

Walgreen Co. **Compensation Committee Charter**

Purpose

The Board of Directors (the “**Board**”) of Walgreen Co. (the “**Company**”) has established the Compensation Committee (the “**Committee**”) to discharge the Board’s responsibility relating to executive compensation, executive succession, and the retirement and equity based compensation and benefit programs and practices of the Company.

Composition

The Committee must be comprised of a minimum of three independent directors, determined in accordance with the New York Stock Exchange and The Nasdaq Stock Market regulations and the Company’s categorical standards.

The members of the Committee are appointed by the Board upon recommendation of the Nominating and Governance Committee and the Chairman of the Board, and serve at the discretion of the Board. One member of the Committee is appointed by the Board as Chair, upon recommendation of the Nominating and Governance Committee and the Chairman of the Board.

Each member of the Committee must qualify as a “non-employee” director under Securities and Exchange Commission (“**SEC**”) Rule 16b-3, and as an “outside” director under Section 162(m) of the Internal Revenue Code of 1986. Each member of the Committee must also have the appropriate background and qualifications, as determined by the Board, to serve on the Committee.

Authority

The Committee has the authority to establish executive compensation principles and levels, to administer executive benefit plans and recommend the adoption or amendment of such plans, and to oversee the Company’s executive development and succession plans. The Committee has the authority to retain compensation consultants, outside counsel and other advisors as the Committee deems appropriate in its sole discretion. The Committee is authorized to approve related fees and retention terms.

Meetings

The Committee must meet at least quarterly, and may hold such additional meetings as it deems necessary. A majority of the members will constitute a quorum. A majority of the members present at a duly constituted meeting may decide any question brought before the Committee.

The Committee may request that members of management, the Secretary of the Company and any advisors retained by the Committee be present at its meetings; provided that the Committee may hold executive sessions at which no members of management may be present.

Minutes

The Secretary of the Company or the Chair's designate will prepare the minutes of the Committee's meetings. Minutes will be distributed to Committee members and to the Company's directors who are not Committee members. The Secretary of the Company will maintain copies of all minutes as permanent records.

Specific Duties

Acting in a manner that is consistent with the purpose and authority described above, the Committee will perform such specific duties as it deems appropriate, including the following:

1. Develop market-comparable compensation packages that enable the Company to attract and retain talented executives and to reward outstanding performance in a manner that will lead to long-term enhancement of shareholder value. In determining actual compensation levels, the Committee must consider all elements of the program in total rather than any one element in isolation.
2. Review and approve on an annual basis the corporate goals and objectives relevant to the compensation of the Chief Executive Officer. The Committee must evaluate at least once a year the Chief Executive Officer's performance in light of these established goals and objectives and, taking into account these evaluations, set the Chief Executive Officer's annual compensation, including salary, incentive and equity compensation. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee will consider relevant factors, such as Company performance, past awards and similar awards at comparable companies.
3. Review and approve on an annual basis the evaluation process and compensation structure for the Company's other senior executives. The Committee must oversee the performance evaluation process for the Company's senior executives and approve the annual compensation, including salary, incentive and equity compensation, for such senior executives.
4. Review and administer the Company's executive benefit plans and recommend changes in such plans to the Board as needed.
5. Review with management and make recommendations to the Board regarding changes to other Company employee retirement and equity based benefit plans.

6. Oversee senior management in the development of executive succession plans to include considerations of diversity and recommend such plans to the Board at least annually.
7. Review the Compensation Discussion and Analysis (“**CD&A**”) required by SEC rules and discuss the CD&A with management each year. The Committee must recommend to the Board whether the CD&A should be included in the Company's proxy statement or other applicable SEC filing, and the Committee will confirm such recommendation within the Compensation Committee Report in the Company's proxy statement or other applicable SEC filing.
8. Report to the Board any significant determinations, recommendations and other matters as it deems appropriate.
9. At least annually, evaluate the Committee’s performance.
10. At least annually, review the adequacy of this Charter and recommend any proposed changes to the Board for approval.
11. Perform such other duties and responsibilities as may be assigned to the Committee by law, the Company’s by-laws or the Board.