



Walgreen Co. Reports Record Fourth Quarter and 26th Consecutive Year of Record Sales, Earnings

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One-third of Walgreens store base is less than three years old. While these stores initially pull down profitability, Jorndt noted, "This puts us in excellent position for future performance as these new stores establish themselves in the years ahead."

Walgreens also marked the opening of its 3,000th store in 2000, a goal the company first announced in 1991. It took Walgreens 83 years to open its 1,000th store, 10 years to open its 2,000th store and just six years to open its 3,000th. By 2010, the company plans to operate 6,000 stores nationwide.

Walgreens unprecedented growth during the last decade has reduced its average store age to less than six years. Today, nearly two-thirds of Walgreen stores have drive-thru pharmacies, and 67 percent are at convenient, freestanding locations.

A Decade of Growth Fiscal year: 1990 2000 Total stores 1,564 3,165 Freestanding stores 155 2,118 24-hour stores 55 690 1-hour photo stores 2 3,007 Drive-thru pharmacies 1 1,990

The company's aggressive growth also allows fixed costs to be spread over a larger store base. Selling, general and administration expenses dropped 25 basis points to 21.30 percent of sales in fiscal 2000, the sixth consecutive year these expenses fell.

President David Bernauer said capital expenditures are expected to reach \$1.4 billion in fiscal 2001. "The bulk of those funds are targeted for store growth, distribution and technology," Bernauer said. "We have a new distribution center under construction in West Palm Beach, Fla., and two more will begin construction during this fiscal year - in the Dallas metro area and northern Ohio. We'll also expand one existing center in 2001."

Walgreens Internet pharmacy business continued to grow during the year. More than 90 percent of online pharmacy customers choose to pick up their prescriptions the same day at their local store, solidifying the importance of brick-and-mortar stores to the company's online offering. In late September, Walgreens added non-prescription items for sale on its Internet site.

At Aug. 31, Walgreens operated 3,165 drugstores in 43 states and Puerto Rico, versus 2,821 a year ago, for a net increase of 344.

For additional information on the quarter's results, investors can listen beginning about 9 a.m. eastern time today 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-Q, which Note is incorporated into this news release by reference.