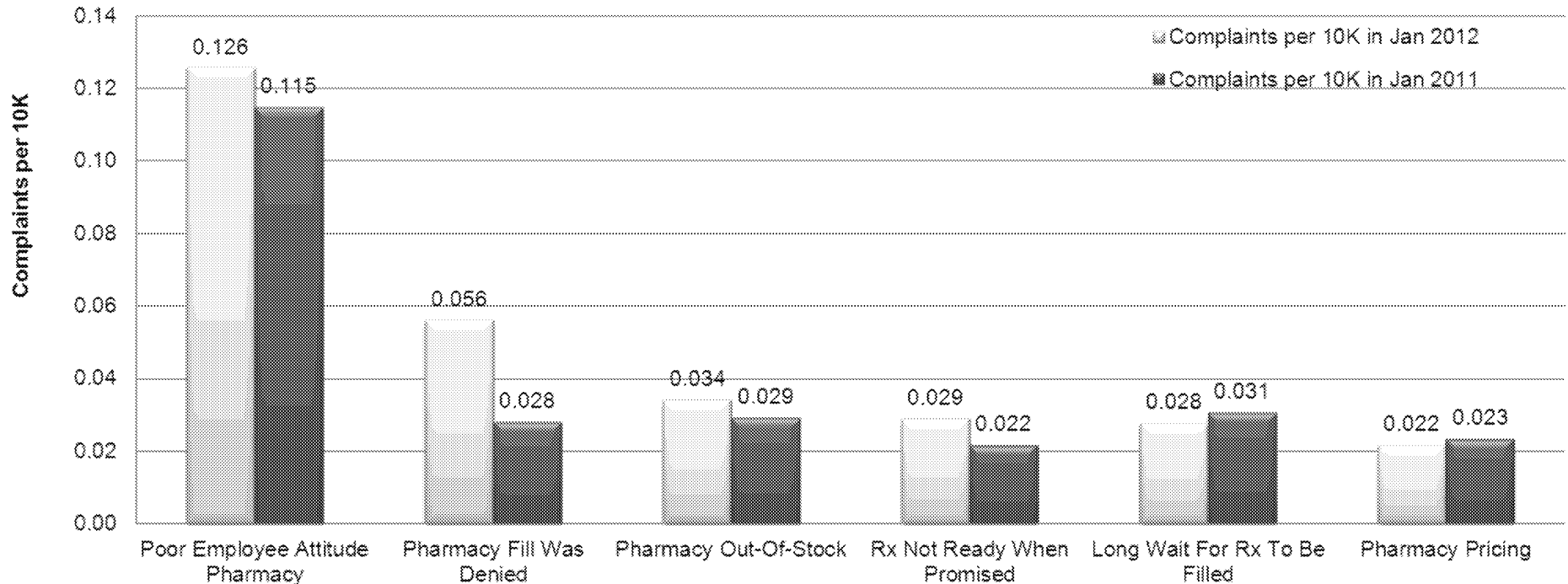


	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012
Pharmacy complaints per 10K	0.40	0.42	0.43	0.37	0.36	0.36	0.34	0.31	0.38	0.41	0.42	0.31	0.45
Self Service complaints per 10K	0.42	0.35	0.38	0.39	0.47	0.50	0.43	0.45	0.42	0.39	0.42	0.40	0.36

Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

The top 2 complaint reasons for Pharmacy remain Poor Employee Attitude and Pharmacy Fill Denied

January 2012 vs. January 2011 View Top 5 Pharmacy Reasons Ranked by # Complaints

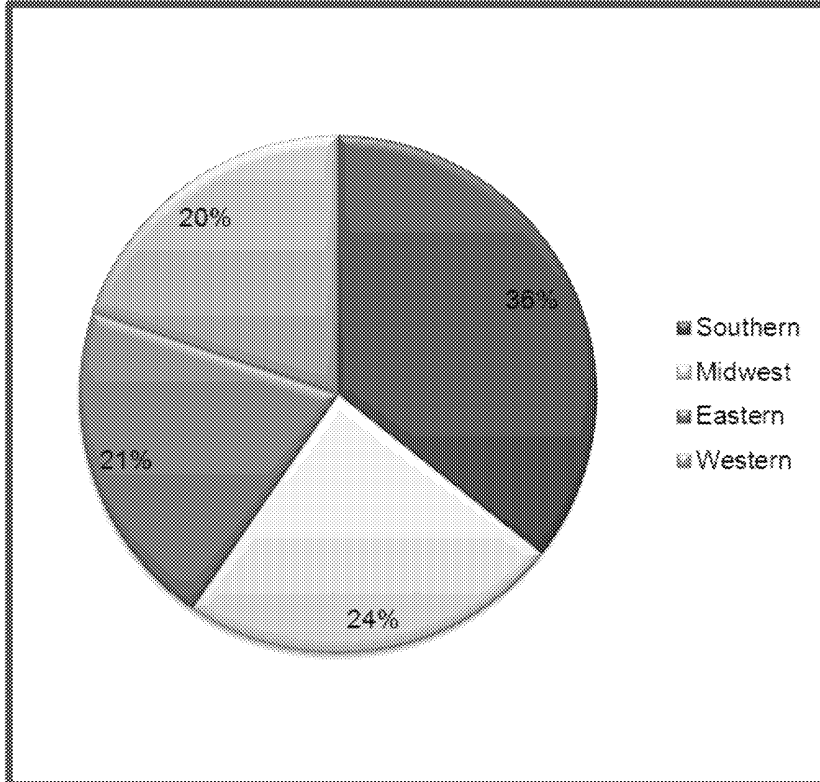


Reason	Complaints per 10K in Jan 2012	Complaints per 10K in Jan 2011
Poor Employee Attitude Pharmacy	0.126	0.115
Pharmacy Fill Was Denied	0.056	0.028
Pharmacy Out-Of-Stock	0.034	0.029
Rx Not Ready When Promised	0.029	0.022
Long Wait For Rx To Be Filled	0.028	0.031
Pharmacy Pricing	0.022	0.023

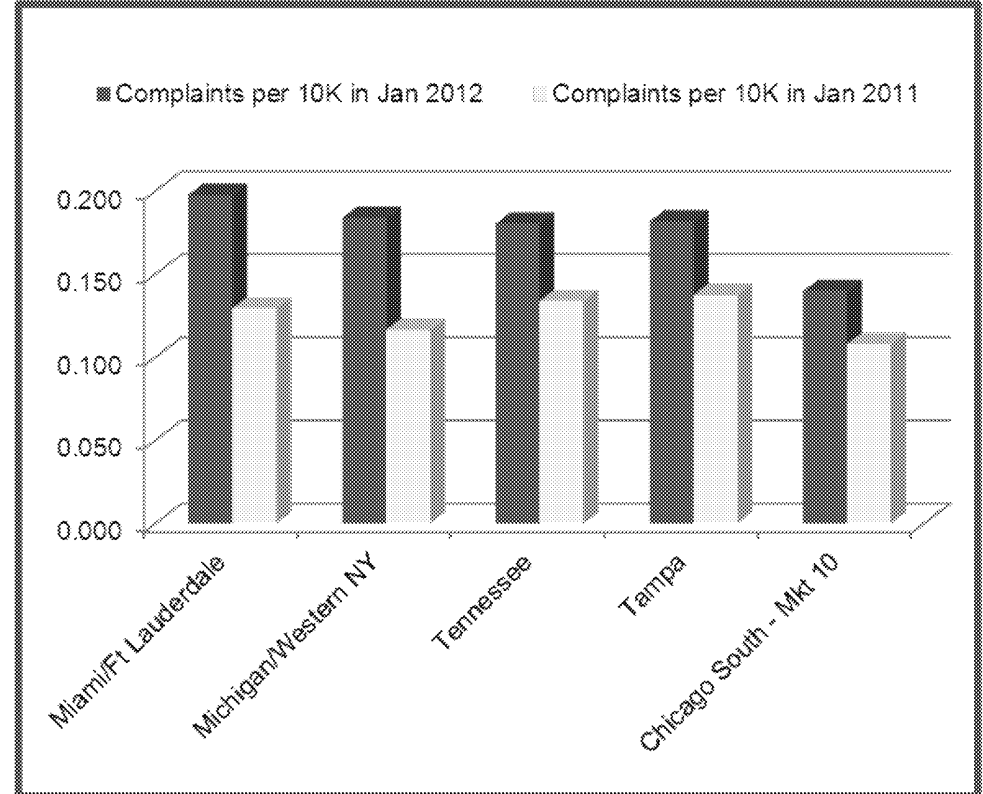
The Southern Operation accounts for the highest number of complaints about attitude. Two of the top five markets are in Florida.

#1 Rx Complaint (YoY increase) Poor Employee Attitude Pharmacy– OPS & Market Drilldown

OPS Division Total #



Top 5 Markets – Per 10k



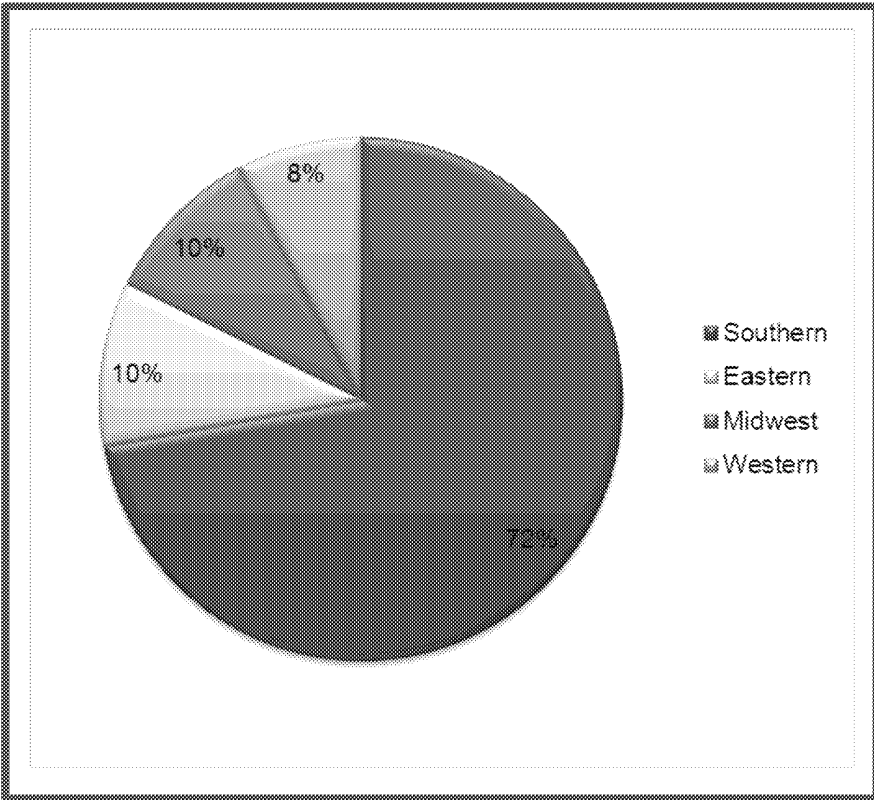
Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

Pharmacy

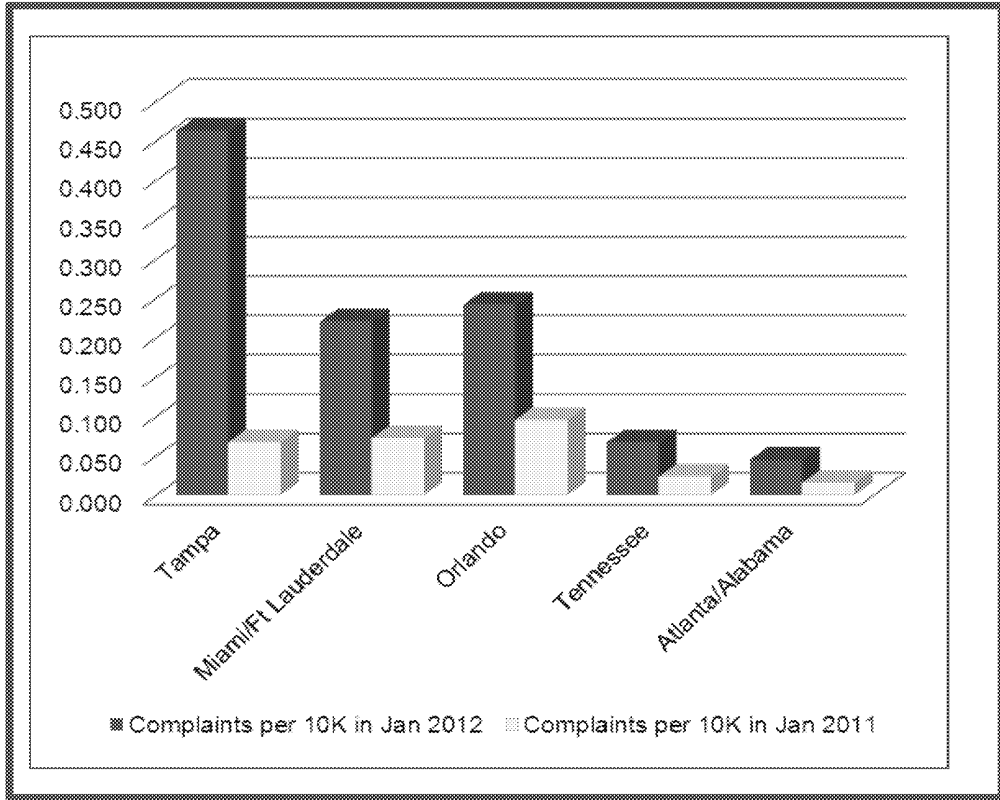
72% of the complaints for “Pharmacy Fill Denied” are from the Southern Operation - especially Tampa and Miami

#2 Rx Complaint (YoY increase) Pharmacy Fill Was Denied – OPS & Market Drilldown

OPS Division Total #



Top 5 Markets – Per 10k

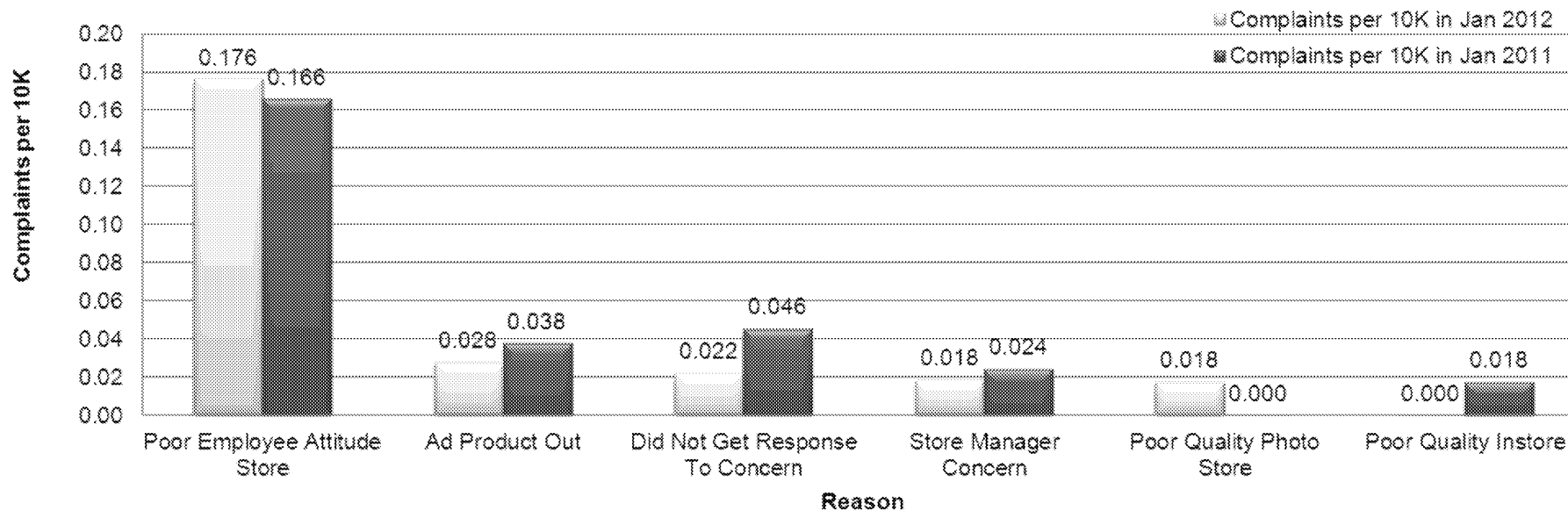


Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

Self Service

Poor Employee Attitude tops the list for Self Service complaints. Other complaint categories showed improvement in January.

January 2012 vs. January 2011 View Top 5 Self Service Reasons Ranked by # Complaints



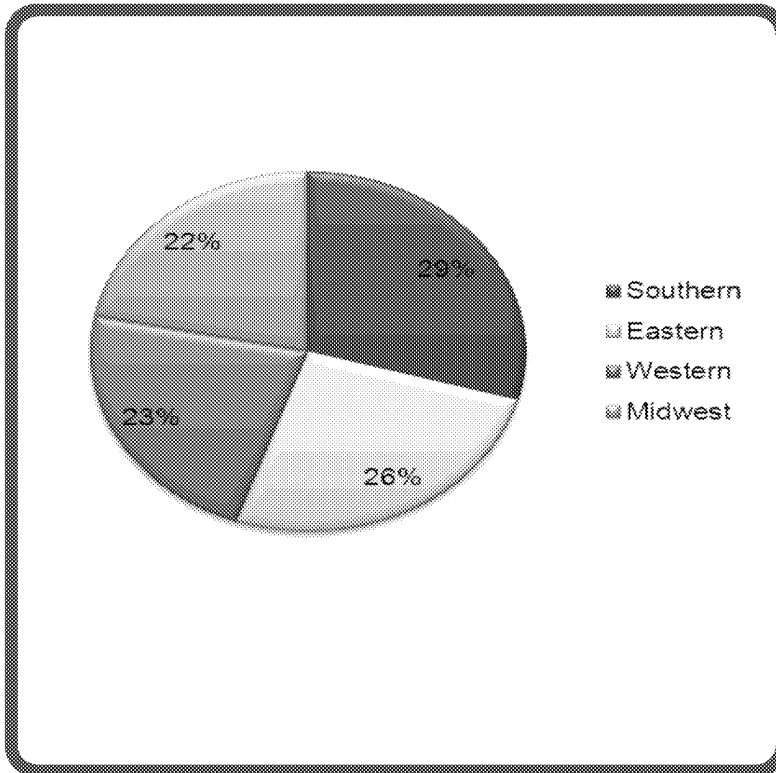
	Complaints per 10K in Jan 2012	Complaints per 10K in Jan 2011
Poor Employee Attitude Store	0.176	0.166
Ad Product Out	0.028	0.038
Did Not Get Response To Concern	0.022	0.046
Store Manager Concern	0.018	0.024
Poor Quality Photo Store	0.018	0.000
Poor Quality Instore	0.000	0.018

Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

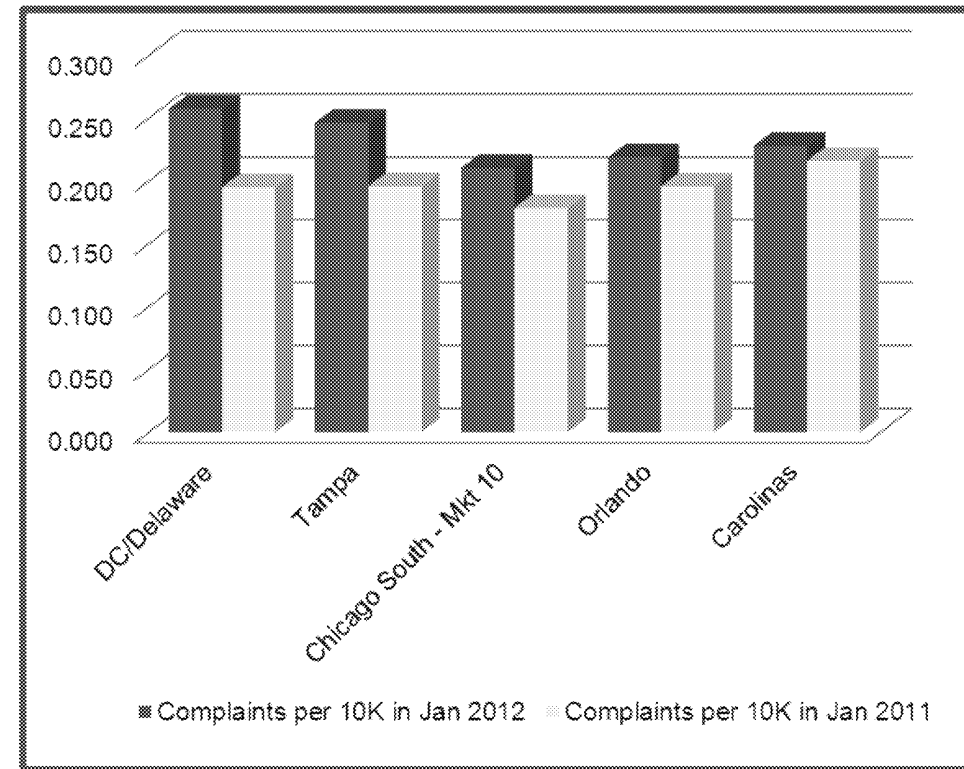
Complaints for “Poor Employee Attitude” are evenly divided among the 4 area operations. The top 5 Markets with significant increases over last year are identified below.

#1 SS Complaint (YoY increase) Poor Employee Attitude Store – OPS & Market Drilldown

Ops Division Total #



Top 5 Markets – Per 10k



Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

Chain

Self Service & Rx Complaints– Top Customer Complaints

January 2012 Top 20 Complaint Reasons Ranked by # Complaints per 10k transactions

Reason	# Complaints
Poor Employee Attitude Store	0.176
Poor Employee Attitude Pharmacy	0.126
Pharmacy Fill Was Denied	0.056
Pharmacy Out-Of-Stock	0.034
Rx Not Ready When Promised	0.029
Ad Product Out	0.028
Long Wait For Rx To Be Filled	0.028
Did Not Get Response To Concern	0.022
Pharmacy Pricing	0.022
Pharmacy Manager Concern	0.019
Misfills	0.019
Store Manager Concern	0.018
Poor Quality Photo Store	0.018
Insurance Not Billed 3Rd Party	0.017
Drive Thru Long Lines Or Wait	0.017
Shorted Pills Concern	0.013
Employee Lacks Product Knowledge	0.009
Employee Lacks Product Knowledge Pharmacy	0.009
Store Maintenance Concern	0.009
Customer Not Called Rx	0.009

Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

January 2012 View Pharmacy retail complaints in Markets Ranked by # Complaints per 10k

Market	# Complaints per 10k
Tampa	1.14
Miami/Ft Lauderdale	0.82
Orlando	0.74
New Orleans	0.60
Carolinas	0.59
Michigan/Western NY	0.57
Houston	0.55
Tennessee	0.54
Atlanta/Alabama	0.54
Oklahoma	0.53
Dallas	0.51
DC/Delaware	0.50
New Jersey/Pennsylvania	0.47
St. Louis	0.45
Chicago North - Mkt 04	0.41
Chicago South - Mkt 10	0.40
Denver	0.37
Wisconsin	0.34
Las Vegas	0.34
New York/Connecticut	0.34
Ohio	0.32
Indianapolis	0.32
Pacific NW	0.30
Southern California	0.30
Phoenix	0.29
Boston	0.26
Minneapolis	0.26
San Francisco	0.16
Puerto Rico	0.10
Duane Reade	0.01

Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

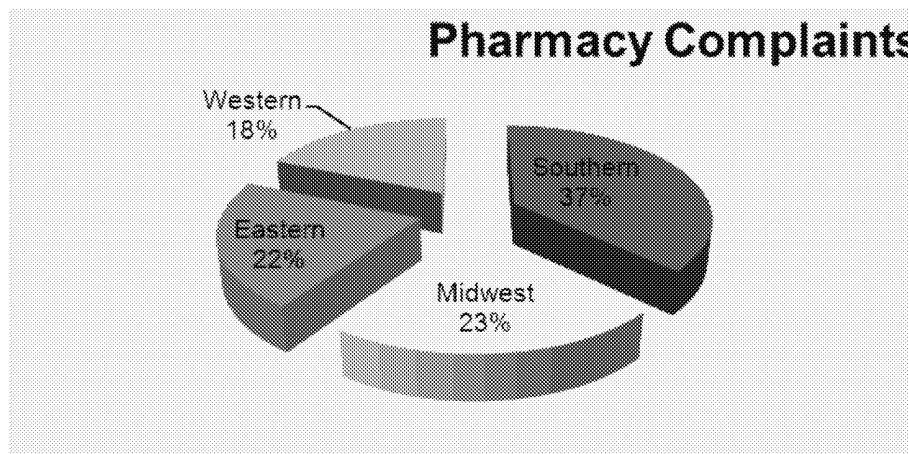
January 2012 Self Service retail complaints in Markets Ranked by # Complaints per 10k

Market	# Complaints per 10k
New York/Connecticut	0.61
Tampa	0.59
New Jersey/Pennsylvania	0.52
Atlanta/Alabama	0.51
DC/Delaware	0.48
Miami/Ft Lauderdale	0.48
Ohio	0.46
Carolinas	0.45
Michigan/Western NY	0.44
Chicago South - Mkt 10	0.42
Orlando	0.42
Southern California	0.40
Las Vegas	0.39
Chicago North - Mkt 04	0.38
Indianapolis	0.37
Oklahoma	0.36
Boston	0.36
Denver	0.34
St. Louis	0.33
Pacific NW	0.30
San Francisco	0.30
Tennessee	0.30
Houston	0.29
New Orleans	0.28
Dallas	0.27
Phoenix	0.27
Wisconsin	0.24
Minneapolis	0.21
Puerto Rico	0.10
Duane Reade	0.01

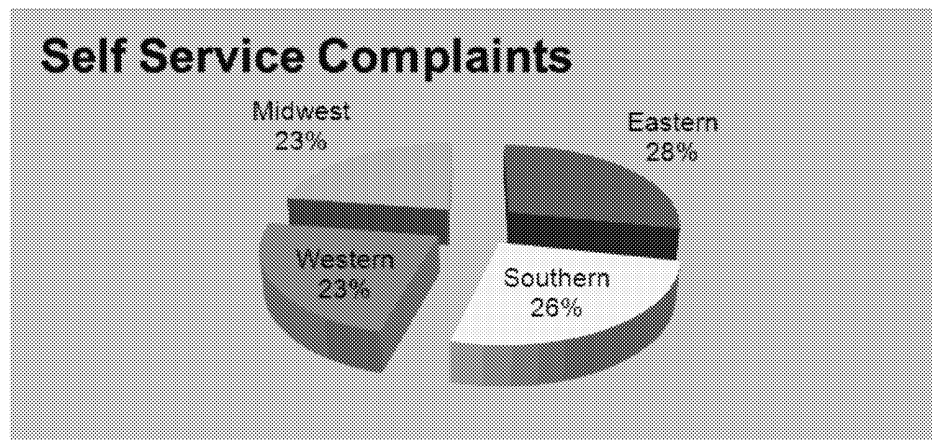
Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

January 2012 Pharmacy retail complaints

Operations	# Complaints per 10k
Southern	0.64
Midwest	0.39
Eastern	0.38
Western	0.32



January 2012 Self Service retail complaints



Operations	# Complaints per 10k
Eastern	0.41
Southern	0.37
Western	0.34
Midwest	0.32

Source: Consumer Relations customer contact database. Includes email, phone, and red alert customer contacts. Results normalized per 10K transactions.

COVP		DSD Purchases - Hyperion			Total			Basic			Non-Basic		
		DSD Purchases TY	% Change	BPI	FYTD COGS	% Chg	BPI	FYTD COGS	YoY %Chg	BPI	FYTD COGS	YoY %Chg	BPI
CHARLES BERNARD	Totals	\$414,137,713	8.4%	243	\$344,991,973	1.4%	41	\$208,003,088	6.3%	195	\$136,988,885	-5.3%	-154
JOHN FOLEY	Totals	\$296,363,313	3.4%	75	\$235,523,657	-0.3%	-7	\$140,796,956	8.0%	165	\$94,726,701	-10.6%	-224
LISA BADGLEY	Totals	\$389,190,080	9.1%	246	\$304,798,173	0.6%	17	\$182,810,857	7.0%	189	\$121,987,315	-7.6%	-199
RICHARD ASHWORTH	Totals	\$334,159,029	15.5%	341	\$256,075,405	1.3%	28	\$146,950,911	9.3%	199	\$109,124,494	-7.9%	-186
	Chain	\$1,433,850,135	9.1%	905	\$1,141,389,208	0.8%	79	\$678,561,812	7.5%	748	\$462,827,395	-7.6%	-764

Jeff Van Howe x2114
Results, Decision Support

		DSD Purchases - Hyperion			Total			Basic			Non-Basic		
District	District	DSD Purchases TY	% Change	BPI	FYTD COGS	% Chg	BPI	FYTD COGS	Y %Chg	BPI	FYTD COGS	Y %Chg	BPI
41	MOUNTAIN NORTH	\$5,266,581	3.9%	55	\$4,498,206	3.0%	41	\$2,546,742	12.1%	157	\$1,951,463	-6.9%	-100
42	MOUNTAIN SOUTH	\$5,465,668	7.4%	105	\$4,527,862	3.3%	45	\$2,593,676	10.1%	136	\$1,934,185	-4.6%	-64
44	NEW MEXICO EAST	\$6,061,332	7.0%	111	\$4,786,023	-2.4%	-37	\$2,702,862	1.7%	26	\$2,083,161	-7.3%	-113
130	NEW MEXICO WEST	\$7,043,856	4.0%	76	\$6,488,647	0.0%	0	\$3,816,845	3.0%	64	\$2,671,802	-4.0%	-76
204	MOUNTAIN WEST	\$4,083,311	10.3%	106	\$3,570,443	4.7%	50	\$1,991,193	14.3%	142	\$1,579,250	-5.3%	-61
234	COLORADO SPRINGS	\$5,619,482	7.1%	104	\$4,780,827	3.7%	54	\$2,890,309	9.7%	145	\$1,890,518	-4.2%	-57
271	MOUNTAIN EAST	\$4,877,055	9.4%	116	\$4,165,372	7.0%	85	\$2,488,685	15.5%	191	\$1,676,687	-3.6%	-43
Totals		\$38,417,284	6.7%	672	\$32,817,379	2.4%	237	\$19,030,313	8.6%	861	\$13,787,067	-5.1%	-515

Jeff Van Howe x2114
Results, Decision Support

District	District	DSD Purchases - Hyperion			Total			Basic			Non-Basic		
		DSD Purchases TY	% Change	BPI	FYTD COGS	% Chg	BPI	FYTD COGS	y %Chg	BPI	FYTD COGS	oY %Chg	BPI
143	SEATTLE NORTH	\$6,514,568	7.7%	162	\$5,830,058	8.0%	167	\$3,414,229	17.3%	357	\$2,415,829	-2.9%	-62
176	PORTLAND NORTH	\$3,697,845	3.6%	45	\$3,337,563	3.2%	40	\$1,867,261	15.2%	174	\$1,470,302	-8.8%	-121
189	SEATTLE SOUTH	\$6,071,517	4.3%	87	\$5,396,436	-0.5%	-11	\$3,172,743	5.3%	113	\$2,223,693	-7.8%	-160
236	SPOKANE	\$4,234,825	7.8%	107	\$3,578,296	1.8%	24	\$2,308,362	15.2%	215	\$1,269,934	-16.0%	-207
239	PORTLAND SOUTH	\$4,706,521	7.4%	114	\$4,199,041	5.6%	87	\$2,421,448	15.1%	225	\$1,777,594	-5.0%	-80
266	SEATTLE CENTRAL	\$5,245,342	5.6%	96	\$4,194,694	-2.8%	-46	\$2,573,180	3.3%	59	\$1,621,513	-11.1%	-173
	Totals	\$30,470,617	6.1%	610	\$26,536,088	2.6%	261	\$15,757,223	11.4%	1143	\$10,778,865	-8.0%	-803

Jeff Van Howe x2114
 Results, Decision Support

District	District	DSD Purchases - Hyperion			Total			Basic			Non-Basic		
		DSD Purchases TY	% Change	BPI	FYTD COGS	% Chg	BPI	FYTD COGS	%Chg	BPI	FYTD COGS	%Chg	BPI
155	LAS VEGAS EAST	\$6,290,466	9.6%	140	\$6,918,403	5.2%	92	\$3,372,455	9.4%	150	\$3,545,948	1.5%	29
194	LAS VEGAS WEST	\$10,360,055	14.0%	322	\$8,973,836	3.6%	84	\$4,418,821	7.7%	163	\$4,555,015	0.0%	-1
209	SACRAMENTO NORTH	\$559,001	-86.3%	-896	\$4,184,175	6.8%	71	\$2,620,242	17.2%	199	\$1,563,933	-7.1%	-66
210	CENTRAL VALLEY CA	\$7,287,340	11.4%	189	\$5,457,666	1.9%	27	\$3,232,033	15.4%	223	\$2,225,634	-12.8%	-181
217	SALT LAKE CITY	\$4,650,483	7.4%	82	\$4,074,733	2.9%	31	\$2,329,219	15.5%	161	\$1,745,515	-10.1%	-108
231	SACRAMENTO SOUTH	\$6,074,589	8.5%	120	\$5,252,288	1.8%	24	\$3,343,635	9.1%	144	\$1,908,653	-8.9%	-103
260	BOISE	\$4,530,989	12.5%	127	\$3,906,201	2.0%	21	\$2,244,024	11.1%	116	\$1,662,177	-8.1%	-81
Totals		\$39,752,922	0.8%	85	\$38,767,303	3.5%	349	\$21,560,429	11.6%	1156	\$17,206,875	-5.1%	-511

Jeff Van Howe x2114
Results, Decision Support

District	District	DSD Purchases - Hyperion			Total			Basic			Non-Basic		
		DSD Purchases TY	% Change	BPI	FYTD COGS	% Chg	BPI	FYTD COGS	YoY %Chg	BPI	FYTD COGS	YoY %Chg	BPI
56	SAN JOSE	\$6,533,259	22.8%	214	\$4,660,065	-7.3%	-80	\$2,593,826	2.1%	23	\$2,066,239	-16.9%	-179
57	SAN FRANCISCO CENTRAL	\$31,293,830	83.5%	2512	\$12,342,912	12.8%	302	\$5,988,299	29.1%	592	\$6,354,614	0.8%	22
58	CALIFORNIA BAY NORTH	\$9,389,358	26.7%	349	\$7,129,569	7.4%	106	\$4,162,083	21.3%	321	\$2,967,486	-7.4%	-101
126	SAN FRAN PENINSULA	\$8,176,761	36.8%	388	\$6,535,287	-3.4%	-49	\$3,779,728	6.8%	105	\$2,755,558	-14.5%	-198
153	CALIFORNIA BAY SOUTH	\$7,587,247	15.7%	182	\$5,115,288	-4.5%	-52	\$2,765,230	1.4%	16	\$2,350,058	-10.6%	-118
168	SAN FRANCISCO WEST	\$13,356,295	99.9%	1178	\$5,252,880	7.5%	79	\$2,887,335	16.0%	175	\$2,365,545	-1.3%	-13
290	HAWAII	\$3,331,238	22.2%	107	\$2,627,087	27.3%	122	\$1,159,136	22.5%	93	\$1,467,951	31.4%	149
293	MODESTO	\$5,827,622	17.6%	154	\$4,661,994	0.2%	2	\$2,732,647	11.4%	123	\$1,929,347	-12.2%	-114
Totals		\$85,495,611	50.8%	5083	\$48,325,082	4.3%	431	\$26,068,283	14.5%	1450	\$22,256,798	-5.5%	-553

Jeff Van Howe x2114
Results, Decision Support

District	District	DSD Purchases - Hyperion			Total			Basic			Non-Basic		
		DSD Purchases TY	% Change	BPI	FYTD COGS	% Chg	BPI	FYTD COGS	YoY %Chg	BPI	FYTD COGS	YoY %Chg	BPI
159	OKLAHOMA CITY NORTH	\$5,923,217	9.9%	123	\$4,131,231	-2.3%	-27	\$2,402,161	3.0%	34	\$1,729,070	-8.9%	-111
181	TULSA NORTH	\$5,279,748	4.9%	57	\$4,079,219	-2.4%	-28	\$2,542,409	1.2%	14	\$1,536,810	-7.8%	-86
191	KANSAS CITY EAST	\$5,435,822	8.5%	98	\$3,849,138	-1.2%	-13	\$2,385,445	8.4%	88	\$1,463,693	-13.7%	-154
196	LITTLE ROCK	\$6,817,516	4.0%	61	\$5,452,555	0.1%	2	\$3,817,102	13.2%	212	\$1,635,454	-21.1%	-290
228	TULSA SOUTH	\$9,685,932	70.5%	926	\$4,909,518	2.5%	33	\$3,226,886	11.5%	159	\$1,682,632	-11.2%	-141
233	WICHITA	\$5,529,287	1.7%	22	\$4,524,696	-5.5%	-73	\$2,644,789	-0.2%	-3	\$1,879,907	-12.1%	-171
270	OKLAHOMA CITY SOUTH	\$4,748,814	4.4%	47	\$3,668,961	-4.4%	-47	\$2,272,741	2.1%	23	\$1,396,221	-13.4%	-144
317	KANSAS CITY WEST	\$5,929,508	5.9%	76	\$4,882,413	0.2%	3	\$2,976,082	8.5%	111	\$1,906,331	-10.4%	-147
Totals		\$49,349,845	14.1%	1410	\$35,497,731	-1.5%	-150	\$22,267,614	6.4%	639	\$13,230,117	-12.4%	-1243

Jeff Van Howe x2114
Results, Decision Support

District	District	DSD Purchases - Hyperion			Total			Basic			Non-Basic		
		DSD Purchases TY	% Change	BPI	FYTD COGS	% Chg	BPI	FYTD COGS	YoY %Chg	BPI	FYTD COGS	YoY %Chg	BPI
180	CALIFORNIA INLAND EAST	\$4,153,497	5.4%	54	\$3,170,311	-2.0%	-19	\$1,834,211	7.0%	67	\$1,336,100	-12.1%	-116
193	SOUTHERN CAL NORTH	\$5,777,919	7.3%	98	\$4,603,609	-2.6%	-37	\$2,698,804	5.7%	81	\$1,904,805	-12.4%	-169
213	ORANGE COUNTY	\$6,579,079	4.9%	78	\$5,045,605	-3.3%	-51	\$3,021,352	5.3%	85	\$2,024,253	-13.8%	-203
219	SOUTHERN CAL CENTRAL	\$6,639,228	6.6%	103	\$5,940,019	2.2%	38	\$3,373,027	9.7%	166	\$2,566,992	-6.1%	-105
230	SOUTHERN CAL EAST	\$4,856,999	11.2%	123	\$3,480,048	-2.5%	-27	\$1,991,188	6.6%	69	\$1,488,861	-12.6%	-134
254	SAN DIEGO	\$4,871,916	4.2%	49	\$4,033,019	-2.9%	-36	\$2,309,379	9.0%	106	\$1,723,640	-15.3%	-196
274	CALIFORNIA INLAND WEST	\$5,239,693	3.6%	46	\$4,080,370	3.6%	41	\$2,350,648	13.7%	158	\$1,729,722	-7.6%	-90
313	CALIFORNIA INLAND NORTH	\$3,986,020	6.7%	63	\$3,253,849	2.3%	22	\$1,849,229	12.7%	116	\$1,404,620	-8.7%	-84
Totals		\$42,104,352	6.1%	615	\$33,606,830	-0.7%	-68	\$19,427,837	8.5%	848	\$14,178,993	-11.0%	-1097

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Results, Decision Support

District	District	DSD Purchases - Hyperion			Total			Basic			Non-Basic		
		DSD Purchases TY	% Change	BPI	FYTD COGS	% Chg	BPI	FYTD COGS	YoY %Chg	BPI	FYTD COGS	YoY %Chg	BPI
12	PHOENIX CENTRAL	\$5,539,111	5.7%	65	\$4,734,776	-0.2%	-3	\$2,452,617	6.8%	72	\$2,282,159	-6.9%	-87
45	TUCSON EAST	\$5,445,357	12.4%	131	\$4,449,686	0.1%	1	\$2,549,158	4.6%	52	\$1,900,529	-5.4%	-56
104	EL PASO	\$8,523,450	7.1%	124	\$7,143,303	3.7%	61	\$4,096,373	10.5%	178	\$3,046,930	-4.3%	-70
115	PHOENIX WEST	\$6,182,629	4.8%	62	\$5,178,917	-6.1%	-82	\$2,957,997	1.0%	13	\$2,220,920	-14.1%	-188
157	PHOENIX SOUTH	\$5,725,356	7.3%	86	\$4,703,282	-1.8%	-21	\$2,616,193	5.0%	57	\$2,087,088	-9.2%	-109
188	TUCSON WEST	\$4,858,993	5.6%	57	\$3,984,662	-2.9%	-29	\$2,156,748	1.1%	11	\$1,827,915	-7.3%	-74
205	PHOENIX SOUTHEAST	\$6,365,834	2.8%	38	\$5,673,796	-2.3%	-32	\$3,286,100	6.7%	94	\$2,387,696	-12.4%	-174
255	PHOENIX NORTH	\$5,927,668	6.8%	83	\$4,656,570	-6.6%	-80	\$2,724,028	-0.5%	-7	\$1,932,542	-14.0%	-162
Totals		\$48,568,398	6.5%	646	\$40,524,992	-1.9%	-185	\$22,839,213	4.7%	470	\$17,685,779	-9.2%	-919

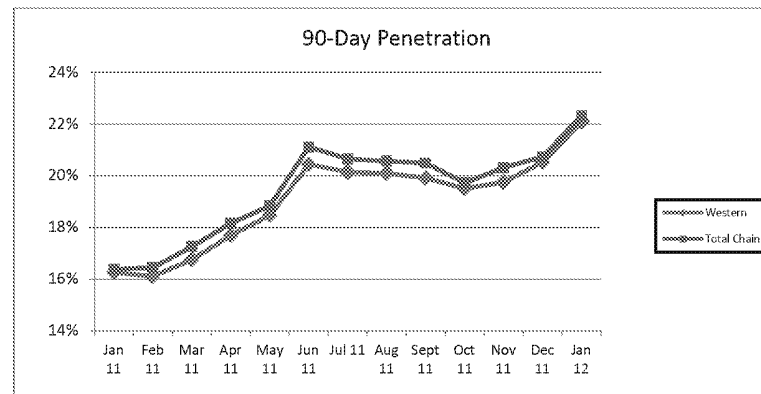
Jeff Van Howe x2114
Results, Decision Support

90-day KPI Report

Western COVP

90-Day Penetration					
	Month	Total 90-day Rxs	Adjusted 90 Day Rxs	Adjusted Total # of Rxs	*Penetration Rate
Western COVP	Jan-12	1,070,336	3,211,008	14,522,068	22.11%
	Dec-11	1,090,161	3,270,483	15,935,157	20.52%
	Jan-11	883,429	2,650,287	16,299,968	16.26%
Total Chain	Jan-12	4,647,500	13,942,500	62,452,000	22.33%
	Dec-11	4,663,003	13,989,009	67,465,006	20.74%
	Jan-11	3,689,572	11,068,716	67,568,299	16.38%

90-Day Penetration -- By Market	
Market	*90-day Penetration
2	22.94%
5	24.96%
11	26.43%
14	18.80%
17	22.80%
22	19.15%
26	19.94%



90-Day Penetration -- By Plan		
Plan	*90-day Penetration	Total # of Scripts
PAID	6.36%	1,537,262
AARPMPD	46.27%	490,513
CMRKMPD	39.98%	373,450
AETNA	5.34%	353,816
PCS	27.73%	325,863
CRK	7.46%	306,071
CABS	2.65%	296,323
HNET	0.36%	273,138
HUMNAMPD	42.01%	245,244
APM	10.31%	240,330

*90-day penetration = Calculated based on adjusted scripts. Adjusted 90 Day rxs / Adjusted Total # of Rxs = 90-day penetration

Adjusted = 90 Day Rxs are multiplied by three to be equivalent to three 30 Day Rxs

Hi Everyone,

January showed strong growth for 90 days prescriptions despite losses from ESI.
We filled 4.65 M 90-day prescriptions at retail in January.
In December, we also filled 181.5 K prescriptions at mail, 32.5 K at Duane Reade, and 56.9 K at Worksite locations.
Our total 90 day for the company in January was 4.92 M.
Our top 6 plans account for 67.3% of our business.
Caremark grew by 70% YoY in January and is now are largest 90 day plan.
Catalyst with WHI plans fell to 7th. They only increase 27.2%

BUDGET:

In January we grew by 26% vs. a budgeted growth of 24.8%
This month Commercial grew 16.4% vs. Budget of 15.0%
Medicare Part D underperformed 31.9 % growth vs. our budgeted growth 41.6%
PSC, fueled by the reduced membership fee, was up 57.4% vs. budgeted growth of 5%
January GP exceeded our budgeted goal. It was 112.1 million vs. our budget of 102.9million.
ESI declined 93.6% in January. We filled only 24.2 K RxS compared to our peak volume in June of about 500K RxS.

VOLUME:

Walgreens 90 day retail prescriptions grew 26% in January year over year (YoY). We filled 4.65 M 90 day prescriptions or 14M adjusted prescriptions.
Our penetration is at 22.3% for January up from 20.7% last month.
90 day Generics grew by 33.5% and 90 day Brands decreased by 2.1%. Brand growth decrease since we shut down the system enhancements and continue to convert Lipitor prescriptions to the generic equivalent.

INCOME and PROFIT:

For January 2012, 90-day prescriptions have generated \$477.4 million in revenue (17.4% YoY increase), and \$112 million of gross profit (32.2% increase YoY).
Our generic utilization (GU) continues to drive our 90 day gross profit increases. In January our GP hit 83.6% which is 470 basis points higher than the same month last year.
Our GP/Rx grew to \$24.11/Rx vs. \$22.98 for same month last year and above our goal of \$22.34.
90 day generic Atorvastatin helped improve our GP/Rx

MARKETSHARE:

Our 90 day marketshare for January was 19.4% , which is 160 basis points higher than January 2011, but 90 basis points less than December.
Our total adjusted retail marketshare was 18.2% which was 180 less than same month last year and 160 basis less than last month.

The January 90 day flash is attached.

We appreciate everyone's continued support of our Go90 efforts!!

Thanks,
Mike and your 90 day Team

Go-90!



90 Day Flash
FY12 - January

Metric	Current Month	Year-Over-Year Increase/(Decrease)	FYTD	Year-Over-Year Increase/(Decrease)
# of 90 Day Retail Rx's	4,647,500	26.0%	22,847,134	32.5%
# of 30 Day Eq (90 Day x 3)	13,942,500	26.0%	68,541,402	32.5%
% of Total Rx Adj Volume (Penetration Rate)	22.3%	36.0%	20.6%	29.6%
90 Day Revenue	\$477,391,200	17.4%	\$2,440,992,132	29.2%
90 Day Total Gross Profit (\$)	\$112,051,225	32.2%	\$529,811,612	33.4%
90 Day Gross Profit per Script	\$24.11	4.9%	\$23.19	0.7%
Generic Utilization Rate	83.6%	5.6%	81.6%	4.1%

Top 6 Plans	Volume	Year-Over-Year Increase/(Decrease)	Percent of Total Volume	Generic Utilization	GP/Rx
Caremark	673,358	69.95%	14.6%	80.44%	\$23.42
Prescription Solutions	627,316	50.24%	13.6%	82.27%	\$28.22
Medco	598,301	35.12%	13.0%	81.91%	\$30.03
PSC	513,619	57.43%	11.2%	97.70%	\$15.72
Humana	352,282	70.56%	7.6%	85.80%	\$17.28
Prime Therapeutics	332,933	50.18%	7.2%	82.21%	\$26.26
Total Top 6	3,097,809	55.1%	67.3%	84.8%	\$ 24.00

Senior Director

The Value of 90-Day Retail

Why adding a 90-day at retail prescription option to 30-day retail and 90-day mail is good for your business and members.

In today's environment of growing healthcare costs and limited benefit options for members, it is essential that health plans, businesses and organizations know that adding a 90-day retail prescription option to 30-day retail and 90-day mail helps drive additional cost savings, satisfaction and improved outcomes:

- 7% cost savings for 90-day prescriptions compared to three 30-day fills, without cannibalizing existing mail order volume¹
- Cost savings through improved generic utilization rates—on average generic utilization rates of 80%
- Better outcomes through 15% higher medication adherence²
- Higher member satisfaction because they have a choice and can keep a face-to-face relationship with their local pharmacist—90% of prescription purchasers value choice when it comes to where their prescriptions are filled.³

This paper reports how adding a 90-day retail option achieves these savings and other benefits for plan sponsors and highlights how one PBM saved over \$43 million by adding 90-day retail to their existing options.

The need for new solutions

There are no shortages of financial challenges facing our healthcare system. One of the largest issues: As the average age of the population increases, healthcare costs will rise dramatically. Prescription drug expenditures will rise as more and more people are diagnosed with conditions that require maintenance medications (Figure 1).^{4,5}

For over 20 years, mail service pharmacy was the primary option to obtain an extended supply of medication and concurrently helped to reduce prescription costs.

But the growth of mail service stalled in 2005, and has even declined over the last six years (Figure 2).⁶ This decline suggests that mail service is a mature offering and its penetration potential has been reached. New solutions are necessary to moderate the trend of rising prescription costs.

Figure 1. Projected growth in US population over 65 and prescription drug expenditures

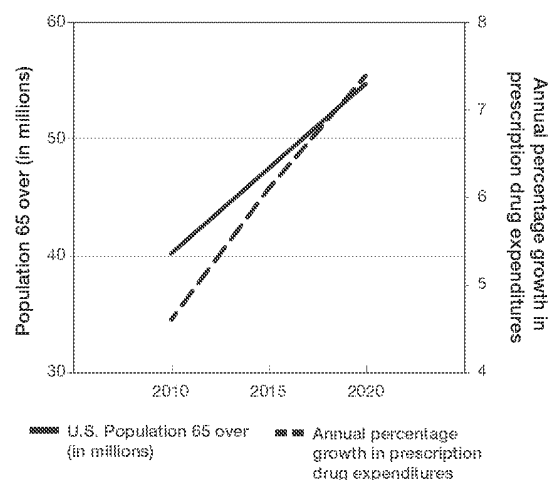
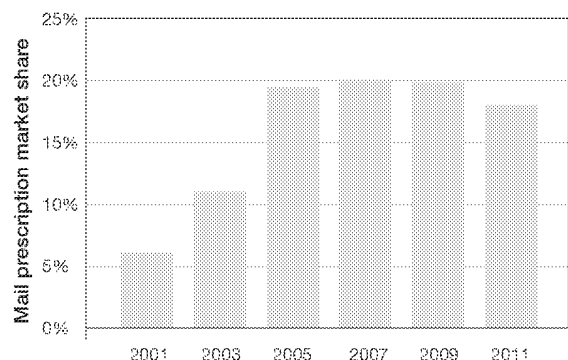


Figure 2. Mail service market share



Since it has been demonstrated over the years that mail service has been effective in lowering costs, it's easy to see why offering 90-day mail along with 30-day retail has become "the standard." As the prescription environment changes, this standard is evolving. The growth of 90-day adoption can reach its full potential, provided member choice is expanded to include 90-day retail.

Why 90-day retail?

There are three key advantages of adding 90-day retail: More cost savings, improved medication adherence (leading to better outcomes) and higher member satisfaction.

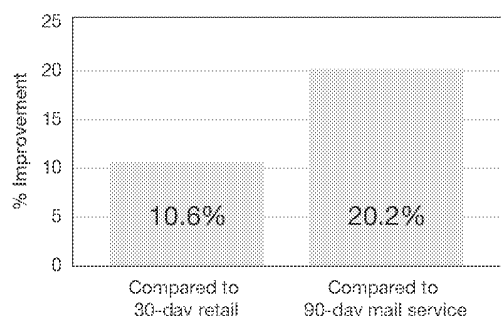
Cost savings

Every 90-day retail prescription that is converted from a 30-day fill saves money for plan sponsors directly through lower **reimbursement costs** (ingredient costs and dispensing fees). Adding a 90-day retail benefit helps drive the maximum 90-day penetration rate (the number of 90-day prescriptions divided by total prescriptions).

Dispensing fees can be meaningfully reduced when 90-day is implemented. These costs can be lowered by approximately two-thirds (67%) for every prescription—which contributes to lower overall pharmacy cost.⁷

Savings are also generated through increased **generic utilization**. In studies, 90-day retail has driven a 10.6% improvement in generic utilization versus 30-day retail prescriptions and a 20.2% improvement over 90-day mail service (Figure 3).⁸

Generic utilization improvement driven by 90-day retail

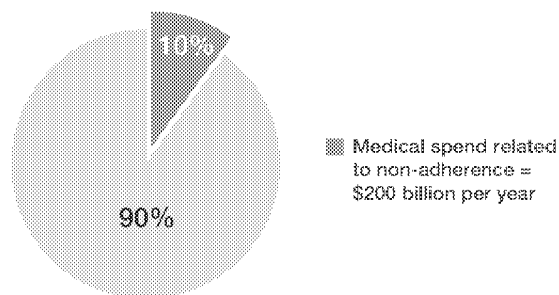


Patients seek alternatives from their pharmacist that lead to more generic utilization. This interaction with the pharmacist in a retail setting also provides a chance to discuss the quality and equivalent benefits of generics. For every 1% increase in generic utilization your plan can save 2.5% in total pharmacy drug costs.⁹

Better adherence

In the U.S., 10% of healthcare spending is the result of nonadherence to medication (Figure 4).¹⁰ In addition, direct annual healthcare costs (unplanned hospitalization and physician visits) associated with members not adhering to medication therapy are nearly \$65 million for a group of 100,000 members.¹¹

Figure 4. Overall U.S. healthcare spending



The cost-savings opportunity is significant because with 90-day retail, members demonstrate at least a **15% increase in adherence** compared to 30-day.² Although some believe that mail drives the highest adherence rates of the three options, recent research has demonstrated that 90-day retail is generally in line with mail results, and even slightly better for some therapeutic classes.¹²

Face-to-face interaction with a pharmacist helps improve adherence because clinicians can counsel the patient, address personal barriers to staying on therapy and ensure proper use and compliance with the doctor's instructions.¹³ The average annual cost savings per patient associated with Walgreens pharmacist interactions can reach \$1,370.¹⁴

Navitus — a 90-day retail success story*

For a company like Navitus, a growing, mid-sized pharmacy benefit manager (PBM) that promotes full transparency and passes through 100% of all discounts and rebates, it was strategic to add 90-day retail to create a three-option benefit:

1. Traditional 30-day retail
2. 90-day mail order
3. 90-day retail

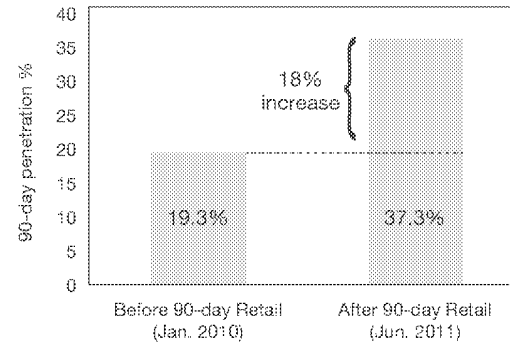
Significant cost savings, minimal impact on mail

Navitus was able to realize significant cost savings from patients switching from 30-day, with a very limited impact on migration out of 90-day mail service. In the 18 months after introducing 90-day retail, they showed **\$43.34 million in savings**, driven by an 18% increase in total 90-day penetration.

They also achieved a generic utilization rate of 79.2% for their 90-day book of business in only 18 months, an increase of up to 3%. Their own analysis confirmed that adding the 90-day retail option helped capture 30-day patients who would have never converted to mail, because they prefer the retail channel.

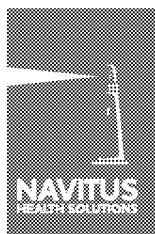
*2011 Navitus results

Navitus increased 90-day penetration 18%



“For our clients, Walgreens 90-day benefit represents a great alternative to mail service, providing better access to larger quantities of maintenance medications. And for our organization, 90-day provides a great way to demonstrate additional value and cost savings over and above what’s traditionally available through the retail or mail pharmacy networks.”

– Alan L. Van Amber, registered pharmacist, vice president of pharmacy network development of Navitus.



Navitus Health Solutions, LLC

2601 West Beltline Highway
Madison, WI 53713

Line of business: Pharmacy Benefit Management
of members: 2.3 million
of employees: 202
Year Founded: 2003

About Navitus

Navitus Health Solutions LLC is a full service, URAC-accredited pharmacy benefit management company. As a zero-spread, full pass through pharmacy benefit manager (PBM), Navitus aligns performance with plan sponsors' benefit goals to deliver comprehensive clinical programs and cost-saving strategies that lower drug trend and promote good member health.





Consumers strongly value face-to-face engagement with a pharmacist.

Higher satisfaction

Members want to fill prescriptions at retail. In a recent study among all pharmacy decision-makers, 79% of respondents preferred retail over mail service.¹⁵ Consumers also place a strong importance on being able to see their local pharmacist. In fact, a recent study shows that 85% of consumers valued face-to-face pharmacist engagement.³ And, a recent Gallup poll shows Americans rank pharmacists as one of the nation's most trusted professionals.¹⁶ When added to the increased convenience of being able to get prescriptions filled the same day at retail and the option of shopping for other household items when visiting the pharmacy, it is clear how a 90-day retail option directly translates into more satisfied members. The results of this experience are better health outcomes, improved health literacy and enhanced chronic care management.

Common misconceptions

Some people worry that adding a 90-day retail option will result in lower 90-day mail penetration which could inadvertently raise costs. This is not the case. Since mail service has been a component of most plans for a while now, the majority of members who prefer this option are already using it and are happy with it.¹⁷ In other words, they are unlikely to switch to 90-day retail from 90-day mail.

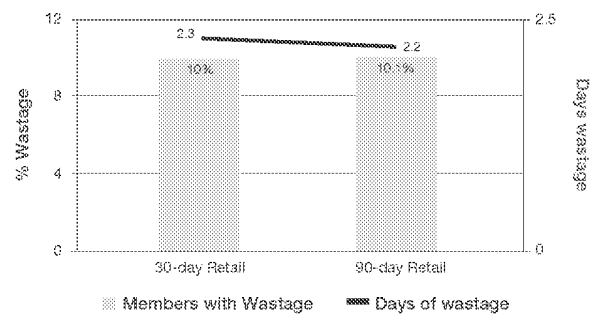
To this point, in the Navitus example, when 90-day retail was added as an option, mail service pharmacy penetration remained flat. **The addition of 90-day retail**

did not cannibalize existing mail service volume.

The savings Navitus realized were due to members switching from 30-day to 90-day retail, which contributed to higher generic utilization and adherence rates.

Another common misconception is that medication wastage (drug dispensing when the patient still has a supply of the same or similar drug from a previous fill) will increase with more 90-day penetration, especially when a patient is prescribed a new drug. Walgreens research clearly shows that overall wastage was roughly the same across 30-day retail and 90-day retail fills (Figure 5).¹⁸ In addition, Walgreens offers members who sign up for 90-day retail the option of receiving their first prescription as a 30-day fill. This service allows patients to get comfortable with the medication and be confident they need a recurring 90-day fill, eliminating the potential for wastage.

Figure 5. Medication wastage



The value of Walgreens

The significant benefits that come from adding a 90-day retail option can be further enhanced by Walgreens investment in promoting awareness, our leading-edge technology systems and the ease of access to medications and face-to-face pharmacy care.

Awareness campaigns

The level of success for a 90-day retail program is directly dependent on the degree of awareness among members. The more educated they are about the availability and benefits of the offering, the more likely they are to adopt it. We think it's essential to promote and encourage 90-day usage, as lack of awareness is one of the greatest barriers impacting utilization. In fact, our research

showed that 58% of respondents were not aware of 90-day retail.¹⁹ To address this challenge, Walgreens launched a prominent, ongoing consumer outreach campaign to build awareness.

We are highly committed to boosting consumer awareness of the 90-day retail option through store signage, in-store radio announcements, web banners, and mass media—all designed to directly drive member adoption of 90-day retail. In fact, awareness of 90-day at Walgreens was at least 8 percentage points higher than our competition at the end of 2011.²⁰

Walgreens also grows awareness through targeted messages to plan members. Members state their insurance company or employer is the top source of 90-day prescription awareness,¹⁹ and Walgreens works with its clients to help provide the appropriate communications support. For example, Walgreens

assists with educational and promotional materials for enrollment kits, direct mail to members highlighting the unique plan benefits and cost savings, cafeteria table tents, employee posters, and inserts in explanation of benefits or other plan mailings.

Because prescribers are a vital part of driving 90-day utilization, Walgreens also communicates with them to make sure that they know how 90-day retail can benefit their patients.

We invest in these awareness efforts to help ensure that our business partners achieve their 90-day penetration goals (Figure 6).

Technology platform

System and technological enhancements can be extremely beneficial in making the operation of a

Figure 6: Samples of physician and consumer awareness vehicles

In-store Walgreens signage



"This is Mary" national TV commercial



Walgreens reader board



Physician direct mail



Online banner ad



90-day retail benefit easier and more efficient. For example, Walgreens proprietary pharmacy operating system allows pharmacy staff to easily identify patients with a retail 90-day benefit and their qualified medications. In addition, the system automatically contacts the physician when a prescription change is requested and handles the process, increasing convenience for the patient and allowing pharmacists more time for face-to-face consultations. (In states where a phone call is required, the pharmacist makes the call on behalf of the patient.) Finally, Walgreens allows patients to sign up for a 90-day prescription, convert a 30-day prescription to a 90-day and answer questions about their benefits online, via the Walgreens.com site.

Convenient access

Walgreens has an unmatched national footprint, with nearly 70% of the U.S. population residing within 5 miles of one of Walgreens nearly 8,000 community pharmacies. In addition, Walgreens has more locations open 24 hours than any other pharmacy, so members can reach a pharmacist via phone or see them face-to-face whenever the need arises. And getting a 90-day prescription at retail is easy. Members simply bring their prescription or bottles to Walgreens and we take care of the rest.

For More Information

To talk to a Walgreens representative and evaluate how much your company could save on prescription costs, call 877-727-9247 or email solutions@walgreens.com.

With 90-day retail, members have the added convenience of being able to order and pick up their prescriptions the same day. All of this translates into the highest level of convenient access and continuity of care available for members. We are in their community where and when they need us.

Conclusion

Today, the standard approach of 30-day retail and 90-day mail has evolved as the market has changed. To maximize savings, increase satisfaction and improve outcomes, it is important to add a 90-day at retail option to 30-day retail and 90-day mail. The facts clearly support the benefits and disprove the misconceptions.

With our awareness communications, proprietary technology and unmatched national retail footprint, Walgreens is an ideal partner for implementing a 90-day retail option in order to maximize savings and benefits. Adding a benefit that members like when many options are being taken away results in a win-win for you and your members—but in today's healthcare environment, it's important to act now.

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- 3 *Consumer preferences for filling prescriptions*. Echo research study for Walgreens. Dec. 2010.
- 4 Vincent GK, Velkoff VA. *The next four decades: The Older Population in the United States: 2010 to 2050; Population Estimates and Projections*. U.S. Census Bureau. U.S. Department of Commerce. Economics and Statistics Administration; 2010.
- 5 National health expenditure projections 2010-2020. CMS Web site. <http://www.cms.gov/NationalHealthExpendData/downloads/proj2010.pdf>. Accessed January 19, 2012.
- 6 *2000-2011 Survey Results: Pharmacy Benefit Trends and Data: Costs, Benefit Design, Utilization, PBM Market Share*. Trompeter E, Namovicz S, eds. Washington, DC: Atlantic Information Services Inc (AIS); 2011.
- 7 Walgreens Health Initiatives study.
- 8 Walgreens PBM longitudinal study: 2009.
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- 18 Ziang JZ, Khandelwai NG, Lee KY. Comparing medication adherence and wastage in three retail channels. Poster presented at: ISPOR's 12th Annual International Meeting; May 19-23, 2007; Arlington, VA.
- 19 Walgreens 90-Day at Retail Positioning and Pricing study: May 2010.
- 20 Walgreens brand tracking study. 2011.



FE Payroll Cost per FE Customer Report (FI Month)
Includes ALL Drug Division (Regular, RxPress, On-Site, Worksite)
Established Stores Only
Results Department
Jenny Kurzer (x3586)

Company	TY			LY			TY vs LY			TYFYTD	TY vs LY		
	January	December	November	January	December	November	January	December	November		LYFYTD	0.02	1.54
Company	1.63	1.40	1.61	1.64	1.36	1.59	-0.01	0.04	0.03	1.56			
Badgley	1.59	1.36	1.54	1.61	1.34	1.51	-0.02	0.02	0.03	1.49		1.47	
Bernard	1.53	1.36	1.57	1.52	1.31	1.54	0.00	0.05	0.03	1.51		1.48	
Ashworth	1.72	1.45	1.67	1.71	1.42	1.66	0.01	0.03	0.01	1.62		1.61	
Foley	1.72	1.46	1.69	1.77	1.41	1.66	-0.05	0.05	0.04	1.62		1.61	
Ward	1.58	1.29	1.54	1.55	1.25	1.50	0.03	0.04	0.03				
Bandurraga	1.84	1.49	1.77	1.82	1.46	1.75	0.02	0.03	0.02				
Corley	1.61	1.51	1.75	1.62	1.44	1.71	-0.01	0.07	0.03				
Eilers	1.55	1.31	1.48	1.53	1.33	1.45	0.02	-0.02	0.03				
Zins	1.58	1.33	1.58	1.51	1.26	1.52	0.07	0.07	0.06				
Ripak	1.36	1.29	1.49	1.38	1.26	1.45	-0.01	0.03	0.04				
Schmidt	1.82	1.46	1.71	1.87	1.45	1.71	-0.05	0.01	0.01				
White	1.84	1.53	1.78	1.90	1.46	1.72	-0.06	0.08	0.06				
Santiago	1.32	1.25	1.32	1.24	1.14	1.23	0.08	0.11	0.10				
Grant	1.38	1.21	1.32	1.34	1.21	1.26	0.04	0.00	0.05				
Hose	1.69	1.49	1.60	1.68	1.49	1.64	0.01	0.00	-0.04				
Gloude mans	1.58	1.31	1.49	1.62	1.32	1.49	-0.04	-0.02	-0.01				
Hawthorne	1.88	1.48	1.74	1.83	1.45	1.67	0.05	0.03	0.07				
Miller	1.65	1.36	1.66	1.71	1.32	1.63	-0.06	0.04	0.03				
Briscoe	1.67	1.46	1.67	1.76	1.43	1.65	-0.08	0.03	0.01				
Bourdo	1.59	1.38	1.56	1.63	1.33	1.49	-0.04	0.05	0.07				
Sesto	1.92	1.63	1.89	1.90	1.65	1.89	0.02	-0.02	0.00				
Johnson	1.74	1.59	1.83	1.78	1.48	1.82	-0.04	0.10	0.01				
Treece	1.61	1.35	1.57	1.59	1.30	1.54	0.01	0.05	0.03				
Haynes	1.57	1.35	1.55	1.62	1.31	1.52	-0.05	0.04	0.03				
Bruneteau	1.65	1.39	1.57	1.75	1.38	1.58	-0.10	0.00	-0.01				
Hasty	1.79	1.47	1.72	1.80	1.48	1.73	0.00	0.00	-0.02				
Psomas	1.65	1.50	1.76	1.71	1.45	1.78	-0.06	0.05	-0.02				
Siemoneit	1.52	1.27	1.47	1.54	1.26	1.50	-0.02	0.01	-0.03				
Whelan	1.96	1.53	1.86	1.92	1.48	1.78	0.03	0.05	0.08				
Atlas	1.63	1.38	1.57	1.63	1.28	1.54	0.00	0.10	0.03				
Latta	1.66	1.49	1.70	1.72	1.41	1.67	-0.06	0.08	0.03				
Hutchens	1.56	1.48	1.67	1.57	1.39	1.63	-0.01	0.08	0.04				
Anhorn	1.65	1.43	1.67	1.72	1.36	1.61	-0.07	0.07	0.05				

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FE Customer Count per ManHour Report (FI Month)
Includes ALL Drug Division (Regular, RxPress, On-Site, Worksite)
Established Stores Only
Results Department
Jenny Kurzer (x3586)

Company	TY			LY			TY vs LY			TYFYTD	TY vs LY	
	January	December	November	January	December	November	January	December	November		LYFYTD	
Company	8.44	9.79	8.49	8.35	10.02	8.58	0.09	-0.23	-0.09	8.79	-0.06	8.85
Badgley	8.64	10.11	8.89	8.47	10.18	9.00	0.17	-0.07	-0.12	9.18		9.22
Bernard	8.67	9.70	8.41	8.66	10.06	8.51	0.02	-0.36	-0.10	8.72		8.84
Ashworth	8.48	10.07	8.69	8.53	10.27	8.70	-0.05	-0.20	-0.01	8.97		9.01
Foley	7.90	9.27	7.97	7.65	9.52	8.09	0.25	-0.24	-0.11	8.31		8.33
Ward	8.50	10.35	8.69	8.60	10.65	8.83	-0.10	-0.30	-0.13			
Bandurraga	7.90	9.67	8.18	7.94	9.81	8.21	-0.03	-0.14	-0.03			
Corley	8.51	9.08	7.83	8.41	9.46	7.93	0.11	-0.38	-0.09			
Eilers	9.30	10.97	9.67	9.36	10.80	9.84	-0.06	0.17	-0.17			
Zins	8.79	10.39	8.75	9.11	10.87	9.01	-0.32	-0.48	-0.26			
Ripak	10.28	10.88	9.43	10.12	11.02	9.54	0.17	-0.15	-0.12			
Schmidt	7.14	8.85	7.56	7.01	8.98	7.60	0.13	-0.13	-0.04			
White	8.08	9.54	8.31	7.67	9.92	8.49	0.41	-0.38	-0.18			
Santiago	8.89	9.42	8.82	9.32	10.30	9.31	-0.43	-0.88	-0.49			
Grant	10.21	11.57	10.62	10.47	11.56	11.10	-0.26	0.01	-0.48			
Hose	9.99	11.38	10.58	10.13	11.33	10.41	-0.14	0.06	0.17			
Gloudehans	8.63	10.39	9.08	8.32	10.19	9.01	0.31	0.20	0.07			
Hawthorne	7.19	9.09	7.67	7.32	9.23	7.92	-0.12	-0.14	-0.24			
Miller	7.77	9.40	7.74	7.50	9.68	7.84	0.27	-0.28	-0.10			
Briscoe	7.83	9.00	7.82	7.47	9.11	7.80	0.36	-0.11	0.02			
Bourdo	8.94	10.31	9.10	8.68	10.61	9.41	0.26	-0.30	-0.32			
Sesto	8.14	9.70	8.27	8.35	9.62	8.18	-0.21	0.08	0.09			
Johnson	7.33	8.01	6.94	7.18	8.56	6.95	0.14	-0.55	-0.01			
Treece	8.07	9.57	8.18	8.14	9.90	8.36	-0.07	-0.33	-0.18			
Haynes	8.84	10.21	8.87	8.49	10.50	9.00	0.35	-0.29	-0.13			
Bruneteau	8.33	9.92	8.72	7.77	9.83	8.58	0.55	0.09	0.14			
Hasty	8.16	9.89	8.47	8.09	9.86	8.29	0.06	0.03	0.18			
Psomas	7.86	8.66	7.34	7.53	8.85	7.16	0.32	-0.19	0.18			
Siemoneit	8.64	10.32	8.87	8.52	10.42	8.68	0.12	-0.10	0.19			
Whelan	6.78	8.58	7.08	6.83	8.83	7.31	-0.05	-0.24	-0.23			
Atlas	8.37	9.84	8.63	8.31	10.53	8.76	0.06	-0.69	-0.13			
Latta	7.94	8.83	7.73	7.62	9.28	7.78	0.32	-0.44	-0.05			
Hutchens	8.61	9.10	7.98	8.48	9.52	8.11	0.13	-0.42	-0.13			
Anhorn	8.34	9.63	8.22	7.99	10.10	8.46	0.35	-0.47	-0.24			

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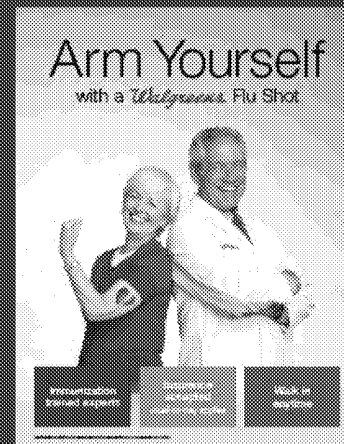
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Walgreens

Weekly Flu Results

Week Ending February 18, 2012
(2/11/2012 – 2/18/2012)



All information contained herein is confidential and/or proprietary information of Walgreen Co.

Results Department, Mike Fox & Matt Spina

Weekly Summary

Key Results:

- **WAG retail seasonal flu** reached **69%** of plan (**10,482 / 15,164 shots**) in week ending **2/18/2012**.
- **Market 1 (Houston)** leads the company in seasonal flu shots with **256,569** season to date.
- **Market 10 (Chicago)** administered the least amount of seasonal flu shots with **120,295** season to date.
- **Gludemans (Wisconsin)** is the closest to completing year-end plan (**92.4%**).
- **Enterprise (Retail, Take Care, Duane Reade)** flu shot actuals are **1.8 M unfavorable** to plan.

Weekly and Season to Date Results

Weekly and Season to Date Flu Results

Weekly Totals from 2/12/2012 through 2/18/2012			
Seasonal Flu	Actual	Plan	% of Plan
Retail	10,482	15,164	69%
Take Care	743	1,096	68%
Duane Reade	166	102	163%
Total	11,391	16,362	70%

Season to Date Totals From 08/01/2011 through week ending			
Seasonal Flu	Actual	Plan	% of Plan
Retail	5,188,492	6,900,000	75.2%
Take Care	240,155	340,403	70.6%
Duane Reade	66,570	95,000	70.1%
Total	5,495,217	7,335,403	74.9%

Weekly and Season to Date Pneumovax Results

Weekly Totals from 2/12/2012 through 2/18/2012			
Pneumovax	Actual	Plan	% of Plan
Retail	1,113	569	196%
Take Care	113	149	76%
Duane Reade	13	N/A	N/A
Total	1,239	N/A	N/A

Season to Date Totals From 08/01/2011 through week ending			
Pneumovax	Actual	Plan	% of Plan
Retail	181,678	203,502	89%
Take Care	15,185	26,548	57%
Duane Reade	680	N/A	N/A
Total	197,543	N/A	N/A

Weekly and Season to Date Zostavax Results

Weekly Totals from 2/12/2012 through 2/18/2012			
Zostavax	Actual	Plan	% of Plan
Retail	6,026	5,540	109%
Take Care	473	812	58%
Duane Reade	20	N/A	N/A
Total	6,519	N/A	N/A

Season to Date Totals From 08/01/2011 through week ending			
Zostavax	Actual	Plan	% of Plan
Retail	194,705	281,454	69%
Take Care	24,556	50,082	49%
Duane Reade	710	N/A	N/A
Total	219,971	N/A	N/A

*Puerto Rico not included

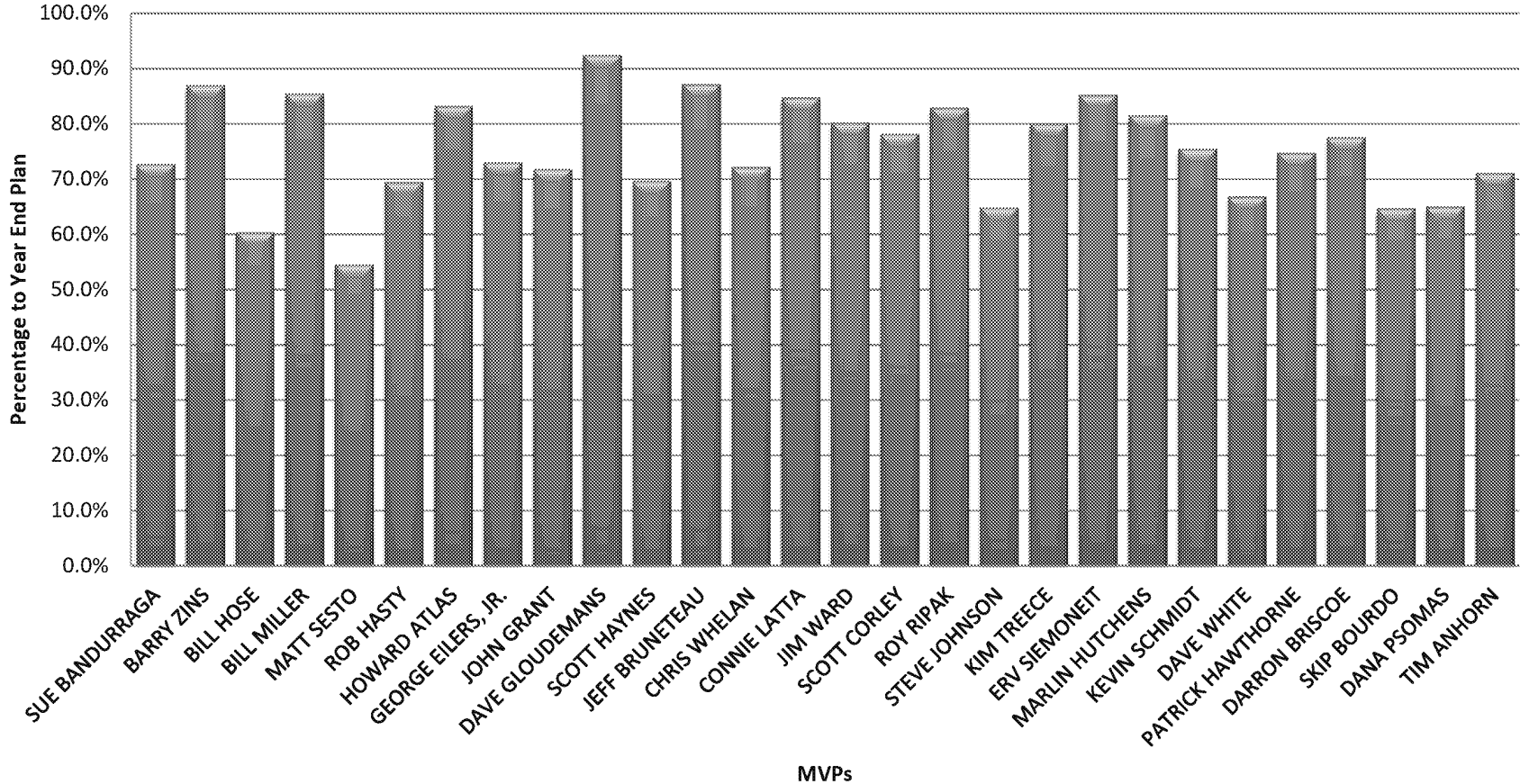
Flu Shots by MVP

Division	Market #	MVP	MPD	Store Count	Total Flu Shots	Plan	% of Plan	Avg Shots/Store
	2	SUE BANDURRAGA	ROBBIE JACOBS	211	181,083	248,843	72.8%	858
	5	BARRY ZINS	LAURA ZIMMERLY	276	175,877	202,252	87.0%	637
	11	BILL HOSE	MELANIE MALEE	233	146,782	243,069	60.4%	630
	14	BILL MILLER	FRANK KOEN	257	213,292	249,523	85.5%	830
	17	MATT SESTO	MELANIE MALEE	286	143,406	263,025	54.5%	501
	22	ROB HASTY	ROBBIE JACOBS	253	197,601	284,211	69.5%	781
	26	HOWARD ATLAS	LAURA ZIMMERLY	226	202,091	242,586	83.3%	894
ASHWORTH			SANJAY BHANA	1,742	1,260,132	1,733,510	72.7%	723
	4	GEORGE EILERS, JR.	DENISE SCARPELLI	248	183,531	251,084	73.1%	740
	10	JOHN GRANT	DENISE SCARPELLI	249	120,295	167,411	71.9%	483
	12	DAVE GLOUDEMANS	TONY FIELDS	252	206,028	222,949	92.4%	818
	20	SCOTT HAYNES	MARCEL NADDAF	262	216,308	310,328	69.7%	826
	21	JEFF BRUNETEAU	TONY FIELDS	266	228,362	261,736	87.2%	859
	25	CHRIS WHELAN	MARCEL NADDAF	249	183,305	253,896	72.2%	736
	27	CONNIE LATTA	GENE HOOVER	285	175,343	206,766	84.8%	615
BADGLEY			SHERRISE TROTZ	1,811	1,313,172	1,674,170	78.4%	725
	1	JIM WARD	ROY ARMSTRONG	357	256,569	320,006	80.2%	719
	3	SCOTT CORLEY	TERRY GUBBINS	264	189,230	241,875	78.2%	717
	6	ROY RIPAК	GEORGIA LEHOCZKY	285	166,234	200,431	82.9%	583
	18	STEVE JOHNSON	GREG PRIMUTH	238	135,515	209,110	64.8%	569
	19	KIM TREECE	GREG PRIMUTH	228	167,239	208,977	80.0%	734
	24	ERV SIEMONEIT	FRANK KOEN	295	220,284	258,441	85.2%	747
	28	MARLIN HUTCHENS	TERRY GUBBINS	288	187,085	229,435	81.5%	650
BERNARD			LORINDA TISEDELL	1,955	1,322,156	1,668,274	79.3%	676
	7	KEVIN SCHMIDT	STEVE PASHKO	313	218,136	288,805	75.5%	697
	8	DAVE WHITE	STEVE PASHKO	234	135,975	203,297	66.9%	581
	13	PATRICK HAWTHORNE	NICK BARSAN	242	186,996	250,138	74.8%	773
	15	DARRON BRISCOE	JON RIETZ	280	211,263	272,357	77.6%	755
	16	SKIP BOURDO	LESLIE HIGGINS	231	135,400	209,310	64.7%	586
	23	DANA PSOMAS	JON RIETZ	289	234,502	360,203	65.1%	811
	29	TIM ANHORN	NATASHA RAMLAGAN	289	170,760	239,936	71.2%	591
FOLEY			DEBBIE PLATTS	1,878	1,293,032	1,824,046	70.9%	689
DUANDE READE	35	JEFF KOZIEL		230	66,570	95,000	70.1%	289
WALGREENS (Less TC & DR)				7,386	5,188,492	6,900,000	75.2%	702

*Puerto Rico not included

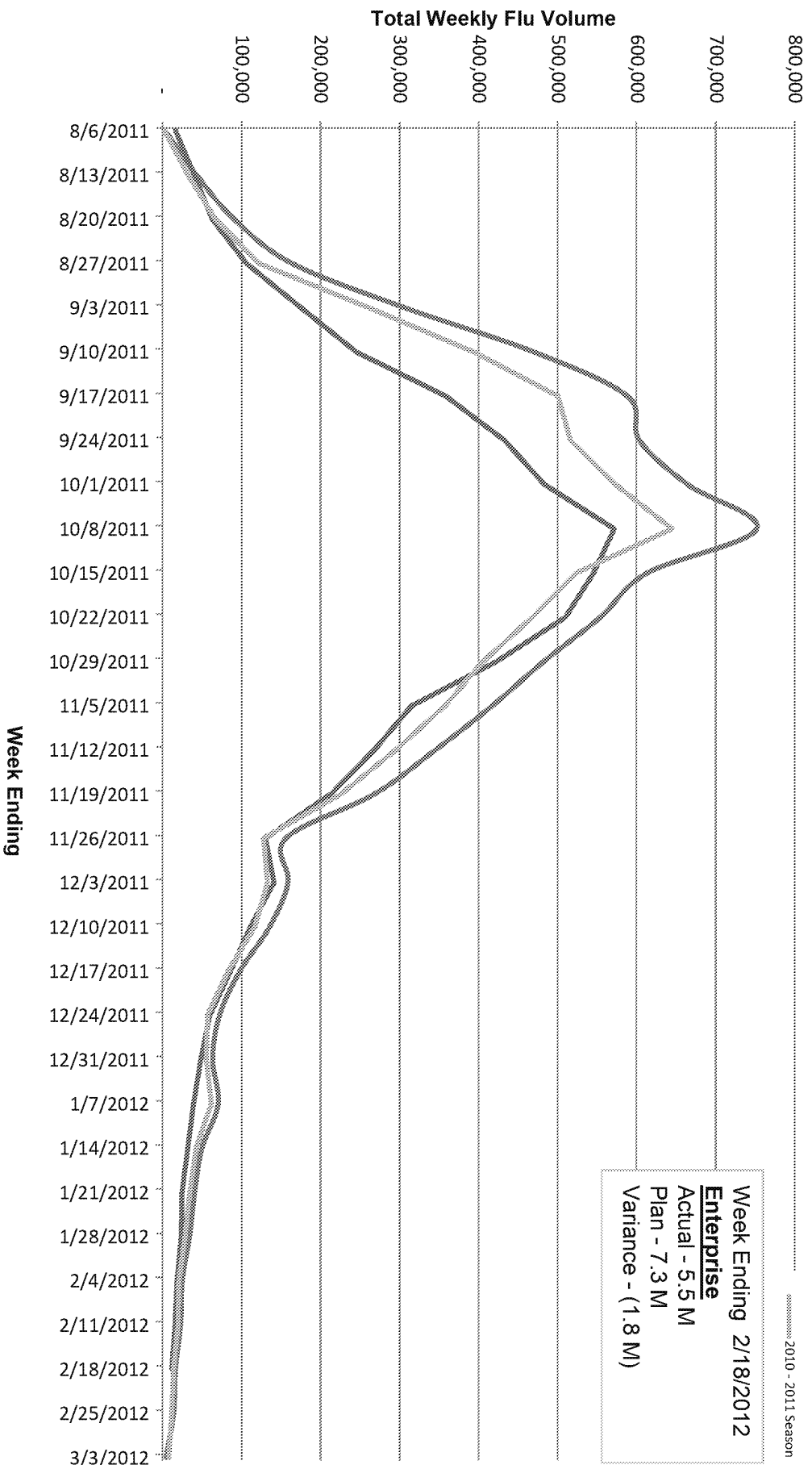
*Seasonal Flu Only, Retail Only

Flu Shot Performance % to Year End Plan



- **Gloudemans (Wisconsin)** is the closest to completing year-end plan (92.3%).
- **Bernard (Southern)** division leads the company in % average to year end plan (79.1%).

Flu Shot Season 2011-2012 Volume Projection by Week



*Actual and Plan shot numbers are seasonal flu

*Includes all chain (Wag, TC, DR)

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WAGMDL00974143

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P-25748_00113

SS Mix Margin

January 2011

Results Department - James Beaman
Walgreen Co. Proprietary and Confidential.

The Walgreens logo is written in a stylized, cursive script font.

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WAGMDL00974144

P-25748_00114

SS Mix Margin – Executive Summary

January 2011

Sales Type	Sales		Profit		Margin		Mix		BPI	
	Sales	% Chg	Profit	% Chg	GP %	Chg	Mix	Chg	Rate	Mix
REGULAR	\$951,334	0.5%	\$411,292	3.8%	43.2%	1.4	56.4	(0.7)	84	(11)
AD	\$633,309	6.8%	\$176,851	7.8%	27.9%	0.3	37.6	1.7	16	(21)
PROMO LOCATION	\$77,523	-14.2%	\$26,980	-10.8%	34.8%	1.3	4.6	(0.9)	2	6
MARKDOWN	\$23,785	-9.3%	-\$4,810	-42.6%	-20.2%	(7.4)	1.4	(0.2)	(21)	19
WAG TXN COUP	-\$496	24.0%	-\$496	24.0%	100.0%	(0.0)	(0.0)	0.0	0	1
TOTAL	\$1,686,455	1.8%	\$609,816	4.0%	36.2%	0.8			81	(6)

Key Takeaways

- Margin increased 75 bps vs LY due to increases to the average retail across all sales types except markdown
- The Consumables division was the most accretive division on SS margin—primarily due to rate – building SS margin by 51 bps
- The average retail for Regular (Reg) items increased 5.6% during January, outpacing average cost by approximately 280 bps
- Ops Dept Builders/Diluters:
 - Top 3 Depts:
 - Paper Goods (+8 bps)
 - Vitamins (+7 bps)
 - Face Cream (+7 bps)
 - Bottom 3 Depts:
 - Photofinishing (-17 bps)
 - Basic Toys (-13 bps)
 - Seas Elec Dec (-8 bps)

Results Department - James Beaman
 Source: MSS Data Warehouse
 Walgreen Co. Proprietary and Confidential.

SS Mix Margin – Sales Performance

January 2011

Self Serve Metrics:

- Scanned SS GP% was 36.2%; +75 bps vs LY
- Sales increased 1.8%; up \$30.2M
- Profit increased 4.0%; up \$23.4M
- Units decreased 5.8%; down 27.4M units
- Scan downs decreased 4.9%; down \$5.1M

Per Unit Metrics:

- Average retail increased 8.1% (\$3.79 TY vs. \$3.50 LY)
- Average Profit increased 10.4% (\$1.37 TY vs. \$1.24 LY)
- Scan downs/Unit increased 1.0% (\$0.22 TY vs. \$0.22 LY)

Traffic Metrics:

- Total SS customer count¹ increased 727K customers (+0.5%) to 137 million
- Comp store customer count decreased 1.0M customers (-0.7%) to 134 million
- Established store customer count decreased 1.3M customers (-1.7%) to 127 million

Basket Metrics:

- Sales increased 1.3% (\$12.34 TY vs. \$12.19 LY)
- Profit increased 3.4% (\$4.47 TY vs. \$4.32 LY)
- Units decreased 6.3% (3.26 TY vs. 3.48 LY)
- Scan downs decreased 5.4% (\$0.73 TY vs. \$0.77 LY)

1 – SS customer count = Txn from Front Registers + Photo Register + Cosm Register + Self Checkout

Results Department - James Beaman

Source: MSS Data Warehouse

Walgreen Co. Proprietary and Confidential.

SS Mix Margin – Impact by GMM

January 2011

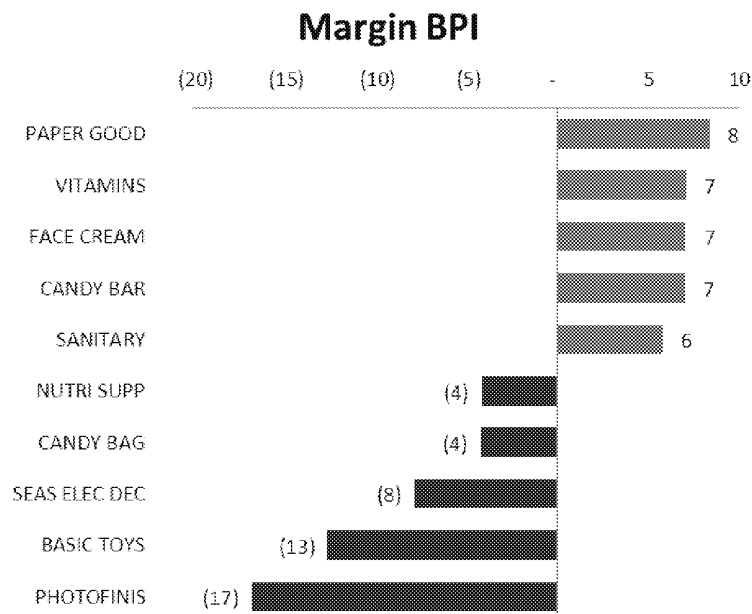
Division Name	Sales		Profit		Margin		Div Impact				SS Impact			
	Sales	% Chg	Profit	% Chg	GP %	Chg	Mix	Chg	Rate	Mix	Mix	Chg	Rate	Mix
REGULAR	\$361,643	-0.8%	\$165,949	3.0%	45.9%	1.7	56.9	(1.4)	98	(9)	21.5	(0.6)	34	(2)
AD	\$243,918	7.6%	\$76,270	8.0%	31.3%	0.1	38.4	2.1	4	(18)	14.5	0.8	0	(2)
PROMO LOCATION	\$26,743	-12.6%	\$10,989	-9.5%	41.1%	1.4	4.2	(0.7)	7	(1)	1.6	(0.3)	1	0
MARKDOWN	\$3,435	0.8%	-\$83	-139.3%	-2.4%	(8.6)	0.5	(0.0)	(5)	0	0.2	(0.0)	(4)	2
H&W/FESV/GEN MER	\$635,738	1.7%	\$253,035	3.7%	39.8%	0.8			105	-28	37.7	(0.1)	32	(3)
REGULAR	\$294,732	2.4%	\$124,497	6.7%	42.2%	1.7	59.6	(0.4)	101	(2)	17.5	0.1	26	4
AD	\$164,191	7.8%	\$49,420	6.4%	29.5%	(0.4)	33.2	1.5	(12)	(9)	9.7	0.5	(3)	(4)
PROMO LOCATION	\$20,072	-13.0%	\$6,322	-11.5%	31.5%	0.5	4.1	(0.7)	2	3	1.2	(0.2)	(2)	4
MARKDOWN	\$15,772	-7.3%	-\$2,372	-759.3%	-15.0%	(17.2)	3.2	(0.4)	(61)	18	0.9	(0.1)	(16)	3
BEAUTY/P CARE/SEAS	\$494,767	3.1%	\$176,866	4.2%	35.7%	0.4			30	10	29.4	0.4	5	7
REGULAR	\$269,543	1.6%	\$100,706	5.9%	37.4%	1.5	53.1	(0.1)	79	(1)	16.0	(0.0)	27	(3)
AD	\$203,152	6.2%	\$34,742	17.3%	17.1%	1.6	40.0	1.7	62	(18)	12.1	0.5	22	(12)
PROMO LOCATION	\$30,700	-16.4%	\$9,651	-11.9%	31.4%	1.6	6.0	(1.3)	12	(4)	1.8	(0.4)	3	2
MARKDOWN	\$4,577	-21.2%	-\$2,355	-40.3%	-51.5%	16.4	0.9	(0.3)	19	21	0.3	(0.1)	(2)	15
CONSUMABLES	\$507,973	1.7%	\$142,743	8.3%	28.1%	1.7			172	-3	30.1	(0.0)	50	1
REGULAR	\$25,417	-10.8%	\$20,240	-12.4%	79.6%	(1.5)	53.6	(2.0)	(81)	(1)	1.5	(0.2)	(2)	(9)
AD	\$22,049	-3.3%	\$17,420	-5.0%	79.0%	(1.4)	46.4	2.0	(64)	(1)	1.3	(0.1)	(2)	(3)
PROMO LOCATION	\$9	-39.5%	\$9	-41.5%	89.3%	(3.1)	0.0	(0.0)	(0)	(0)	0.0	(0.0)	(0)	(0)
MARKDOWN	\$0	0.0%	\$0	0.0%	0.0%	0.0	0.0	0.0	-	-	0.0	0.0	-	0
PHOTOFINISHING	\$47,474	-7.5%	\$37,868	-9.2%	79.3%	(1.5)			(145)	-1	2.8	(0.3)	(5)	(12)
WAG TXN COUP	-\$496	24.0%	-\$496	24.0%	100.0%	(0.0)					(0.0)	0.0	0	1
TOTAL	\$1,685,455	1.6%	\$609,816	4.0%	36.2%	0.8							81	(6)

- Consumables was the largest SS margin builder due to rate increases in both Reg and Ad sales
- Health and Wellness division was accretive to SS margin due to rate increases in Ad and Reg sales (+32 bps); a mix shift from Reg to Ad was a slight drag (-3 bps) on margin
- Beauty/Seasonal was accretive to margin due to rate increases in Reg and SS mix shifting to Reg
- Photofinishing was dilutive on SS margin due to both mix and rate. Sales shifted from Photofinishing to other less profitable depts

Results Department - James Beaman
 Source: MSS Data Warehouse
 Walgreen Co. Proprietary and Confidential.

SS Mix Margin – Top 5 Margin Builders/Diluters

January 2011



Margin Builders:

1. Paper Goods was accretive to margin as sales shifted to Reg and margin increased 364 bps
2. Vitamins built SS margin due to increased sales of Reg items.
3. Face Cream's increase in profit (+21%) outpaced its increase in sales (+8%), building SS margin

Margin Diluters:

1. Photofinishing was dilutive to SS margin due to both mix and rate. Sales shifted from Photo to other less profitable depts
2. Basic Toys sales were flat vs LY, but there was a mix shift toward Markdown – diluting SS margin
3. Seas Elec Dec recorded increased sales at a reduced rate, diluting SS Margin

Results Department - James Beaman
 Source: MSS Data Warehouse
 Walgreen Co. Proprietary and Confidential.

SS Mix Margin – Est of Inflation Adj Sales Chg

January 2011

Results based on Reg sales

Excludes Gift/Phone Cards and Photo

Division Name	Average Retail					Average Cost					Units Sold			
	Retail	\$ Chg	% Chg	BPI Rate	BPI Mix	Cost	\$ Chg	% Chg	BPI Rate	BPI Mix	Units Sold	% Chg	Mix	Pt Chg
OTC DRUG	\$7.44	\$0.43	6.1%	127	-61	\$4.18	\$0.12	2.9%	57	-52	24,091	-10.5%	10.9	(0.7)
WELLNESS	\$9.15	\$0.39	4.4%	50	60	\$5.32	\$0.09	1.8%	20	56	12,386	4.2%	5.6	0.5
FESV/GEN MER	\$5.00	\$0.11	2.2%	16	-2	\$2.50	-\$0.05	-1.8%	-12	0	13,220	-6.1%	6.0	(0.1)
H&W/FESV/GEN MER	\$7.22	\$0.38	5.5%	193	-3	\$4.02	\$0.10	2.5%	65	4	49,697	-6.0%	22.5	(0.4)
PERSNL CARE	\$5.98	\$0.67	12.7%	154	0	\$3.89	\$0.36	10.3%	145	-1	21,115	-4.7%	9.5	(0.0)
BEAUTY	\$5.20	-\$0.02	-0.4%	-3	13	\$3.00	-\$0.19	-5.9%	-53	11	16,026	2.2%	7.2	0.5
SEASONAL	\$3.75	\$0.10	2.7%	25	2	\$1.98	\$0.01	0.5%	4	5	21,665	-6.8%	9.8	(0.2)
BEAUTY/P CARE/SEAS	\$4.95	\$0.29	6.3%	186	15	\$2.95	\$0.10	3.4%	95	15	58,806	-3.7%	26.6	0.2
CANDY	\$1.74	\$0.07	3.9%	18	-14	\$1.00	-\$0.02	-2.0%	-9	-14	23,856	-2.6%	10.8	0.2
GROCERY	\$2.10	\$0.13	6.6%	24	12	\$1.37	\$0.05	3.4%	14	10	15,493	-7.5%	7.0	(0.2)
BEVRGE/SNACK	\$1.83	\$0.01	0.8%	5	-2	\$1.20	-\$0.01	-1.2%	-8	-2	29,520	-4.3%	13.3	0.0
PERISHABLES	\$2.55	\$0.17	7.2%	33	-2	\$1.84	\$0.08	4.4%	24	-1	16,974	-4.0%	7.7	0.0
CIGAR/TOBAC	\$4.23	\$1.33	46.0%	31	0	\$2.41	\$0.83	52.6%	32	0	2,272	5.6%	1.0	0.1
HHLD CONSUM	\$3.91	\$0.33	9.3%	73	0	\$2.33	\$0.19	8.9%	68	0	19,110	-4.3%	8.6	0.0
MGZN/BKS/NWS	\$2.54	-\$0.11	-4.3%	-7	3	\$1.92	-\$0.07	-3.5%	-7	2	5,404	-7.6%	2.4	(0.1)
CONSUMABLES	\$2.39	\$0.14	6.2%	176	-3	\$1.53	\$0.05	3.7%	115	-5	112,630	-4.3%	50.9	0.1
SELF SERVE	\$4.16	\$0.22	5.6%	556	9	\$2.46	\$0.07	2.9%	275	14	221,133	-4.6%		

BPI Rate – measures the impact of cost or retail increases

BPI Mix – measures the impact from the change in mix of goods

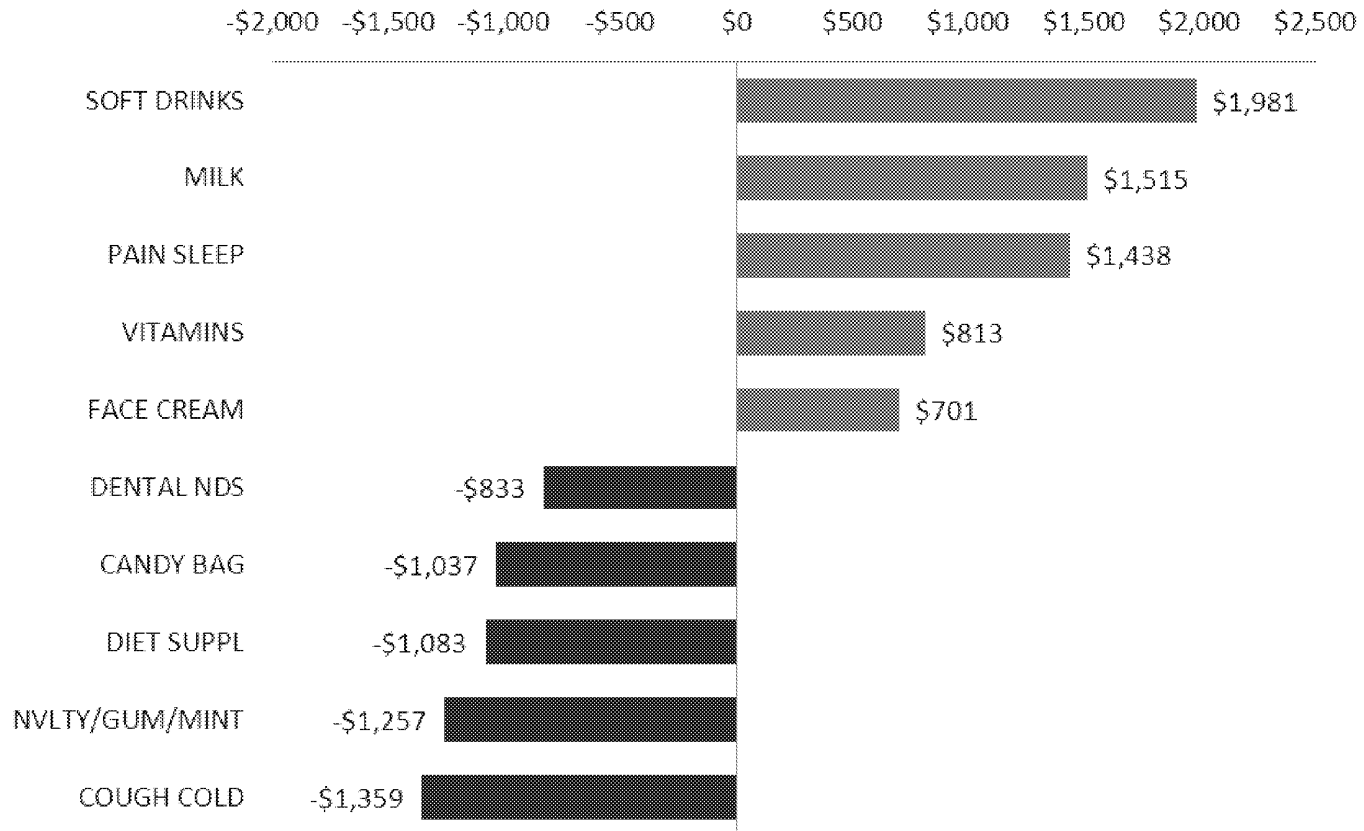
- Regular Sales increased 0.5% to \$951M
- Average Retail increased 5.6% (+\$0.22 vs LY) to \$4.16
- Average Cost increased 2.9% (+\$0.07 vs LY) to \$2.46

Results Department - James Beaman
Source: MSS Data Warehouse
Walgreen Co. Proprietary and Confidential.

SS Mix Margin – Scan downs decreased 4.9% to \$100M

January 2011

Scan Down \$ Diff vs LY Top/Bottom Depts



\$ in thousands

Results Department - James Beaman
Source: MSS Data Warehouse
Walgreen Co. Proprietary and Confidential.

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SS Mix Margin – Impact by COVP

January 2011

Division Name	Sales		Profit		Margin		Div Impact				SS Impact			
	Sales	% Chg	Profit	% Chg	GP %	Chg	Mix	Chg	Rate	Mix	Mix	Chg	Rate	Mix
REGULAR	\$228,612	-0.4%	\$100,989	2.6%	44.2%	1.3	57.1	(1.1)	77	(7)	13.6	(0.3)	19	(3)
AD	\$146,426	7.3%	\$42,488	6.0%	29.0%	(0.3)	36.6	2.0	(12)	(16)	8.7	0.4	(1)	(5)
PROMO LOCATION	\$19,756	-12.3%	\$6,942	-8.6%	35.1%	1.4	4.9	(0.8)	8	2	1.2	(0.2)	0	2
MARKDOWN	\$6,471	-9.7%	-\$1,189	38.6%	-21.7%	(7.6)	1.4	(0.2)	(12)	10	0.3	(0.0)	(5)	5
WAG TXN COUP	-\$103	6.2%	-\$103	6.2%	100.1%	0.0	(0.0)	(0.0)	(0)	(0)	(0.0)	(0.0)	(0)	(0)
WESTERN	\$400,161	1.4%	\$149,128	2.8%	37.3%	0.5			62	-12	23.7	(0.1)	14	(2)
REGULAR	\$282,158	1.0%	\$120,012	4.3%	42.5%	1.3	57.6	(0.2)	78	(1)	16.7	(0.1)	25	(3)
AD	\$176,541	4.8%	\$50,212	7.7%	28.4%	0.8	36.0	1.2	27	(9)	10.5	0.3	9	(3)
PROMO LOCATION	\$24,188	-14.9%	\$8,466	-9.9%	35.0%	1.9	4.9	(0.9)	11	1	1.4	(0.3)	1	2
MARKDOWN	\$7,128	0.6%	-\$1,184	44.5%	-16.6%	(5.0)	1.5	(0.0)	(7)	1	0.4	(0.0)	(5)	3
WAG TXN COUP	-\$121	-18.9%	-\$121	-19.0%	100.0%	(0.1)	(0.0)	0.0	0	0	0.0	0.0	0	0
SOUTHERN	\$489,893	1.4%	\$177,385	4.3%	36.2%	1.0			108	-8	29.1	(0.1)	30	(1)
REGULAR	\$230,520	-0.8%	\$99,765	2.4%	43.3%	1.4	54.7	(1.0)	75	(8)	13.7	(0.4)	20	(3)
AD	\$166,032	6.8%	\$44,765	7.2%	27.0%	0.1	39.4	2.1	4	(18)	9.9	0.5	5	(8)
PROMO LOCATION	\$19,104	-15.6%	\$6,623	-14.8%	34.7%	0.4	4.5	(0.9)	2	1	1.1	(0.2)	(0)	1
MARKDOWN	\$5,824	-13.6%	-\$1,271	56.0%	-21.8%	(9.7)	1.4	(0.2)	(16)	13	0.3	(0.1)	(6)	6
WAG TXN COUP	-\$159	-3.0%	-\$159	-3.0%	100.0%	(0.0)	(0.0)	0.0	0	0	0.0	0.0	0	0
MIDWEST	\$421,322	1.0%	\$149,722	2.6%	35.5%	0.5			65	-12	25.0	(0.2)	18	(4)
REGULAR	\$205,260	2.1%	\$89,141	5.9%	43.4%	1.6	55.7	(0.7)	88	(6)	12.2	0.0	20	(1)
AD	\$143,310	8.5%	\$39,119	10.3%	27.3%	0.4	38.9	1.8	16	(15)	8.5	0.5	4	(5)
PROMO LOCATION	\$14,471	-13.9%	\$4,946	-10.1%	34.2%	1.5	3.9	(0.8)	7	1	0.9	(0.2)	1	1
MARKDOWN	\$5,362	-15.5%	-\$1,167	32.4%	-21.8%	(7.9)	1.5	(0.3)	(14)	19	0.3	(0.1)	(6)	6
WAG TXN COUP	-\$113	-53.3%	-\$113	-53.3%	100.0%	0.0	(0.0)	0.0	(0)	2	0.0	0.0	(0)	1
EASTERN	\$368,289	3.5%	\$131,926	6.4%	35.8%	1.0			97	2	21.9	0.3	19	2
OTHER	\$5,790	27.3%	\$1,655	33.8%	28.6%	1.4					0.3	0.1	0	(1)
TOTAL	\$1,685,455	1.8%	\$609,816	4.0%	36.2%	0.8							81	(6)

- All regions were accretive to margin due to rate increases in Reg sales
- The Southern region was the largest margin builder

Results Department - James Beaman
 Source: MSS Data Warehouse
 Walgreen Co. Proprietary and Confidential.

SS Mix Margin – Impacts from Adjustments

January 2011

- Gift and phone cards (depts 100 and 101) are reported at net of face value and Front End Products/Services (depts 121 and 26) are excluded from the report
- December's SS margin before adjustments is 35.3%, up 64 bps vs LY
- The net effect of these adjustments is +290 bps on SS margin
TY Reported Margin (36.2) – Margin without adjustments (35.2) = 100 bps

Results provides a Mix Margin online application, please bookmark the web address below:

<http://chainmargin.walgreens.com>

For Period Ending:
02/03/12 or 02/07/12 or 02/10/12 or 02/14/12

From this point forward, stores with a variance of 3 hours or less will be considered "Adopted"

Market	Actual vs. Budget				# of Stores	Actual				Budget			Variance			Total Unfavorable Variance	# of Stores 20+ Hrs Over Bgt		Adoption Rate		Bpay Hrs
	Latest Pay Period	Earliest				Ttl	Rph	Tech/Oth	Int	Ttl	Rph	Tech/Oth	Ttl	Rph	Non-Rph		Current	Avg of Prior 3 Pay Periods	Current	Avg of Prior 3 Pay Periods	
	(63,797)	(49,448)	(59,578)	(59,531)	7,304	1,863,885	838,729	999,543	25,613	1,927,681	845,374	1,082,307	(63,797)	(6,646)	(57,151)	12,044	142	180	88.9%	86.6%	11,005
Eastern Operation	(13,210)	(10,229)	(17,385)	(11,377)	1,867	423,764	209,888	205,878	7,998	436,973	210,456	226,517	(13,210)	(568)	(12,642)	3,497	47	39	87.4%	87.1%	1,115
Midwest Operation	(13,964)	(10,604)	(9,663)	(12,566)	1,795	516,757	217,308	291,726	7,723	530,720	218,004	312,716	(13,964)	(696)	(13,268)	3,700	41	58	86.8%	83.8%	1,383
Southern Operation	(17,927)	(13,539)	(20,619)	(15,011)	1,929	477,024	216,945	255,924	4,156	494,951	219,541	275,410	(17,927)	(2,597)	(15,331)	2,416	25	44	90.5%	87.7%	3,541
Western Operation	(18,697)	(15,077)	(11,911)	(20,578)	1,713	446,341	194,588	246,017	5,736	465,037	197,373	267,664	(18,697)	(2,785)	(15,912)	2,432	29	39	90.9%	87.7%	4,966

Eastern Operation

Hawthorne	(118)	(649)	(1,586)	(2,671)	239	56,225	27,033	28,201	991	56,343	27,029	29,314	(118)	4	(122)	1,378	24	4	69.9%	84.5%	119
Schmidt	(1,326)	(1,228)	(1,453)	(2,450)	313	65,550	31,327	33,612	611	66,876	31,309	35,567	(1,326)	18	(1,344)	664	5	6	82.4%	86.4%	256
Bourdo	(1,727)	(1,001)	(1,960)	(739)	226	51,289	26,193	22,471	2,625	53,015	26,394	26,621	(1,727)	(201)	(1,526)	146	1	6	93.4%	85.7%	170
White	(1,805)	(1,343)	(2,528)	(934)	230	49,353	25,166	23,155	1,033	51,158	25,227	25,931	(1,805)	(61)	(1,744)	345	3	6	87.4%	83.9%	83
Anhorn	(2,090)	(1,507)	(3,184)	(1,429)	285	63,668	33,441	28,959	1,269	65,758	33,220	32,538	(2,090)	221	(2,311)	265	2	3	91.2%	90.5%	29
Psomas	(2,498)	(1,617)	(2,860)	(1,117)	294	69,794	34,650	34,388	757	72,292	34,707	37,585	(2,498)	(57)	(2,441)	487	9	8	92.2%	89.3%	270
Briscoe	(3,646)	(2,885)	(3,814)	(2,039)	280	67,885	32,078	35,093	714	71,531	32,570	38,961	(3,646)	(492)	(3,154)	212	3	4	94.3%	88.2%	188

Midwest Operation

Grant	(1,118)	(816)	(587)	(1,698)	243	62,879	27,956	34,221	702	63,996	27,814	36,182	(1,118)	142	(1,260)	430	5	5	87.7%	85.5%	13
Bruneteau	(1,439)	(736)	(940)	(794)	265	75,224	32,573	40,652	1,999	76,662	32,680	43,982	(1,439)	(108)	(1,331)	881	10	15	74.7%	72.2%	256
Latta	(1,892)	(1,788)	(2,963)	(1,213)	282	85,553	34,182	50,438	933	87,445	33,744	53,701	(1,892)	438	(2,330)	1,087	12	7	83.7%	88.7%	253
Gloudemans	(2,083)	(1,524)	(711)	(2,639)	254	77,196	30,950	45,511	736	79,278	31,255	48,023	(2,083)	(306)	(1,777)	401	4	7	88.6%	82.4%	210
Eilers	(2,086)	(1,582)	(987)	(2,498)	244	65,278	28,084	36,180	1,015	67,363	28,388	38,975	(2,086)	(305)	(1,781)	70		2	96.7%	92.9%	8
Haynes	(2,246)	(1,496)	(1,343)	(1,233)	259	82,668	33,060	47,937	1,671	84,913	33,437	51,476	(2,246)	(377)	(1,869)	523	7	14	87.3%	79.3%	208
Whelan	(3,102)	(2,664)	(2,134)	(2,492)	248	67,961	30,505	36,788	669	71,063	30,686	40,377	(3,102)	(182)	(2,921)	309	3	8	90.3%	86.2%	435

Southern Operation

Johnson	(1,690)	(1,758)	(2,477)	(910)	233	52,475	25,306	26,522	647	54,165	25,274	28,891	(1,690)	32	(1,722)	422	5	7	88.8%	86.3%	320
Hutchens	(2,173)	(1,105)	(4,717)	(1,058)	286	59,276	30,174	28,746	357	61,449	30,140	31,309	(2,173)	34	(2,207)	266	2	7	92.0%	87.2%	291
Ripak	(2,385)	(1,836)	(3,095)	(1,485)	283	66,656	31,619	34,437	600	69,040	32,008	37,032	(2,385)	(389)	(1,996)	419	4	7	88.7%	85.7%	738
Corley	(2,465)	(1,913)	(5,640)	(1,678)	260	57,072	28,491	28,154	427	59,536	28,767	30,769	(2,465)	(276)	(2,189)	370	4	4	91.5%	92.2%	455
Ward	(2,758)	(2,086)	(1,273)	(3,557)	346	94,918	39,725	54,556	637	97,675	40,485	57,190	(2,758)	(760)	(1,998)	431	6	6	89.3%	88.0%	961
Treece	(3,190)	(2,372)	(1,662)	(2,720)	229	67,208	27,679	38,248	1,282	70,398	28,278	42,120	(3,190)	(600)	(2,591)	280	3	8	90.4%	84.1%	209
Siemoneit	(3,268)	(2,469)	(1,757)	(3,605)	292	79,421	33,951	45,263	207	82,688	34,589	48,099	(3,268)	(638)	(2,630)	229	1	5	92.5%	89.5%	567

Western Operation

Bandurraga	(1,140)	(1,836)	(791)	(1,566)	207	49,648	22,894	26,389	366	50,788	23,192	27,596	(1,140)	(299)	(842)	40		1	97.6%	95.8%	662
Atlas	(1,605)	(925)	(614)	(2,083)	218	56,082	25,024	29,872	1,187	57,687	25,343	32,344	(1,605)	(320)	(1,286)	345	4	5	88.1%	83.6%	470
Hose	(1,794)	(1,625)	(1,743)	(2,552)	223	59,044	25,204	33,350	490	60,838	25,549	35,289	(1,794)	(345)	(1,449)	457	6	7	86.5%	83.3%	417
Sesto	(2,970)	(2,216)	(1,763)	(3,290)	286	71,114	32,585	38,044	486	74,084	32,943	41,141	(2,970)	(359)	(2,612)	618	4	5	89.2%	89.4%	1,077
Miller	(3,058)	(2,100)	(1,908)	(2,934)	253	70,184	30,045	38,636	1,503	73,241	30,389	42,852	(3,058)	(345)	(2,713)	506	9	9	87.4%	83.7%	773
Hasty	(3,364)	(2,446)	(2,094)	(3,618)	254	68,903	29,873	38,240	790	72,267	30,547	41,720	(3,364)	(674)	(2,690)	160	2	5	95.7%	91.2%	742
Zins	(4,766)	(3,930)	(3,000)	(4,536)	272	71,366	28,965	41,487	915	76,132	29,410	46,722	(4,766)	(445)	(4,321)	308	4	8	92.3%	86.9%	825

For Period Ending:
02/03/12 or 02/07/12 or 02/10/12 or 02/14/12

From this point forward, Stores with a variance of 3 hours or less will be considered "Adopted"

Company Totals	# of Stores	FE			# of Stores 20+ Hours Over FE Bdg		Adoption Rate	
		Actual	Budget	Variance	Current	Avg of Prior 3 Pay Periods	Current	Avg of Prior 3 Pay Periods
Total	7,421	3,825,905	4,022,168	(196,263)	174	364	92.5%	84.5%
Midwest Operation	1,798	912,737	958,140	(45,403)	36	72	92.8%	85.9%
Eastern Operation	1,875	903,801	949,508	(45,707)	46	86	91.6%	85.0%
Western Operation	1,704	887,404	934,226	(46,823)	35	67	93.9%	84.6%
Southern Operation	2,044	1,121,964	1,180,294	(58,331)	57	139	92.2%	82.7%
Market Totals								
Western								
Bandurraga	209	100,883	105,718	(4,836)	3	1	98.6%	96.7%
Sesto	272	141,391	146,965	(5,575)	12	23	86.0%	73.5%
Hose	224	138,752	145,149	(6,398)	3	13	92.4%	83.8%
Atlas	219	109,128	115,565	(6,438)	5	10	94.5%	84.0%
Miller	253	120,529	127,300	(6,771)	3	9	94.1%	87.1%
Hasty	255	132,650	140,301	(7,651)	3	3	98.0%	88.0%
Zins	272	144,073	153,228	(9,156)	6	12	94.9%	84.2%
Midwest								
Bruneteau	265	130,368	135,256	(4,889)	11	14	86.8%	80.4%
Eilers	245	128,210	133,841	(5,632)	3	8	93.5%	85.9%
Gloudeans	255	126,455	132,661	(6,206)	6	6	95.3%	87.5%
Grant	243	143,808	150,407	(6,600)	6	11	93.4%	87.9%
Haynes	260	130,307	137,021	(6,714)	3	6	94.2%	90.8%
Latta	282	135,166	142,122	(6,957)	5	10	91.5%	86.2%
Whelan	248	118,425	126,832	(8,407)	2	17	95.2%	83.1%
Eastern								
Bourdo	227	129,130	134,084	(4,955)	7	22	89.9%	74.2%
White	230	107,456	112,721	(5,265)	3	19	90.9%	77.0%
Anhorn	286	141,246	147,393	(6,148)	5	13	89.9%	84.3%
Hawthorne	239	109,940	116,153	(6,213)	7	7	90.0%	89.8%
Schmidt	315	143,373	150,164	(6,792)	8	10	88.6%	87.1%
Briscoe	284	132,966	141,103	(8,138)	14	13	92.6%	87.3%
Psomas	294	139,692	147,890	(8,198)	2	2	96.6%	90.5%
Southern								
Santiago	111	116,977	119,225	(2,249)	30	63	65.8%	33.0%
Hutchens	288	152,912	159,077	(6,166)	7	20	88.9%	76.7%
Corley	261	138,211	144,900	(6,689)	6	13	91.6%	84.8%
Johnson	233	108,012	114,889	(6,878)	2	6	93.6%	88.8%
Treece	230	113,039	120,712	(7,674)	2	10	96.5%	87.4%
Ripak	283	170,147	179,521	(9,374)	6	13	94.0%	84.6%
Siemoneit	292	149,028	158,469	(9,442)	4	9	94.5%	87.4%
Ward	346	173,640	183,501	(9,861)	6	6	96.8%	89.4%



File Buyout Script Retention Report - Deals Closed After October 1, 2011

1 Yr. Est. -----Actual-----

Pharmacy	Address	City	ST	Type	Acpt. Price (000's)	Pot. Earn-out	Close Date	Conf. Factor	Primary WAG Store #	Prim. Store % Total	Hist. Rx/Day	Val. Est. Rx/Day	7 Day Avg.	14 Day Avg.	21 Day Avg.	1st Full Mth	2nd Full Mth	3rd Full Mth	YTD Rx Avg	
Ashworth																				
Market: 2																				
MEDICINE SHOPPE PHARMACY	25 S COLVILLE ST	Walla Walla	WA	FT	\$225	Y	10/21/2011	99%	10107	100%	49	21	40	41	39	32	29	26	29	
Total:											49	21	40	41	39	32	29	26	29	
Market: 11																				
ECONOMED PHARMACY	105 SOUTH DR,STE 100	MOUNTAIN VIEW	CA	FT	\$225	Y	11/29/2011	100%	689	55%	53	24	25	<u>23</u>	26	26	<u>21</u>		<u>23</u>	
ROYAL PHARMACY LLC	1111 EL CAMINO REAL	Millbrae	CA	FT	\$5	N	11/16/2011	88%	625	71%	10	4	5	4	<u>3</u>	<u>3</u>	<u>3</u>		<u>3</u>	
Total:											63	27	31	27	29	29	<u>24</u>		<u>26</u>	
Market: 14																				
LANSING PHARMACY HEALTHMART PHARMACY	121 EXPRESS LN,STE A	Leavenworth	KS	FT	\$200	Y	1/26/2012	96%	12923	97%	35	16	36	24						24
Total:											35	16	36	24						24
Market: 17																				
88 PHARMACY	88 S PALM AVE	ALHAMBRA	CA	FT	\$291	Y	12/30/2011	98%	2156	97%	58	38	<u>30</u>	<u>28</u>	<u>26</u>	<u>26</u>				<u>24</u>
A-DR REDDY PHARMACY	12998 HESPERIA RD,STE 102	Hesperia	CA	FT	\$100	Y	12/29/2011	100%	5556	42%	45	21	<u>19</u>	<u>17</u>	<u>18</u>	<u>19</u>				21
BELLA VISTA PHARMACY	2099 S ATLANTIC BLVD,H	MONTEREY PARK	CA	FT	\$760	Y	12/22/2011	88%	11440	94%	163	60	<u>39</u>	<u>37</u>	<u>39</u>	<u>30</u>				<u>32</u>
CARE DRUGS PHARMACY	505 N MOLLISON AVE,STE 101	EL CAJON	CA	FT	\$2,450	Y	11/30/2011	99%	5844	33%	509	285	636	572	552	501	490			496
RX 2 GO	9700 19TH ST,SUITE A	RANCHO CUCAMONGA	CA	FT	\$460	Y	12/29/2011	99%	5478	63%	70	39	46	45	43	40				42
VONS	4848 VALLEY VIEW AVE	YORBA LINDA	CA	FT	\$425	N	12/13/2011	100%	3560	92%	60	27	36	30	<u>26</u>	<u>20</u>				<u>23</u>
Total:											905	469	805	729	704	636	490			638

Send all questions or comments related to the script retention information to FileBuyReport@walgreens.com

For Internal Walgreens Use Only - Not Intended For External Distribution

Note: In markets where multiple file buys are executed, retention results may be overstated. This is a known issue for which an IT ticket has been opened to correct.

Pharmacy	Address	City	ST	Type	Acqpt. Purch Price (000's)	Pot. Earn-out	Close Date	Conf. Factor	Primary WAG Store #	Prim. Store % Total	Hist. Rx/Day	Val. Est. Rx/Day	7 Day Avg.	14 Day Avg.	21 Day Avg.	1st Full Mth	2nd Full Mth	3rd Full Mth	YTD Rx Avg	
Market: 22																				
AS PRESCRIBED PHARMACY	457 GREENFIELD AVE,STE 101	HANFORD	CA	FT	\$915	Y	12/16/2011	94%	5411	90%	200	84	129	122	116	94				103
BROADWAY PHARMACY	242 E BROADWAY	SALT LAKE CITY	UT	FT	\$144	Y	12/23/2011	96%	9238	93%	34	12	22	22	21	20				21
FIFTH STREET PHARMACY	1839 S EL DORADO ST	Stockton	CA	FT	\$165	Y	10/29/2011	100%	2645	64%	94	37	44	53	52	50	41	40		42
S MART FOODS	3233 W HAMMER LN	Stockton	CA	FT	\$243	N	1/28/2012	100%	2770	93%	144	69	42							42
Total:											472	202	237	197	190	163	41	40		208
Market: 26																				
KMART PHARMACY7099	5005 W 120TH AVE	BROOMFIELD	CO	FT	\$364	N	2/2/2012	100%	4025	74%	42	22	5							5
Total:											42	22	5							5

Retention Summary

	# Deals	Total 1 Yr. Est. Rx/Day	Avg. 1-Yr. Est. Rx/Day	Total Ret. Rx/Day	Avg. Ret. Rx/Day
7-Day	15	758	51	1,154	77
14-Day	13	667	51	1,017	78
21-Day	12	650	54	961	80
1 Month	12	650	54	860	72
2 Month	5	370	74	584	117
3 Month	2	58	29	66	33

Send all questions or comments related to the script retention information to FileBuyReport@walgreens.com

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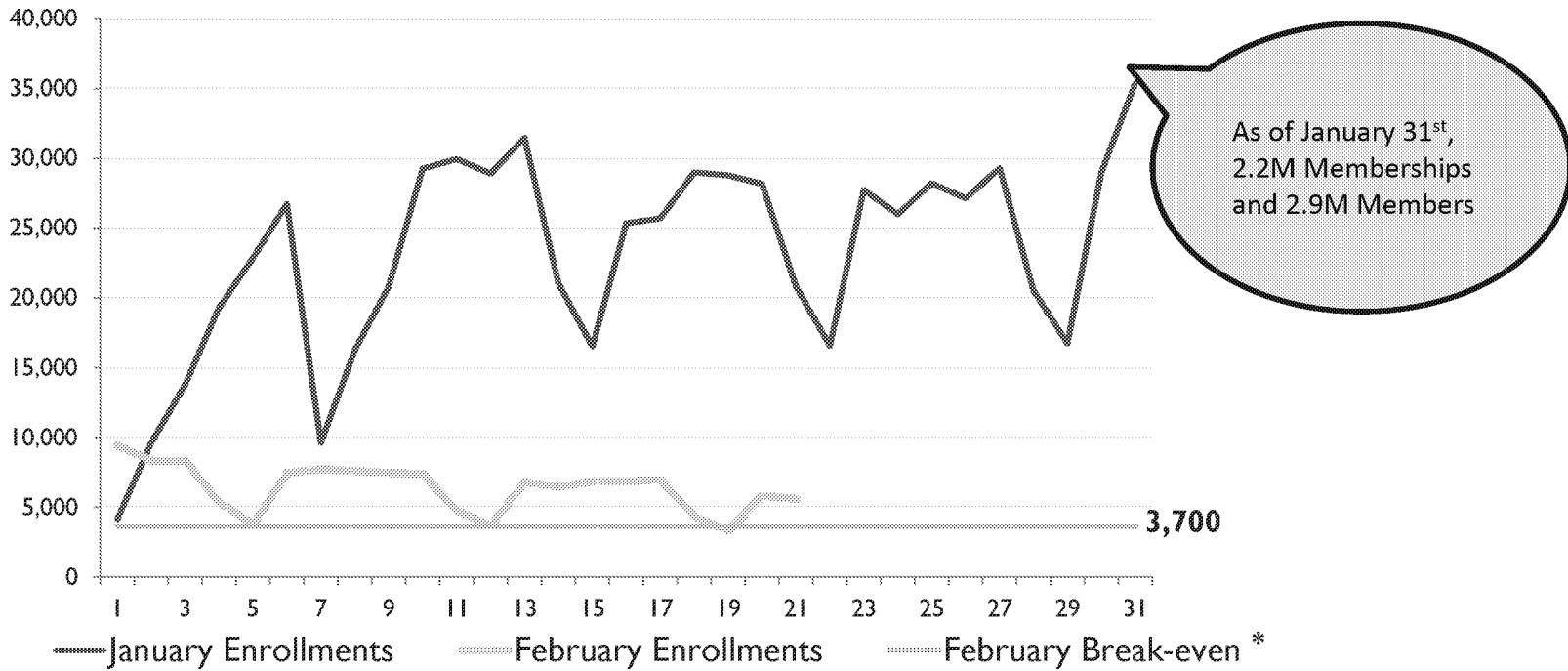
Note: In markets where multiple file buys are executed, retention results may be overstated. This is a known issue for which an IT ticket has been opened to correct.

PSC 2.0 February
promotions



Affordable Wellness Team
February 23, 2102

PSC Enrollments / Day (Jan - Feb)



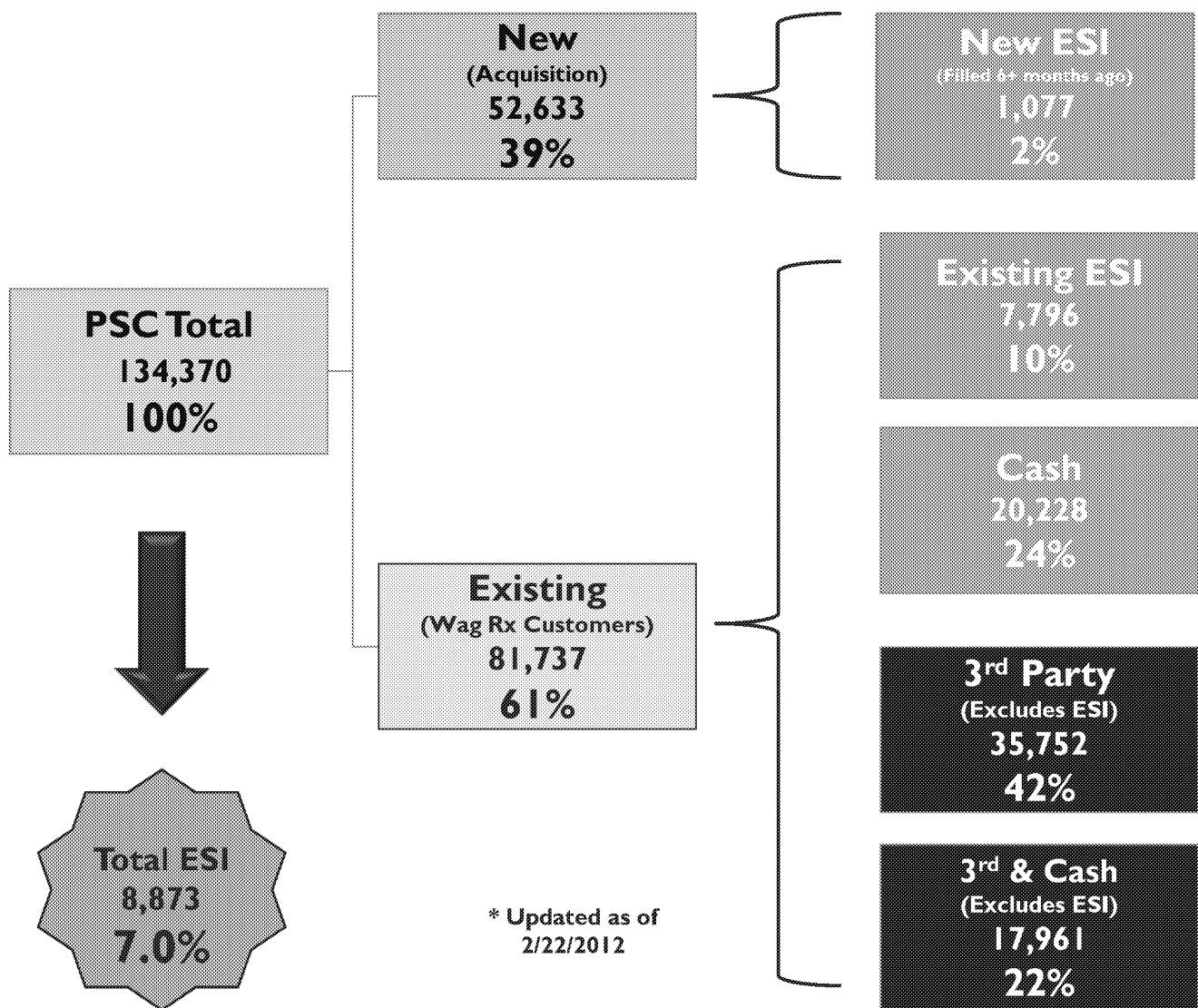
	Average Enrollments/Day	Enrollments
January (Full Month)	23,050	714,570
February (Feb 1 – Feb 19)	6,399	134,370
Historical (Monthly)	2,840	85,000

* Based on incremental enrollments required to break-even on \$5 employee incentive

• Note: Enrollment figures do not include cancelations

PSC February 2012 - \$5 In-store incentive

Enrollment breakdown 2/1/12 - 2/19/12*



Date	Total Enrollments
2/1/2012	9,418
2/2/2012	8,331
2/3/2012	8,325
2/4/2012	5,348
2/5/2012	3,812
2/6/2012	7,455
2/7/2012	7,742
2/8/2012	7,585
2/9/2012	7,455
2/10/2012	7,374
2/11/2012	4,762
2/12/2012	3,671
2/13/2012	6,827
2/14/2012	6,446
2/15/2012	6,870
2/16/2012	6,853
2/17/2012	7,010
2/18/2012	4,332
2/19/2012	3,348
2/20/2012	5,817
2/21/2012	5,589
2/22/2012	
2/23/2012	
2/24/2012	
2/25/2012	
2/26/2012	
2/27/2012	
2/28/2012	
2/29/2012	
Totals	134,370



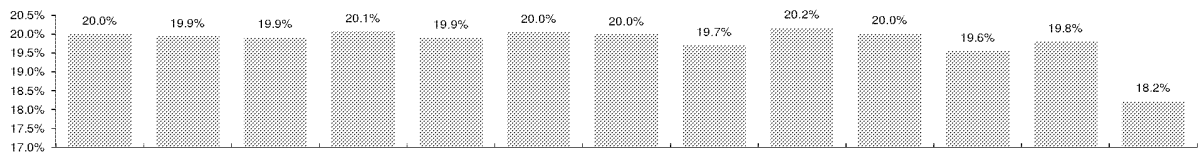
January 2012 Retail Rx Market Share

Key Insights

- > Figure 1: Walgreens Retail share dropped -1.8 pts to 18.2%, Walgreens lowest share since we began adjusting for 90D in Q1FY09.
- > Figure 1: ESI is driving Walgreens decline and Other Chain growth - when ESI is removed from the market, Walgreens is up +0.2 pts while Other Chain Drug is down -0.2 pts.
- > Figure 2: Overall market has grown at an accelerated rate over the past quarter and a half while Walgreens growth has continued to diminish to -6.1% in January, driven by ESI.
- > Figure 4: Other Chain Drug was the share point change leader, gaining +0.9 pts. ESI positively affected their share by +1.1 pts.

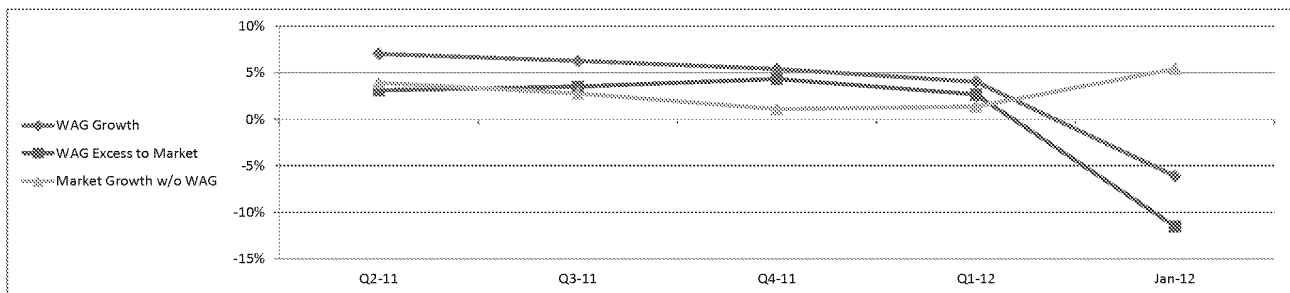
90D Adj Walgreens Retail Rx Market Share Trend

Figure 1: 90D Adj Walgreens Monthly Retail Rx Share



	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
90D Adj Share	20.0%	19.9%	19.9%	20.1%	19.9%	20.0%	20.0%	19.7%	20.2%	20.0%	19.6%	19.8%	18.2%
90D Adj Comp Shr Pt Chg (YoY)	0.0	0.1	0.4	0.2	0.0	0.6	0.4	-0.1	0.5	0.3	-0.1	0.0	-2.0
90D Adj TY Shr Pt Chg (YoY)	0.5	0.4	0.6	0.5	0.4	1.0	0.7	0.3	0.7	0.5	0.1	0.1	-1.8
90D Adj LY Shr Pt Chg (YoY)*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.4	0.5	0.3	0.2	0.5	0.5
90D Adj w/o ESI TY Shr Pt Chg (YoY)	0.4	0.3	0.6	0.5	0.4	1.0	0.6	0.3	0.7	0.6	0.4	0.6	0.2

Figure 2: 90D Adj Walgreens Growth to Market Trend



Competitor Retail Share and Growth

Figure 3: 90D Adj Retail Rx Share by Channel

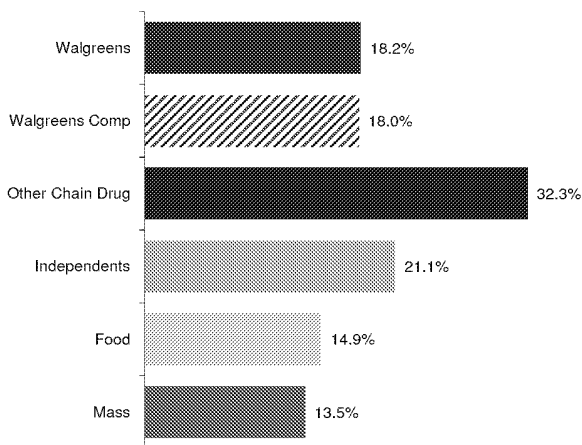


Figure 4: 90D Adj Retail Rx Share Point Change by Channel

	LY Share Point Change (YoY)	TY Share Point Change (YoY)	ESI Market TY Share Pt Change (YoY)
Walgreens	0.5	-1.8	-18.3
Walgreens Comp	0.0	-2.0	-18.3
Other Chain Drug	0.4	0.9	11.2
Independents	-0.3	-0.3	2.1
Food	-0.2	0.5	3.9
Mass	-0.3	0.6	1.1
Total Retail Market RX % Chg	6.5%	3.1%	N/A**

Unadjusted Walgreens Retail Rx Market Share

Figure 5: Unadjusted Walgreens Monthly Retail Rx Share

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Unadj Market Growth	5.0%	3.2%	1.3%	-0.7%	4.5%	-0.7%	-2.8%	2.5%	-0.8%	-0.3%	0.0%	-1.6%	0.7%
Unadj Walgreens Share	20.3%	20.2%	20.1%	20.2%	20.0%	19.9%	20.0%	19.7%	20.1%	20.0%	19.5%	19.7%	18.0%
Unadj TY Shr Pt Chg (YoY)	0.5	0.4	0.6	0.4	0.3	0.6	0.4	0.0	0.3	0.2	-0.2	-0.2	-2.3


Notes:

Data Source: IMS RX Insight
 All data is year over year comparisons (YoY), and is not day fall adjusted
 * 90D Adj LY Shr Pt Chg (YoY) data is only available starting August 09 preventing LY changes (09-10) to start until August 11
 ** Due to plan changes, we no longer have an accurate read into ESI market growth.
 Walgreens Data does not include Duane Reade.
 Projections are included in this data to account for non-panel retailers, including Walmart. Data excludes Puerto Rico
 Flu and other vaccines are not included in IMS data.
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 Brad Hofvander, 847-315-3391, Healthcare Insights

Benefits Managers Can Slow Pharmaceutical Deliveries

Kristian Foden-Vencil | Feb. 16, 2012 7:27 p.m. | Updated: Feb. 16, 2012 7:27 p.m. | Portland, OR

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When you go to the pharmacy, you expect whoever's behind the counter to fill your prescription, right?

But a fight between pharmacists and the half dozen big companies that manage prescriptions is leaving some patients empty handed -- and sometimes in serious pain.

As Kristian Foden-Vencil reports, the Oregon Legislature was looking at a bill to address the issue. But the idea is dead -- at least for now.

Portland pediatrician Ben Hoffman had surgery on his knee last fall. It was for an old soccer injury that left bone rubbing on bone.

After going under the knife, he was given a prescription for oxycodone and then discharged for the evening. The plan was for his wife to drive him home via the local Walgreens to pick up the pain killer.

"I was on crutches and still pretty out of it. So we stopped at the pharmacy, my wife dropped off the prescription, then brought me home. Bundled me into bed and then we got a phone call about 15 or 20 minutes after we arrived home from the pharmacy, telling us they couldn't fill the prescription because they no longer took our insurance," Hoffman said.

Now that doesn't mean he didn't have insurance. He did. But he found himself caught in the middle of a battle between his insurance company, his pharmacist and a relatively unknown entity: his "Pharmacy Benefit Manager."

"That left me at home without any pain medication and no way to get it for about 24 hours. I finally got pain meds at about six o'clock the next night."

Let me jump back for a moment -- to the "Pharmacy Benefit Managers."

PBMs are like middle men, who negotiate on behalf of health insurance companies for cheaper drugs. They're actually a handful of very large companies.

If you have a health insurance card, pull it out and you may see a PBM's name on it: Medco, Express Scripts, or Caremark.

Charles Cote of the Pharmaceutical Care Management Association, says PBMs cut the cost of health care.

"We save on average about 35 percent and in Oregon, PBMs will save consumers and payers about \$20 billion in prescription drug costs over the next decade," Cote says.

Cote is one of close to a dozen lobbyists hired by PBMs to work in Salem to oppose the bill. As part of that effort, the PBMs did a significant ad buy.

"We're running this ad campaign to educate key Oregon decision makers about the important safety and savings benefits PBMs provide."

Now, back to Ben Hoffman and his dodgy knee.

"I'd known about PBM's being a physician but it was the first time that I'd ever been confronted by a decision made by a PBM made in terms of their contract with a pharmacy that was not relayed in anyway to me or my insurance company as far as I knew. And I'd previously been able to pick up

prescriptions from that chain of pharmacy. So finding out at 10 o'clock at night after a knee surgery requiring pain medication was sort of an unfortunate circumstance," Hoffman says.



Kristian Foden-Vencil / OPB

Shelly Bailey says pharmacy benefit managers are so big they can simply dictate their own terms. Hoffman is not alone. An increasing number of Oregonians haven't been able to get their prescriptions filled according to policy makers.

Pharmacy owners say they're having problems too.

Shelly Bailey runs Central Drug in downtown Portland. She says Pharmacy Benefit Managers are so big, they can simply dictate terms.

"We fill prescriptions below our cost to dispense, hundreds of them a day... And when we report those to the PBM, we're told just hey, you can choose to fill those scripts or not participate in our network," Bailey says.

Democratic Senator Alan Bates, who is also a doctor, says what's happening is that the PBM's are gradually squeezing brick-and-mortar pharmacies out by pushing people to get medications directly from PBMs -- via the mail.

"It's kind of like the creaming of things. They're taking the easy cases, the easy money and leaving everything else to pharmacies, and giving pharmacies, like Walgreen's and others, reimbursements they can't live with. It's below the cost of the drug that Walgreen's is purchasing. We have to have some transparency here. We have to understand where the money is going in PBMs," Bates says.

Bates and a group of Republican and Democrat lawmakers, from both the House and the Senate, wrote a bill to make PBMs get licenses from the State Board of Pharmacy.

It would have allowed the board to examine the financial reports of the PBMs. And that, says PBM lobbyist Charles Cote, would be like letting the fox guard the hen house.

"I mean you're letting a pharmacist regulate those who negotiate their payments. That's a conflict of interest because then the pharmacy knows what their competition is charging and how they're lowering costs and then they in turn, once they have that information, can raise their costs and the prices they charge."

Portland Democrat, Jules Bailey, says the bill had protections -- so if pharmacists serving on the board had a conflict of interest, they would have to recuse themselves.

And he insists, transparency is essential.

"We want to be able to see those contractual relationships between the insurer and between the PBM and the retail pharmacist to see that they're not keeping things like drug rebates that they need to be passing through. And making sure that the state is able to manage for access, for safety and for quality," according to Bailey.

But the pharmacy board isn't going to be getting a look at any of those contracts any time soon.

The House Health Care Committee killed the bill -- at least for this session. Co-chair, Mitch Greenlick, another Portland Democrat, says the bill fell afoul of the general agreement not to work on anything with heavy opposition during the short session. But, he says, stay tuned for next year.

"Absolutely it's not dead. There's a ton of money in this and the pharmacy benefit management organizations have hired half of the contract lobbyists in the building to fight it. So it's not going to be easy. But we hope we get a work group and get them involved and move the ball down the field a little bit," Greenlick says.

Meanwhile, if you're expecting to go under the knife, you might want to get your pain meds sorted out beforehand.





Zeynep Ton is a visiting assistant professor in the operations management group at MIT Sloan School of Management.

PHOTOGRAPHY: STEVE WEBSTER



Some companies are investing in their workers and reaping healthy profits.
by Zeynep Ton

Almost one-fifth of American workers have bad jobs. They endure low wages, poor benefits, schedules that change with little—if any—notice, and few opportunities for advancement. The conventional wisdom is that many companies have no choice but to offer bad jobs—especially retailers whose business models entail competing on low prices. If retailers invest more in employees, customers will have to pay more, the assumption

goes. Indeed, it is easy to conclude that employee-friendly Wegmans and the Container Store can offer great jobs only because their customers are willing to pay higher prices.

I have studied retail operations for more than 10 years and have found that the presumed trade-off between investment in employees and low prices can be broken. Highly successful retail chains—such as Quik-Trip convenience stores, Mercadona and Trader Joe's supermarkets, and Costco wholesale clubs—not only invest heavily in store employees but also have the lowest prices in their industries, solid financial performance, and better customer service than their competitors. They have demonstrated that, even in the lowest-price segment of retail, bad jobs are not a cost-driven necessity but a choice. And they have proven that the key to breaking the trade-off is a combination of investment in the workforce and operational practices that benefit employees, customers, and the company. This article explains those practices.

Although my research has focused on retailing, I believe that the model these retailers have created can be applied in other service organizations where there are large fluctuations in customer traffic and employees perform both production and customer service tasks. These include hospitals, restaurants, banks, and hotels.

The United States needs better jobs, not just more jobs. Service businesses—including low-price

retailers—that currently don't invest adequately in their workers could be part of the solution.

Why Do Retailers Underinvest in Labor?

If investing in retail labor is such a good idea, as my research suggests, why isn't everybody doing it? The main reason is that labor is often a retailer's largest controllable expense and can account for more than 10% of revenues—a considerable level in an industry with low profit margins. In addition, many retailers see labor as a cost driver rather than a sales driver and therefore focus on minimizing its costs. Accordingly, they often evaluate store managers on whether they meet monthly (or weekly) targets for payroll as a percentage of sales. These managers don't have much control over sales (they almost never make decisions on merchandise mix, layout, price, or promotions), but they do have a fair amount of control over payroll. So when sales decrease, they immediately reduce staffing levels. The pressure to reduce payroll expenses is so high that store managers at several large chains, including Walmart, have been widely reported to have forced employees to work off-the-clock, paying them for fewer hours than they put in.

Moreover, the financial benefits of cutting employees are direct, immediate, and easy to measure, whereas the less-desirable effects are indirect, long

TOO MANY U.S. RETAIL WORKERS HAVE BAD JOBS

WAGES

In 2010, an American cashier made an average of

\$9.52
an hour,

55%

below the average for all occupations.

At

40

hours a week, that translates to only

\$19,801
a year.

FULL-TIME

But there is no guarantee that store employees are even that fortunate:

94%

of retailers call anyone working more than

30 hours

a week a full-timer.

PART-TIME

41%

of retail workers are part-timers. Their hourly wages are 35% lower than those of full-time employees.

Moreover, they often do not receive health benefits and are scheduled too few hours to earn a living.

SOURCE FRANCOIS J. CARRÉ, CHRIS TILLY, AND LAUREN D. APPLEBAUM

Idea in Brief

Retailers have long believed that the only way to compete on price is to offer workers low wages, poor benefits, constantly changing schedules, and little opportunity for advancement.

But a growing body of research—including the author's studies of Borders, Home Depot, QuikTrip convenience stores, Mercadona and Trader Joe's supermarkets, and Costco wholesale clubs—suggests that there is an alternative to providing "bad jobs."

Retailers can break the trade-off between low prices and investing in employees by adopting a set of operational practices:

OFFER FEWER SKUs and promotions in order to reduce complexity.

CROSS-TRAIN WORKERS so that they can perform multiple tasks instead of varying the number of employees to match changes in customer traffic.

ELIMINATE WASTE everywhere except in staffing in order to increase labor productivity.

EMPOWER EMPLOYEES to make small on-the-spot decisions.

term, and difficult to measure. Home Depot is a well-known example. When former GE executive Robert Nardelli became CEO, at the end of 2000, he cut staffing levels and increased the percentage of part-timers to reduce costs and boost profits. Those moves achieved both goals immediately, but they eventually caused Home Depot's excellent customer service—the company's claim to fame and, arguably, primary source of competitive advantage—to suffer, customer satisfaction to plunge, and same-store sales growth to drop and even go negative in some years.

What happened to Home Depot is common. Many store managers at various retailers told me that the pressure to meet short-term performance targets led them to reduce employees even though they knew that the workers who remained would cut corners and make mistakes. And they suspected

that this could hurt sales and profits. Indeed, my research suggests that understaffing retail stores amounts to a missed opportunity: In my analysis of data from 1999 through 2002 from more than 250 stores of Borders, a major bookstore chain at the time, I found that a one-standard-deviation increase in labor levels at a store increased profit margins by 10% over the course of a year. Research by Marshall Fisher, Serguei Netessine, and Jayanth Krishnan supports my findings: Their analysis of 17 months of data from a large retailer shows that for every \$1 increase in payroll, a store could see a \$4 to \$28 increase in monthly sales.

Of course the relationship between staffing levels and profitability is not linear: After a certain point, increasing the former will reduce the latter. But instead of responding to short-term pressures by automatically cutting labor, stores should strive to find the

SCHEDULES

In addition to poor wages and benefits, retail employees have unpredictable work schedules.

In an effort to match staffing levels to customer traffic, retail chains schedule employees only

1 week in advance,

and even those schedules can change at the last minute.

3- to 4-

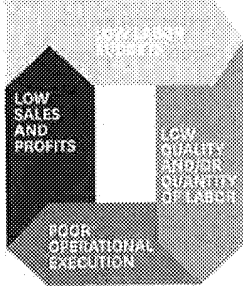
hour shifts are common, and employees are often asked to be on call.

Changing shifts on such short notice can make it difficult, if not impossible, for workers to meet family commitments, perform other jobs, and arrange for child care. It also can wreak havoc on increasingly fragile family budgets.

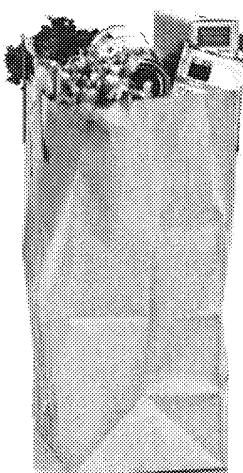
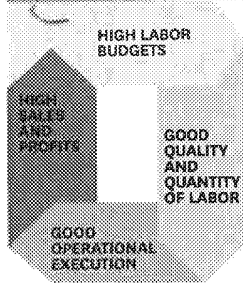
EFFECT ON SOCIETY

Employers' underinvestment in retail employees is costly for society. Retail employees receive disproportionately more public assistance than employees in other industries. They are clearly on the losing end of the large income gap in the United States.

RETAILING'S VICIOUS CYCLE



RETAILING'S VIRTUOUS CYCLE



staffing level that maximizes profits on a sustained basis. In many cases, that will mean adding workers.

Retailers do not just underinvest in the quantity of labor. They treat the quality of labor the same way—paying low wages, offering insufficient benefits, and providing inadequate training. The short-term pressures are just too difficult to resist. The inevitable consequences are understaffed stores with high turnover of low-skilled employees who are often part-timers and have little or no commitment to their work.

The Effect on Store Operations

Let's look closer at what happens when, say, a supermarket manager cuts staffing to meet a payroll or profit target. A typical supermarket is a complex operating environment. It carries close to 39,000 SKUs, ranging from an Idaho potato to a 6.4-ounce tube of Crest fluoride anticavity toothpaste with tartar protection. The store receives multiple deliveries every day from manufacturers and its own distribution centers, and store employees shelve much of the merchandise. It has about 100 promotions a week and serves close to 2,500 customers a day. Customer traffic fluctuates throughout the day and week and on holidays, but the fluctuations are fairly predictable.

In this environment, it takes a lot of operational expertise to get the right product on the right shelf at the right time. Like most retailers, supermarkets carry more goods than they can display. So there is not only a constant unloading of deliveries but also a constant shifting of items from backrooms to the selling floor and back again. It also takes a lot of logistical effort to get the wrong product off the shelf: For example, items move to storage when promotions end. Store employees are also supposed to remove damaged or expired goods—generally more than 1% of what is on the shelves.

In my field visits, I consistently found that with so many products, promotions, and storage areas, a task that ought to be simple—such as shelving toothpaste—is not. Such a surprisingly complex operation requires something uniquely human: judgment. Poorly paid, poorly trained, and poorly motivated employees have to monitor which products have sold, decide what to keep on the selling floor and what to move to and from backrooms, and remember which backrooms contain which items.

All the while, shoppers are asking questions, which requires employees to use their judgment

to make trade-offs between dimensions of performance: Should they answer a customer's question if that keeps them from restocking a popular product? Should they go looking for something a customer can't find if that prevents them from putting up next week's promotion?

When these nitty-gritty, ongoing operational issues are handled by low-paid employees at understaffed stores, the consequences for operational execution can be severe.

Retailing's Vicious and Virtuous Cycles

Extensive research in operations management links employee turnover and poor training to poor performance, especially in manufacturing settings. The same is true in retailing. When my colleague Ananth Raman of Harvard Business School and I first started working with Borders, we found that there was a huge variation in operational performance among stores that used the same information technology and offered the same incentives to employees. The performance of the best store was a whopping 43 times better than that of the worst store. Part of this variation, we found, could be explained by labor practices. Stores in which employees had less training, greater workloads, and higher turnover performed worse.

That is not surprising. Operational execution requires people. So stores with a gap in people—too few employees or unmotivated or incapable employees—will have a gap in operational execution. But few retailers realize the seriousness of operational problems and how much money they lose by underinvesting in employees.

In grocery retail, for example, close to a third of stockouts are so-called phantom stockouts—the supply chain gets the products to the right store, but customers cannot find them because the products are in the wrong place. For a specialty retail chain we looked at, the figure was 60%. Two surveys at Borders stores showed that one out of six customers who asked a salesperson for help finding something had experienced a phantom stockout. Misplaced products obviously lead to lost sales. We estimated that the company's profits would have been 25% higher without phantom stockouts. Misplaced products also frustrate customers and reduce employees' productivity.

Underinvestment in employees also helps explain retail stores' poor compliance on agreements with manufacturers about promotions. Manufacturers spend millions of dollars planning promotions, but

SO TRUE. WE NEED GREAT MGRS.

THIS IS WAG.

COSTCO

MODEL PRACTICE
Dead-end jobs are the norm at most retailers, but Costco provides employees with advancement opportunities: Around 98% of store managers are promoted from within.

Sales per employee at Costco are almost double those at Sam's Club.

\$986

COSTCO
 SALES PER
 SQUARE FOOT

\$588

SAM'S CLUB
 SALES PER
 SQUARE FOOT

SOURCE COSTCO AND WALMART
 2010 ANNUAL REPORTS;
 WAYNE CASCIO, ACADEMY OF
 MANAGEMENT PERSPECTIVES, 2003

TRADER JOE'S

MODEL PRACTICE
The starting wage for full-time employees at Trader Joe's is \$40,000 to \$60,000 a year, more than twice what some competitors offer.

Sales per labor hour are more than 40% higher than those of an average U.S. supermarket.

TRADER JOE'S
 SALES PER
 SQUARE FOOT ARE
 MORE THAN

3X

THOSE AT AN AVERAGE
 U.S. SUPERMARKET.

MARK. GUIDE

a 2008 study by the In-Store Implementation Sharegroup, an industry organization, found that about half are executed either late or not at all.

STARTS WITH GREAT ON-HAND CANTS THIS IS US
 Less obvious but hardly less serious is the way such problems distort point-of-sale data, which results in poor inventory and promotion planning. For example, when a customer experiences a phantom stockout, inventory records show positive inventory for the product, and point-of-sales data show that the product did not sell. The forecasting system then concludes that there is no demand and reduces the forecast of future demand, so the retailer will stock less or even none of that product. Today's operational problems affect not only today's sales and profits but also tomorrow's.

Even Walmart, the poster child of big-box retailing and supply-chain management, has struggled with these problems, which is one reason it began putting RFID tags on some merchandise. But such technologies are often an expensive way to solve people and process problems. Because labor budgets at many retail chains are set as a percentage of sales, they take a hit when sales drop. When the labor budget is low, store managers cannot increase staffing levels, even when they know it will make the store more profitable. And retail chain managers are hesitant to invest in employee training or other benefits that increase retention—and boost sales. The vicious cycle continues.

Operating in a Virtuous Cycle

When retailers view labor not as a cost to be minimized but as a driver of sales and profits, they create a virtuous cycle. Investment in employees allows for excellent operational execution, which boosts sales and profits, which allows for a larger labor budget, which results in even more investment in store employees.

I recently studied four low-price retailers that operate in a virtuous cycle: Mercadona, the largest supermarket chain in Spain, with more than 1,300 stores and €16 billion in sales; QuikTrip, a U.S. convenience store chain with more than 540 stores and \$8 billion in sales; Trader Joe's, an American supermarket chain with more than 340 stores and \$8 billion in sales; and Costco, a wholesale-club chain with more than 580 stores and \$76 billion in sales. These retailers are highly regarded by customers and industry peers. In addition to healthy sales and profit growth, they have substantially higher asset and labor productivity than their competitors.

Employees of these retailers have higher pay, fuller training, better benefits, and more-convenient schedules than their counterparts at the competition. Store employees earn about 40% more at Costco than at its largest competitor, Walmart's Sam's Club. At Trader Joe's, the starting wage for a full-time employee is \$40,000 to \$60,000 per year, more than twice what some competitors offer. The wages and benefits at QuikTrip are so good that the chain has been named one of *Fortune's* "100 Best Companies to Work For" every year since 2003. All of Mercadona's employees are permanent, and more than 85% are salaried full-timers.

These model retailers make an effort to provide advancement opportunities. For example, about 98% of store managers at Costco and all store managers at Mercadona, QuikTrip, and Trader Joe's are promoted from within, and many executives at these companies started out in the stores.

Not surprisingly, employee turnover is low. QuikTrip's 13% turnover rate among full-time employees is substantially lower than the 59% average rate in the top quartile of the convenience store industry. At Trader Joe's, turnover among full-time employees is less than 10%. At Mercadona, it's a mere 4%. Turnover for employees who stay at Costco for more than a year is 5.5%.

In addition to offering the lowest prices in their industries, these retailers also provide better customer service than their competitors. The University of Michigan's American Customer Satisfaction Index ranks Costco as high as Nordstrom—a department store chain known for outstanding customer service—and consistently higher than Sam's Club. QuikTrip performs better than its competitors in evaluations by mystery shoppers. Customers get in and out of QuikTrip stores quickly because merchandise is always where it is supposed to be, and employees have been trained to ring up three customers per minute (often by not having to scan merchandise and by calculating change in their heads).

American retail customers have become resigned to the notion that if they want the lowest prices, they can't expect much, if any, sales assistance. Trader Joe's and Mercadona don't accept that. Their employees constantly engage shoppers in conversation and inform them about new products. Many Mercadona employees know customers by name and can make personal recommendations. Trader Joe's employees are known for suggesting products and recipes. In fact, *Consumer Reports* ranked Trader Joe's

QUIKTRIP

MODEL PRACTICE
While most retailers try to make do with fewer workers, QuikTrip does the opposite and maintains a force of hundreds of floaters who can fill in for employees who get sick, are on vacation, or have an emergency.

QuikTrip's sales per labor hour are 66% higher than those of an average convenience store chain and 50% higher than those of the top quartile convenience store chain.

\$804

QUIKTRIP
SALES PER
SQUARE FOOT

\$522

AVERAGE
CONVENIENCE
STORE CHAIN
SALES PER
SQUARE FOOT

\$719

TOP QUARTILE
CONVENIENCE
STORE CHAIN
SALES PER
SQUARE FOOT

as the second-best supermarket chain in the United States after Wegmans, which is known for outstanding labor practices but does not compete on the basis of low prices.

Breaking the Trade-Off

Mercadona, QuikTrip, Costco, and Trader Joe's do not expect the virtuous cycle to operate on its own. They complement their investment in employees with operational practices that make the execution of work more efficient and more fulfilling for employees, lower costs and improve service for customers, and boost sales and profits for the retailer. These practices allow retailers to break the presumed trade-off between investing in employees and maintaining low prices.

Offer less. In an effort to offer more to customers, retailers tend to make choices that increase the complexity of their operations—sometimes without realizing it. One such choice is high product variety. A typical supermarket carries myriad types and sizes of toothpaste, for example. From an operations perspective, high product variety adds costs up and down the supply chain. It increases manufacturing costs and supply-demand mismatch costs: The more types of toothpaste retailers stock, the harder it is to predict demand for any particular type and the more inventory retailers end up holding. And as I mentioned above, high product variety makes the operating environment more complex for store employees. For all that, it doesn't necessarily increase sales.

Stores also can offer too many promotions. Variations in customer demand caused by promotions and forward buying (the purchasing by retailers or wholesalers of promoted products that they hope to sell at full price, after the promotion has ended) lead to inefficiency and waste in the supply chain. Promotions also increase employees' workloads and reduce labor productivity, as we have seen.

Retailers that operate in a virtuous cycle, by contrast, make choices that simplify their operations. They consistently offer "everyday low prices" rather than a kaleidoscope of promotions, and they carry fewer products. Mercadona, for instance, carries around 8,000 SKUs and Trader Joe's and Costco only about 4,000 (compared with the supermarket industry average of approximately 39,000). Although Mercadona has positioned itself as a one-stop shop with a broad array of categories and Trader Joe's competes only in certain categories,

both offer fewer choices within their chosen categories than rivals do. QuikTrip offers only high-demand products.

Do customers mind limited options? Sales per square foot at these stores suggest that they do not.

With fewer products, employees can be familiar with everything the store sells and make knowledgeable recommendations to customers. Trader Joe's is famous for this. At Mercadona stores, each section is managed by a specialist who will gladly explain to shoppers why Mercadona does or does not carry particular products. This is one reason the company felt it could further reduce product variety to cope with the recent economic crisis. Its confidence was borne out: Sales went up because simplifying operational execution allowed Mercadona to reduce prices even more and allowed employees to explain to customers why they were getting a better deal.

Achieve flexibility by cross-training employees. At retail chains that operate in a vicious cycle, changes in customer traffic lead to changes in the number of employees. These retailers follow what Harvard Business School's W. Earl Sasser Jr. dubbed a "chase-demand strategy" in a November 1976 HBR article, "Match Supply and Demand in Service Industries." But although fluctuations in customer traffic tend to be fairly predictable (at one retailer, I found that more than 90% could be explained by day of the week, time of day, weather, and holidays), employees' schedules are not. Workers get very short notice of changes and are often asked to shorten their shifts.

A lot of retailers consider this to be an efficient approach but do not take into account its true costs. Home Depot's "flexible" approach in the early 2000s involved replacing knowledgeable full-time employees with part-timers who did not know as much about home improvement and the store's products and so could not help customers effectively.

Not surprisingly, I found that unpredictable schedules, short shifts, and dead-end jobs take a toll on employees' morale. When morale is low, absenteeism, tardiness, and turnover rise, increasing the variability of the labor supply, which, of course, makes matching labor with customer traffic more difficult. In addition, retailers with high turnover cannot afford to invest in employee training; average training per new retail employee is a mere seven hours in the United States. Untrained or poorly trained employees are less productive and make more errors.

MERCADONA

MODEL PRACTICE

Most retailers inflict unpredictable schedules on their employees, but Mercadona trains workers in a variety of tasks (managing a section, performing inventory checks, ordering merchandise, replenishing products) so that they can vary what they do with changes in customer traffic.

Mercadona's sales per employee are 18% higher than those of other Spanish supermarkets and 46% higher than those of an average U.S. supermarket in 2008.

~\$1,250

MERCADONA
SALES PER
SQUARE FOOT

\$800

CARREFOUR
SALES PER
SQUARE FOOT

Instead of varying the number of employees to match traffic as much as other retailers do, QuikTrip and Mercadona vary what employees do. They achieve this by training employees to perform a variety of tasks. At QuikTrip, part-time employees receive 40 hours of training and full-time employees receive two weeks—not just in checking out customers but also in brewing coffee, ordering merchandise, sweeping floors and the parking lot, cleaning bathrooms, and stocking coolers, freezers, and grills. At Mercadona, every new employee receives four weeks of training, during which they learn how to manage a particular section (meat or cosmetics, for example), perform inventory checks (for data accuracy), order merchandise, replenish products from backrooms, and check for product defects or other problems. When customer traffic is high, employees at QuikTrip and Mercadona focus on customer-related tasks; when traffic is low, they focus on other tasks. QuikTrip employees also can move from one store to another, because all stores have the same design.

As a result of this cross-training, employees have more-predictable schedules and are always busy (that is, more productive), and customers get faster service from more-knowledgeable employees.

Eliminate waste in everything but staffing.

Retailers that invest in employees are by no means easygoing about what people do. Rather, they are obsessed with eliminating waste and improving efficiency. At Costco stores, products are shelved on pallets, which eliminates the need to unload and shelve them. At Trader Joe's, many perishable products are sold already packaged instead of loose, which speeds up checkout. Costco and Trader Joe's also work hard to eliminate waste in the supply chain—by, for example, purchasing most products directly from manufacturers and moving them to retail stores via their own highly efficient distribution centers.

QuikTrip and Mercadona apply world-class manufacturing practices to their store operations. Every in-store logistics process—from receiving merchandise to moving products within the store—is timed and standardized, and compliance with the standards is constantly monitored. Employee feedback is incorporated into process design and improvement. At QuikTrip, employees from every position regularly discuss problems and identify opportunities for improvement. At Mercadona, managers at headquarters in charge of specific processes routinely visit stores and talk to employees. The company

also has field employees whose main job is to relay employee and customer feedback to purchasing and marketing departments.

In contrast to retailers that constantly strive to make do with fewer employees, retailers that operate in a virtuous cycle often err on the side of over-staffing. They want to make sure that employees are not too rushed to serve customers well and finish their logistics tasks. QuikTrip goes even further, maintaining a force of hundreds of employees who do not report to a specific store but are ready to fill in for people who get sick, take a vacation, or have an emergency.

Let employees make small decisions. In most retail stores, merchandise planning is centralized and only managers can make decisions about product returns and customer complaints. But at companies that operate in a virtuous cycle, employees constantly make decisions. QuikTrip, Trader Joe's, and Mercadona employees decide how many units of each item to order for their stores. How can large chains trust thousands of people to make inventory decisions? Every decision is small, corporate IT is designed to assist, and the decisions are monitored. Because empowering employees in these ways makes companies more responsive to local needs and preferences, it increases customer as well as employee satisfaction.

We've Seen This Before

Several decades ago, there was an intense debate about whether it was possible for low-cost products to be high quality. Many academics and practitioners argued that investing in quality would increase costs. But some companies, starting with Toyota, showed that this was a false trade-off: Investing in people and processes actually drove quality up and costs down.

Today many retail managers believe that there is a trade-off between investing in employees and offering the lowest prices. That, too, is false. Retailers that persist in believing in it forgo the opportunity to improve their own performance and contribute the kind of jobs the U.S. economy urgently needs. When backed up with a specific set of operating practices, investing in employees can boost customer experience and decrease costs. Companies can compete successfully on the basis of low prices and simultaneously keep their customers and employees happy. ♡

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January-February 2012 Harvard Business Review 131



HealthCloud Executive Steering Committee

February 14, 2012

HealthCloud Steering Committee



Agenda

- **Release 1 WellHealth Demonstration**
- **Release 1 Go-Live Plan for March**
 - Update on Testing/Deployment Activities
- **HealthCloud Release 1.5/2.0 Update**
 - Update on Key Chain-wide Considerations
- **Connected Health Update**
- **Key Decisions from January ESC**
- **Appendix**
 - Other Tower Accomplishment Updates
 - Program Executive Dashboard
 - Governance Structure

Release 1 WellHealth Demonstration



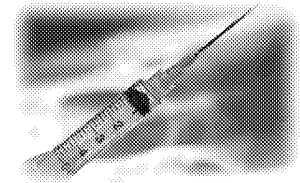
Existing Walgreens Patient Seeks Immunizations

It's that time of year... Maria needs her annual flu vaccine. Though she is a loyal Walgreens patient, this is her first time visiting the pharmacy since the EMR became available. Here is a summary of her experience:

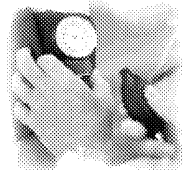


- Maria's pharmacist, Phil, easily locates and accesses her existing record. Maria verifies her demographic information and reports updates to her medical history.
- Phil begins entering her order and notices a system recommendation for Maria to receive a Tdap vaccine. She elects to add this to her order.

- Phil checks Maria's insurance eligibility, checks in, and collects payment for services.
- Phil administers the immunizations and closes the encounter.



Existing Walgreens Patient Seeks Health Tests



Maria returns the following week to have her blood pressure and glucose levels tested with the voucher she received from her employer.

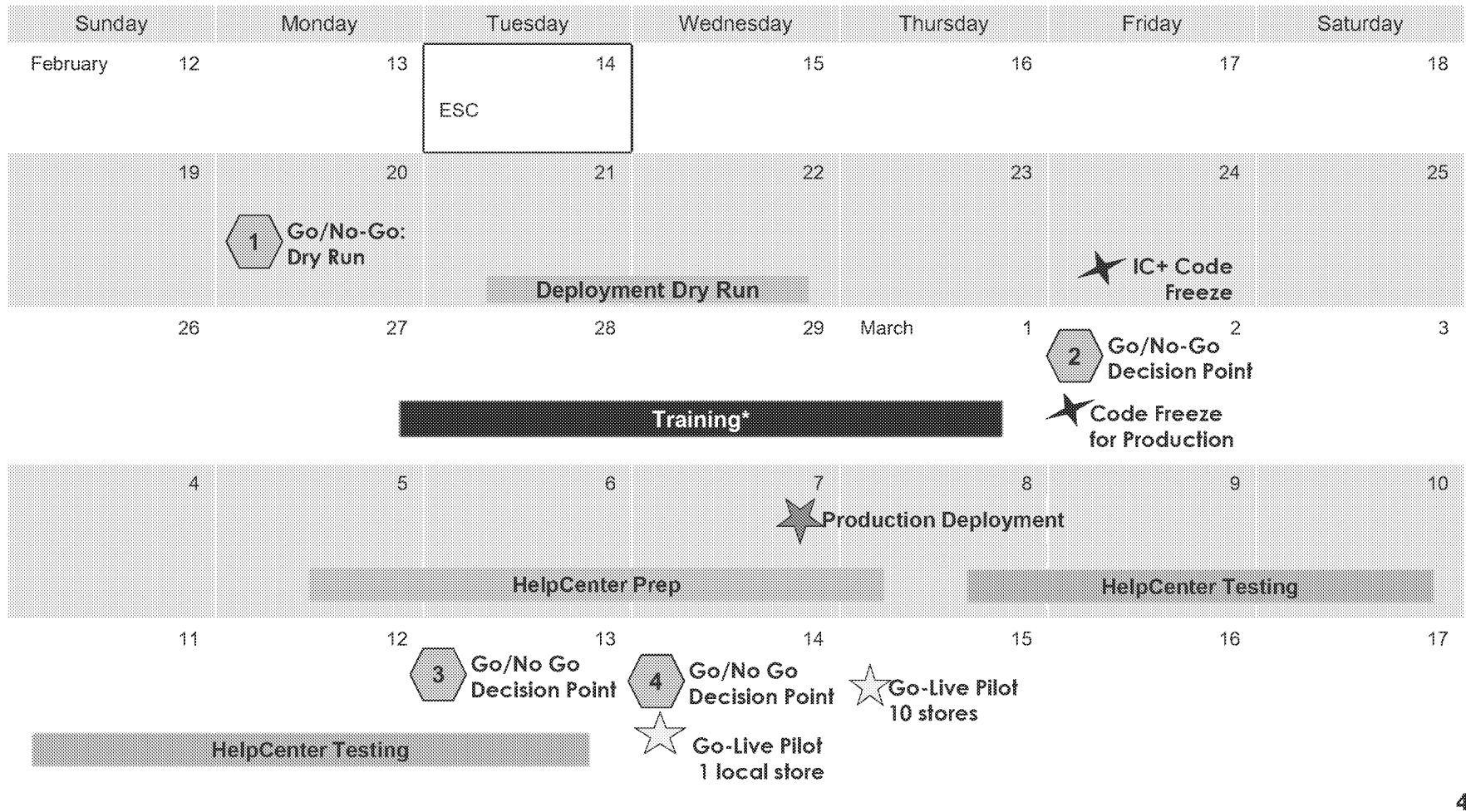
- Similar to last week, Jay locates her record, enters the orders with her promotion code and checks her in.
- Jay performs both tests and marks her for a follow-up before saving the encounter.

Release 1 "Go-live" Plan

Immunization EMR and Medical Billing functionality will deploy to Production March 8th aligned with IC+ R65 and Pilot in MI March 15th



Release 1 Deployment Schedule



“Go Wide” Update – Key Entry Criteria Updates (2/10)



Capabilities	Targeted Release	Description	Current Status	Next Steps
Billing	1.8	In order to fulfill all immunizations within the EMR, the capability must exist to bill a Pharmacy Benefits Plan.	Discovery effort underway. Key stakeholders engaged.	Awaiting completion of discovery effort to begin analysis effort.
Offline	1.5	Provide clinical services in the retail store if the centralized application is not available.	Consolidating info on downtime stats and usage of Store Only mode	Formal discussion in March steering committee

Connected Health – Leadership Update



Surescripts Interim Pilot:

- Electronic Physicians Notification Letter (ePNL) testing with Surescripts Clinical Interoperability (CI) network in progress 2/29
- Immunizations to follow in March
- Working with immunization team to understand in-store operational impact
- ePNL benefits; Enable communications of PNLs directly to PCP's EMR system to save with patient's chart

Surescripts Discussion Points:

- Surescripts is a registered/qualified HISP in several states and their desire is to grow CI network
- WAG Data Usage agreements in place prevent Surescripts from other usage of this data and should remain in place; continue to protect other WAG Connected Health use cases

Health Information Service Provider (HISP):

- Provides secure messaging and encrypted patient data capability for provider

Connected Health Strategy

- Determining opportunities/value to establish a Walgreens 'HISP' for Provider connectivity

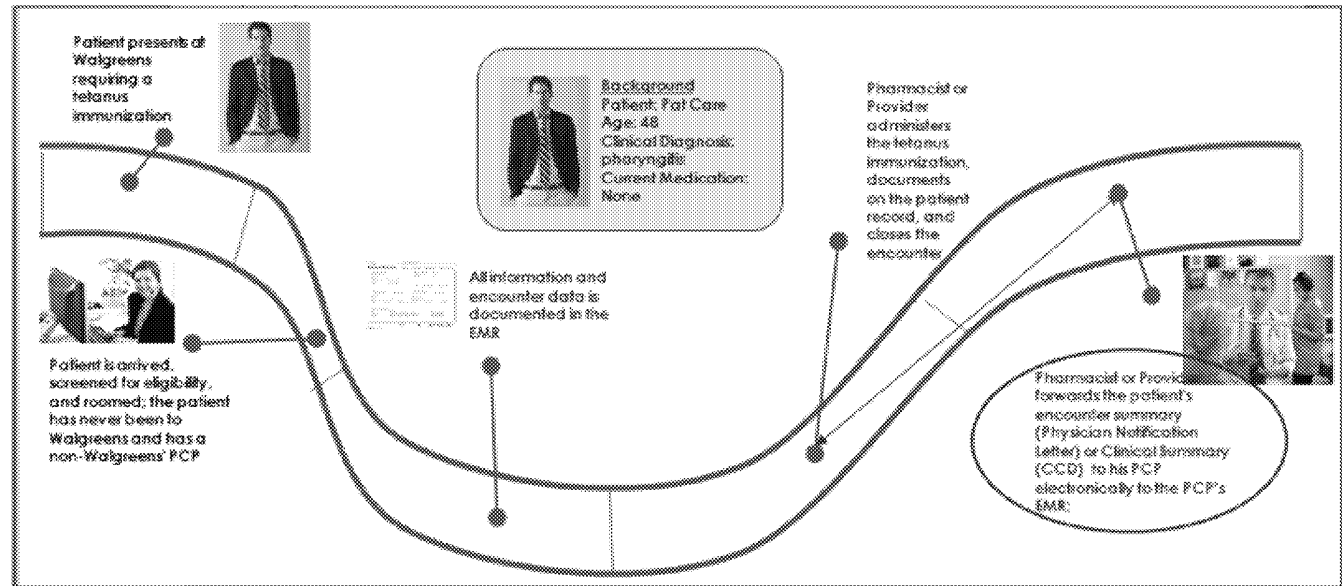
Connected Health Strategy & PoC

Connected Health IT strategy to demonstrate rapid prototyping and business value

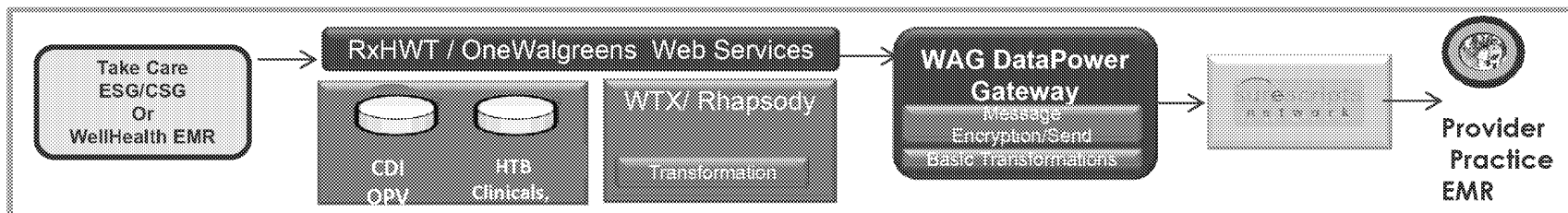


User Experience

- Electronically send clinical summary (CCD) or PNLs to PCP's EMR systems.
- Capability to receive patient data (Clinical summary, Discharge summary, etc) electronically from partners
- Test the use of Provider Portal (Orion) in clinical exchange

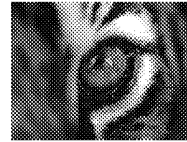


IT Architecture



- Integrate new components into existing Walgreens RxHWT/OPV end-to-end test environment service architectures
- Continuity Care Document (CCD) - clinical summary can be created & sent outbound to PCP
- CCD - clinical summary can be consumed & stored from PCP or Hospital
- HTB can ingest, store, and serve clinical data from disparate systems

Connected Health Tiger Teams

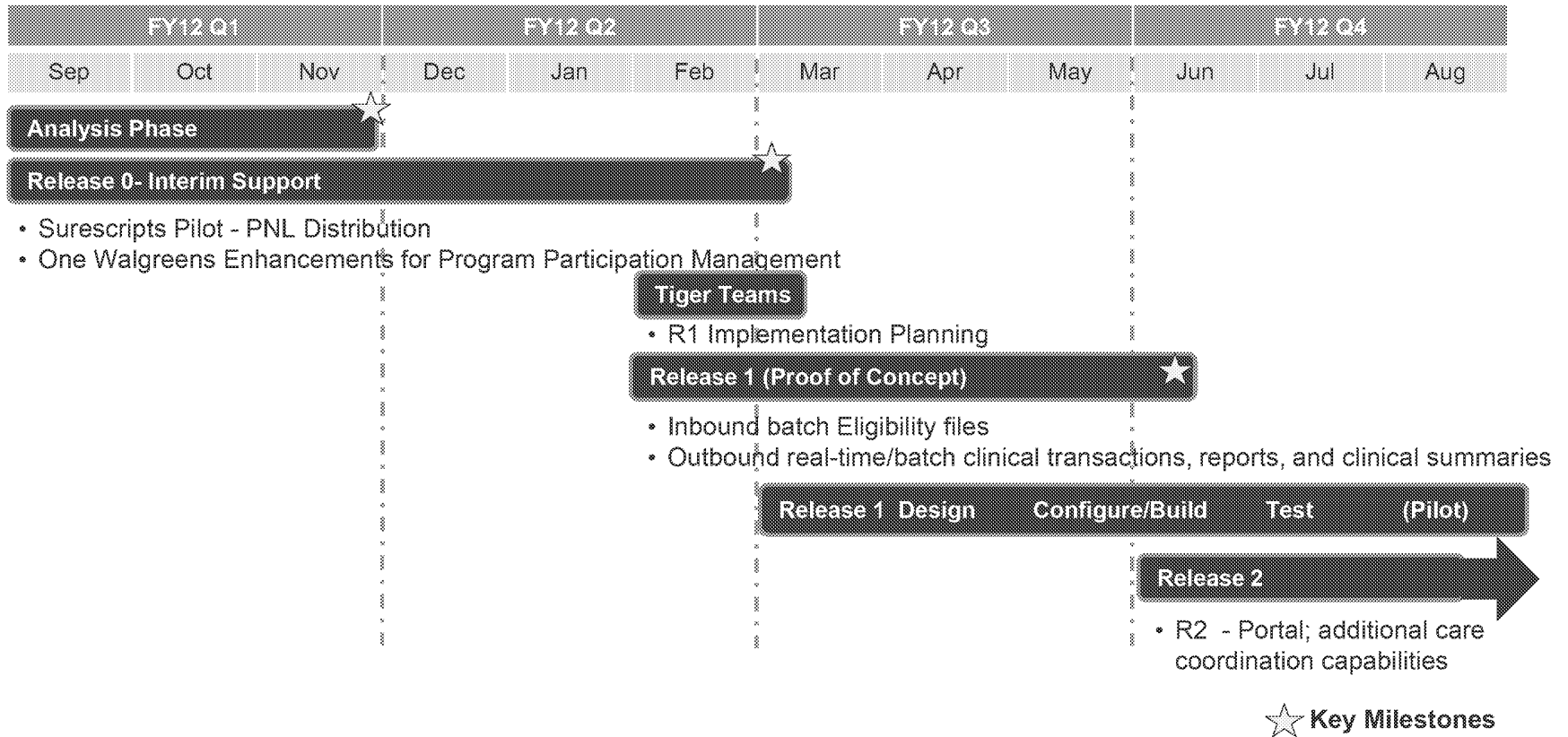


- **Tiger Teams (Technical Design):** New Connected Health IT capabilities must be integrated with existing platforms (WAG OPV, CDI, EMRs) to be successful
 - Data Arch Tiger Team: laying out data usage of clinical data, balancing volume/performance and how new clinical data will be accessible
 - Transformation Tiger Team: finalizing requirement and fit of specialized transformation tools, to be tested during PoC
 - Security – determine the optimal extension/replace for clinical data usage, access management, authentication, authorization

Connected Health, "Partner Engagement"



Overall Timeline:



★ Key Milestones

January 26th Discussion & Decisions Reached



- Release 1 Status on track for March – Significant Progress through IPT and starting UAT, Performance Testing
- Health Testing deployment strategy and plan
 - Operational decision on rollout pace of Health Testing vs. Immunizations
- “Go Wide” Key Entry Criteria Updates for WellHealth Point Releases (1.5-2.0)
- Connected Health Deep Dive

Discussion Item	Decision Made
1. Health Testing Rollout: <i>Can the rollout of Health Testing outpace the rollout of Immunizations?</i>	✓ Focus on Immunizations deployment ✓ Pilot for March ✓ Chain wide release targeted for August 2012 ✓ Operations to approve faster immunization rollout ✓ HealthTesting is available for broader rollout beginning of April
2. Billing: <i>In order to fulfill all immunizations within the EMR, the capability must exist to bill a Pharmacy Benefits Plan</i>	✓ Continue focus group solutioning for what needs to happen for Billing in August
3. Connected Health Network and Data: <i>What role does Walgreens want to play with Surescripts and the overall external communication network (ownership of data)?</i>	• Continue analysis to determine how much Walgreens wants to stand up Surescripts vs. itself ; monetize first-mover advantage

*** Next Executive Steering Committee is March 16th**

HealthCloud Steering Committee

1/26/2012 Decision Log



Discussion Item	Notes	Decision Made	Next Steps
<p>1. Health Testing Rollout: <i>Can the rollout of Health Testing outpace the rollout of Immunizations?</i></p>	<ul style="list-style-type: none"> • Immunizations Release 1.0 and Health Testing planned for March deployment • To meet Health Testing business goals of rolling out to 2,500 stores by 5/1, would have to deploy Health Testing faster than Immunizations. • 1Q FY13 commitment on Immunizations is greatest value driver for Walgreens • Health testing supports value realization for immunization 	<ul style="list-style-type: none"> ✓ Focus on Immunizations deployment March and subsequent releases ✓ Chain wide release targeted for August 2012 ✓ No interim technology solution that is not sustainable <p>FINAL DECISION</p>	<ul style="list-style-type: none"> • Confirm positive impact to Immunizations with Health Testing efforts • Determine if there is a negative impact on stores by rolling out Health Testing at faster pace than immunizations

HealthCloud Steering Committee

1/26/2012 Decision Log (cont.)



Discussion Item	Notes	Decision Made	Next Steps
<p>2. Billing: <i>In order to fulfill all immunizations within the EMR, the capability must exist to bill a Pharmacy Benefits Plan</i></p>	<ul style="list-style-type: none">• Current status:<ul style="list-style-type: none">• Tactical solve needed to scale. Begin two efforts: 1) Document current rules in IC+ / Relay Health and2) Look at how the rules could be separated from existing IC+ process in order to expose to other fulfillment systems.	<p>✓ Continue focus group solutioning for what needs to happen for Billing in August</p> <p>DECISION STILL PENDING</p>	<ul style="list-style-type: none">• Confirm go-forward plan, target week of Feb 27.• Provide an update at March 16th meeting

HealthCloud Steering Committee

1/26/2012 Decision Log (cont.)



Discussion Item	Notes	Decision Made	Next Steps
<p>3. Connected Health Network and Data: <i>What role does Walgreens want to play with Surescripts and the overall external communication network (ownership of data)?</i></p>	<ul style="list-style-type: none"> • Do not plan on just using Surescripts, there are implications in how Walgreens set up the technology, as well as the agreements that with Surescripts and other providers • Open network available to everyone, competitive advantage is how Walgreens can act on it <ul style="list-style-type: none"> • Network will allow speed to access and leverage data to offer services • First mover advantage is how you use clinical data in programs to patient • Could be first in country to make data center HIPAA compliant 	<ul style="list-style-type: none"> • Continue analysis to determine how much Walgreens wants to stand up Surescripts vs. itself ; monetize first-mover advantage <p style="text-align: center;">DECISION STILL PENDING</p>	<ul style="list-style-type: none"> • Review contractual relationship needs with Surescripts



Appendix

WellHealth R2.0, "Clinical Services Fulfillment"



Overall Timeline:

FY12 Q2			FY12 Q3			FY12 Q4			FY13 Q1			FY13 Q2	
Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan
Release 2.0 ★													

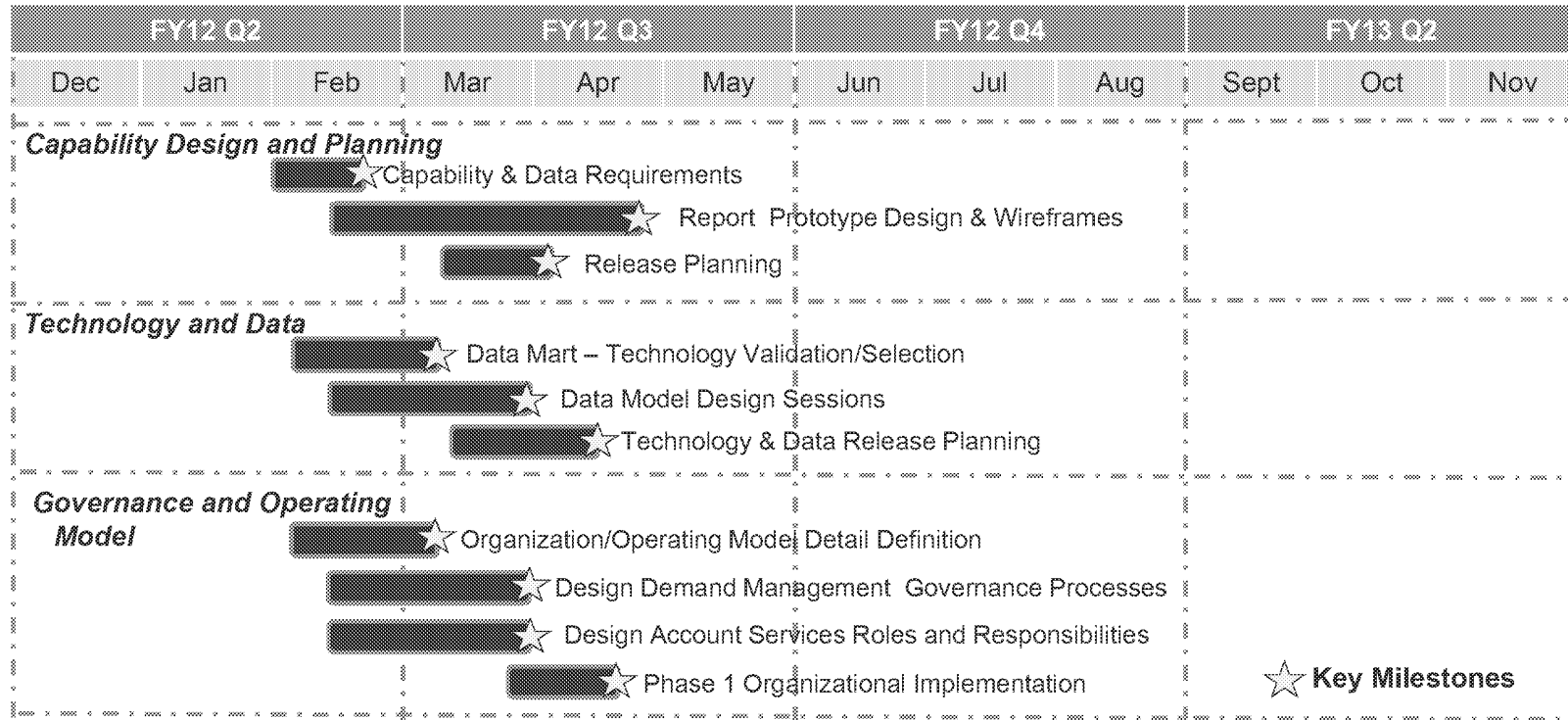
Executive Summary	Scope
<ul style="list-style-type: none"> Page Specifications design workshops with Greenway completed Detailed Design sessions launched Launched Change Management Impact Analysis & Confirmed Stakeholder List with WIRS Leadership Launched technical design <p>Next Steps: Complete Detailed Design May 4th</p>	<p><u>Integrated Workflow</u> – EMR & iEmphysys</p> <p><u>Enhanced Integration</u> – iEmphysys & OPV</p> <p><u>Expanded Clinical Documentation & Workflow</u></p> <ul style="list-style-type: none"> Medical History Pharmacy & Nursing Care Pathways Clinical Assessments: Adult, Pediatric, Nutrition, Home Safety, Pump, Therapy Specific Interdisciplinary Plan of Care / Plan of Treatment Patient Education Visit Notes Flow-sheets 60 Day Summary Interactive Work List / Task List <p><u>New Medication Management</u></p> <ul style="list-style-type: none"> Medication Validation, Profile, Administration Record

Timing of Build, Test & Deploy will be determined following completion of detailed design, coordination with Releases 1.0, 1.5 & 1.8, and alignment with iEmphysys, OPV and Scheduling & Other IT & Operational Dependencies

WellKnown



Overall Timeline:



Key Accomplishments:

Kicked-Off project and initiated data requirements meetings with technology and business unit groups

Executive Summary:

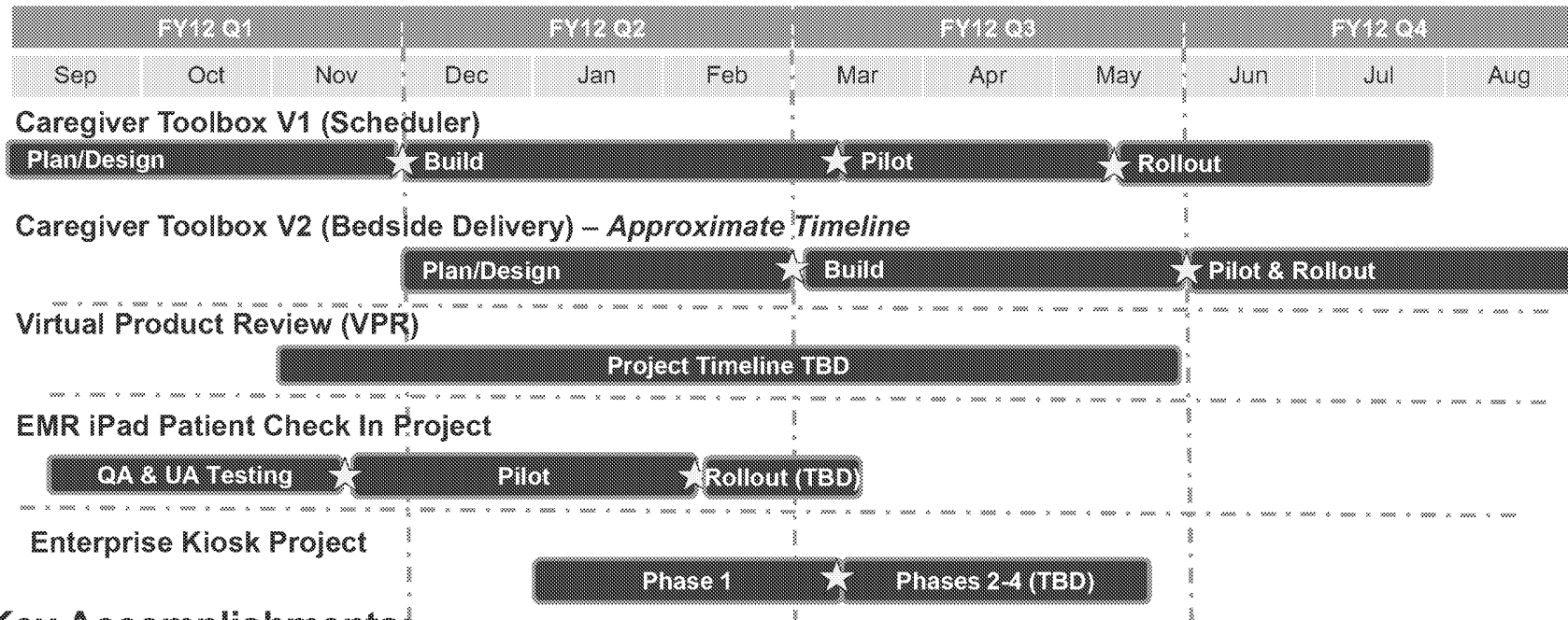
The WellKnown initiative focused on enabling analytics across core health business units & functions that can leverage the health & clinical data created within Walgreens. The Design and Launch phase, is focused on the analysis and design activities required to enable an initial Phase 1 delivery of WellKnown capabilities. Phase 1 scope is to develop the foundational needs to support prioritized analytic capabilities across all Health and Wellness business units, as well as areas required to support 2012 HealthCloud Releases.

WellServed, "Customer Service" Program update

As of 2/3/2012



Overall Timeline:



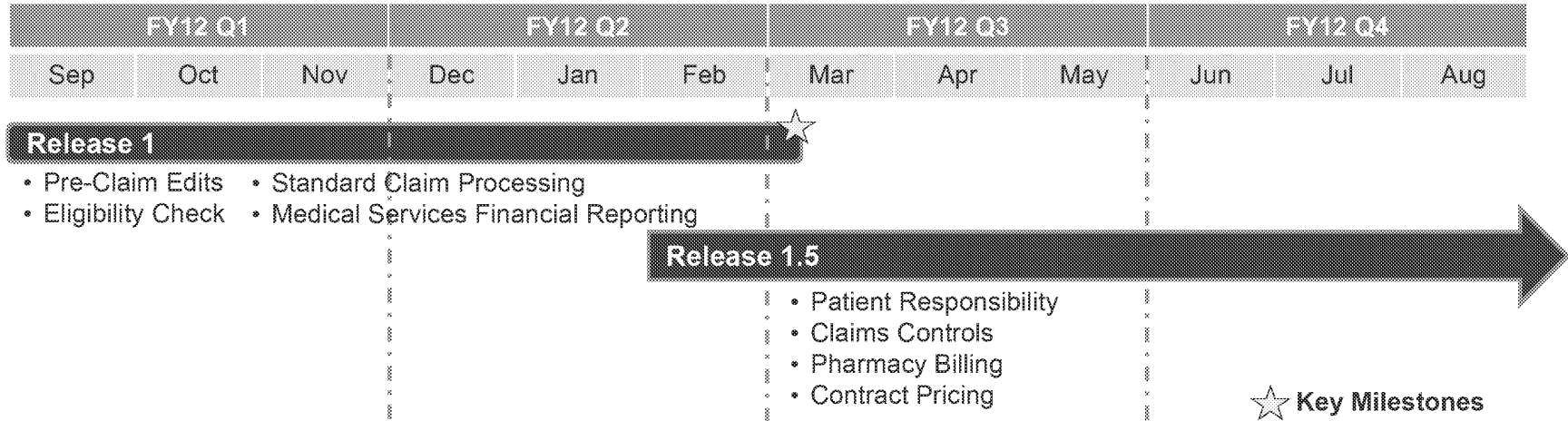
Key Accomplishments:

- Caregiver Toolbox (CGT)V1: App code submitted to IT Sec for review, pilot locations agreed, on schedule for 12 March pilot launch
- CGT V2: Requirements Documentation & Video Chat Tech Discussions In Progress
- VPR: Bridge "Inception" completed, Sr. Mgmt review of priorities and overall roadmap required to proceed.
- EMR iPad: Pilot continues in 5 stores, investigating why iPad use is extremely variable within this 5-store sample
- Kiosk: Phase 1 - New Architecture for the CSG Kiosk is in progress with a target completion date of March 2012

WellPaid, “Medical Billing”



Overall Timeline:



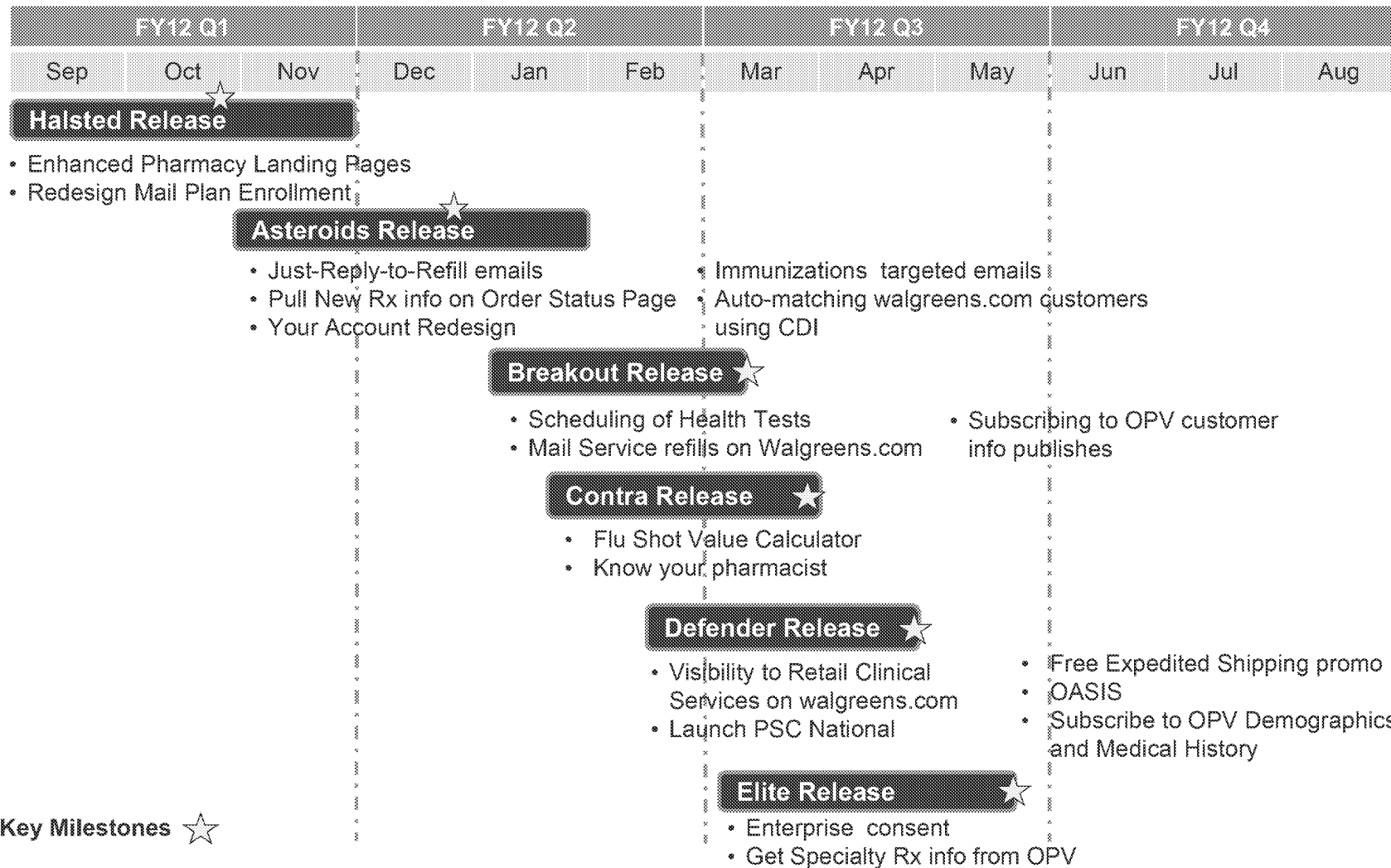
Key Accomplishments:

- Integration Testing is over 90% complete with a few outstanding defects and Change Requests to be delivered 2/15
- Continued User Acceptance Test (UAT)
- Identified enhancements to EMR based on User Acceptance Test
- Began analysis of Change Requests and Capabilities targeted for Release 1.5

WellDelivered, "Patient Portal"



Overall Timeline:

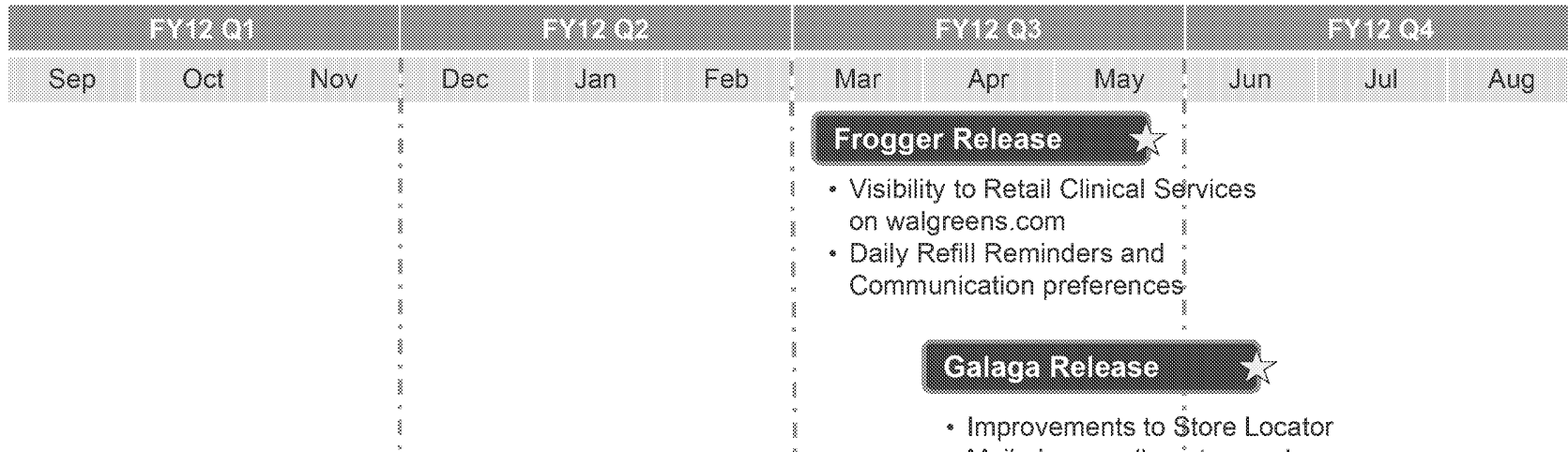


Key Milestones ★

WellDelivered, "Patient Portal" (Continued)



Overall Timeline:



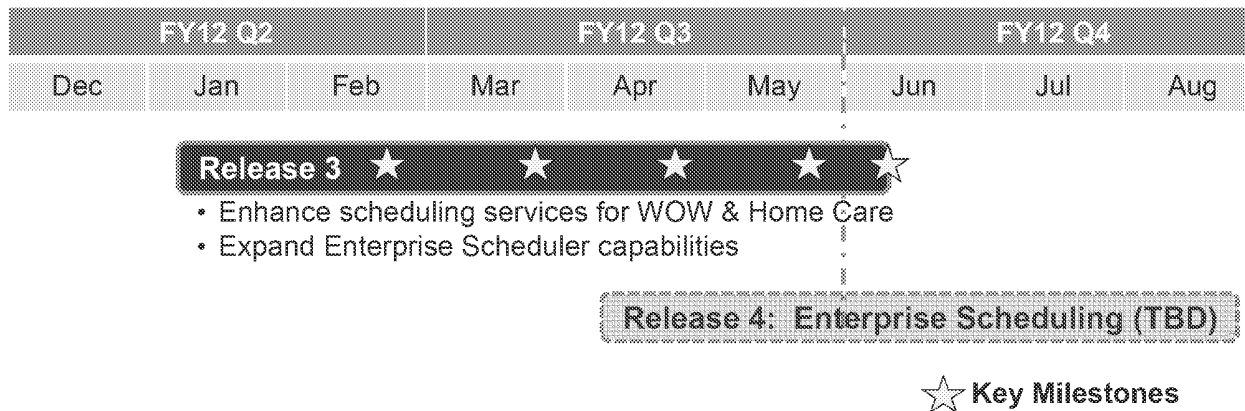
Key Accomplishments:

- Increased web traffic to site through Search Engine Optimized web pages
- Increased customer satisfaction score through usability enhancements
- Increased site performance and data integrity resulting in higher cSat and lower customer service calls
- Quicker time to market with production feature releases every 3 weeks as of March 8th, 2012

WellTimed, "Scheduling"



Overall Timeline:



Key Accomplishments:

- The delivery date for Release 3 is June.
- Defined scope for extending scheduling capabilities to support the Nail bar. Enables beauty technicians to create/modify/view appointments, and enter their availability into the scheduler
- Working with Take Care CSG to expand Well Timed to include appointments for consumer clinics

Take Care Update



Overall Timeline:

FY12 Q1			FY12 Q2			FY12 Q3			FY12 Q4		
Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug

Immunization and Patient Visit Summary Project*



★ Key Milestones

* Sub project of the Connected Health Program Surescripts Initiative

Key Accomplishments:

- ePNL: Interface coding started
- Patient Visit Summary: Business Requirements defined

OVERALL ASSESSMENT			
Last Week	This Week	Schedule	Y
		Scope	Y
		Budget	G
Y	Even → Y	Benefits Tracking	G
		Resources	Y

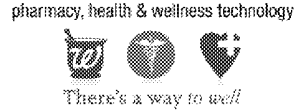
HealthCloud Program Status



We are here

Project (Sub-Bullets: Highlighted/Non-Exhaustive Capabilities)	HealthCloud Release Calendar																											
	Project Calendar																											
	FY 2011			FY 2012						FY 2013																		
	Q4			Q1		Q2		Q3		Q4		Q1		Q2		Q3		Q4										
	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
WellHealth Release 1.0											*																	
WellHealth Release 1.5																												
WellHealth Release 1.8																												
WellHealth Release 2.0																												
WellRx - NTT																												
WellPaid - R1																												
WellPaid - Enterprise Billing																												
WellTimed - Release 3																												
One Walgreens - Bravo																												
One Walgreens - Charlie																												
One Walgreens - Delta																												
WellServed R1																												
WellServed R2																												
WellServed R3																												
Connected Health																												
WellDelivered - Agile Asteroids/Asteroids Release																												
WellDelivered - Breakout Release																												
WellDelivered - Contra Release																												
WellDelivered - Defender Release																												
WellDelivered - Elite Release																												

HealthCloud Program Governance Structure



Executive Sponsors
 Kermit Crawford, Tim Theriault

Steering Committee

Paul Eddy	Alan Nielsen	Carla Moradi	Brad Wasson	Jack Cantlin
Mike Ellis	Mia Scholz	Sona Chawla	Alan Berkelhamer	David Lovejoy
Paul Mastrapa	Pat Lucas	Brian DeMay	Steve Addante	
Ken Finnegan	Denise Wong	Jeff Kang	Suzanne Hansen	

Regulatory Oversight

Legal Mike Simko	Pharmacy Standards Mike Simko
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Program Leadership
 Paul Eddy, Chris Lynn, Suzanne Hansen, Jeff Kang, Venk Reddy
 Greg Shilling, Johnathan Samples – GW
 Gene Boerger – Emdeon
 Kristin Ficery, D.J. Hartman – ACN

Change Management
 Suzanne Hansen
 Lloyd Semple, Beth Trippie – ACN

WellHealth (Clinical Services)	WellRx (Pharmacy Fulfillment)	WellTimed (Scheduling)	WellPaid (Medical Billing)	WellKnown (Outcomes & Analytics)	WellDelivered (Patient Portal)	Connected Health (Partner Portal)	WellServed (In-store)	One Walgreens Integration
Sponsors Tim Brne Phil Kuk Pat Lucas	Sponsors Suzanne Hansen Paul Eddy	Sponsors Alan Berkelhamer Syed Masood	Sponsors Nancy Rahn David McElroy Lakshmi Nagaraj	Sponsors Ian Duncan Lizzie Cole	Sponsors Gretchen Peters Abhi Dhar	Sponsors Venk Reddy Brad Wasson Pat Lucas	Sponsors Pat Lucas	Sponsors Alan Berkelhamer Syed Masood
PM Shovahn Rincon	PM Waqas Khan	PM Kranthi Chiluka	PM Marty Smith	PM TBD	PM Anshuman Taneja	PM Brad Lawrence	PM N/A	PM Kranthi Chiluka

PBM & National Payer Segment News

A message from Susan Ott...

Change! Challenge! Charge!

Change. No one can argue that 2012 brought about significant change for our organization. Never before have we been challenged with finding new opportunities to win business and discovering new ways of working with existing partners within challenging times.

As we charge ahead into 2012 we are excited about the new prospects on the horizon within our segment.

Read on to find out what is going on in the areas of the PBM and National Payer segment as well as

our focus on national consultant strategies.

Our teams are energized by the opportunities we have with payers such as United Healthcare, Cigna and Humana as well as the Mid-Tier PBMs. Our strategies are shaped by trust and genuine interest from our payers who value Walgreens. The PBM sales team has been intently focused on the Plan to Win and continuing to increase Walgreens opportunity with each of our payers.

Announcements will be forthcoming as we continue to finalize

agreements – we are as excited to share new wins as we hope you are to hear about them.



Susan Ott
DVP, PBM and National
Payer Segment.

February 2012
Volume 2, Issue 1

Inside this issue:

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Mary's Must Knows...by Mary Hargadine

With change comes opportunity and amidst changing times we are focused on new business opportunities with our national payers.

We are aligning our value proposition with the consultant community as numerous opportunities will be out for bid in 2012. Opportunities are the result of preparation for health care reform, disruption caused by pharmacy network changes and

Express Scripts' potential acquisition of Medco.

On a positive note, United Healthcare has been working diligently to retain the 12 million members currently with Medco.

"In prosperity, our friends know us; in adversity, we know our friends".

~ John Churton Collins

Over 9.3 million of the members are fully insured so it's anticipated that United will retain 97% of the members.

On a bittersweet note, we want to take this opportunity to extend well wishes to Dennis Nelson, Director National Accounts. He left Walgreens at the end of January to take a consulting position with PSG, one of our strategic consulting relationships.

Stucky's Strategies...a guide to consulting relationships

National Consultant Discussions

Vice President of National Accounts, Mary Hargadine and Paul Stucky, Business Development Director for Walgreens national consultant strategy continued their series of face-to-face meetings with key consultant partners in the fourth quarter 2011. Onsite pharmacy and health center discussions were held with Aon Hewitt, Buck Consulting and Mercer. Ongoing

discussions on this topic will continue into 2012 with meetings already scheduled with Towers Watson and Aon Hewitt.

Top-to-top meetings were held in 2011 with Mercer, Towers Watson, and Aon Hewitt and are scheduled to start up again with all firms in 2012. A significant effort is underway to roll out private web portal connections with each of the seven national consulting firms. This important communication

vehicle has been designed with the input of our consulting clients and will serve as an important tool to push key Walgreens information out and through the various levels of each organization. The initial roll out is scheduled to begin in the first quarter 2012. Additional areas of focus in the consultant meetings surrounded our Specialty and Infusion deliverable, health testing at Retail, and Retail90 with all tied together within the "Well" corporate strategy.

Insights from Ivelisse

A New Plan to Win

What a year 2011 proved to be! By the end of 2011 we had fully executed Cigna Flu with an enhanced Immunization contract as well as brought Cigna's Specialty back in house after eight months of being out of Network. We are currently in the final stages of contracting with Humana Military for access to the Take Care Clinics for Tricare members in the southern region. Target effective date is April 1, 2012.

Well Transition, a new program designed to reduce hospital re-admissions is currently in testing with our National Accounts team. This is one of several pilot opportunities being developed in strategic regions.

Our Infusion services in Corpus and San Antonio Texas are challenged by local competitors, but our Plan to Win and synergistic approach with our local

retail team is moving at full speed to close the gap.

As we move into 2012 our team continues to develop and establish strong relationships with Cigna, Aetna and Humana by transforming the vendor past experience to collaborative partnerships. We are spreading our wings, touching each and every line of service in our client's portfolio where Walgreens product and services may bring value to our clients and mutual customers.

Aetna's Flu contract is in negotiations for FY12 and regional opportunities exist in Delaware with their Medicaid population that will support our value proposition for National flu discussions. Humana Puerto Rico offers a potential flu vaccine program for 470,000 Medicaid lives for 2012 in collaboration with the Puerto Rico Health Department.

Multiple task forces are in place with Humana and Cigna where sales, pricing, contracting, operations, marketing, clinical and innovations are working together to identify and execute against opportunities.

In a disruptive market where our clients can no longer receive the care of our pharmacist, our Plan to Win is focused on working with our clients on win-win opportunities to bring those patients back to our stores. Friendly payers have opened doors to this new approach in collaboration for improving the quality, affordability and experience of care. We are in discussions with the medical side of the relationship as well as Medicare and Medicaid.

As we move into 2012 we would like to encourage all business units to include our team in National Accounts in your Regional meetings, there is never a small effort if it's a team effort!

Tooley's Tales...by Joe Tooley

And Then There Were Two

Effective 1/1/12, Walgreens was no longer a member of the Express Scripts network of pharmacies.

Despite Walgreens management's best efforts to strike a fair deal – including a generous 11th hour conciliatory offer that was rebuffed by ESI – we remained at an impasse and the contract was allowed to expire. While this was the right business decision for

Walgreens, it is a difficult one for many of our customers.

To help smooth the transition, in early January Walgreens launched a series of outreach programs, including a 'win back' campaign for those groups that chose to remain with Walgreens either through a direct contract or by switching to an in-network PBM, as well as a letter campaign to customers, employers

and health plans that were unable, or chose not to, switch PBMs that thanks them for their business and pledges that Walgreens will do everything it can to ensure a smooth transition for affected members.

It is important to remember that Walgreens remains "in-network" for virtually all other PBMs and Health Plans.

Reesor's Writings...by Tom Reesor

Business Considerations for a Walgreens Enterprise Sales Solution

The challenge was to match the aggressive rates requested by our PBM customer. In this case study, the lower rates were for Managed Medicaid business.

Navitus PBM approached Walgreens with a Request for Proposal in February 2011. They wanted Walgreens to be in the network for the Texas Health Care Coalition's Managed Medicaid retail business. This consists of about 20% of the managed Medicaid population in the state of Texas. Walgreens initially rejected the RFP bid as the rates requested were too low. Navitus won the RFP and then

re-visited the discussion to include Walgreens in the retail network.

Navitus proposed to make Walgreens the preferred provider for Retail 90 historically based on the Medicaid population. While accepted by Walgreens, this line of service did not have enough lift to close the gap in rates and negotiations lagged.

Navitus then offered to make Walgreens the preferred Specialty provider in exchange for deeper rates in retail. Walgreens reviewed the potential Specialty opportunity as well as reaching out to the Infusion team to determine the value of the current infusion business.

Utilizing the revenue produced by the preferred status for Specialty, along with the medical mix, the gross profit from the additional Specialty business offset the loss from the retail pharmacy. Although Walgreens could still not accept the original requested rates for retail because they were ultimately too deep, the additional Specialty revenue and gross profit helped close the gap and provided a solution that Navitus accepted.

Bundling different lines of service and looking at the overall profitability of a deal will allow Walgreens to effectively compete in new markets.

Federal Employee Program

Managed by the Blues, but a Caremark PBM Client

While all of Walgreens customers are important, we wanted to call out the Federal Employee Program (FEP) as one that merits special consideration in this recent post-Express Scripts world. We're highlighting FEP specifically because it is NOT an Express Scripts client.

FEP's health benefits are managed by Blue Cross Blue Shield Association, but implemented on a

local level by the State BCBS plans.

This could create some confusion for those Walgreens pharmacies located in the vicinity of Blue Cross plans that have Express Scripts as their PBM (like the WellPoint/Anthem plans). Despite those plans having Express Scripts as the PBM for their general members, FEP scripts are still processed by Caremark. While Walgreens may no longer be

an in-network pharmacy for the vast majority of a given BCBS plan's members, we ARE in-network for all FEP members through our ongoing relationship with Caremark. So, the message here is to 'double check' for FEP members. And, when in doubt, 'submit the claim' – FEP members' scripts will be approved.

PBM / National Accounts Associate Highlight

"Coming together is a beginning. Keeping together is progress. Working together is success."
~ Henry Ford

Meet Joe Smith

Joe Smith is a Strategic Account Executive working out of our Deerfield, IL office. He joined the Walgreens family in 2007. In addition to being an SAE, Joe has been a National Sales Manager and a Director of Strategic Initiatives where he managed a joint business venture with Catalyst Rx.

One of Joe's biggest accomplishments was pulling together the business venture with

Catalyst. This included establishing several different committees and processes that helped drive over a 100% increase in specialty pharmacy revenue.

The client interaction and the people he works with on a day to day basis are the things that Joe enjoys most about working at Walgreens. "We have great people here and we have a great team," he said.

Outside of work Joe enjoys target shooting, riding motorcycles and spending time with his wife, Susan, and two sons; Ryan and Matthew. He also plays lead guitar in an alternative rock band named, Life Number Nine. His band plays several times a year, usually at places in downtown Chicago and they also write their own music and have produced several CDs!



Back Row (left to right):

Krista Lannert, Dennis Nelson, Joe Tooley, Lowell Grimm, Susan Ott, Tom Reesor, Paul Stucky, Doug Houser and Joe Smith

Front Row (left to right):

Andrea Morrison, Angie Capizzi, Jill Kirchner, Ivelisse Zayas, Diana Wallace, Anita Stanford, Ray Casambre and Mary Hargadine

PBM and National Accounts Segment

To discuss growth opportunities regarding any of our clients please don't hesitate to reach out to our team leaders.

Susan Ott – 636.536.3202 / susan.ott@walgreens.com

Divisional Vice President, PBM and National Payer Segment

Mary Hargadine – 636.281.6821 / mary.hargadine@walgreens.com

Vice President, National Accounts and Consultant Strategy

Joe Tooley – 314.687.8214 / joseph.tooley@walgreens.com

Director, National Accounts for Medco & Caremark

Tom Reesor – 612.390.5337 / thomas.reesor@walgreens.com

Director, National Accounts for Mid-Tier PBMs

Ivelisse Zayas – 210.313.3770 / ivelisse.zayas@walgreens.com

Director, National Accounts for Humana/Aetna/Cigna

Paul Stucky – 913.475.1512 / paul.stucky@walgreens.com

Business Development Director for Consultant Strategy

Feedback is important to us...

It is our goal to produce these newsletters on a quarterly basis or more often if critical information needs to be shared with our partners.

We want to provide meaningful

information for your teams, so let us know what you would like to see in upcoming newsletters.

Please email your ideas to Andrea Morrison at:
andrea.morrison@walgreens.com.

As always, your input is an invaluable tool for us to provide meaningful information.

We look forward to hearing from you!

Walgreens Health & Wellness Division

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Walgreens. There's a way™

WellPositioned: Delivering Value By Scott Cuppy

Transformation

On behalf of the Employer Segment leadership team, I am pleased to author the introduction to this edition of our segment newsletter. As we near the midpoint of our second fiscal year as a defined market segment, the employer segment's mission remains simple and direct – to deliver all products and services Walgreens offers directly to the employer community. While on the surface this seems logical and simplistic, it ultimately requires a change in both perception and behavior as to how employers have typically contracted for our services and regarded the value we deliver within the business to business marketplace. As we continue this evolution, each of us plays an integral part in the transition Walgreens is making to become America's #1 destination for health and daily living needs.



Greg Wasson, our CEO and President, speaks of this transition often and it was highlighted again recently at our annual shareholders meeting in Chicago.

As a provider with over 8,200 points of care (and growing) across the United States, we are destined to play a key role in delivering health and wellness services to all citizens as we go about our daily lives. Absolutely no one else is in a better position to deliver a comprehensive and connected health and wellness solution. Simply put, we need to continue working with employers so that they better understand the total value our solutions bring to their overall healthcare programs, far beyond their historic perception of Walgreens as simply a provider in their pharmacy network.

(continued on next page)

Running ~84% to ESG Worksite Goal at the Close of Q2
\$55.6mm in New ESG Worksite Contracted Revenue FYTD 2012¹

Key Wins Year-to-Date include:

- AmeriPlan (PVC) – R. Bailey
- BLT Harbor Point (Worksite Pharmacy) – T. Kholoussy, S. Killian
- BMW (Worksite Health Center) – C. Elder
- Caesars Las Vegas (Satellite Clinic) - D. Kabaker, S. Brockman
- Chesapeake Energy (Pharmacy) – J. Lee
- Deschutes County (Pharmacy) – L. Daugherty
- Graham Capital Management (Fitness) – M. Miller
- Gulfstream (Pharmacy) – C. Elder
- Harley Davidson (Primary Care, Occupational Health) – C. Talarico
- Intel (Core Performance) – R. Glass, S. Brockman
- J&J Raritan Acute Episodic Care – J. Jacobs
- Kraft Newberry OH Expansion – D. Green
- Lahey Clinic (Occ Health) – M. Miller
- Lowes Biometric Van Expansion – C. Frazee
- MedImmune (Acute Episodic Care) – J. Leleszi
- Parrish Medical Center Primary Care (Occ Health, Pharmacy) – T. Parafioriti
- Sanofi (Diabetes Initiative) – J. Jacobs
- US Bank HQ (Acute Episodic Care) – D. Green

➤ Account Management Win

Walgreens Health & Wellness Division

Heard at the 2012 WAG Annual Meeting on January 11, 2012

“Our opportunity now is to combine the best locations in America with an outstanding customer and patient experience – what we call the ‘Well Experience.’ Our new pilot drugstore format supports our vision of becoming My Walgreens for everyone in America, the first choice for health and daily living. We are stepping out of the traditional drugstore format and creating something unique, new and special.”

- Greg Wasson , CEO

“Our strong performance and substantial progress in fiscal 2011 places us in excellent position to execute the next phase in our transformation, play a bigger role in people’s lives and in their communities, and create more value for consumers, patients, payers and shareholders. In fiscal 2012, we will continue our sharp focus on revenue growth, cost savings and capital allocation, and enhancing our customer experience.”

- Alan G. McNally, Chairman

WellPositioned: Delivering Value By Scott Cuppy

(continued from previous page)

The reality in the market indicates that this will be a process that will take continued effort and persistence on our behalf in working with employers. In the past, Employers have typically contracted for our services through intermediaries (either PBMs or health plans) that have diluted our value. As we continue to dialogue directly with large employers, our intent is to help them understand that direct contracting with Walgreens is a very viable path to lowering their overall healthcare costs while increasing employee access and satisfaction. Just imagine a world where direct contracting for Walgreens service is the norm rather than the exception. As this pertains to working with employers, our segment remains resolute in our mission and this will help play an instrumental role in the overall Walgreens transition from corner drug store to America’s #1 destination for all health and daily living needs.

YTD Sales Success

To date, we have closed over \$43MM of new contracted annual worksite health business, including key wins with BMW and a fitness expansion with Intel as part of our collaboration with COREPerformance. We have sold four new worksite pharmacies in recent months which will deliver an additional \$17 million in annualized revenue. With regards Retail 90 in-network solutions, we have achieved success this year with employers such as JP Morgan Chase and Accenture.



Getting the Word Out

During the first quarter of Fiscal 2012, our sales colleagues reached out to over 2,000 individual employers who use ESI to discuss the options available to them to keep Walgreens in the network effective January 1. As a result of the outreach, at least 100 individual employers opted to switch PBMs to maintain employee access to Walgreens valuable services.

As we approach mid fiscal year 2012, our mission is firm, our desire is strong and our pipeline is full of opportunities to advance the mission of direct contracting with employers and making Walgreens the #1 destination for all health and daily living needs. All in the employer segment are passionate about our mission, goals and the opportunity to provide employers with valuable health and wellness service that will help lower their overall healthcare costs.

Thanks to Our Internal Partners

Lastly, I want to personally thank all of our internal partners for your help in proving support to our efforts. Your help and efforts are critical as we continue to take our message directly to employers.
THANK YOU!



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Walgreens Health & Wellness Division

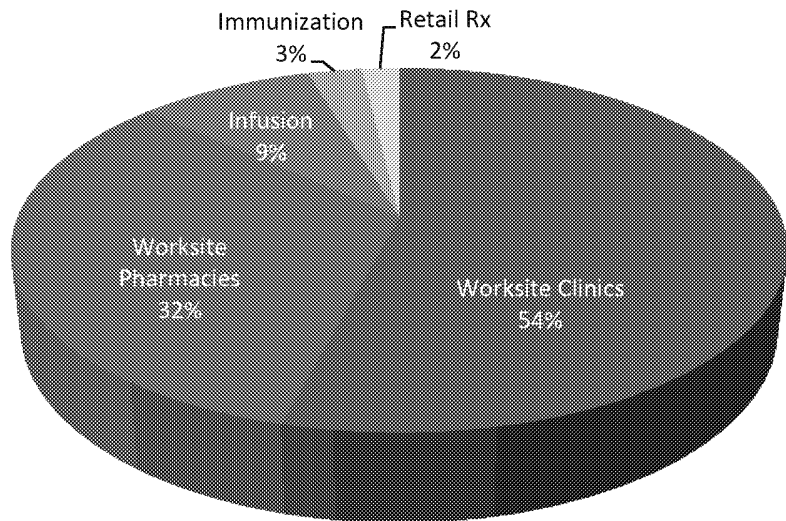
Upcoming Events

- 2/28 – 3/2/12: H&W Sales University "Creating Enterprise Value" SPIN Selling (Deerfield)
- 3/1-2/12: The Conference Board - Employee Health Care Conference- East (New York)
- 3/4 - 8/12: National Marketing Meeting WIRS/SPRx (Orlando)
- 3/7-9/12: NBGH Business Health Agenda Conference (Washington, DC)
- 3/13 - 15/12: H&W Worksite Immersion Training (Franklin)
- 3/29-30/12: The Conference Board - Employee Health Care Conference- West (San Diego)
- 4/16 - 20/12: WIRS/SPRx Sales University Orientation
- 4/17-18 = SPIN Selling
- 4/19-20= Pinnacle (Deerfield)
- 5/1-2/12: Employer Client Forum (Chicago)

Sales Highlights: FY2011 Wins to Date

Top three win categories through January-2012 included Worksite Clinics, Worksite Pharmacies & Infusion.

% of Total New Contracted Revenue FYTD 2012



FY2012 Progress to Goal for Contracted Revenue (Sales Stage = Closed/Won and In Contracting)

FY12 New Business (Contracted)	
% to Goal	Line of Service/Goal Category
158%	Worksite Clinics (\$31.56mm FY 2012 YTD)
60%	Worksite Pharmacies (\$24.02mm FY 2012 YTD)
	Infusion & Respiratory (\$5.43mm FY 2012 YTD)
	Immunization (\$1.89mm FY 2012 YTD)
	MBO (\$2.68mm FY 2012 YTD)



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Key Implementations in Progress through July 2012 (~ 87,486 lives)

- BMW - HC
- Chesapeake Energy - Rx
- Deschutes County - Rx
- Graham Capital - Fit
- Gulfstream - Rx
- Intel - Ronlar Acres Exp
- Kraft - OH
- Lahey Clinic - OH
- Notre Dame - PC, Rx
- Parrish Med Ctr - HC, Rx
- Southwire - Exp - PT
- Toyota - Buffalo Exp
- WAG - Deerfield HC

Recently Implemented since September 2011

- BP America - PC, Rx, Dental & Vision
- Capital One Knolls - PC, Rx
- CNH - Burlington - OH
- Harley Davidson - OH
- J&J - Ethicon - AEC
- Maricopa - Rx, AEC
- Rutherford Co. - PC: 5 sites

Account Losses YTD

- Aetna
- Laborers
- Susquehanna Investment Group



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Top Wins by Revenue: First Quarter (Sep-Nov)

Account/Opportunity (Closed/Won)	Sales Leader
AZ Fitness Expansion	Jim Leleszi
BMW Worksite Health	Clay Elder
➡ Carpenter Health Center Expansion	Tarek Kholoussy
Graham Capital Management Worksite Health	Mike Miller
Gulfstream Worksite Pharmacy	Clay Elder
Harley Davidson Clinics	Chris Talarico
➡ Intel - Oregon Physical Therapy	Robin Glass
➡ Kraft Newberry Expansion	Dana Green
Lahey Clinic Worksite Health	Mike Miller
MedImmune Worksite Health	Jim Leleszi
Parrish Medical Center	TJ Parafioriti
➡ Sanofi DM Programming	Jeri Jacobs

➡ Account Management Win

Key Retentions Year-to-Date

- AK Steel - N. Hartman
- Babcock & Wilcox (Dep Care) - S. O'Kane
- Bloomberg - T. Kholoussy
- BMW - C. Gatton
- Caesars - D. Kabaker
- Carpenter - T. Kholoussy
- Caterpillar - S. Nonevski
- Children's Hospital of Minnesota - S. Brockman
- Children's Hospital of Philadelphia (CHOP) - S. O'Kane
- CNH America - G. Stecklein
- Copperweld Steel - R. Heck
- Dole - D. Kabaker
- Estee Lauder - R. Heck
- Evergreen - S. Nonevski
- Fidelity - J. Papanek
- GE Capital Vendor - J. Papanek
- GE Global Research - J. Papanek
- Hartford - J. Papanek
- Johnson & Johnson - J. Jacobs
- Kodak - N. Buss
- Maricopa Co. - L. Cuellar
- Mohegan Sun - J. Papanek
- Momentive - R. Heck
- MTA - T. Kholoussy
- Nissan - C. Gatton
- Pfizer - N. Buss
- Pitney Bowes - J. Jacobs
- Scholastic - T. Kholoussy
- Sprint Nextel - M. McClean
- Toyota Rx - D. McCray
- Vought - R. Berry
- Wells Fargo - M. McClean

Walgreens Health & Wellness Division

Key Retentions Underway

- Albert Einstein – OH
- Babcock & Wilcox (Lynchburg)
- Boehringer Ingelheim – OH
- Continental – OH
- Cummins – OH
- Glaffelter – AEC, PC, Well, Rx
- Kodak – OH
- MBIA – Fit
- MTA – OH
- NYT – Fit
- Olin Global Brass – OH
- Pitney Bowes – Fit
- Sprint – AEC, Rx
- Unilever – AEC

Retention – Recovery Initiatives Underway

- Bausch & Lomb - OH
- NextEra Energy – OH, PC
- US Steel – PC, Rx

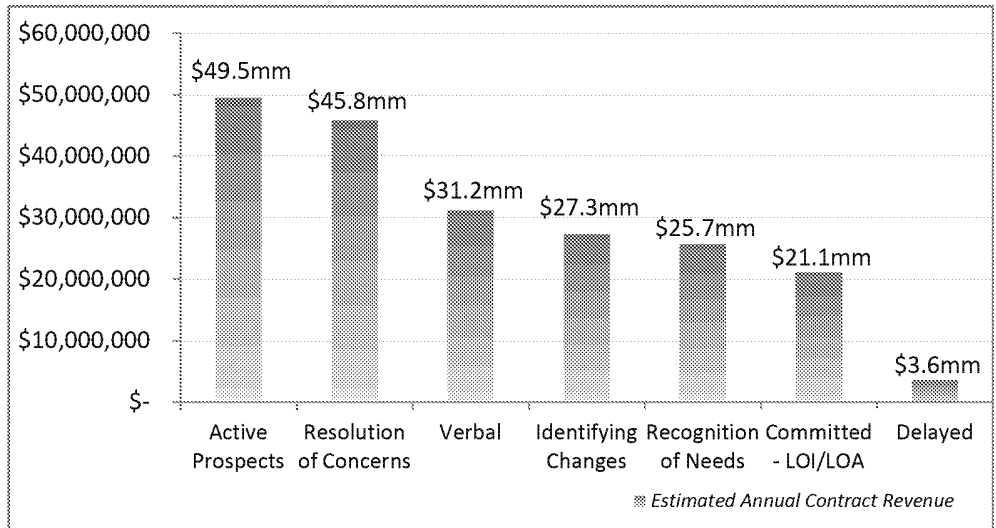
Major RFPs in Progress/Planned

- Allen Farms Health Center
- Greenway Medical Health Center
- Lexmark
- MBIA
- Mohegan Sun
- MTA
- State of Montana
- Unilever
- United
- Volvo

Sales Highlights: FY2012 Pipeline Progress

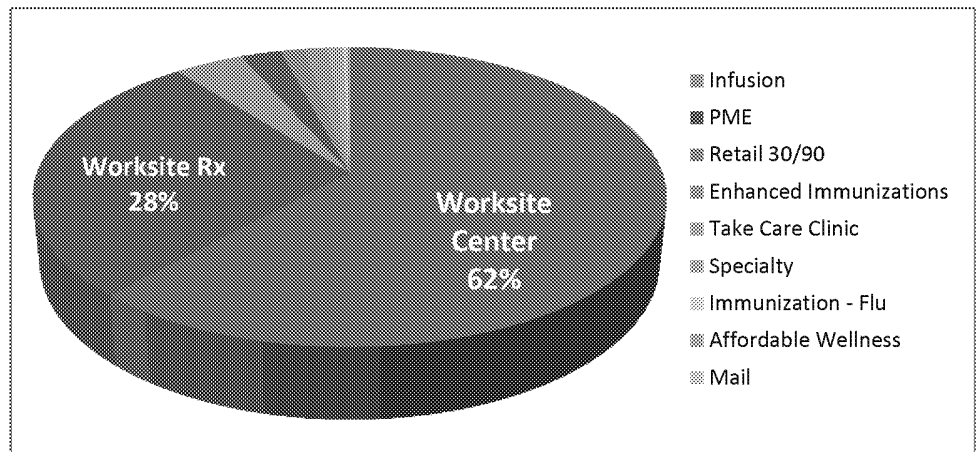
Total Pipeline by Stage

\$204mm in the Pipeline for All Services (330 Opportunities).
\$83.9mm at $\geq 50\%$ Probability to Close (99 Opportunities)



Pipeline by Goal Category

Worksite Opportunities comprise 90% of Our Pipeline.



Areas of Focus for Growth:

Worksite Rx, 90-Day Pull-through, Specialty, Infusion, and Flu



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Walgreens Health & Wellness Division

Voice of the Customer

What is on the minds of our clients?

- Transforming wellness initiatives into a sustainable culture of wellbeing
- Innovations in measuring productivity and return on healthcare investment
- Best practices on using incentives to engage employees and gain loyalty
- How leading companies use analytics to better manage population health
- The impact of healthcare reform on employers
- Innovations in personal use of technology in healthcare
- How to achieve higher performance
- Innovation in employer fitness programs
- Population Health solutions for dispersed populations
- How to better manage diabetes within employee population
- How the internet will impact healthcare over the next 10 years
- Health plan perspective on the evolving healthcare landscape

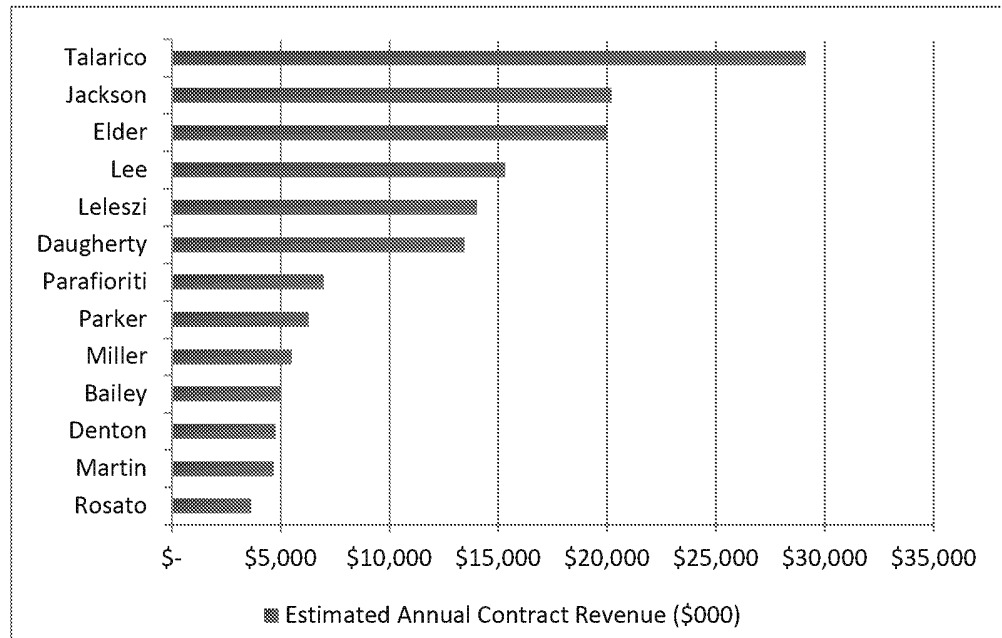
¹ Direct client feedback obtained from the May 2011 Employer Client Forum



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Pipeline – Sales Directors



A Strong Start in FY 2012

Catching up with Employer Sales: Quintessential Aha! Moments

What have been some of your greatest "Aha!" Moments in the Role. How have you leveraged those experiences?

- I believe our future is centered around how to bring Walgreens suite of services anchored by the large community footprint into the collective plan for the employers we work with. Once the value of having a partner with our reach into the community is realized, our role as trusted advisor is cemented.
(Chris Frazee, Strategic Account Executive)
- Corporate America is finally demanding the same level of transparency and accountability for their healthcare spend to the same degree expected from any other significant corporate investments. *(Clay Elder, Sales Director)*
- I feel our greatest opportunities with employers in 2012 are in the worksite arena. Over the past year there seems to be a ground swell of interest in the Worksite Health Center and Worksite Pharmacy models. Clients and consultants are seeing the benefits of the worksite models and want to capitalize the concepts.
(Joe Rosato, Sales Director)
- A few years ago, I helped launch a pilot wellness program with one of our large customers. The Walgreens bus visited the area and offered screenings to the public. A member of my family who was vacationing in the area passed by the event, thought about me and my profession, and decided to get screened. He presented with extremely high blood pressure and promptly visited his primary care physician upon return home - a first after many years of no interaction with the doctor. I realized then just how important our work is and the potential we have to make a difference.
(Summer Brockman, Account Executive)

Walgreens Health & Wellness Division

Key Expansion Opportunities

- Bath Iron Works (Rx)
- Babcock & Wilcox (OH)
- Caesars (Infusion Exp)
- Cummins (Infusion Exp)
- Denso (Onsite Health Center)
- Deutsche Bank Jacksonville
- Fidelity Worksite Health Expansion
- Fieldale Farms (Satellite Center Exp)
- Intel (WS PC Folsom)
- J&J Raritan
- Kohler (WS Rx)
- Kraft (OH-Pennsylvania)
- Mohegan Tribal Gaming Authority (PC, DM)
- Sanofi Swiftwater (OH)
- United (OH-Chicago)

Top New Business Opportunities

- BP (WS Health Centers - AK, IL)
- Eaton (WS Health Center)
- E&J Gallo (AEC) - Verbal
- Facebook (WS Health)
- First American Financial (WS Rx)
- Harley-Davidson (WS Rx - Milwaukee)
- Lexmark (WS Health Center)
- MedAssets (WS Primary Care)
- Purdue University (PC, Rx)
- State of Montana (WS Pharmacy)
- Unite Here (WS Health Center, WS Rx)
- Volvo (PC, WS Rx)

Client Procurement Team Buys Into the Long-Term Value of Worksite Health Despite Short-Term Increase in Expenses

Why would an employer's procurement team ever agree to take on additional expense to transfer services managed internally to a vendor, especially in the midst of a still fragile economy? If you're Kraft, it's because Dana Green and the Kraft Account Team successfully illustrated Walgreens ability to effectively reduce costs for the long-term while maintaining the focus on superior patient care and wellbeing. On February 13, Walgreens began delivering comprehensive Occupational Health services to 2,500 eligible employees at Kraft's largest manufacturing plant in the nation.

A critical success factor in closing the deal was the ability to convey to the client and their procurement team that costs would ultimately be reduced despite an increase in staffing expenditure. The Walgreens team successfully demonstrated that the client could achieve optimal return on investment by taking the following steps: via a LiftOut, transition to Nurse Practitioner model, move more services onsite, and enhance health service controls. Congratulations to Dana Green, Judy Maynard, and the entire team on this prestigious win!



Walgreens Deerfield Health Center Ribbon Cutting Ceremony. In picture from left to right Mark Englizian, Greg Wasson, Kathleen Wilson-Thompson, Peter Hotz

The Employer Sales Team is delighted to welcome our new Group Vice President of Managed Market Sales, Robyn Peters. We look forward to engaging Robyn in our efforts to advance in the B2B Marketplace. Welcome, Robyn!

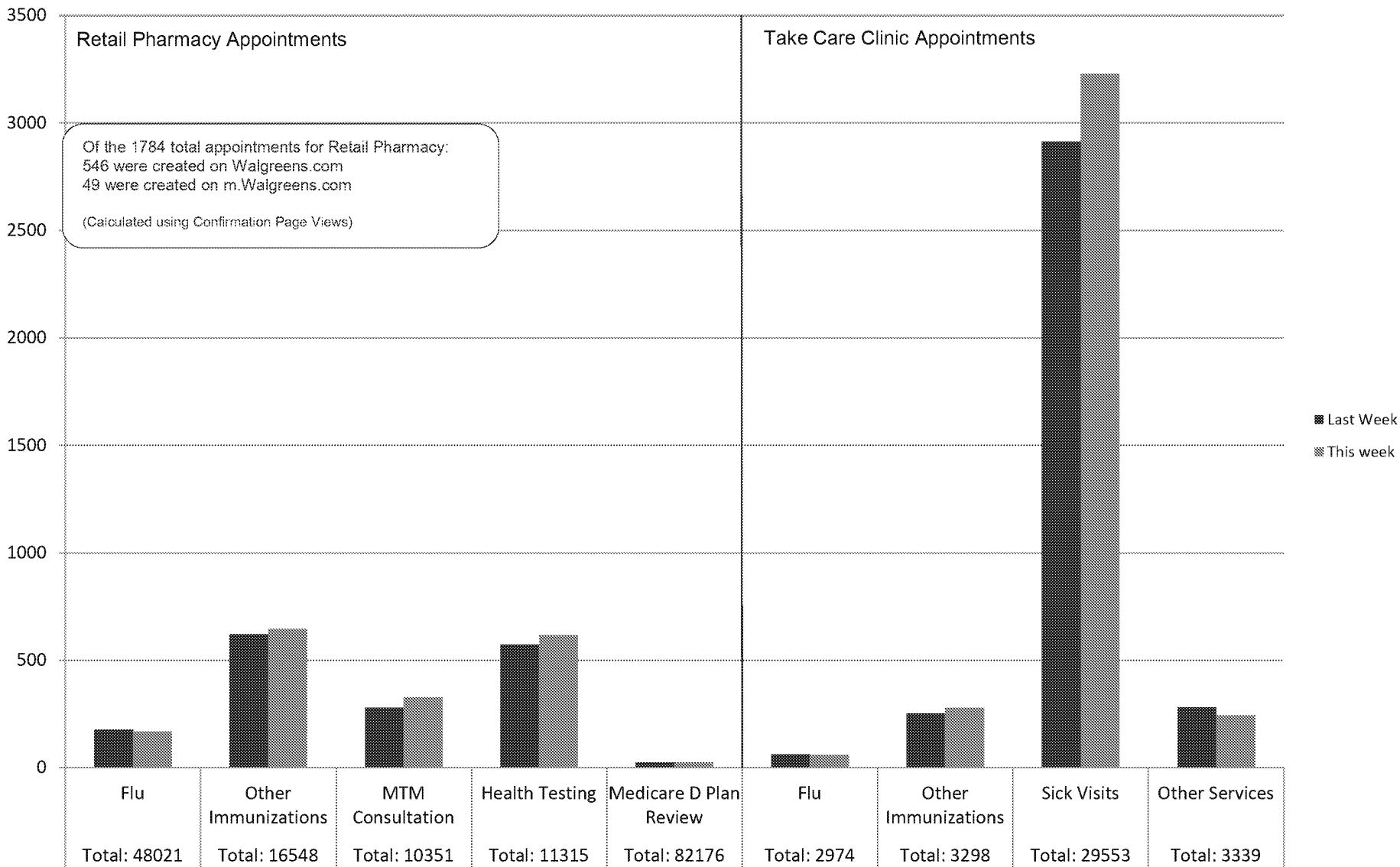
Thank you for the great results year-to-date. Keep up the great work!
Until Next Quarter...



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Total appointments for week ending 2/18/12



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Fresh Pilot Results - 2.12.2012 - 2.18.2012

Market Results	Total Sales/Store	Comp Sales/Store	Comp var prior	Comp GP %	Comp var prior (bp)	Comp Waste %	Comp var prior (bp)	Waste Adj Margin %	W.A.M.% var prior (bp)
42 Chicago	\$4,038	\$4,038	11.1%	35.1%	-15	4.6%	-839	30.5%	824
17 New York	\$3,209	\$3,209	14.2%	35.8%	22	7.6%	-1,052	28.2%	1074
29 San Francisco	\$4,594	\$4,594	-1.7%	38.3%	-22	4.0%	-594	34.3%	573
28 Indianapolis - Full	\$1,003	\$1,003	4.6%	40.9%	218	15.9%	-2,546	25.0%	2764
25 Indianapolis - Limited	\$306	\$306	49.8%	38.5%	-40	28.9%	-5,991	9.6%	5951
42 Southern California	\$548	\$548	108.4%	39.6%	329	9.2%	-2,459	30.3%	2787
3 Detroit	\$493	\$493	-2.4%	36.0%	167	19.7%	-2,972	16.3%	3138
2 New Jersey	\$902	\$902	25.0%	37.7%	69	23.8%	-5,666	13.9%	5735
Total CHI/NY/SF/IN (115)	\$3,323	\$3,323	6.2%	36.7%	-4	5.6%	-898	31.1%	894
Total (188)	\$2,231	\$2,231	9.8%	36.9%	14	6.4%	-1,017	30.5%	1031

Category Results	Total Sales	Comp Sales	Comp var prior	Comp GP %	Comp var prior (bp)	Comp Waste %	Comp var prior (bp)	Waste Adj Margin %	W.A.M.% var prior (bp)
FRESH READY TO EAT	\$156,428	\$156,428	1.9%	37.4%	54	6.5%	-1,000	30.9%	1053
PRODUCE	\$121,522	\$121,522	1.1%	33.7%	-8	8.3%	-1,103	25.4%	1095
FLORAL	\$51,582	\$51,582	201.8%	39.4%	151	5.9%	-3,205	33.6%	3356
REFRIDGE BEV	\$29,517	\$29,517	-4.4%	42.7%	0	2.0%	-114	40.7%	113
DAIRY	\$11,544	\$11,544	0.5%	32.5%	-84	0.6%	-327	31.9%	242
FRESH READY TO HEAT	\$11,856	\$11,856	-1.0%	37.7%	49	9.7%	-1,891	28.1%	1940
BAKERY	\$4,425	\$4,425	8.9%	43.6%	-18	5.5%	-811	38.1%	793
BREAD	\$5,370	\$5,370	-3.8%	44.7%	-17	17.2%	-1,553	27.4%	1536
SPECIALTY FOOD	\$8,724	\$8,724	-0.7%	40.6%	-31	3.1%	-615	37.5%	584
FLAGSHIP UPMARKET	\$18,474	\$18,474	-0.2%	33.7%	-608	0.6%	46	33.1%	-654
GRAND TOTAL	\$419,442	\$419,442	9.8%	36.9%	14	6.4%	-1,017	30.5%	1031

*All Stores - Waste Adj Margin - Does not include Scardown M&D Spend

*Variance to prior week (comparable stores only)

*Waste results are preliminary

+Category Sales Drivers	Sales \$	+Opportunities	Sales \$
CUT FRUIT	\$57,528	SOUPS	\$950
SANDWICHES	\$50,565	COOKED MEATS	\$1,212
CUT BOUQUETS	\$44,455	DIPS	\$1,241
SALADS	\$31,107	TOMATOES	\$1,356
FRESH BEVERAGES	\$29,517	ETHNIC	\$1,492
+Does not include any Upmarket/Misc categories		+Does not include any Upmarket/Misc categories	

+Top Sales Drivers	Sales/Store	+Top Sales Units	Units/Store
POR LA MAR NURSERY TULLIPS 4 INCH	\$173	BANANA SINGLE	69
DOZEN ROSES PPR	\$145	BANANAS 4 COUNT	51
OKAMI SHRIMP ROLLS 12.5OZ	\$113	POR LA MAR NURSERY TULLIPS 4 INCH	47
ORCHID PLANT 5"	\$99	SINGLE STEM ROSE W/ FILLER/GREEN	30
DELISH SOUTHWESTERN CHKN WRP 12OZ	\$97	ELI ORIGNL PLAIN CHEESECAKE 2.6OZ	23
DELISH CHICKEN CAESAR WRAP 11OZ	\$96	CHOBANI GREEK YOGURT HONEY 6OZ	21
DELUXE BOUQUET PPR	\$90	DELISH SOUTHWESTERN CHKN WRP 12OZ	20
SINGLE STEM ROSE W/ FILLER/GREEN	\$81	DELISH CHICKEN CAESAR WRAP 11OZ	20
DELISH TRKY/MNTRY JACK H/WH 8.5OZ	\$72	DELISH TRKY/MNTRY JACK H/WH 8.5OZ	16
BANANAS 4 COUNT	\$69	CHOBANI GREEK YOGURT VANILLA 6OZ	15
+Does not include any single store items		+Does not include any single store items	

Highest Sales	Sales \$	Waste %	Lowest Sales	Sales \$	Waste %
15196 - 151 N State, IL	\$42,598	0.5%	5264 - 6269 W. 38th St., IN	\$328	48.2%
11962 - TIMES SQUARE, NY	\$16,031	0.0%	9644 - 555 Westfield Road, IN	\$463	25.9%
3185 - 825 Market St, CA	\$13,917	0.9%	6165 - 10595 N Michigan Rd, IN	\$466	43.3%
7043 - 459 Powell Street, CA	\$12,322	0.6%	13827 - 1 E. Ogden, IL	\$587	19.7%
13669 - 776 Market St, CA	\$10,927	1.8%	3231 - 1215 S Range Line Rd, IN	\$641	36.3%
211 - 757 Michigan Ave, IL	\$10,593	2.1%	4592 - 700 Us Highway 31 S, IN	\$663	8.5%
3698 - 3201 N Broadway, IL	\$9,809	2.6%	3142 - 3455 Mann Rd, IN	\$663	18.5%
5618 - 100 Sansome Street, CA	\$8,046	2.0%	7676 - 1900 S Ohio St, IN	\$709	19.8%
7054 - 15 W WASHINGTON, IL	\$7,107	2.1%	3609 - 5095 E Thompson Rd, IN	\$730	11.7%
4680 - 730 Market St, CA	\$6,574	4.4%	6455 - 115 Fields Rd., IN	\$739	22.0%

Fresh Market Results - 2.12.2012 - 2.18.2012

	California				Detroit				New Jersey				Indianapolis - Limited				TOTAL				Sales/Stores/Week*				Total All
	Sales \$	Units	GP %	Waste %	Sales \$	Units	GP %	Waste %	Sales \$	Units	GP %	Waste %	Sales \$	Units	GP %	Waste %	Sales \$	Units	GP %	Waste %	CA	Detroit	NJ	IN - Limited	
Grand Total	\$23,025	7,743	39.6%	9.1%	\$1,478	526	36.0%	19.7%	\$1,803	602	37.7%	23.8%	\$7,640	2,515	38.5%	28.2%	\$419,442	141,241	36.9%	6.2%	\$648	\$493	\$502	\$306	\$2,233
PERISHABLES READY TO EAT	\$77	41	45.4%	0.0%	\$688	187	36.8%	12.8%	\$708	160	36.7%	34.8%	\$2,248	721	38.7%	19.0%	\$156,428	38,866	37.4%	6.3%	\$2	\$229	\$354	\$90	\$832
SANDWICHES					\$322	97	37.4%	7.6%	\$153	29	32.4%	67.5%	\$950	311	44.5%	17.5%	\$50,565	12,162	35.3%	6.3%		\$107	\$77	\$38	\$346
SALADS					\$247	50	37.1%	18.9%	\$148	25	40.3%	33.3%	\$282	67	35.9%	27.2%	\$31,107	6,038	37.4%	8.6%		\$82	\$74	\$11	\$213
SUSHI					\$94	26	32.8%	18.1%	\$145	29	39.9%	6.6%	\$324	81	37.5%	23.9%	\$22,140	4,865	41.6%	2.8%		\$31	\$72	\$13	\$152
WRAPS									\$96	22	37.3%	2.6%	\$305	85	41.4%	9.2%	\$17,526	3,944	40.0%	4.7%			\$48	\$12	\$123
PARFAITS									\$38	11	35.2%	153.1%	\$51	19	19.0%	4.3%	\$8,802	2,676	31.0%	8.1%			\$19	\$2	\$62
FRESH DESSERTS					\$13	5	36.6%	0.0%	\$67	26	33.2%	5.0%	\$100	48	58.7%	52.4%	\$12,019	4,359	38.9%	2.9%		\$4	\$34	\$4	\$82
FRESH SNACKS					\$11	9	42.8%	0.0%	\$43	15	33.8%	47.0%	\$48	21	44.1%	53.0%	\$9,919	3,583	37.4%	10.0%		\$4	\$21	\$2	\$68
COLD SALADS									\$18	3	38.8%	0.0%					\$2,840	566	40.2%	17.1%			\$9		\$59
DIPS													\$128	67	10.7%	0.0%	\$1,241	443	37.2%	0.0%					\$10
EAT DSD MISC	\$77	41	45.4%	0.0%									\$61	22	29.6%	0.0%	\$269	130	40.0%	0.4%	\$2				\$2
PRODUCE	\$3,852	3,864	33.2%	33.3%	\$739	320	34.9%	27.5%	\$624	327	35.0%	14.3%	\$1,028	864	34.3%	78.1%	\$121,522	41,606	33.7%	8.3%	\$87	\$246	\$312	\$41	\$646
CUT FRUIT					\$335	85	36.1%	14.8%	\$250	67	33.7%	2.8%	\$183	95	34.9%	31.0%	\$57,528	17,369	34.7%	3.4%		\$112	\$125	\$7	\$394
GRAPES/BERRIES					\$67	16	32.4%	70.7%	\$52	11	21.8%	15.0%	\$11	3	20.1%	89.7%	\$11,652	2,680	25.7%	12.0%		\$22	\$26	\$0	\$80
BANANAS	\$2,273	2,441	47.9%	16.4%	\$105	100	46.9%	2.9%	\$163	170	50.7%	4.7%	\$473	445	43.7%	62.5%	\$18,654	21,646	48.5%	7.6%	\$54	\$35	\$82	\$19	\$99
AMBIENT SINGLE FRUIT	\$1,363	1,414	8.6%	53.4%	\$53	52	22.1%	86.6%	\$41	39	26.9%	74.0%	\$278	280	19.4%	146.5%	\$11,345	11,425	24.4%	20.8%	\$32	\$18	\$20	\$11	\$60
CHILLED VEG					\$106	39	27.0%	12.1%	\$54	19	20.7%	24.3%	\$26	12	32.6%	42.9%	\$9,800	3,585	24.8%	10.7%		\$35	\$27	\$1	\$67
BAG SALADS/STEAMERS					\$43	15	42.2%	46.0%	\$30	10	28.9%	60.4%	\$19	6	55.6%	0.0%	\$5,317	1,805	34.1%	16.5%		\$14	\$15	\$1	\$38
AMBIENT VEG	\$3	1	39.0%	966.6%	\$10	5	22.1%	29.7%	\$5	3	16.4%	57.7%	\$6	3	16.4%	57.7%	\$1,687	701	26.0%	21.8%	\$0	\$3	\$0	\$0	\$9
TOMATOES					\$6	2	36.5%	158.9%					\$2	1	6.5%	297.0%	\$1,356	460	34.6%	9.4%		\$2		\$0	\$9
AMBIENT MULTI FRUIT					\$15	6	22.6%	84.1%	\$8	4	27.9%	76.3%	\$30	19	17.5%	14.1%	\$3,427	1,700	23.4%	10.9%	\$0	\$5	\$4	\$1	\$23
PRODUCE DSD MISC	\$13	8	50.0%	0.0%					\$28	7	46.7%	0.0%					\$556	235	42.4%	22.6%			\$14		\$4
FLORAL	\$17,299	2,943	40.8%	4.5%					\$322	55	41.3%	27.5%	\$2,926	375	38.4%	17.6%	\$51,522	18,258	39.4%	5.4%	\$412	\$161	\$117	\$117	\$278
CUT BOUQUETS	\$13,398	2,476	41.5%	4.8%					\$322	55	41.3%	27.5%	\$2,926	375	38.4%	17.6%	\$44,455	7,615	40.3%	5.8%	\$319		\$161	\$117	\$240
POTTED PLANTS	\$3,901	467	38.2%	3.7%													\$7,127	740	33.9%	5.5%	\$93				\$63
REFRIDGE BEV	\$1,741	723	42.2%	9.5%	\$52	19	42.0%	0.0%	\$90	31	44.3%	0.0%	\$244	81	39.8%	26.9%	\$29,517	12,191	42.7%	2.0%	\$41	\$17	\$45	\$10	\$157
FRESH BEVERAGES	\$1,741	723	42.2%	9.5%	\$52	19	42.0%	0.0%	\$90	31	44.3%	0.0%	\$244	81	39.8%	26.9%	\$29,517	12,191	42.7%	2.0%	\$41	\$17	\$45	\$10	\$157
DAIRY	\$256	172	30.2%	0.4%					\$36	24	30.2%	2.9%	\$57	38	30.2%	0.0%	\$11,544	7,406	32.5%	0.6%	\$6	\$18	\$18	\$2	\$62
FRESH YOGURT	\$256	172	30.2%	0.4%					\$36	24	30.2%	2.9%	\$57	38	30.2%	0.0%	\$11,544	7,406	32.5%	0.6%	\$6	\$18	\$18	\$2	\$62
PERISHABLES READY TO HEAT									\$24	5	48.3%	17.5%	\$37	10	29.2%	29.0%	\$11,856	3,609	37.7%	9.7%			\$12	\$1	\$83
MEALS									\$24	5	48.3%	10.3%	\$37	10	29.2%	29.0%	\$6,249	1,423	39.4%	15.1%			\$12	\$1	\$44
COOKED MEATS																	\$1,212	179	37.1%	0.0%					\$14
SOUPS																	\$950	334	39.7%	11.2%					\$11
BREAKFAST																	\$3,389	1,660	34.6%	2.9%					\$29
HEAT DSD MISC																	\$56	13	26.4%	0.0%					\$1
BAKERY																	\$4,425	1,465	43.6%	5.3%					\$62
FRESH BAKERY																	\$4,425	1,465	43.6%	5.3%					\$62
BREAD																	\$747	354	41.0%	38.8%					\$80
ARTISAN																	\$747	354	41.0%	38.8%					\$80
SPECIALTY FOOD																	\$354	72	39.7%	11.6%					\$43
SPECIALTY CHEESE																	\$167	35	38.2%	20.3%					\$7
SPECIALTY MEAT																	\$164	30	41.2%	4.4%					\$7
ETHNIC																	\$1,492	392	39.0%	0.9%					\$12
SPECIALTY DSD MISC																	\$18	3	33.4%	0.0%					\$0
SPMARKET																	\$18,494	1,851	33.7%	0.6%					\$18,478
SUSHI																	\$11,470	1,539	27.6%	0.0%					\$11,470
JUICE/SMOOTHIE																	\$2,193	505	54.2%	5.1%					\$2,193
FROZEN YOGURT																	\$2,268	568	32.9%	0.0%					\$2,268
COFFEE																	\$578	267	42.6%	0.0%					\$578
FRESH PASTRY																	\$795	444	34.8%	0.0%					\$795
FRESH BREAD																	\$576	166	38.0%	0.0%					\$576
FOUNTAIN DRINK																	\$372	211	68.8%	0.0%					\$372
ICEE																	\$223	151	56.7%	0.0%					\$223

* 42 Chicago, 17 New York, 29 SF, 28 IN - Full, 25 IN - Limited, 42 CA, 3 Detroit, 2 NJ

* Established stores only (open full week of sales)

Variance Data vs. prior 4 week
 Comparable Stores open before 1.14.12

2/12/2012-2/18/2012

	Sales \$	% Chg	GP %	GP pt. chg	Waste %	Waste pt. chg
Grand Total	\$372,120	17.3%	37.2%	0.9	6.9%	-12.6
FRESH READY TO EAT	\$143,334	7.5%	37.7%	1.1	6.7%	-11.8
SANDWICHES	\$45,469	6.6%	35.5%	1.3	6.9%	-14.2
SALADS	\$28,146	6.5%	38.0%	1.1	9.0%	-10.7
SUSHI	\$21,623	10.6%	41.6%	-0.3	2.8%	-6.4
WRAPS	\$16,185	4.6%	40.2%	1.0	4.8%	-9.5
PARFAITS	\$8,180	11.2%	31.2%	2.3	10.4%	-8.0
FRESH DESSERTS	\$10,745	12.9%	38.9%	1.4	3.1%	-10.1
FRESH SNACKS	\$8,834	8.1%	37.3%	0.8	10.8%	-15.2
COLD SALADS	\$2,731	-6.0%	40.3%	4.6	16.3%	-40.5
DIPS	\$1,241	10.4%	37.2%	-1.4	0.0%	-2.6
EAT DSD MISC	\$182	-15.0%	37.2%	-0.5	0.6%	-8.1
PRODUCE	\$114,393	5.9%	33.8%	0.2	8.7%	-13.0
CUT FRUIT	\$53,456	12.6%	34.7%	0.0	3.6%	-7.0
GRAPES/BERRIES	\$11,157	2.1%	25.5%	3.4	12.3%	-19.4
BANANAS	\$18,171	-0.4%	48.5%	-0.6	7.7%	-10.6
AMBIENT SINGLE FRUIT	\$10,880	1.7%	24.5%	-1.0	21.2%	-19.7
CHILLED VEG	\$9,037	4.0%	24.8%	0.3	11.5%	-19.2
BAG SALADS/STEAMERS	\$5,101	0.2%	34.5%	0.6	17.0%	-22.5
AMBIENT VEG	\$1,530	-11.3%	26.1%	0.9	23.1%	-20.1
TOMATOES	\$1,264	-5.5%	34.6%	-1.3	10.0%	-9.2
AMBIENT MULTI FRUIT	\$3,307	-1.3%	23.2%	0.2	11.2%	-27.7
PRODUCE DSD MISC	\$489	-7.3%	42.8%	3.9	25.7%	-4.2
FLORAL	\$49,800	277.9%	39.6%	0.5	6.0%	-39.8
CUT BOUQUETS	\$43,105	269.3%	40.4%	-0.4	6.0%	-37.2
POTTED PLANTS	\$6,695	344.6%	34.4%	8.7	6.3%	-59.4
REFRIGERATED BEVERAGES	\$27,695	0.5%	42.7%	2.8	2.1%	-0.5
FRESH BEVERAGES	\$27,695	0.5%	42.7%	2.8	2.1%	-0.5
DAIRY	\$10,947	8.9%	32.5%	-4.3	0.6%	-3.3
FRESH YOGURT	\$10,947	8.9%	32.5%	-4.3	0.6%	-3.3
FRESH READY TO HEAT	\$10,764	4.8%	37.6%	0.9	10.1%	-21.7
MEALS	\$5,715	2.2%	39.5%	1.1	15.6%	-28.7
COOKED MEATS	\$1,049	-0.6%	36.9%	1.7	0.0%	-16.7
SOUPS	\$856	5.7%	39.4%	0.6	11.8%	-34.1
BREAKFAST	\$3,145	11.8%	33.7%	0.6	3.0%	-5.8
HEAT DSD MISC				0.0		0.0
BAKERY	\$4,199	12.2%	43.8%	0.0	5.8%	-12.5
FRESH BAKERY	\$4,199	12.2%	43.8%	0.0	5.8%	-12.5
BREAD	\$5,223	-5.8%	44.9%	0.0	17.7%	-14.2
ARTISAN	\$5,223	-5.8%	44.9%	0.0	17.7%	-14.2
SPECIALTY FOOD	\$5,765	6.7%	40.5%	-0.2	4.7%	-14.4
SPECIALTY CHEESE	\$2,894	6.2%	39.1%	-0.3	7.7%	-16.0
SPECIALTY MEAT	\$1,788	8.5%	42.9%	-0.1	2.0%	-18.0
ETHNIC	\$1,083	5.3%	40.0%	-0.3	1.2%	-4.3
SPECIALTY DSD MISC				0.0		0.0

Rank	Store #	Address	Market	Go Live Date	Format	Transaction Count	Ten Cnt % chg prior	Sales \$	Sales % chg prior	GP %	Waste %
1	15196	151 N State	Chicago	1/10/2012	Flagship	27,897	12.8%	\$42,598	3.7%	34.7%	0.5%
6	211	757 Michigan Ave	Chicago	3/24/2011	Core	25,591	14.0%	\$10,593	9.3%	36.1%	2.1%
7	3698	3201 N Broadway	Chicago	10/14/2010	Core	19,338	6.0%	\$9,809	6.7%	36.1%	2.6%
9	7054	15 W WASHINGTON	Chicago	9/21/2010	Core	14,405	17.7%	\$7,107	23.8%	34.9%	2.1%
12	3961	Madison & Western	Chicago	10/14/2010	Food Oasis	12,801	7.3%	\$6,248	51.0%	37.5%	3.0%
13	3539	11 E 75th Street	Chicago	10/4/2011	Food Oasis	18,168	13.5%	\$6,203	-1.2%	34.7%	0.0%
16	5124	8628 S Cottage Grove Ave	Chicago	5/13/2011	Core	15,901	9.0%	\$4,654	27.7%	36.2%	4.2%
22	5033	Jeffrey & 79th	Chicago	10/13/2010	Food Oasis	9,857	10.7%	\$4,110	21.9%	37.1%	6.5%
25	249	1601 N WELLS ST	Chicago	9/1/2010	Core	14,890	7.6%	\$3,977	2.7%	34.5%	5.2%
27	9438	30 N MICHIGAN AVE	Chicago	9/1/2010	Core	12,293	15.0%	\$3,870	0.6%	36.6%	1.5%
29	7630	933 N State Street	Chicago	5/17/2011	Core	10,951	10.0%	\$3,858	-1.0%	35.6%	7.0%
30	3949	3046 N Halsted	Chicago	7/21/2011	Core	9,803	9.7%	\$3,834	-0.7%	34.3%	3.8%
36	3072	641 N Clark St.	Chicago	10/14/2010	Core	13,259	12.9%	\$3,304	5.4%	35.9%	4.7%
41	2211	51ST & COTTAGE GROVE	Chicago	10/7/2010	Food Oasis	10,459	5.7%	\$3,028	5.4%	35.6%	6.6%
42	6564	522 Torrence Ave	Chicago	5/17/2011	Food Oasis	11,998	17.9%	\$3,012	2.2%	35.3%	4.6%
43	7267	63RD & HALSTED PKWY	Chicago	10/7/2010	Food Oasis	9,666	12.9%	\$2,891	43.6%	36.1%	5.0%
45	1101	67th & STONY ISLAND	Chicago	9/9/2010	Food Oasis	8,026	8.7%	\$2,804	24.3%	36.0%	1.0%
48	1375	1200 N. Dearborn	Chicago	10/21/2010	Core	11,407	4.9%	\$2,722	13.6%	33.9%	3.8%
49	5713	4740 W 95th Street	Chicago	5/3/2011	Core	11,794	16.3%	\$2,714	33.4%	32.7%	11.6%
50	5927	324 Roosevelt Rd, Glen Ellyn	Chicago	10/15/2010	Core	10,706	10.7%	\$2,657	31.7%	36.8%	6.9%
52	11760	811 W Madison, Oak Park	Chicago	11/1/2010	Core	8,336	12.9%	\$2,578	34.9%	34.8%	4.9%
53	5139	7945 W 95th St, HICKORY HILLS	Chicago	6/14/2011	Core	9,739	17.9%	\$2,566	58.2%	34.0%	3.2%
54	5825	79TH & RACINE	Chicago	10/6/2010	Food Oasis	8,436	8.0%	\$2,520	-1.8%	36.2%	2.9%
55	2903	Madison & Laramie	Chicago	10/14/2010	Food Oasis	11,658	9.5%	\$2,518	39.2%	36.3%	0.0%
61	4941	10 N. Milwaukee	Chicago	9/16/2011	Core	9,472	17.1%	\$2,253	47.4%	35.2%	11.2%
62	2210	111th & Michigan	Chicago	10/13/2010	Food Oasis	8,098	8.7%	\$2,222	5.7%	35.8%	7.8%
64	3273	655 Elm Street, Highland Park	Chicago	11/16/2010	Core	9,681	11.9%	\$2,089	38.3%	34.4%	8.2%
65	5123	S. Michigan & 103rd.	Chicago	10/13/2010	Food Oasis	9,275	11.3%	\$1,962	5.2%	35.4%	4.9%
67	340	200 Wilmet	Chicago	4/4/2011	Core	3,000	5.7%	\$1,955	12.8%	25.0%	6.0%
68	5256	225 Milwaukee Ave, Lincolnshire	Chicago	10/27/2010	Core	6,733	20.3%	\$1,923	19.1%	35.0%	18.1%
69	4067	15 N. Buff. Grove Rd	Chicago	10/28/2011	Core	12,071	7.1%	\$1,883	11.0%	34.3%	5.7%
70	6563	498 N Weber Rd	Chicago	5/11/2011	Core	9,194	15.6%	\$1,819	25.8%	36.0%	27.7%
71	11154	7113 Cermak Rd, BERWYN	Chicago	6/14/2011	Core	14,351	22.1%	\$1,799	8.3%	33.5%	14.1%
72	5234	5435 S Kedzie Ave	Chicago	5/3/2011	Core	17,102	12.8%	\$1,720	8.6%	34.3%	6.1%
73	5257	1770 N Milwaukee Ave, LIBERTYVILLE	Chicago	6/16/2011	Core	7,337	18.2%	\$1,720	14.4%	34.0%	24.5%
78	6376	87TH & ASHLAND	Chicago	10/6/2010	Food Oasis	7,359	11.2%	\$1,521	-2.7%	35.2%	3.3%
80	13798	5440 N. Clark	Chicago	9/16/2011	Core	5,669	17.4%	\$1,500	19.7%	30.2%	34.1%
84	6819	12700 W. Rockland, Lake Bluff	Chicago	5/24/2011	Core	5,811	17.3%	\$1,364	19.5%	32.9%	16.7%
87	4988	1701 N Buff Gr. Rd	Chicago	9/30/2011	Core	6,453	15.6%	\$1,232	17.6%	31.6%	16.1%
96	3406	100 N. Randall Rd	Chicago	10/6/2011	Core	7,050	15.9%	\$1,043	19.1%	33.8%	4.5%
108	1033	811 Green Bay Rd	Chicago	9/29/2011	Core	7,530	2.4%	\$850	-22.5%	34.9%	30.7%
129	13827	1 E. Ogden	Chicago	10/4/2011	Core	4,551	15.6%	\$587	-16.6%	33.2%	19.7%

Sales include:
Ops 71, 83, 93, 102, 120 minus Product Categories 71068, 71069, 83012, 83013, 83069, 93008, 93069, 93093, 120119
Product Categories 169004, 215009, 145005, 194120
Upmarket items in Flagship Stores

Fresh Pilot Stores Results - 2.12.2012 - 2.18.2012

Rank	Store #	Address	Market	Go Live Date	Format	Transaction Count	Ten Cnt % chg prior	Sales \$	Sales % chg prior	GP %	Waste %
3	3185	825 Market St	San Francisco	10/4/2011	Core	28,844	-8.3%	\$13,917	-13.2%	38.3%	0.9%
4	7043	459 Powell Street	San Francisco	5/6/2011	Core	18,869	0.0%	\$12,322	-8.2%	38.0%	0.6%
5	13669	776 Market St	San Francisco	9/9/2011	Core	17,617	-8.0%	\$10,927	-10.1%	40.7%	1.8%
8	5618	100 Sansome Street	San Francisco	5/2/2011	Core	15,628	5.4%	\$8,046	5.0%	39.5%	2.0%
10	4680	730 Market St	San Francisco	5/17/2011	Core	10,163	5.3%	\$6,574	-16.1%	34.9%	4.4%
11	6291	116 New Montgomery	San Francisco	5/11/2011	Core	15,160	-1.1%	\$6,483	-3.7%	40.4%	0.2%
14	3624	275 Sacramento St	San Francisco	5/2/2011	Core	14,328	5.8%	\$5,222	-1.1%	42.9%	3.7%
15	4609	1301 Market St	San Francisco	5/17/2011	Core	12,084	3.2%	\$5,167	0.5%	39.3%	3.0%
18	4231	2690 Mission St	San Francisco	5/19/2011	Core	15,540	4.4%	\$4,504	0.7%	40.1%	6.0%
20	10045	2310 Telegraph Ave.,BERKELEY	San Francisco	6/16/2011	Core	14,962	3.5%	\$4,402	-2.8%	36.6%	7.8%
23	3475	25 Point Lobos Ave	San Francisco	5/10/2011	Core	7,849	1.9%	\$4,046	9.3%	37.6%	7.9%
24	13595	1333 Broadway,Oakland	San Francisco	7/12/2011	Core	12,339	1.0%	\$3,979	5.1%	36.4%	0.6%
28	893	1344 Stockton	San Francisco	6/1/2011	Core	13,810	-1.2%	\$3,870	-0.2%	36.7%	2.7%
31	4275	456 Mission St	San Francisco	5/24/2011	Core	10,665	8.8%	\$3,780	8.5%	39.5%	2.1%
33	5599	2120 Polk	San Francisco	6/21/2011	Core	12,279	2.3%	\$3,627	-9.3%	34.9%	1.7%
34	1625	5055 Telegraph Ave	San Francisco	10/4/2011	Core	13,628	8.1%	\$3,532	-8.2%	38.3%	5.2%
35	1536	3434 High Street, Oakland	San Francisco	6/7/2011	Core	12,602	14.9%	\$3,391	6.1%	38.6%	5.4%
37	4625	830 3rd Street, San Rafael	San Francisco	6/6/2011	Core	12,395	7.4%	\$3,273	11.4%	37.5%	9.5%
38	324	216 Westlake Center, Daly City	San Francisco	6/1/2011	Core	20,779	6.1%	\$3,256	17.4%	30.4%	3.2%
39	5365	6100 Mission St, Daly City	San Francisco	6/7/2011	Core	10,189	3.3%	\$3,129	39.7%	39.5%	7.1%
40	13667	5280 Geary Blvd	San Francisco	12/6/2011	Core	10,344	0.9%	\$3,087	16.1%	37.8%	7.5%
44	9248	2300 Otis Dr,ALAMEDA	San Francisco	6/21/2011	Core	15,303	4.7%	\$2,865	8.5%	37.3%	4.3%
46	2939	333 El Camino	San Francisco	7/20/2011	Core	10,474	7.9%	\$2,739	4.6%	37.4%	7.9%
51	5487	5300 3rd St	San Francisco	6/2/2011	Food Oasis	7,699	8.5%	\$2,612	-1.0%	36.2%	4.7%
58	1537	3232 Foothill Blvd,OAKLAND	San Francisco	7/13/2011	Food Oasis	12,753	14.8%	\$2,371	6.7%	37.1%	15.6%
63	4570	3001 Taraval St	San Francisco	5/24/2011	Core	8,195	3.1%	\$2,208	13.0%	41.4%	4.4%
74	9886	3400 Caesar Chavez	San Francisco	6/13/2011	Core	6,487	5.2%	\$1,705	-5.8%	40.2%	2.3%
83	13858	1607 Shattuck Ave, Berkeley	San Francisco	7/1/2011	Core	5,100	6.0%	\$1,393	11.8%	39.3%	17.3%
110	11822	1685 Trancas St.	San Francisco	1/20/2012	Core	2,998	13.0%	\$804	20.1%	37.3%	53.0%
2	11962	TIMES SQUARE	New York	9/10/2010	Core	28,077	24.7%	\$16,031	21.8%	34.0%	0.0%
17	7675	33 E 23rd street	New York	11/30/2010	Core	16,570	8.0%	\$4,516	-7.1%	35.7%	6.6%
21	6159	145 FOURTH AVE	New York	9/1/2010	Core	19,242	6.4%	\$4,141	2.1%	35.8%	8.3%
26	2122	1230 Nepperhan Ave	New York	2/1/2012	Core	19,598	20.4%	\$3,920	9.6%	35.4%	9.4%
32	9731	20 ASTOR PL	New York	10/7/2010	Core	15,273	5.5%	\$3,674	151.2%	37.4%	1.6%
47	4445	11902 Rockaway Blvd.	New York	11/1/2011	Core	14,974	14.7%	\$2,723	40.8%	37.1%	17.1%
56	12474	353 W 57th St	New York	9/1/2010	Core	7,095	1.3%	\$2,507	4.8%	36.9%	4.9%
57	2778	2095 Dutch Broadway	New York	11/3/2011	Core	11,947	7.5%	\$2,390	38.9%	39.1%	16.1%
59	10135	1st & 18th street	New York	12/15/2010	Core	10,021	0.5%	\$2,335	8.5%	37.6%	3.4%
60	10912	2575 Broadway	New York	11/16/2010	Core	10,838	-1.0%	\$2,264	14.4%	36.0%	4.8%
66	12732	9408 3rd Ave	New York	4/12/2011	Core	10,123	6.7%	\$1,959	0.5%	36.3%	17.6%
75	1214	1328 2ND AVE	New York	9/1/2010	Core	9,134	3.8%	\$1,704	4.5%	36.8%	15.8%
77	11871	545 3rd Ave	New York	11/15/2010	Core	6,942	2.3%	\$1,648	-3.6%	34.4%	26.0%
79	10417	1160 3RD AVE	New York	9/1/2010	Core	9,961	2.0%	\$1,508	-10.8%	36.8%	13.5%
86	10279	1000 2ND AVE	New York	9/1/2010	Core	8,426	0.3%	\$1,312	-13.6%	37.3%	7.9%
94	1572	44-15 Kissena Blvd	New York	11/22/2011	Core	9,792	-0.9%	\$1,099	-2.5%	36.8%	26.9%
109	12855	1571 E 86th	New York	4/29/2011	Core	4,753	10.1%	\$827	-2.1%	36.5%	32.4%
92	13225	101-105 Washington St	New Jersey	1/21/2011	Core	6,111	2.3%	\$1,155	10.2%	37.1%	23.0%
126	15000	153 Main St.	New Jersey	9/2/2011	Core	3,716	28.6%	\$649	64.3%	38.7%	25.3%

Sales include:
Ops 71,83,93,102,120 minus Product Categories 71068,71069,83012,83013,83069,93008,93069,93093,120119
Product Categories 169004,215009,145005,194120
Upmarket items in Flagship Stores

Fresh Pilot Stores Results - 2.12.2012 - 2.18.2012

Rank	Store #	Address	Market	Go Live Date	Format	Transaction Count	Ten Cnt % chg prior	Sales \$	Sales % chg prior	GP %	Waste %
19	10873	1530 N. Meridian St.	Indianapolis - Full	8/30/2011	Food Oasis	9,994	11.3%	\$4,464	9.4%	49.9%	5.8%
76	11248	3545 W. 86th Street	Indianapolis - Full	9/27/2011	Core	8,926	18.0%	\$1,652	10.0%	37.8%	14.3%
85	2796	3003 Kessler Blvd North Dr	Indianapolis - Full	10/24/2011	Food Oasis	5,688	17.3%	\$1,360	7.4%	52.8%	5.8%
88	6778	6191 N Keystone Ave	Indianapolis - Full	9/15/2011	Core	6,388	15.8%	\$1,224	14.9%	38.3%	16.5%
89	2800	8905 E 10th St	Indianapolis - Full	10/6/2011	Core	6,425	17.4%	\$1,221	4.4%	31.1%	16.1%
93	4371	1801 South St	Indianapolis - Full	11/15/2011	Core	6,725	16.6%	\$1,149	2.8%	30.5%	12.7%
95	2797	3734 E 38th St	Indianapolis - Full	11/12/2011	Food Oasis	5,789	16.2%	\$1,077	-13.2%	46.6%	9.9%
97	15032	1290 North State Rd., 135	Indianapolis - Full	11/19/2011	Core	5,114	16.0%	\$1,041	7.9%	45.6%	14.1%
98	3363	1505 E 86th St	Indianapolis - Full	12/5/2011	Core	5,201	12.6%	\$995	2.1%	36.4%	16.9%
99	3066	5675 N Michigan Rd	Indianapolis - Full	9/20/2011	Food Oasis	4,845	15.0%	\$980	33.0%	34.3%	8.4%
100	5753	7975 E Us Hwy 36	Indianapolis - Full	9/29/2011	Core	5,485	25.5%	\$970	1.1%	34.4%	13.3%
103	3065	4555 N Shadeland Ave	Indianapolis - Full	9/27/2011	Food Oasis	4,801	22.1%	\$918	12.0%	55.9%	26.3%
104	2956	1808 N Albany St	Indianapolis - Full	11/12/2011	Core	6,124	17.0%	\$907	3.4%	45.8%	15.4%
107	6456	1000 Sagamore Pkwy W	Indianapolis - Full	11/15/2011	Core	6,481	17.5%	\$851	-0.5%	33.6%	11.6%
111	6454	20 W. Main Street	Indianapolis - Full	11/5/2011	Core	4,532	11.6%	\$804	24.5%	40.9%	8.6%
112	2931	5199 N Keystone	Indianapolis - Full	11/15/2011	Core	4,700	19.2%	\$791	25.8%	48.4%	10.8%
113	3194	9050 E 38th St	Indianapolis - Full	9/27/2011	Food Oasis	4,909	28.9%	\$766	-7.2%	29.2%	29.8%
114	5562	1516 E. Main Street	Indianapolis - Full	11/5/2011	Core	5,180	18.6%	\$765	-16.9%	44.6%	21.0%
115	3524	2400 Besm Rd	Indianapolis - Full	11/19/2011	Core	6,336	21.5%	\$759	0.8%	26.4%	19.5%
116	6455	115 Fields Rd.	Indianapolis - Full	9/15/2011	Core	5,894	21.6%	\$739	6.9%	44.7%	22.0%
118	3609	5095 E Thompson Rd	Indianapolis - Full	9/29/2011	Core	6,323	20.0%	\$730	-13.4%	43.6%	11.7%
120	7676	1900 S Ohio St	Indianapolis - Full	9/15/2011	Core	4,720	10.7%	\$709	-7.5%	24.1%	19.8%
123	3142	3455 Mann Rd	Indianapolis - Full	11/19/2011	Core	5,545	27.4%	\$663	10.7%	43.6%	18.5%
124	4592	700 Us Highway 31 S	Indianapolis - Full	9/10/2011	Core	6,599	16.4%	\$663	-12.2%	36.9%	8.5%
127	3231	1215 S Range Line Rd	Indianapolis - Full	9/13/2011	Core	4,741	19.2%	\$641	-11.7%	22.1%	36.3%
142	6165	10595 N Michigan Rd	Indianapolis - Full	11/8/2011	Core	4,525	18.7%	\$466	4.7%	43.9%	43.3%
143	9644	555 Westfield Road	Indianapolis - Full	9/15/2011	Core	2,606	22.4%	\$463	31.7%	49.6%	25.9%
160	5264	6269 W. 38th St.	Indianapolis - Full	11/19/2011	Core	3,918	29.8%	\$328	19.9%	30.8%	48.2%
130	10858	130 S Creasy LN	Indianapolis - Limited	11/15/2011	Exp FF DD	4,444	29.8%	\$558	103.2%	38.3%	63.3%
132	2830	6961 Madison Ave	Indianapolis - Limited	9/10/2011	Exp FF DD	3,447	19.8%	\$549	123.5%	36.9%	8.4%
139	2799	5460 E Washington Str	Indianapolis - Limited	10/25/2011	Bananas/Prod/FI	4,829	14.9%	\$480	18.0%	53.5%	0.0%
148	3442	7506 N Shadeland Ave	Indianapolis - Limited	9/15/2011	Exp FF DD	5,470	25.4%	\$429	72.0%	39.9%	29.7%
149	5718	10845 E. 79th St.	Indianapolis - Limited	9/13/2011	Exp FF DD	3,958	17.4%	\$422	31.9%	38.4%	25.9%
152	3214	107 S Washington St	Indianapolis - Limited	11/22/2011	Bananas/Prod/FI	4,555	16.4%	\$410	38.2%	37.5%	13.8%
153	2952	4001 Madison Ave	Indianapolis - Limited	11/5/2011	Exp FF DD	3,748	25.7%	\$391	83.8%	36.4%	11.6%
154	11624	1330 W. 86th St.	Indianapolis - Limited	9/8/2011	Exp FF DD	3,803	14.3%	\$383	14.9%	40.9%	55.4%
159	10874	2800 Old US Highway 231 S	Indianapolis - Limited	11/15/2011	Bananas/Prod/FI	3,611	29.9%	\$345	183.6%	37.2%	33.3%
161	10487	6745 E Southport Rd	Indianapolis - Limited	10/22/2011	Bananas/Prod/FI	4,876	16.7%	\$326	0.5%	38.1%	40.9%
163	7618	14625 N Gray Rd	Indianapolis - Limited	11/12/2011	Exp FF DD	3,570	20.0%	\$312	112.0%	37.8%	13.1%
164	3068	5720 W Washington St	Indianapolis - Limited	10/29/2011	Bananas/Prod/FI	3,600	8.4%	\$311	24.7%	31.4%	36.8%
169	10149	13741 East 116th St	Indianapolis - Limited	9/13/2011	Exp FF DD	3,200	20.3%	\$284	162.4%	29.2%	0.0%
170	5978	11020 Pendleton Pike	Indianapolis - Limited	10/4/2011	Exp FF DD	4,212	26.9%	\$274	149.2%	38.2%	5.9%
171	1444	1130 N Lebaron St	Indianapolis - Limited	11/15/2011	Exp FF DD	3,440	16.3%	\$273	7.2%	35.4%	0.0%
172	6299	12570 Reynolds Dr.	Indianapolis - Limited	11/5/2011	Exp FF DD	3,118	27.9%	\$269	118.8%	38.1%	13.4%
174	2798	3205 E Washington St	Indianapolis - Limited	10/29/2011	Bananas/Prod/FI	4,049	16.1%	\$257	-20.1%	39.4%	30.5%
176	12151	7235 W 10th St	Indianapolis - Limited	10/29/2011	Bananas/Prod/FI	3,287	32.7%	\$230	121.8%	43.1%	13.7%
179	5853	720 S. State Road 135	Indianapolis - Limited	9/8/2011	Exp FF DD	4,044	15.7%	\$192	39.6%	35.3%	51.4%
180	7174	1195 N State St	Indianapolis - Limited	9/10/2011	Exp FF DD	5,450	21.2%	\$189	-11.2%	40.5%	66.5%
182	9129	2380 E Pleasant St	Indianapolis - Limited	9/13/2011	Exp FF DD	3,274	20.6%	\$183	53.9%	37.1%	42.4%
183	10073	2400 W Sycamore St	Indianapolis - Limited	11/22/2011	Bananas/Prod/FI	4,701	25.7%	\$166	48.9%	35.2%	45.0%
185	10929	1650 E Raymond	Indianapolis - Limited	11/22/2011	Bananas/Prod/FI	2,133	2.4%	\$164	93.5%	38.2%	70.8%
186	7031	9240 Rockville Rd	Indianapolis - Limited	9/8/2011	Exp FF DD	4,401	29.6%	\$164	-8.1%	37.2%	34.7%
188	9278	11025 E Washington St	Indianapolis - Limited	10/4/2011	Bananas/Prod/FI	3,677	29.0%	\$79	55.6%	37.9%	109.0%

Sales include:
Ops 71,83,93,102,120 minus Product Categories 71068,71069,83012,83013,83069,93008,93069,93093,120119
Product Categories 169004,215009,145005,194120
Upmarket items in Flagship Stores

WAGMDL00974214

Fresh Pilot Stores Results - 2.12.2012 - 2.18.2012

Rank	Store #	Address	Market	Go Live Date	Format	Transaction Count	Ten Cnt % chg prior	Sales \$	Sales % chg prior	GP %	Waste %
128	4797	6331 E JEFFERSON AVE	Detroit	3/22/2011	Core	4,821	7.9%	\$611	12.7%	37.0%	14.3%
134	6708	15516 GRAND RIVER AVE	Detroit	3/22/2011	Core	5,304	12.2%	\$517	-13.4%	33.7%	39.4%
158	4369	19800 PLYMOUTH RD.	Detroit	3/22/2011	Core	5,522	9.1%	\$350	-6.6%	37.7%	0.0%
81	6124	9750 Woodman Ave.	California	10/26/2010	Bananas/Prod/FI	11,774	15.1%	\$1,481	351.6%	40.7%	2.3%
82	7869	885 Euclid Ave.	California	10/27/2010	Bananas/Prod/FI	11,773	16.4%	\$1,404	298.1%	46.7%	3.2%
90	5038	1661 W. Florida Ave.	California	3/29/2011	Bananas/Prod/FI	9,666	7.9%	\$1,181	583.1%	39.8%	0.8%
91	12460	617 W. 7th St.	California	10/27/2010	Bananas/Prod/FI	13,614	6.9%	\$1,159	80.5%	38.9%	3.8%
101	5844	215 N. 2nd St.	California	10/27/2010	Bananas/Prod/FI	10,887	13.9%	\$965	259.1%	37.3%	23.3%
102	6446	11900 Beach Blvd	California	3/29/2011	Bananas/Prod/FI	8,320	8.9%	\$939	344.0%	39.9%	15.5%
105	6249	4351 Imperial Hwy	California	3/29/2011	Bananas/Prod/FI	10,156	18.3%	\$873	261.0%	39.3%	0.0%
106	9136	1625 W Sunset Blvd	California	3/29/2011	Bananas/Prod/FI	10,277	6.6%	\$861	197.0%	37.4%	0.0%
117	6445	8770 W. Pico Blvd.	California	10/26/2010	Bananas/Prod/FI	13,470	6.8%	\$732	21.1%	39.4%	10.7%
119	5650	2627 Pacific Ave.	California	10/26/2010	Bananas/Prod/FI	10,303	17.1%	\$721	71.4%	39.9%	7.6%
121	6931	10407 Santa Monica Blvd.	California	10/26/2010	Bananas/Prod/FI	7,664	8.2%	\$674	52.7%	34.2%	0.0%
122	4756	44840 MONTEREY AVE	California	10/29/2010	Bananas/Prod/FI	11,200	9.7%	\$670	173.6%	40.6%	2.1%
125	5771	17522 Beach Blvd.	California	10/26/2010	Bananas/Prod/FI	9,600	9.1%	\$657	63.0%	36.8%	15.3%
131	5372	16108 Foothill Blvd.	California	10/27/2010	Bananas/Prod/FI	10,525	24.5%	\$557	284.2%	42.4%	6.7%
133	5846	2303 N. Vineyard Ave.	California	3/29/2011	Bananas/Prod/FI	8,094	23.4%	\$526	145.3%	51.1%	19.6%
135	7016	3724 Crenshaw Blvd	California	3/29/2011	Bananas/Prod/FI	9,971	11.0%	\$517	79.2%	41.4%	28.6%
136	9882	331 N. Sepulveda Blvd.	California	10/27/2010	Bananas/Prod/FI	8,507	12.1%	\$492	32.5%	37.2%	53.3%
137	5525	7155 Van Nuys Blvd.	California	10/26/2010	Bananas/Prod/FI	11,214	12.0%	\$487	40.4%	37.0%	4.6%
138	6656	3222 University Ave.	California	10/27/2010	Bananas/Prod/FI	8,471	11.6%	\$487	91.2%	41.3%	5.0%
140	6954	3446 W Ball Road	California	3/29/2011	Bananas/Prod/FI	8,384	14.1%	\$467	208.3%	38.0%	3.3%
141	6413	230 N La Brea Ave	California	3/29/2011	Bananas/Prod/FI	9,312	10.0%	\$467	63.7%	38.5%	0.0%
144	7482	1800 W Slauson Avenue	California	3/29/2011	Bananas/Prod/FI	9,668	14.0%	\$462	73.6%	38.5%	18.5%
145	7036	5451 W Sunset Blvd	California	3/29/2011	Bananas/Prod/FI	9,943	6.2%	\$454	49.7%	41.7%	3.9%
146	6215	1826 W Orangehorpe	California	3/29/2011	Bananas/Prod/FI	8,838	11.0%	\$444	71.9%	33.1%	0.0%
147	5702	934 N. Hacienda Blvd.	California	10/27/2010	Bananas/Prod/FI	7,941	11.0%	\$442	163.1%	41.1%	5.1%
150	5182	60 N HIGHLAND SPRINGS AVE.	California	10/29/2010	Bananas/Prod/FI	8,525	10.8%	\$414	126.3%	39.7%	8.4%
151	6903	5829 Lakewood Blvd	California	3/29/2011	Bananas/Prod/FI	8,827	14.2%	\$414	25.3%	39.3%	11.6%
155	5972	12001 Euclid St.	California	10/26/2010	Bananas/Prod/FI	9,420	16.3%	\$380	86.0%	30.2%	1.3%
156	5301	33975 DATE PALM DR	California	10/29/2010	Bananas/Prod/FI	8,284	6.6%	\$376	111.8%	36.4%	9.9%
157	6250	1028 S. San Fernando Blvd.	California	10/26/2010	Bananas/Prod/FI	9,239	4.2%	\$360	170.5%	38.2%	2.5%
162	1750	1250 E Chapman Ave	California	1/1/2012	Bananas/Prod/FI	6,018	14.7%	\$321	176.3%	39.3%	2.7%
165	6094	3005 Midway Dr.	California	10/27/2010	Bananas/Prod/FI	8,772	5.4%	\$308	22.8%	33.0%	12.6%
166	6680	9031 Rosecrans Avenue	California	3/29/2011	Bananas/Prod/FI	10,711	19.0%	\$307	16.0%	39.8%	2.4%
167	9137	14250 Prairie Ave	California	3/29/2011	Bananas/Prod/FI	9,180	13.2%	\$301	19.5%	44.9%	17.2%
168	6061	1241 W. Foothill Blvd	California	11/30/2010	Bananas/Prod/FI	8,106	8.9%	\$299	174.6%	38.2%	9.4%
173	6700	5224 Coldwater Canyon Rd	California	3/29/2011	Bananas/Prod/FI	8,906	8.1%	\$264	6.2%	39.5%	9.1%
175	7015	20901 Devonshire St.	California	10/26/2010	Bananas/Prod/FI	7,793	15.3%	\$249	39.9%	39.5%	0.0%
177	6438	12490 Central Ave.	California	10/27/2010	Bananas/Prod/FI	9,984	19.1%	\$229	67.8%	41.0%	31.8%
178	5879	3201 W. 6th St.	California	10/27/2010	Bananas/Prod/FI	18,067	11.9%	\$194	-19.2%	38.1%	45.9%
191	6685	1634 E. Highland Avenue	California	3/29/2011	Bananas/Prod/FI	10,510	14.4%	\$186	24.5%	35.3%	34.0%
184	7950	15316 Nordhoff Street	California	3/29/2011	Bananas/Prod/FI	9,421	15.8%	\$165	-6.5%	42.6%	28.8%
187	6255	621 I Street	California	3/29/2011	Bananas/Prod/FI	9,563	17.7%	\$142	-37.4%	38.3%	29.7%

Sales include:
Ops 71,83,93,102,120 minus Product Categories 71068,71069,83012,83013,83069,93008,93069,93093,120119
Product Categories 169004,215009,145005,194120
Upmarket items in Flagship Stores