



In Store Merchandising

200 Wilmot Road
Deerfield, IL 60015

Date: April 9, 2009
Subject: Walgreens Retail Synergy Program
From: Mike Olson
To: All Walgreens Vendors

Dear Valued Partners,

We are excited to announce the launch of Walgreens Retail Synergy Program. (RSP) The RSP initiative is designed to ensure quality in-store execution, greater visibility to all activities and consistent reporting to each vendor needing merchandising activities in our stores. This unique approach combines best in class merchandiser training programs with the efficiencies of scale. The RSP program will launch on May 4, 2009.

Currently vendors schedule work in our stores utilizing their own retail teams or a third party merchandising organization. Unfortunately, Walgreens has no visibility to the work being done in our stores. RSP is a coordinating process to managing in-store merchandising providing:

- Retail merchandisers certified on Walgreens in-store processes and procedures
- Retail projects being scheduled in 15 minute increments of in-store time
- Execution cycles begin on Monday's
- Synergize with our RFID display tracking system to allow for more targeted in-store remediation and maximum merchandising efficiency
- Nationally negotiated rates that compare favorably with industry standards
- Complete visibility to results on all retail projects

The RSP program is an "opt-in" program and you will only pay for work that you request. Here is how it works:

- Vendor will request work through internal RSP Coordinators
- Processes will be similar to working with your existing team or 3rd party providers
- Partial store lists can be accommodated
- In-store work will be scheduled in a two week execution windows
- Final project orders are approved by the vendor via Walgreens RSPTrak
- Vendors will be supplied a user name and password to access reports online
- Vendors will be invoiced for actual work performed

The RSP program is designed to accommodate select in-store merchandising needs including:

- Ensuring placement of existing and new items
- Department reset / revision work (outside of schedule if necessary)
- Product rotation
- Point of purchase material placement
- Fixture installation
- System inventory correction
- Promotional display building and replenishment
- Seasonal product pack-out
- Recall/rework activity
- Auditing
- RFID remediation
- IRC placement
- Markdown / sell-through expedition

The all-inclusive rates for the Walgreens RSP program will be:

- 15 minutes - \$11.00
- 30 minutes - \$15.00
- 45 minutes - \$20.00
- 60 minutes - \$23.00

Vendors can begin scheduling work through RSP effective April 13, 2009. Beginning May 4, 2009 any work to be done in Walgreens stores will follow this procedure. Any previously scheduled work outside of the RSP process must be completed by May 18, 2009. After this date stores will be instructed to not allow non RSP approved merchandisers into their stores. The only exceptions to this rule are specific DSD vendors which will be detailed to store management.

Walgreens would like to express that it is an expectation for vendors to fund RSP activities through existing in store merchandising budgets and that the RSP program should not be funded from historical trade fund spending levels provided to Walgreens.

We want to thank each of you in advance for your support of the RSP program. We would encourage you to contact either of the individuals below for additional information and to schedule your upcoming in-store activities.

CROSSMARK

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Sincerely,

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