

Walgreen Co.
Compensation Committee Charter

Purpose

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Walgreen Co. (the “Company”) shall carry out 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 shall consist of a minimum of three independent directors, in accordance with current New York Stock Exchange and Nasdaq regulations, who shall be appointed by the Board of Directors upon recommendation of the Nominating and Governance Committee and the Chairman of the Board, and whose term of appointment is at the discretion of the Board of Directors. Furthermore, at least two members of the Committee shall qualify as “non-employee” directors under Exchange Act Rule 16b-3 promulgated by the Securities and Exchange Commission, and as “outside” directors under Section 162(m) of the Internal Revenue Code of 1986. Each member of the Committee shall have the appropriate background and qualifications, as determined by the Board, to serve on the Committee. One member of the Committee shall be appointed Committee Chair by the Board of Directors, upon recommendation of the Nominating and Governance Committee and the Chairman of the Board.

Authority

The Committee is granted 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 shall have authority to retain such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

Meetings

The Committee shall meet at least quarterly, and shall hold such additional meetings as it deems necessary. The Committee may request that members of management, the Secretary of the Company and representatives of any outside consulting firm retained by the Committee be present at meetings of the Committee; provided that the Committee may hold executive sessions, at which no members of management may be present.

Minutes

Minutes of the Committee meetings are to be prepared by the Secretary of the Company or the Chair’s designate and sent to Committee members and to Company directors who are not Committee members. The Secretary of the Company shall maintain copies of all minutes as permanent records.

Specific Duties

The Committee believes that its principal responsibilities in compensating executives are to provide market-comparable compensation packages that will 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 shareowner value. In determining actual compensation levels, the Committee considers all elements of the program in total rather than any one element in isolation.

The Committee shall have the following authority and responsibilities:

1. *To review and approve on an annual basis the corporate goals and objectives with respect to compensation for the Chief Executive Officer.* The Committee shall 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, shall 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 shall consider relevant factors, such as Company performance, past awards and similar awards at comparable companies.
2. *To review and approve on an annual basis the evaluation process and compensation structure for the Company's other senior executives.* The Committee shall oversee the performance evaluation process for the Company's senior executives and shall approve the annual compensation, including salary, incentive and equity compensation, for such senior executives.
3. *To review the Company's executive benefit plans and recommend changes in such plans to the Board as needed.* The Committee shall also have and shall exercise all the authority of the Board with respect to the administration of such plans.
4. *To review with management and make recommendations to the Board regarding changes to other Company employee retirement and equity based benefit plans.*
5. *To prepare and publish an annual executive compensation report in the company's proxy statement, in accordance with applicable rules and regulations.*
6. *To oversee senior management in the development of executive succession plans, and to recommend such plans to the Board at least annually.*

The Committee shall report to the Board any significant determinations, recommendations and other matters as it deems appropriate. At least annually, a performance evaluation of the Committee shall be performed. The Committee shall review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.