



Walgreens Boots Alliance

Walgreen Co. Reports Record Sales, Earnings for First Quarter 2002

January 3, 2002

DEERFIELD, Ill., Jan. 3, 2002 - Walgreen Co. (NYSE: WAG) today announced record sales and earnings for the first quarter of fiscal 2002.

Net earnings for the quarter ended Nov. 30 were up 17.4 percent to \$185.9 million or 18 cents per share (diluted), from \$158.4 million or 15 cents per share (diluted) in the same quarter a year ago. This year's results include a gain of \$5.5 million for the final partial payment of the company's share of the brand name prescription drug antitrust litigation settlement. Excluding the gain, earnings rose 15.2 percent to \$182.5 million or 18 cents per share (diluted). Sales for the first quarter increased 16.8 percent to a record \$6.6 billion. Total sales in comparable stores (those open more than a year) were up 10.7 percent in the quarter. Prescriptions, which accounted for 60 percent of sales in the quarter, climbed 21.6 percent. Prescription sales in comparable stores rose 17.1 percent in the quarter. Third party plans now account for 90 percent of all prescription sales. "The nature of our business - selling basic goods that everyone needs - gives us the chance to perform well despite the current recession and tough retail environment," said Chairman Dan Jorndt. "It also means we will continue as planned with our expansion program." The company plans to add 14,000 new jobs, open 475 new stores, spend \$1.3 billion in capital expenditures and open two new distribution centers during fiscal 2002. Walgreens is on pace to have more than 6,000 stores by 2010. "Not only do we have the financial resources to grow, but we have the pharmacists necessary to staff both our existing stores and new locations," said Jorndt. "We've been very successful in recruiting both new graduates and seasoned pharmacists." Walgreens opened a record 134 new stores in the first quarter, versus 126 new stores in last year's first quarter. With store growth continuing at a record pace, expenses as a percent to sales fell as they were spread over a larger store base. First quarter selling, general and administrative costs dropped 49 basis points, from 21.92 to 21.43 as a percent to sales. President David Bernauer said the company continued its record performance while maintaining its long-term strategy to lower prices in selected key categories. "We initiated this plan in the mid-1990s to become more price competitive," said Bernauer. "We've completed vitamins and skincare, and last spring we lowered prices on thousands of cosmetic items. The response has been very good." At Nov. 30, Walgreens operated 3,623 drugstores in 43 states and Puerto Rico, versus 3,260 a year ago, for a net increase of 363. For additional information on the quarter's results, investors can listen to a recorded Webcast discussion on Walgreens Investor Relations Web site at: <http://investor.walgreens.com>.

This news release may contain forward-looking statements that involve risks and uncertainties. The following factors could cause results to differ materially from management expectations as projected in such forward-looking statements: seasonal variations, competition, risks of new business areas, the availability and cost of real estate and construction, and changes in federal or state legislation or regulations. Investors are referred to the "Cautionary Note Regarding Forward-Looking Statements" in the Company's most recent Form 10-K, which Note is incorporated into this news release by reference.

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