

WALGREEN CO.

ETHICS POLICY STATEMENT

SCOPE

This Ethics Policy Statement applies to all employees and members of the Board of Directors of Walgreen Co., its subsidiaries, and affiliated companies, wherever they might be situated. It is important that it be read and understood by all.

BUSINESS CONDUCT

Honesty and integrity are the cornerstones upon which Walgreen Co. was founded and upon which we operate. We are proud that Walgreen employees have always maintained a high standard of behavior. We intend that Walgreen Co. always conducts its affairs according to the highest standards of corporate performance, and that its business and the actions of all Walgreen employees comply with the spirit and intent of the law and moral codes under which we operate and live. Form and appearance are important. We expect Walgreen employees to behave in a manner that is consistent with the highest standards of both corporate and personal behavior.

Our overriding principle is integrity and we pledge ourselves to be honest in our relationships with each other, with individuals outside the Company, and with other organizations.

In the final analysis, there is no way to insure proper behavior except through the desire of the individual. There is no way to provide rules of conduct that will apply to every possible situation. This Ethics Policy Statement establishes a broad code of conduct which sets minimum goals and provides guidelines to cover the most common and the most sensitive situations.

All officers, department directors, and managers of the Company, its subsidiaries, and affiliates, are responsible for the monitoring and enforcement of this policy statement within their specific areas of supervisory responsibility.

Any employee of the Company who discovers any event of a questionable, fraudulent, or illegal nature which is, or may be, in violation of the Company's policies, is to immediately report such event to the General Counsel or other officer of the Company, or to the Company's confidential hotline at 1-800-666-5677. Such reports may be made without fear of retaliation of any kind.

BUSINESS TRANSACTIONS

- All employees shall at all times strive to be in strict compliance with all laws and regulations that may be applicable to the Company's business.
- The use of funds, property, or things of value of the Company or any of its subsidiaries for any purpose which would be in violation of any applicable law or regulation is strictly prohibited.
- Compliance with accepted accounting rules and controls is required. No false, artificial, or misleading entries on the books and records of the Company or its subsidiaries shall be made for any reason whatsoever.
- No fund or asset which is not fully and properly recorded on the books and records of the Company, its subsidiaries, and affiliates, as appropriate, shall be created or permitted to exist.
- No transaction shall be effected and no payment shall be made on behalf of the Company, any of its subsidiaries, or affiliates, with the intention or understanding that the transaction or payment is other than as described in the documentation evidencing the transaction or supporting the payment.
- All employees responsible for filing periodic reports with the SEC shall do so in a manner to ensure that all disclosures contained in such reports are full, fair, accurate, timely, and understandable.
- No promise or statement shall be made on behalf of the Company which the author or speaker knows to be false or misleading.
- No employee shall engage in any illegal or unethical act to obtain special favors or consideration, or make or authorize payments or promises of payment in order to obtain or retain business for the Company.

INTERNATIONAL BUSINESS LAWS

- **Employees are required to comply with the applicable laws in all countries to which they travel, in which they operate and where the Company otherwise does business, including laws prohibiting bribery or corruption. In addition, employees are required to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S., including the Foreign Corrupt Practices Act, the U.S. Embargoes or Sanctions Program, Export Controls and Anti-boycott Compliance.**

CONFIDENTIALITY AND PRIVACY

- Employees shall not use information that is confidential and proprietary to the Company for their own benefit or purposes unrelated to Company business or disclose it, directly or indirectly, to anyone outside the Company during or at any time after employment with the Company. Such information includes, but is not limited to:
 - financial information;
 - new business ideas;
 - Company strategies and plans;
 - information related to potential acquisitions;
 - databases and the information in them;
 - patient information;
 - computer software source codes, and computer/network access codes;
 - terms of the Company's agreements with vendors, suppliers, landlords, consultants, and others doing business with the Company;
 - information that has been identified as confidential or proprietary by the Company.

- Employee, customer, and patient information are to be handled in accordance with Company procedures regarding confidentiality and privacy, including the Company's HIPAA privacy policies. All documents containing employee, customer, or patient information are to be handled and disposed of in accordance with Company privacy procedures.

COMPUTER SECURITY

- All employees are required to comply with Company procedures and federal copyright laws in the use of computer systems and software. Unless the Company has licensed a software program pursuant to an enterprise or other multiple copy license, software products are not to be copied. Employees may not access any Company computer system using another user's password or account, or for purposes unrelated to their employment duties. Employees may not upload, download, or otherwise transmit commercially licensed software or copyrighted materials on any Company system without management authorization.

FREEDOM FROM CONFLICTING INTERESTS

- All employees have a duty to the Company to be free from the influence of any conflicting interest when representing the Company in negotiations, or when making recommendations with respect to dealings with third parties. Such employees are expected to deal with suppliers, customers, contractors, landlords, and all others doing business with the Company on the sole basis of what is in the best interest of the Company, without favor or preference to third parties based on personal considerations.
- Employees who deal with suppliers, customers, contractors, landlords, or anyone else doing business with the Company--or who make recommendations with respect to such dealings or pass judgment upon them--shall not own any interest in, or have any personal contract, agreement, or understanding of any nature whatsoever with those individuals that might tend to influence the decision of the employee with respect to the business of the Company.
- Ownership of publicly offered stock in any of our suppliers or in any competitive organization is permissible, provided that the interest is of an investment nature and constitutes no more than 1/2 of 1% of the outstanding capital stock of the company. This maximum applies to the total combined interest which might be held by the employee and members of the employee's immediate family.
- Employees shall not do business with a close relative on behalf of the Company unless expressly authorized in writing to do so by the appropriate Corporate Vice President of the Company after the relationship has been disclosed.
- Employees are prohibited from exploiting their positions with the Company for personal gain, or for the gain of any other person or outside organization. Employees may also not engage in a business that competes with the Company.
- Any deviation from the foregoing statements of policy must have the written consent of the Chief Executive Officer of the Company who has the final authority and responsibility to determine what steps are to be taken to correct any situation deemed not in the best interest of the Company.

GIFT POLICY

- Employees shall not seek or accept, directly or indirectly, payments, loans, services, entertainment, or gifts from any individual or from the representative of any business concern doing or seeking to do business with the Company. Routine loans of reasonable amounts from commercial banks are excluded from this restriction.

- Executive officers and members of the Board of Directors may not accept personal loans from any person or entity doing business with the Company, nor may any such person or entity guarantee any personal obligation of such executive officer or director. The foregoing shall not prohibit an executive officer or member of the Board of Directors from accepting a loan from a commercial bank or lender doing business with the Company provided that such loan is made in the ordinary course of such bank or lender's business on commercially reasonable terms. Executive officers and members of the Board of Directors also may not request or accept loans or payroll advances from the Company.
- Employees may not furnish or offer to furnish any gifts, entertainment, meals, or anything of value to a person who has business dealings with the Company under circumstances that might create the appearance of impropriety. Such items may be provided, other than to governmental officials and employees, if they are reasonable complements to business relationships, of modest value, and not against the law or the policy of the recipient's company. These items must also be documented on an expense report. Giving or receiving money or a cash equivalent as a business gift is prohibited.
- Giving gifts or entertainment to any domestic or foreign government official or employee is highly regulated and often prohibited. A government employee is any individual employed by a federal, state, or local entity, or a consultant acting on behalf of the entity. For this reason, employees shall not directly or indirectly pay, give, offer or promise any entertainment or gift of value to any government official or employee without the prior approval of the General Counsel.
- Meals and entertainment are only to be offered or accepted when both the employee and the individual or representative of a business concern are present and a substantial business discussion takes place during, directly before, or directly after the activity, and only with the prior approval of the responsible corporate vice president. Sponsored events that are part of Company authorized attendance at trade shows, seminars, or conventions do not require prior notice.
- The solicitation, purchase, or acceptance of entertainment or sporting event tickets for personal use is prohibited. There may be special circumstances in which items such as entertainment tickets are converted to use by and for the benefit of the Company. In such cases, adequate documentation must be maintained and prior approval of the responsible corporate vice president is required.
- Personal purchases of discounted merchandise through business contacts are prohibited. This does not preclude use of the employee discount at Company retail sites or participation in any Company approved Employee Purchase Program.

- Travel or lodging for business or personal purposes may not be accepted. Exceptions may be made for the use of private aircraft provided by an established vendor for transportation directly to and from a business meeting, with prior written approval of the President, Chairman, or CEO.

GOVERNMENT PROGRAMS

- The Company is committed to compliance with all federal and state health care statutes, rules, regulations and guidelines, including all requirements of Medicare, Medicaid and other government health care programs. The Company is also committed to preparing and submitting accurate billings consistent with Medicare, Medicaid and other government-sponsored health care program rules and regulations. It is the Company's policy to comply strictly with all laws that regulate government contracting and to prohibit employees from submitting false, fraudulent, or misleading information in connection with goods or services reimbursable by the federal or a state government.

ANTI-KICKBACK

- It is the Company's policy to comply with all laws that regulate the obtaining of prescription or other healthcare business. Employees may not give or receive anything of value for their own benefit or for the benefit of the Company, including entertainment, or free or below cost services, in exchange for referring or receiving referrals of patients, goods or services.

INSIDER TRADING

- Any employee who has "insider information," i.e., material information about the Company which has not been disclosed to the investing public, such as information regarding negotiations leading to mergers and acquisitions, stock splits, the making of arrangements preparatory to an exchange or tender offer, unannounced information about or changes in dividend rates or earnings, and new products or developments, shall keep such information confidential and shall not buy or sell the Company's stock, or "tip" others to buy or sell the Company's stock, until such time as such information has been released to the investing public. Employees who have access to "insider information" are expected to fully comply with the Insider Trading Policy promulgated by the Company.

ENVIRONMENTAL MATTERS

- The Company desires to preserve and protect human health and the environment and is committed to compliance with all related laws and regulations. All materials which may contain toxic or hazardous substances must be properly disposed.

CONTROLLED SUBSTANCES /PHARMACY ETHICS

- It is essential that the Company comply fully with all applicable state and federal laws and regulations concerning the receipt, storage, shipment, and dispensing of controlled substances. This includes, but is not limited to, those rules and regulations promulgated by the Drug Enforcement Administration.
- The Company has adopted a Pharmacy Laws, Policies, and Ethics Statement (also known as the Code of Conduct) which must be signed and adhered to by all pharmacy personnel. It is essential that the principles set forth in the Statement be honored at all times.

VENDOR RESPONSIBILITY

- **Walgreen Co. requires all trading companies with which it does business and all final assembly manufacturers of goods to Walgreen Co. to comply with all applicable laws and regulations that relate to the conduct of their business. In addition, Walgreen Co. expects its Vendors to comply with the standards outlined in the Walgreen Co. Vendor Responsibility Standards.**
- Representatives of the Company will not knowingly purchase products from a supplier using child labor, as defined by the country of origin, prison labor, or involuntary labor. Any employee who becomes aware of a supplier violating this policy will immediately cease all relationships with that supplier and report the occurrence to a corporate attorney.

EQUAL EMPLOYMENT OPPORTUNITY

- Walgreen Co. is committed to a policy of promoting equal employment opportunity. This policy applies to all decisions in the employment process, including recruiting, hiring, job assignment, training, discipline, scheduling, promotions, wages, and benefits.
- The Company also believes that employees have a right to work in an environment free of verbal or physical harassment on account of race, religion, national origin, sex, age, handicap, sexual orientation, or any personal characteristic. Such harassment on the part of supervisors or employees will not be tolerated.
- Walgreen Co. calls upon and expects every individual within the Company to accept a personal responsibility for continuing the successful implementation of this policy. All violations should be reported, without fear of retaliation, through the Open Door Policy, to the Employee Relations Department, or through the Company's confidential hot line at 1-800-666-5677.

EMPLOYMENT LAWS

- The Company is committed to compliance with all applicable federal, state and local laws and regulations covering the employment relationship. This includes laws regarding payment of wages, minimum wages and overtime compensation, hours of employment, employment of minors, discrimination, non-retaliation, health and safety, eligibility for employment and employment record keeping. All managers and supervisors are expected to fully comply with these requirements and related Company policies.

ANTITRUST LAWS

- Walgreen Co. is firmly committed to compliance at all times with the antitrust laws. Every employee whose activities may be affected by the antitrust laws is expected to be familiar with and adhere to Antitrust Guidelines disseminated by the Company for this purpose.
- The standard for Walgreen Co. and for all its employees is not only to avoid violating the antitrust laws, but also to avoid circumstances that could create a suspicion of violation.
- As a general rule, Walgreen employees should avoid contacts of any kind with competitors except in those situations where contacts are clearly for a lawful purpose. The antitrust laws also regulate conduct with suppliers and others. Individuals involved in pricing discussions with suppliers should be generally familiar with the price discrimination rules and the Company's Anti trust policy.

FIDUCIARY RESPONSIBILITY

- All employees involved in the administration of an employee benefit plan or the management of plan assets are expected to discharge their duties with respect to such plan solely in the interest of the participants and beneficiaries, and for the exclusive purpose of providing plan benefits. The receipt by an employee of a payment or any other benefit from any party dealing with a plan, or the use by an employee or by the Company of any plan assets, is strictly prohibited.

PUBLIC AFFAIRS

- The Public Affairs Policy of Walgreen Co. is that all employees be free to participate in lawful political activity as they see fit. Employee political activity of a personal nature must take place on the employee's own time and at his or her own expense, except for attendance at Walgreen PAC meetings held during business hours. No Company funds, property, or services are to be used to support any political party or candidate without the prior approval of the General Counsel of the Company.

REPORTING AND NON RETALIATION

- Employees should feel free to report what they believe, in good faith, to be violations of this Ethics Policy Statement without fear of retaliation. Employees may report or discuss violations with their supervisor, the General Counsel, or other officer of the Company, or may report violations on the Company's confidential hotline at 1-800-666-5677.
- Employees who receive complaints or concerns, whether verbal or written, related to any applicable law or Company policy, should communicate those complaints or concerns to their supervisor, the General Counsel or other officer of the Company, or to the Company's confidential hotline at 1-800-666-5677.
- Employees who receive complaints or concerns, whether verbal or written, related to accounting, internal accounting controls, or auditing matters should communicate those complaints to the General Auditor, General Counsel, and/or Senior Vice President Human Resources for review and investigation.

All statements contained in this Policy are intended to reflect general policies, principles, and procedures, do not represent contractual commitments on the part of the Company, and may be changed at any time without notice. Without limiting the generality of the foregoing, nothing in this Policy should be construed to grant to any employee any right to continued employment or benefits under any employee benefit plan, program, or arrangement. Violations of this Policy may result in disciplinary actions, including, if appropriate, termination of employment.