



Walgreens Boots Alliance

Fourth Quarter and Fiscal 2016 Results

20 October 2016

Safe harbor and non-GAAP

Cautionary Note Regarding Forward-Looking Statements: All statements in these materials and the related presentation that are not historical including, without limitation, estimates of and goals for future financial and operating performance, as well as forward-looking statements concerning the expected execution and effect of our business strategies, our cost-savings and growth initiatives and restructuring activities and the amounts and timing of their expected impact, and our pending agreement with Rite Aid and the transactions contemplated thereby and their possible effects, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “expect,” “likely,” “outlook,” “forecast,” “preliminary,” “would,” “could,” “should,” “can,” “will,” “project,” “intend,” “plan,” “goal,” “guidance,” “target,” “aim,” “continue,” “sustain,” “synergy,” “on track,” “headwind,” “tailwind,” “believe,” “seek,” “estimate,” “anticipate,” “may,” “possible,” “assume,” and variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions, known or unknown, that could cause actual results to vary materially, including, but not limited to, those relating to the impact of private and public third-party payers’ efforts to reduce prescription drug reimbursements, fluctuations in foreign currency exchange rates, the timing and magnitude of the impact of branded to generic drug conversions and changes in generic drug prices, our ability to realize synergies and achieve financial, tax and operating results in the amounts and at the times anticipated, the occurrence of any event, change or other circumstance that could give rise to the termination, cross-termination or modification of any of our contractual obligations, our ability to realize expected savings and benefits from cost-savings initiatives, restructuring activities and acquisitions in the amounts and at the times anticipated, the timing and amount of any impairment or other charges, the timing and severity of cough, cold and flu season, changes in economic and business conditions generally or in particular markets in which we participate, changes in financial markets and interest rates, the risks associated with international business operations, including the risks associated with the proposed withdrawal of the United Kingdom from the European Union, the risk of unexpected costs, liabilities or delays, changes in vendor, customer and payer relationships and terms, including changes in network participation and reimbursement terms, risks of inflation, risks associated with acquisitions, divestitures, joint ventures and strategic investments, including those relating to our ability to satisfy the closing conditions and consummate the pending acquisition of Rite Aid and related matters on a timely basis or at all, the risks associated with the integration of complex businesses, outcomes of legal and regulatory matters, including with respect to regulatory review and actions in connection with the pending acquisition of Rite Aid, and changes in legislation, regulations or interpretations thereof. These and other risks, assumptions and uncertainties are described in Item 1A (Risk Factors) of our Form 10-K for the fiscal year ended 31 August 2015 and Form 10-Q for the fiscal quarter ended 31 May 2016, each of which is incorporated herein by reference, and in other documents that we file or furnish with the SEC. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, we do not undertake, and expressly disclaim, any duty or obligation to update publicly any forward-looking statement after the date of this presentation.

Non-GAAP Financial Measures: Today’s presentation includes certain non-GAAP financial measures, and we refer you to the footnotes on page 18 and the Appendix to the presentation materials available on our investor relations website for reconciliations to the most directly comparable U.S. GAAP financial measures and related information.



Highlights

Outstanding financial year

Exceeded upper end of guidance

Generated healthy cash flow

Formed significant strategic partnerships



4Q financial highlights

		\$ in millions (except EPS & % change)		
		4Q16	Reported Δ vs 4Q15	Constant currency ¹ Δ vs 4Q15
Sales		\$28,636	+ 0.4%	+ 2.5%
Operating income:	GAAP	\$1,140	+ 36.4%	
	Adjusted²	\$1,555	+ 7.2%	+ 10.3%
Net earnings³:	GAAP	\$1,030		
	Adjusted²	\$1,166	+ 20.3%	
Diluted net EPS³:	GAAP	\$0.95		
	Adjusted²	\$1.07	+ 21.6%	



Retail Pharmacy USA - 4Q financials



<i>\$ in millions (except % change)</i>	4Q16	Δ vs. 4Q15
Sales	\$20,747	+ 4.0%
Comparable store sales		+ 3.2%
Adjusted gross profit^{2,4}	\$5,388	+ 0.5%
Adjusted SG&A % of sales^{2,4}	20.7%	- 0.9%p
Adjusted operating margin^{2,4}	5.3%	0.0%p
Adjusted operating income^{2,4}	\$1,100	+ 4.4%



Cost savings program

Continued to make strong progress in FY16

Well on track towards delivering \$1.5 billion savings⁵
- by end FY17

Total pre-tax charges between \$1.3 - \$1.5 billion⁵
- \$300 million lower than previously estimated⁵



Retail Pharmacy USA - pharmacy



4Q16 vs 4Q15	Total	Comparable
Pharmacy sales	+ 6.2%	+ 5.0%
Prescriptions	+ 3.7%	+ 3.9% ⁶

Increased script volume and specialty sales

Continued Medicare Part D script growth

Market share up approx. 40 bps to 19.3%⁷



Retail Pharmacy USA - retail

vs 4Q15

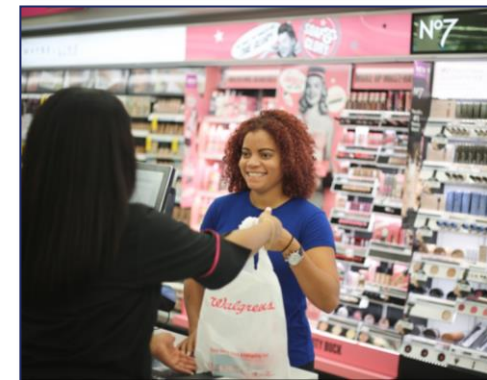
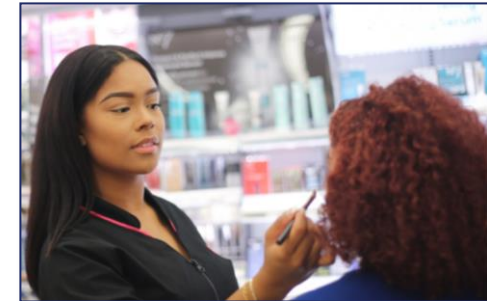
Walgreens

Comparable sales down 0.3%

**Declines in certain consumable categories
and seasonal items**

Health & wellness and beauty performed well

Foundations in place for long term margin growth⁵



Walgreens Boots Alliance

© 2016 Walgreens Boots Alliance, Inc. All rights reserved.

Refer to footnotes on page 18

Retail Pharmacy USA – beauty differentiation



First phase now in 1,600 stores⁸

Customer experience

Store environment

Products



Retail Pharmacy International - 4Q financials



\$ in millions (except % change)	Constant currency ¹	
	4Q16	Δ vs. 4Q15
Sales	\$3,037	+ 1.4%
Comparable store sales^{1,9}		- 0.6%
Adjusted operating margin^{2,9}	8.1%	+ 1.0%p
Adjusted operating income^{2,9}	\$247	+ 15.7%



Retail Pharmacy International

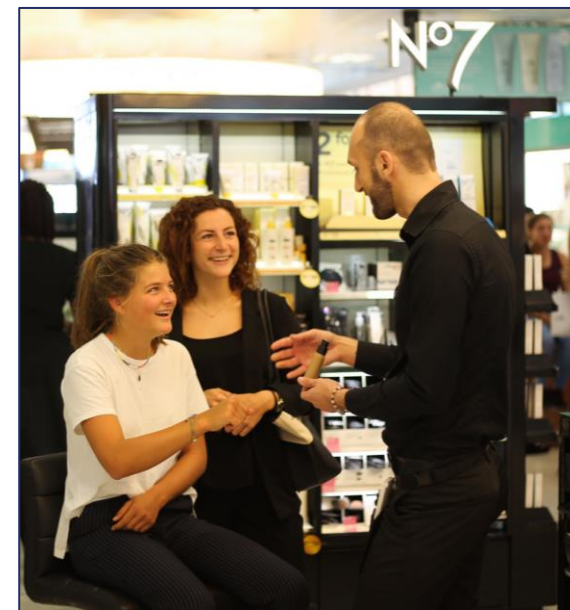


Comparable pharmacy sales - flat^{*,1,9}

- Chile offset growth in other markets
- Boots UK up 0.6%^{*,1,9}

Comparable retail sales - down 1%^{*,1,9}

- Boots UK down 0.8%^{*,1,9}



Pharmaceutical Wholesale - 4Q financials



\$ in millions (except % change)	Constant currency ¹	
	4Q16	Δ vs. 4Q15
Sales	\$5,400	- 1.5%
Comparable sales ^{10,11}		+ 2.9%
Adjusted operating margin ^{2,11,12}	2.9%	+ 0.3%p
Adjusted operating income ^{2,11,12}	\$208	+ 39.2%



Fiscal year financial highlights

\$ in millions (except EPS & % change)		FY16	Reported Δ vs FY15	Constant currency ¹ Δ vs FY15
Sales		\$117,351	+ 13.4%	+ 16.0%
Operating income:	GAAP	\$6,001	+ 28.6%	
	Adjusted²	\$7,208	+ 17.1%	+ 18.9%
Net earnings³:	GAAP	\$4,173	- 1.1%	
	Adjusted²	\$5,009	+ 22.6%	
Diluted net EPS³:	GAAP	\$3.82	- 4.5%	
	Adjusted²	\$4.59	+ 18.3%	



Capital allocation

Operating cash flow

\$2.7 billion in 4Q

\$7.8 billion in FY16

Working capital reduced by \$1.4 billion

Cash capital expenditure²

\$421 million in 4Q

\$1.3 billion in FY16

Investing in customer proposition⁵

Free cash flow²

\$2.2 billion in 4Q

\$6.5 billion in FY16

Up \$2.1 billion year on year



Pending Rite Aid acquisition⁵

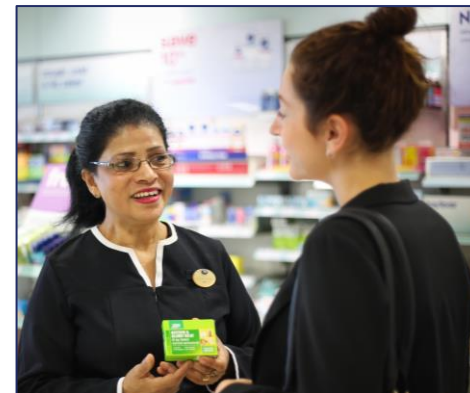


Fiscal year 2017 guidance⁵

Anticipated adjusted diluted net EPS^{2,5}
\$4.85 - \$5.20

Key assumptions^{*,5}

- Rite Aid net EPS accretion of \$0.05 - \$0.12
- continuation of normal anti-dilutive share buy back program
- current exchange rates for rest of fiscal year





Walgreens Boots Alliance



We help people across the world lead healthier and happier lives

- Owned businesses
- Equity method investments
- Branded products & franchises*

*Countries where the Company's products are available for purchase or there are Company franchises (other than those countries where there are owned businesses, equity method investments or joint ventures)



Walgreens Boots Alliance

© 2016 Walgreens Boots Alliance, Inc. All rights reserved.

Refer to footnotes on page 18

Footnotes

1. Presented on a constant currency basis. Non-GAAP financial measure. As a global company, the operating results reported in U.S. dollars are affected by foreign currency exchange rate fluctuations. The term “constant currency” is used to represent results that have been adjusted to exclude foreign currency impact. Foreign currency impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. dollar. This impact is calculated by translating current period results at the currency exchange rates used in the comparable period in the prior year, rather than the exchange rates in effect during the current period.
2. Non-GAAP financial measures- see appendix for reconciliation of non-GAAP financial measures and related disclosures.
3. Net earnings and Net earnings per common share - diluted figures are attributable to Walgreens Boots Alliance, Inc.
4. Retail Pharmacy USA segment GAAP 4Q16 results, dollars in millions: gross profit \$5,380, gross margin 25.9%, selling general and administrative expenses \$4,601, SG&A as a percent of sales 22.2%, operating income \$779, and operating margin 3.8% – see Appendix.
5. Forward-Looking Statements – see cautionary note on slide 2.
6. Retail Pharmacy USA Pharmacy prescriptions filled at comparable stores (including immunizations) are reported on a 30 day adjusted basis.
7. Based on data from IMS Health (as of 31 August 2016). Due to an enhancement to the IMS panel, market shares have been restated by IMS for the comparable year-ago period.
8. Phase 1 of the Beauty Differentiation program in 1,600 stores by the end of fiscal year 2016.
9. Retail Pharmacy International segment GAAP 4Q16 results, dollars in millions: gross profit \$1,273, gross margin 41.9%, selling general and administrative expenses \$1,068, SG&A as a percent of sales 35.2%, operating income \$205, and operating margin 6.8% – see Appendix. In 4Q16 compared to the prior year quarter, the division’s operating income on a reported currency basis increased 4.6%, operating margin on a reported currency basis increased 1.1 percentage points, comparable store sales on a reported currency basis decreased 12.4%, comparable pharmacy sales on a reported currency basis decreased 11.7%, comparable retail sales on a reported currency basis decreased 12.9%, Boots UK comparable pharmacy sales on a reported currency basis decreased 12.9% and Boots UK comparable retail sales on a reported currency basis decreased 14.2%.
10. Reported on a constant currency basis and excluding acquisitions and dispositions.
11. Pharmaceutical Wholesale segment GAAP 4Q16 results, dollars in millions: gross profit \$502, gross margin 9.3%, selling general and administrative expenses \$380, SG&A as a percent of sales 7.0%, operating income \$156, and operating margin 2.3% – see Appendix. In 4Q16 compared to the prior year quarter, the division’s operating income on a reported currency basis increased 17.3%, operating margin on a reported currency basis in line, and comparable sales excluding acquisitions and dispositions on a reported currency basis decreased 2.0 percent.
12. Pharmaceutical Wholesale adjusted operating income for the three month period ended August 31, 2016 includes \$50 million of adjusted equity earnings in AmerisourceBergen. Pharmaceutical Wholesale adjusted operating income for the twelve month period ended August 31, 2016 includes \$58 million of adjusted equity earnings in AmerisourceBergen. See appendix for details. Pharmaceutical Wholesale adjusted operating margin for the three and twelve month periods ended August 31, 2016 has been calculated excluding adjusted equity earnings in AmerisourceBergen.



Appendix

The following information provides reconciliations of the supplemental non-GAAP financial measures, as defined under SEC rules, presented in this presentation to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). As a global company, the company's operating results reported in U.S. dollars are affected by foreign currency exchange rate fluctuations because the underlying foreign currencies in which it transacts change in value over time compared to the U.S. dollar; accordingly, the company presents certain constant currency financial information to provide a framework to assess how its businesses performed excluding the impact of foreign currency exchange rate fluctuations. The company has provided the non-GAAP financial measures in this presentation, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These supplemental non-GAAP financial measures are presented because management has evaluated the company's financial results both including and excluding the adjusted items or the effects of foreign currency translation, as applicable, and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the company's business from period to period and trends in the company's historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in this presentation. The company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information under "Fiscal year 2017 guidance") where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that would impact net earnings per diluted share, the most directly comparable forward-looking GAAP financial measure, that have not yet occurred, are out of the company's control and/or cannot be reasonably predicted. For the same reasons, the company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Net Earnings

(\$ in millions)

	Three Months Ended				Twelve Months Ended			
	August 31, 2016	August 31, 2015 ¹	Change vs. 4Q15		August 31, 2016	August 31, 2015 ¹	Change vs. FY15	
			Amount	Percent			Amount	Percent
Net earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)	\$ 1,030	\$ 26	\$ 1,004	2.6%	\$ 4,173	\$ 4,220	\$ (47)	-1.1%
Adjustments to Operating Income:								
Cost transformation ¹	233	382			424	542		
Acquisition-related amortization ¹	91	113			369	485		
LIFO provision ¹	8	109			214	285		
Acquisition-related costs ¹	20	-			102	87		
Legal settlement ¹	47	-			47	-		
Asset impairment ¹	-	-			30	110		
Adjustments to equity earnings in AmerisourceBergen ¹	16	-			21	-		
Store closures and other optimization costs ¹	-	5			-	56		
Loss on sale of business ¹	-	5			-	17		
Adjustments to equity earnings in Alliance Boots ¹	-	-			-	(93)		
Total adjustments to Operating Income	415	614			1,207	1,489		
Adjustments to Other income (expense):								
Change in fair market value of AmerisourceBergen warrants ¹	(328)	534			517	(779)		
Net investment hedging (gain) loss ¹	49	(55)			12	111		
Impact of change in accounting method for AmerisourceBergen equity investment ¹	-	-			(268)	-		
Gain on previously held equity interest ¹	-	143			-	(563)		
Total adjustments to Other income (expense)	(279)	622			261	(1,231)		
Adjustments to Interest expense, net:								
Early debt extinguishment ¹	-	99			-	99		
Prefunded interest expenses ¹	42	-			46	42		
Total adjustments to Interest expense, net	42	99			46	141		
Adjustments to Income tax provision:								
Equity method non-cash tax ²	10	-			10	71		
United Kingdom tax rate change ²	-	-			(178)	-		
Release of capital loss valuation allowance ³	-	(5)			-	(220)		
Tax impact of adjustments ³	(52)	(387)			(510)	(385)		
Total adjustments to Income tax provision	(42)	(392)			(678)	(534)		
Adjusted net earnings attributable to Walgreens Boots Alliance Inc. (Non-GAAP measure)	\$ 1,166	\$ 969	\$ 197	20.3%	\$ 5,009	\$ 4,085	\$ 924	22.6%

1. Presented on a pre-tax basis. The comparable prior periods have been recast accordingly to reflect the tax impact of adjustments as a single adjustment. There has been no change in Net earnings attributable to Walgreens Boots Alliance, Inc., Diluted net earnings per share, Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. or Adjusted diluted net earnings per share from those previously reported.

2. Discrete tax-only items.

3. Represents the adjustment to the GAAP basis tax provision commensurate with non-GAAP adjustments.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Diluted Net Earnings Per Share

	Three Months Ended				Twelve Months Ended			
	August 31, 2016	August 31, 2015 ¹	Change vs. 4Q16		August 31, 2016	August 31, 2015 ¹	Change vs. FY15	
			Amount	Percent			Amount	Percent
Diluted net earnings per common share – (GAAP)	\$ 0.95	\$ 0.02	\$ 0.93	4650.0%	\$ 3.82	\$ 4.00	\$ (0.18)	-4.5%
Adjustments to Operating Income	0.38	0.56			1.11	1.41		
Adjustments to Other income (expense)	(0.26)	0.56			0.24	(1.17)		
Adjustments to Interest expense, net	0.04	0.09			0.04	0.14		
Adjustments to Income tax provision	(0.04)	(0.35)			(0.62)	(0.50)		
Adjusted diluted net earnings per common share – (Non-GAAP measure)	\$ 1.07	\$ 0.88	\$ 0.19	21.6%	\$ 4.59	\$ 3.88	\$ 0.71	18.3%
Weighted average common shares outstanding, diluted (in millions)	1,089.0	1,102.5			1,091.1	1,053.9		

1. Presented on a pre-tax basis. The comparable prior periods have been recast accordingly to reflect the tax impact of adjustments as a single adjustment. There has been no change in Net earnings attributable to Walgreens Boots Alliance, Inc., Diluted net earnings per share, Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. or Adjusted diluted net earnings per share from those previously reported.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Adjusted Effective Tax Rate

(\$ in millions)

	Three Months Ended August 31, 2016			Three Months Ended August 31, 2015		
	Earnings Before Income Tax Provision	Income Tax Provision	Effective Tax Rate	Earnings (Loss) Before Income Tax Provision	Income Tax Provision (Benefit)	Effective Tax Rate
	GAAP-measure	\$ 1,233	\$ 207	16.8%	\$ (41)	\$ (64)
Cost transformation	233	97		382	158	
Acquisition-related amortization	91	32		113	29	
LIFO provision	8	23		109	56	
Acquisition-related costs	20	41		-	-	
Legal settlement	47	11		-	-	
Adjustments to equity earnings in AmerisourceBergen	16	(10)		-	-	
Store closures and other optimization costs	-	-		5	5	
Loss on sale of business	-	-		5	6	
Change in fair market value of AmerisourceBergen warrants	(328)	(38)		534	126	
Net investment hedging gain	49	(6)		(55)	(1)	
Gain on previously held equity interest	-	-		143	-	
Early debt extinguishment	-	-		99	37	
Prefunded interest expense	42	-		-	-	
Release of capital loss valuation allowance	-	-		-	5	
Tax impact of adjustments	-	(108)		-	(29)	
Non-GAAP measure	\$ 1,411	\$ 249	17.6%	\$ 1,294	\$ 328	25.3%

1. For the three months ended August 31, 2016 and 2015, the effective tax rates, excluding equity method earnings, were 18.3% and 25.3%, respectively.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Adjusted Effective Tax Rate

(\$ in millions)

	Twelve Months Ended August 31, 2016			Twelve Months Ended August 31, 2015		
	Earnings Before Income Tax Provision	Income Tax Provision	Effective Tax Rate	Earnings Before Income Tax Provision	Income Tax Provision ¹	Effective Tax Rate
GAAP-measure	\$ 5,144	\$ 997	19.4%	\$ 5,311	\$ 1,056	19.9%
Cost transformation	424	149		542	210	
Acquisition-related amortization	369	109		485	137	
LIFO provision	214	80		285	107	
Acquisition-related costs	102	65		87	33	
Legal settlement	47	9		-	-	
Asset impairment	30	11		110	41	
Adjustments to equity earnings in AmerisourceBergen	21	(10)		-	-	
Store closures and other optimization costs	-	-		56	15	
Loss on sale of business	-	-		17	6	
Adjustments to equity earnings in Alliance Boots	-	-		(93)	(103)	
Change in fair market value of AmerisourceBergen warrants	517	193		(779)	(292)	
Net investment hedging gain (loss)	12	(7)		111	(1)	
Impact of change in accounting method for AmerisourceBergen equity investment	(268)	(99)		-	-	
Gain on previously held equity interest	-	-		(563)	108	
Early debt extinguishment	-	-		99	37	
Prefunded interest expense	46	-		42	16	
United Kingdom tax rate change	-	178		-	-	
Release of capital loss valuation allowance	-	-		-	220	
Non-GAAP measure	\$ 6,658	\$ 1,675	25.2%	\$ 5,710	\$ 1,590	27.8%

1. The GAAP and Non-GAAP income tax provision includes \$7 million of cash-tax related to equity earnings in Alliance Boots.

2. For the twelve months ended August 31, 2016 and 2015, the effective tax rates, calculated excluding equity method earnings, were 25.4% and 29.0%, respectively.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Gross Profit by Segment

(\$ in millions)

	Three Months Ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Gross Profit (GAAP)	\$ 5,380	\$ 1,273	\$ 502	\$ -	\$ 7,155
LIFO provision	8	-	-	-	8
Adjusted Gross Profit (Non-GAAP measure)	\$ 5,388	\$ 1,273	\$ 502	\$ -	\$ 7,163
Sales	\$ 20,747	\$ 3,037	\$ 5,400	\$ (548)	\$ 28,636
Gross Margin (GAAP)	25.9%	41.9%	9.3%		25.0%
Adjusted Gross Margin (Non-GAAP measure)	26.0%	41.9%	9.3%		25.0%

	Three Months Ended August 31, 2015				
	Retail Pharmacy USA	Retail Pharmacy International ¹	Pharmaceutical Wholesale	Eliminations ¹	Walgreens Boots Alliance, Inc. ¹
Gross Profit (GAAP)	\$ 5,253	\$ 1,407	\$ 539	\$ (4)	\$ 7,195
LIFO provision	109	-	-	-	109
Adjusted Gross Profit (Non-GAAP measure)	\$ 5,362	\$ 1,407	\$ 539	\$ (4)	\$ 7,304
Sales	\$ 19,947	\$ 3,409	\$ 5,754	\$ (588)	\$ 28,522
Gross Margin (GAAP)	26.3%	41.3%	9.4%		25.2%
Adjusted Gross Margin (Non-GAAP measure)	26.9%	41.3%	9.4%		25.6%

1. To improve comparability, certain classification changes have been made to prior period Sales, Cost of sales and Selling, general and administrative expenses. This change has no impact on Operating Income.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Gross Profit by Segment

(\$ in millions)

	Twelve Months Ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International ¹	Pharmaceutical Wholesale	Eliminations ¹	Walgreens Boots Alliance, Inc. ¹
Gross Profit (GAAP)	\$ 22,323	\$ 5,432	\$ 2,131	\$ (12)	\$ 29,874
LIFO provision	214	-	-	-	214
Adjusted Gross Profit (Non-GAAP measure)	\$ 22,537	\$ 5,432	\$ 2,131	\$ (12)	\$ 30,088
Sales	\$ 83,802	\$ 13,256	\$ 22,571	\$ (2,278)	\$ 117,351
Gross Margin (GAAP)	26.6%	41.0%	9.4%		25.5%
Adjusted Gross Margin (Non-GAAP measure)	26.9%	41.0%	9.4%		25.6%

	Twelve Months Ended August 31, 2015				
	Retail Pharmacy USA	Retail Pharmacy International ¹	Pharmaceutical Wholesale	Eliminations ¹	Walgreens Boots Alliance, Inc. ¹
Gross Profit (GAAP)	\$ 21,822	\$ 3,452	\$ 1,486	\$ (7)	\$ 26,753
Acquisition-related amortization	-	100	6	-	106
LIFO provision	285	-	-	-	285
Adjusted Gross Profit (Non-GAAP measure)	\$ 22,107	\$ 3,552	\$ 1,492	\$ (7)	\$ 27,144
Sales	\$ 80,974	\$ 8,657	\$ 15,327	\$ (1,514)	\$ 103,444
Gross Margin (GAAP)	26.9%	39.9%	9.7%		25.9%
Adjusted Gross Margin (Non-GAAP measure)	27.3%	41.0%	9.7%		26.2%

1. To improve comparability, certain classification changes have been made to prior period Sales, Cost of sales and Selling, general and administrative expenses. This change has no impact on Operating Income.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Selling, General & Administrative Expenses by Segment

(\$ in millions)

	Three Months Ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Selling, general and administrative expenses (GAAP)	\$ 4,601	\$ 1,068	\$ 380	\$ -	\$ 6,049
Cost transformation	(204)	(15)	(14)	-	(233)
Acquisition-related amortization	(42)	(27)	(22)	-	(91)
Acquisition-related costs	(20)	-	-	-	(20)
Legal settlement	(47)	-	-	-	(47)
Adjusted Selling, general and administrative expenses (Non-GAAP measure)	\$ 4,288	\$ 1,026	\$ 344	\$ -	\$ 5,658
Sales	\$ 20,747	\$ 3,037	\$ 5,400	\$ (548)	\$ 28,636
<i>Selling, general and administrative expenses percent to Sales (GAAP)</i>	22.2%	35.2%	7.0%		21.1%
<i>Adjusted Selling, general and administrative expenses percent to Sales (Non-GAAP measure)</i>	20.7%	33.8%	6.4%		19.8%

	Three Months Ended August 31, 2015				
	Retail Pharmacy USA	Retail Pharmacy International ¹	Pharmaceutical Wholesale	Eliminations ¹	Walgreens Boots Alliance, Inc. ¹
Selling, general and administrative expenses (GAAP)	\$ 4,742	\$ 1,211	\$ 406	\$ -	\$ 6,359
Cost transformation	(372)	(10)	-	-	(382)
Acquisition-related amortization	(52)	(36)	(25)	-	(113)
Store closures and other optimization costs	(5)	-	-	-	(5)
Loss on sale of business	(5)	-	-	-	(5)
Adjusted Selling, general and administrative expenses (Non-GAAP measure)	\$ 4,308	\$ 1,165	\$ 381	\$ -	\$ 5,854
Sales	\$ 19,947	\$ 3,409	\$ 5,754	\$ (588)	\$ 28,522
<i>Selling, general and administrative expenses percent to Sales (GAAP)</i>	23.8%	35.5%	7.1%		22.3%
<i>Adjusted Selling, general and administrative expenses percent to Sales (Non-GAAP measure)</i>	21.6%	34.2%	6.6%		20.5%

1. To improve comparability, certain classification changes have been made to prior period Sales, Cost of sales and Selling, general and administrative expenses. This change has no impact on Operating Income.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Selling, General & Administrative Expenses by Segment (*\$ in millions*)

	Twelve Months Ended August 31, 2016				
	Retail Pharmacy	Retail Pharmacy	Pharmaceutical		Walgreens Boots
	USA	International ¹	Wholesale	Eliminations ¹	Alliance, Inc. ¹
Selling, general and administrative expenses (GAAP)	\$ 17,918	\$ 4,403	\$ 1,589	\$ -	\$ 23,910
Cost transformation	(374)	(29)	(21)	-	(424)
Acquisition-related amortization	(185)	(97)	(87)	-	(369)
Acquisition-related costs	(102)	-	-	-	(102)
Legal settlement	(47)	-	-	-	(47)
Asset impairment	(30)	-	-	-	(30)
Adjusted Selling, general and administrative expenses (Non-GAAP measure)	\$ 17,180	\$ 4,277	\$ 1,481	\$ -	\$ 22,938
Sales	\$ 83,802	\$ 13,256	\$ 22,571	\$ (2,278)	\$ 117,351
<i>Selling, general and administrative expenses percent to Sales (GAAP)</i>	21.4%	33.2%	7.0%		20.4%
<i>Adjusted Selling, general and administrative expenses percent to Sales (Non-GAAP measure)</i>	20.5%	32.3%	6.6%		19.5%

	Twelve Months Ended August, 31 2015				
	Retail Pharmacy	Retail Pharmacy	Pharmaceutical		Walgreens Boots
	USA	International ¹	Wholesale	Eliminations ¹	Alliance, Inc. ¹
Selling, general and administrative expenses (GAAP)	\$ 18,247	\$ 3,043	\$ 1,110	\$ -	\$ 22,400
Cost transformation	(523)	(19)	-	-	(542)
Acquisition-related amortization	(230)	(88)	(61)	-	(379)
Acquisition-related costs	(80)	-	(7)	-	(87)
Asset impairment	(110)	-	-	-	(110)
Store closures and other optimization costs	(56)	-	-	-	(56)
Loss on sale of business	(17)	-	-	-	(17)
Adjusted Selling, general and administrative expenses (Non-GAAP measure)	\$ 17,231	\$ 2,936	\$ 1,042	\$ -	\$ 21,209
Sales	\$ 80,974	\$ 8,657	\$ 15,327	\$ (1,514)	\$ 103,444
<i>Selling, general and administrative expenses percent to Sales (GAAP)</i>	22.5%	35.2%	7.2%		21.7%
<i>Adjusted Selling, general and administrative expenses percent to Sales (Non-GAAP measure)</i>	21.3%	33.9%	6.8%		20.5%

1. To improve comparability, certain classification changes have been made to prior period Sales, Cost of sales and Selling, general and administrative expenses. This change has no impact on Operating Income.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Operating Income by Segment (\$ in millions)

	Three Months Ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale ^{1,2}	Eliminations	Walgreens Boots Alliance, Inc. ²
Operating Income (GAAP)	\$ 779	\$ 205	\$ 156	\$ -	\$ 1,140
Cost transformation	204	15	14	-	233
Acquisition-related amortization	42	27	22	-	91
LIFO provision	8	-	-	-	8
Acquisition-related costs	20	-	-	-	20
Legal settlement	47	-	-	-	47
Adjustments to equity earnings in AmerisourceBergen	-	-	16	-	16
Adjusted Operating Income (Non-GAAP measure)	\$ 1,100	\$ 247	\$ 208	\$ -	\$ 1,555
Sales	\$ 20,747	\$ 3,037	\$ 5,400	\$ (548)	\$ 28,636
Operating Margin (GAAP) ²	3.8%	6.8%	2.3%		3.9%
Adjusted Operating Margin (Non-GAAP measure) ²	5.3%	8.1%	2.9%		5.3%

	Three Months Ended August 31, 2015				
	Retail Pharmacy USA	Retail Pharmacy International ³	Pharmaceutical Wholesale	Eliminations ³	Walgreens Boots Alliance, Inc.
Operating Income (GAAP)	\$ 511	\$ 196	\$ 133	\$ (4)	\$ 836
Cost transformation	372	10	-	-	382
Acquisition-related amortization	52	36	25	-	113
LIFO provision	109	-	-	-	109
Store closures and other optimization costs	5	-	-	-	5
Loss on sale of business	5	-	-	-	5
Adjusted Operating Income (Non-GAAP measure)	\$ 1,054	\$ 242	\$ 158	\$ (4)	\$ 1,450
Sales	\$ 19,947	\$ 3,409	\$ 5,754	\$ (588)	\$ 28,522
Operating Margin (GAAP)	2.6%	5.7%	2.3%	0.7%	2.9%
Adjusted Operating Margin (Non-GAAP measure)	5.3%	7.1%	2.7%	0.7%	5.1%

1. Operating Income for Pharmaceutical Wholesale includes Equity earnings in AmerisourceBergen. As a result of the two month reporting lag, Operating Income for the three and twelve month periods ended August 31, 2016 includes AmerisourceBergen equity earnings for the period of April 1, 2016 through June 30, 2016 and March 18, 2016 through June 30, 2016, respectively.

2. Operating Margins and Adjusted Operating Margins have been calculated excluding Equity earnings in AmerisourceBergen and Alliance Boots.

3. To improve comparability, certain classification changes have been made to prior period Sales, Cost of sales and Selling, general and administrative expenses. This change has no impact on Operating Income.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Reconciliation of Operating Income by Segment

(\$ in millions)

	Twelve Months Ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International ³	Pharmaceutical Wholesale ^{1,2}	Eliminations ³	Walgreens Boots Alliance, Inc. ²
	Operating Income (GAAP)	\$ 4,405	\$ 1,029	\$ 579	\$ (12)
Cost transformation	374	29	21	-	424
Acquisition-related amortization	185	97	87	-	369
LIFO provision	214	-	-	-	214
Acquisition-related costs	102	-	-	-	102
Legal settlement	47	-	-	-	47
Asset impairment	30	-	-	-	30
Adjustments to equity earnings in AmerisourceBergen	-	-	21	-	21
Adjusted Operating Income (Non-GAAP measure)	\$ 5,357	\$ 1,155	\$ 708	\$ (12)	\$ 7,208

Sales	\$ 83,802	\$ 13,256	\$ 22,571	\$ (2,278)	\$ 117,351
Operating Margin (GAAP) ²	5.3%	7.8%	2.4%	0.5%	5.1%
Adjusted Operating Margin (Non-GAAP measure) ²	6.4%	8.7%	2.9%	0.5%	6.1%

	Twelve Months Ended August 31, 2015				
	Retail Pharmacy USA ²	Retail Pharmacy International ³	Pharmaceutical Wholesale	Eliminations ³	Walgreens Boots Alliance, Inc.
	Operating Income (GAAP)	\$ 3,890	\$ 409	\$ 376	\$ (7)
Cost transformation	523	19	-	-	542
Acquisition-related amortization	230	188	67	-	485
LIFO provision	285	-	-	-	285
Acquisition-related costs	80	-	7	-	87
Asset impairment	110	-	-	-	110
Store closures and other optimization costs	56	-	-	-	56
Loss on sale of business	17	-	-	-	17
Adjustments to equity earnings in Alliance Boots	(93)	-	-	-	(93)
Adjusted Operating Income (Non-GAAP measure)	\$ 5,098	\$ 616	\$ 450	\$ (7)	\$ 6,157

Sales	\$ 80,974	\$ 8,657	\$ 15,327	\$ (1,514)	\$ 103,444
Operating Margin (GAAP) ²	4.4%	4.7%	2.5%	0.5%	4.2%
Adjusted Operating Margin (Non-GAAP measure) ²	6.0%	7.1%	2.9%	0.5%	5.7%

1. Operating Income for Pharmaceutical Wholesale includes Equity earnings in AmerisourceBergen. As a result of the two month reporting lag, Operating Income for the three and twelve month periods ended August 31, 2016 includes AmerisourceBergen equity earnings for the period of April 1, 2016 through June 30, 2016 and March 18, 2016 through June 30, 2016, respectively.

2. Operating Margins and Adjusted Operating Margins have been calculated excluding Equity earnings in AmerisourceBergen and Alliance Boots.

3. To improve comparability, certain classification changes have been made to prior period Sales, Cost of sales and Selling, general and administrative expenses. This change has no impact on Operating Income.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Equity Earnings in AmerisourceBergen <i>(\$ In millions)</i>	Three Months Ended August 31, 2016	Twelve Months Ended August 31, 2016
Equity earnings in AmerisourceBergen (GAAP)	\$ 34	\$ 37
Change in fair market value of AmerisourceBergen warrants	(8)	(8)
Acquisition-related amortization	24	28
LIFO provision	7	8
Other equity earnings adjustments	(7)	(7)
Adjusted Equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 50	\$ 58

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Equity Earnings in Alliance Boots <i>(\$ in millions)</i>	Three Months Ended August 31, 2015	Twelve Months Ended August 31, 2015
Equity earnings in Alliance Boots (GAAP)	\$ -	\$ 315
Change in fair market value of AmerisourceBergen warrants	-	(123)
Acquisition-related amortization	-	30
Adjusted Equity earnings in Alliance Boots (Non-GAAP measure)	\$ -	\$ 222



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

Free Cash Flow	Three Months Ended		Twelve Months ended	
	August 31, 2016	August 31, 2015	August 31, 2016	August 31, 2015
<i>(\$ in millions)</i>				
Net cash provided by operating activities (GAAP)	\$ 2,658	\$ 1,505	\$ 7,847	\$ 5,664
Less: Additions to property, plant and equipment	(421)	(361)	(1,325)	(1,251)
Free cash flow (Non-GAAP measure)¹	\$ 2,237	\$ 1,144	\$ 6,522	\$ 4,413

1. Free cash flow is defined as net cash provided by operating activities in a period minus additions to property, plant and equipment (capital expenditures) made in that period. This measure does not represent residual cash flows available for discretionary expenditures as the measure does not deduct the payments required for debt service and other contractual obligations or payments for future business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statements of cash flows.



Reclassification of FY15 financials

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

(\$ in millions)

	Three Months Ended November 30, 2014			Three Months Ended February 28, 2015			Three Months Ended May 31, 2015			Three Months Ended August 31, 2015			Twelve Months Ended August 31, 2015		
	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified
Walgreens Boots Alliance, Inc. and Subsidiaries															
Sales	\$ 19,554	\$ -	\$ 19,554	\$ 26,573	\$ -	\$ 26,573	\$ 28,795	\$ -	\$ 28,795	\$ 28,522	\$ -	\$ 28,522	\$ 103,444	\$ -	\$ 103,444
Cost of sales	14,258	-	14,258	19,691	40	19,731	21,314	61	21,375	21,257	70	21,327	76,520	171	76,691
Gross Profit	5,296	\$ -	5,296	6,882	(40)	6,842	7,481	(61)	7,420	7,265	(70)	7,195	26,924	(171)	26,753
Selling, general and administrative expenses	4,456	-	4,456	5,606	(40)	5,566	6,080	(61)	6,019	6,429	(70)	6,359	22,571	(171)	22,400
Equity earnings in Alliance Boots	214	-	214	101	-	101	-	-	-	-	-	-	315	-	315
Operating income	\$ 1,054	\$ -	\$ 1,054	\$ 1,377	\$ -	\$ 1,377	\$ 1,401	\$ -	\$ 1,401	\$ 836	\$ -	\$ 836	\$ 4,668	\$ -	\$ 4,668
Retail Pharmacy International															
Sales	\$ -	\$ -	\$ -	\$ 2,047	\$ (30)	\$ 2,017	\$ 3,268	\$ (37)	\$ 3,231	\$ 3,466	\$ (57)	\$ 3,409	\$ 8,781	\$ (124)	\$ 8,657
Cost of sales	-	-	-	1,294	10	1,304	1,875	24	1,899	1,989	13	2,002	5,158	47	5,205
Gross Profit	-	-	-	753	(40)	713	1,393	(61)	1,332	1,477	(70)	1,407	3,623	(171)	3,452
Selling, general and administrative expenses	-	-	-	745	(40)	705	1,188	(61)	1,127	1,281	(70)	1,211	3,214	(171)	3,043
Equity earnings in Alliance Boots	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating income	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ 8	\$ 205	\$ -	\$ 205	\$ 196	\$ -	\$ 196	\$ 409	\$ -	\$ 409
Eliminations															
Sales	\$ -	\$ -	\$ -	\$ (387)	\$ 30	\$ (357)	\$ (606)	\$ 37	\$ (569)	\$ (645)	\$ 57	\$ (588)	\$ (1,638)	\$ 124	\$ (1,514)
Cost of sales	-	-	-	(383)	30	(353)	(607)	37	(570)	(641)	57	(584)	(1,631)	124	(1,507)
Gross Profit	-	-	-	(4)	-	(4)	1	-	1	(4)	-	(4)	(7)	-	(7)
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity earnings in Alliance Boots	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating income	\$ -	\$ -	\$ -	\$ (4)	\$ -	\$ (4)	\$ 1	\$ -	\$ 1	\$ (4)	\$ -	\$ (4)	\$ (7)	\$ -	\$ (7)

1. Fiscal 2016 and 2015 quarterly and annual results for Retail Pharmacy International include a classification change between Cost of Sales and Selling General and Administration expenses to improve comparability among segments. This change has no impact on operating income.



Walgreens Boots Alliance

© 2016 Walgreens Boots Alliance, Inc. All rights reserved.

Reclassification of FY16 financials

Walgreens Boots Alliance, Inc. and Subsidiaries Supplemental Information (unaudited)

(\$ in millions)

	Three Months Ended November 30, 2015			Three Months Ended February 29, 2016			Three Months Ended May 31, 2016		
	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified
Walgreens Boots Alliance, Inc. and Subsidiaries									
Sales	\$ 29,033	\$ -	\$ 29,033	\$ 30,184	\$ -	\$ 30,184	\$ 29,498	\$ -	\$ 29,498
Cost of sales	21,531	83	21,614	22,240	77	22,317	22,001	64	22,065
Gross Profit	7,502	(83)	7,419	7,944	(77)	7,867	7,497	(64)	7,433
Selling, general and administrative expenses	6,034	(83)	5,951	6,084	(77)	6,007	5,967	(64)	5,903
Equity earnings in AmerisourceBergen	-	-	-	-	-	-	3	-	3
Operating income	\$ 1,468	\$ -	\$ 1,468	\$ 1,860	\$ -	\$ 1,860	\$ 1,533	\$ -	\$ 1,533
Retail Pharmacy International									
Sales	\$ 3,531	\$ (72)	\$ 3,459	\$ 3,689	\$ (61)	\$ 3,628	\$ 3,194	\$ (62)	\$ 3,132
Cost of sales	2,026	11	2,037	2,173	16	2,189	1,832	2	1,834
Gross Profit	1,505	(83)	1,422	1,516	(77)	1,439	1,362	(64)	1,298
Selling, general and administrative expenses	1,203	(83)	1,120	1,217	(77)	1,140	1,139	(64)	1,075
Equity earnings in AmerisourceBergen	-	-	-	-	-	-	-	-	-
Operating income	\$ 302	\$ -	\$ 302	\$ 299	\$ -	\$ 299	\$ 223	\$ -	\$ 223
Eliminations									
Sales	\$ (664)	\$ 72	\$ (592)	\$ (632)	\$ 61	\$ (571)	\$ (629)	\$ 62	\$ (567)
Cost of sales	(659)	72	(587)	(630)	61	(569)	(624)	62	(562)
Gross Profit	(5)	-	(5)	(2)	-	(2)	(5)	-	(5)
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Equity earnings in AmerisourceBergen	-	-	-	-	-	-	-	-	-
Operating income	\$ (5)	\$ -	\$ (5)	\$ (2)	\$ -	\$ (2)	\$ (5)	\$ -	\$ (5)

1. Fiscal 2016 and 2015 quarterly and annual results for Retail Pharmacy International include a classification change between Cost of Sales and Selling General and Administration expenses to improve comparability among segments. This change has no impact on operating income.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Estimated Growth in Adjusted Net earnings from 2014 to 2016
Assuming 100% ownership of Alliance Boots for all periods
(\$ in millions)

	Fiscal 2014				Fiscal 2016	Estimated Growth in Adjusted Net earnings
	Walgreen Co. Net earnings	Less: Equity earnings in Alliance Boots	Add: Estimated Alliance Boots total Net earnings ⁴	Unaudited estimated combined Net earnings ⁵	Walgreens Boots Alliance, Inc. Net earnings	
GAAP	\$2,031	(\$617)	\$1,371	\$2,785	\$4,191	
Adjustments:						
Cost transformation ¹	-	-	-	-	424	
Acquisition-related amortization ¹	282	-	-	282	369	
LIFO provision ¹	132	-	-	132	214	
Acquisition-related costs ¹	82	-	-	82	102	
Legal settlement ¹	-	-	-	-	47	
Asset impairment ¹	-	-	-	-	30	
Adjustments to equity earnings in AmerisourceBergen ¹	-	-	-	-	21	
Store closures and other optimization costs ¹	271	-	-	271	-	
Loss (gain) on sale of business ¹	(9)	-	-	(9)	-	
Adjustments to equity earnings in Alliance Boots	(86)	86	(191)	(191)	-	
Change in fair market value of AmerisourceBergen warrants ¹	(385)	-	-	(385)	517	
Net investment hedging (gain) loss ¹	-	-	-	-	12	
Impact of change in accounting method for AmerisourceBergen equity investment ¹	-	-	-	-	(268)	
Alliance Boots call option loss ¹	866	-	-	866	-	
Prefunded interest expenses ¹	-	-	-	-	46	
Equity method non-cash tax ²	180	-	-	180	10	
United Kingdom tax rate change ²	-	-	-	-	(178)	
Tax impact of adjustments ³	(95)	-	-	(95)	(510)	
Non-GAAP Adjusted	\$3,269	(\$531)	\$1,180	\$3,918	\$5,027	28.3%

1. Presented on a pre-tax basis.
2. Discrete tax-only items.
3. Represents the adjustment to the GAAP basis tax provision commensurate with non-GAAP adjustments.
4. Estimate computed as equity earnings at 45% ownership grossed up to 100% ownership for the whole period in fiscal 2014.
5. The unaudited estimated combined Net earnings of Walgreen Co. for fiscal 2014 presented above was not prepared in accordance with GAAP or the pro forma requirements of Article 11 of Regulation S-X and is included solely for the purpose of facilitating a comparison of the unaudited estimated combined Net earnings with fiscal 2016 adjusted Net earnings. The unaudited estimated combined Net earnings is based on the adjustments indicated above and is not intended to represent or be indicative of what the combined company's results actually would have been had the Second Step Transaction been completed at the beginning of fiscal 2014.



Walgreens Boots Alliance

© 2016 Walgreens Boots Alliance, Inc. All rights reserved.

Restatement of IMS Health Market Share

Walgreens Boots Alliance, Inc. and Subsidiaries
Retail Pharmacy USA
Restatement of US Pharmacy Market Share as reported by IMS Health

	Fiscal Year 2015		Fiscal Year 2016			
	Three Months Ended May 31, 2015	Three Months Ended August 31, 2015	Three Months Ended November 30, 2016	Three Months Ended February 29, 2016	Three Months Ended May 31, 2016	Three Months Ended August 31, 2016
US Pharmacy Prescription Market Share - previously reported ¹	19.3%	19.1%	19.2%	19.5%	19.6%	n/a
IMS data restatement impact ¹	-0.2%	-0.2%	-0.1%	-0.1%	-0.2%	n/a
US Pharmacy Prescription Market Share - post restatement^{1,2,3}	19.1%	18.9%	19.1%	19.4%	19.4%	19.3%

1. Retail Pharmacy USA market share as reported by IMS Health is reported on a 30 day adjusted basis.
2. Source: calculations based on IMS Health RxInsight, as of 31 August 2016.
3. Due to an enhancement to the IMS panel, market shares have been restated by IMS for the comparable year-ago period.



Certain assumptions and supplemental information

Certain Assumptions: Unless the context otherwise indicates or requires:

- This presentation assumes constant currency exchange rates after the date hereof based on current rates;
- All financial estimates and goals assume constant currency exchange rates after the date hereof based on current rates and no major mergers, acquisitions, divestitures or strategic transactions.

Holding Company Reorganization. On 31 December 2014, Walgreens Boots Alliance, Inc. became the successor of Walgreen Co. pursuant to a merger to effect a reorganization of Walgreen Co. into a holding company structure (the “Reorganization”), with Walgreens Boots Alliance, Inc. becoming the parent holding company. References in this presentation to the “Company,” “we,” “us” or “our” refer to Walgreens Boots Alliance, Inc. and its subsidiaries from and after the effective time of the Reorganization on 31 December 2014 and, prior to that time, to the predecessor registrant Walgreen Co. and its subsidiaries, and in each case do not include unconsolidated partially-owned entities, except as otherwise indicated or the context otherwise requires. Our fiscal year ends on 31 August, and references herein to “fiscal 2016” refer to our fiscal year ended 31 August 2016.

Historical Alliance Boots Financial Information. On 31 December 2014, Alliance Boots became a consolidated subsidiary and ceased being accounted for under the equity method. Please refer to Exhibits 99.1 and 99.2, respectively, to our fiscal 2015 Form 10-K for (1) Alliance Boots GmbH audited consolidated financial statements and accompanying notes (prepared in accordance with IFRS and audited in accordance with U.S. GAAS), including the statements of financial position at March 31, 2014 and 2013 of Alliance Boots and its subsidiaries (the Group) and the related Group income statements, Group statements of comprehensive income, Group statements of changes in equity and Group statements of cash flows for each of the years in the three-year period ended 31 March 2014 and (2) Alliance Boots GmbH unaudited interim condensed consolidated financial statements and accompanying notes (prepared in accordance with IFRS) including the Group statements of financial position at 31 December 2014 and 2013, and the related Group income statements, Group statements of comprehensive income, Group statements of changes in equity and Group statements of cash flows for each of the nine month periods then ended.

AmerisourceBergen Information. We account for our investment in AmerisourceBergen common stock using the equity method of accounting on a two-month lag. All descriptions in this presentation of the agreements relating to the strategic long-term relationship with AmerisourceBergen announced by the Company and Alliance Boots on 18 March 2013 and the arrangements and transactions contemplated thereby are qualified in their entirety by reference to the description and the full text of the agreements in the Company’s Form 8-K filed on 20 March 2013 and Schedule 13D filed on 15 April 2014, as amended on 16 January 2015, 25 January 2016, 22 March 2016, and 25 August 2016, and the Company’s Form 10-Q filed on 6 July 2016.

