

# **News From** *Walgreens*

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## **WALGREENS JOINS FORCES WITH CATERPILLAR TO LOWER PRESCRIPTION**

### **DRUG COSTS**

#### ***Direct-to-Employer Program Builds on Walgreens and Caterpillar's Efforts to Take Out Unnecessary and Hidden Health Care Costs***

DEERFIELD, Ill., – August 26, 2009 – Walgreens (NYSE, NASDAQ: WAG) today announced an agreement with Caterpillar Inc. (NYSE: CAT) that establishes a direct relationship for the purchase of prescription drugs using a transparent pricing model.

Walgreens Pharmacy Management Excellence program provides transparent prescription drug pricing to employers who offer prescription drug benefits to their employees, dependents and retirees. Under the program, Caterpillar is given a Walgreens Proprietary Price List which is based off of the cost Walgreens pays the drug manufacturer.

Todd Bisping, Caterpillar's pharmacy benefits manager, said, "Transparency around pharmacy pricing, elimination of unnecessary and hidden costs in the prescription drug supply chain and the opportunity to effectively deliver lower cost solutions are in great demand by the employer community. We commend Walgreens for developing and embracing a transparent cost pharmacy pricing methodology."

Walgreens and Caterpillar also agreed to explore, through Walgreens Complete Care and Well-Being program, other ways of creating an integrated health care and pharmacy program. This is part of Caterpillar's longstanding efforts to lower overall health care costs while providing access to higher quality health care to its employees, retirees and their dependents. Complete Care and Well-Being is offered through Walgreens Health and Wellness division's

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Take Care Health Systems and is a holistic approach to health care that integrates pharmacy and health and wellness services, with all prices transparent to the employer. The program combines worksite health centers, in-store clinics and pharmacies with the discount prescription drug offering that is available nationally to a company's employees, dependents and retirees no matter where they work or live.

In addition, Walgreens is separately providing Caterpillar employees, dependents and retirees a significant discount on all Walgreens branded and non-branded products as "well being" goes beyond medical needs and also encompasses affordability and convenience. This discount will be effective January 1, 2010, to coincide with the effective date of the Pharmacy Management Excellence program.

"We are thrilled to extend our relationship with an industry leader like Caterpillar and, through our Pharmacy Management Excellence offering, help deliver for its employees and their families high-quality, low-cost, convenient pharmacy services," said Hal F. Rosenbluth, Walgreens senior vice president and president of Walgreens Health and Wellness division. "We believe Walgreens Complete Care and Well-Being program, of which Pharmacy Management Excellence is a key component, makes the historically conflicting goals of delivering quality care while managing costs, complementary and achievable. We look forward to working with Caterpillar and other corporations on programs to this end.

"Given today's economic conditions and rising costs of health care, we are doing everything possible to improve employees' well-being and offer valuable health, wellness and pharmacy services where individuals work and live," said Rosenbluth.

"Directly aligning pharmacies and plan sponsors enables both parties to accomplish their economic goals without sacrificing the quality of pharmacy services," said Josh Bellamy, Pharm.D., President and CEO of HealthStrategy, LLC, a business services firm that assists those involved in the pharmacy benefit supply chain in making informed health care decisions and providing innovative solutions. "This unique approach is the solution corporate America has been looking for, as it not only saves companies money, but it also removes the ambiguity often associated with drug pricing. The complexity of the system and lack of incentive for pharmacies to exchange margin for volume are cause for companies, their employees and dependents to pay

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higher prices for prescription drugs.

“It should also be noted that when the pharmacy benefit manager passes on all dollars between its pharmacy network and the employer, a program such as this can be implemented without disrupting the economics of their relationship,” added Bellamy.

More than 70,000 Caterpillar employees, retirees and eligible dependents will have convenient access to prescription drugs purchased under the Pharmacy Management Excellence program, as nearly 70 percent of all Americans live within five miles of a Walgreens, and 50 percent live within two miles. In addition, Walgreens currently serves as Caterpillar’s pharmacy mail service provider.

To learn more about the Walgreens Complete Care and Well-Being program, including the Pharmacy Management Excellence program, visit [www.takecareemployersolutions.com](http://www.takecareemployersolutions.com) or call 1-800-572-6650.

### **About Walgreens**

Walgreens ([www.walgreens.com](http://www.walgreens.com)) is the nation’s largest drugstore chain with fiscal 2008 sales of \$59 billion. The company operates 6,943 drugstores in all 50 states, the District of Columbia and Puerto Rico. Walgreens provides the most convenient access to consumer goods and services and cost-effective pharmacy, health and wellness services in America through its retail drugstores, Walgreens Health Services division and Walgreens Health and Wellness division. Walgreens Health Services assists pharmacy patients and prescription drug and medical plans through Walgreens Health Initiatives Inc. (a pharmacy benefit manager), Walgreens Mail Service Inc., Walgreens Home Care Inc., Walgreens Specialty Pharmacy LLC and SeniorMed LLC (a pharmacy provider to long-term care facilities). Walgreens Health and Wellness division includes Take Care Health Systems, the largest and most comprehensive manager of worksite health and wellness centers and in-store clinics, with more than 700 locations throughout the country.

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