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Kristene Quan/MEDILL

Approximately 2,000 shareholders attended Walgreen's annual meeting for its fiscal year ending Aug. 31 in the Grand Ballroom of Navy Pier.

Potential loss of Walgreen profits worries shareholders

by **KRISTENE A. QUAN**

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Walgreen Co. shareholders were concerned with the company's stock drop since the drugstore chain's impasse with pharmacy benefits manager Express Scripts Inc. was confirmed.

Walgreen's executive team highlighted the company's strategies for combining location and experience through its new "Well Experience" stores during its annual shareholders' meeting on Wednesday afternoon at Navy Pier, but shareholders could not shake their qualms about losing Express Scripts.

"It's going to hurt the company," said George Polis, a shareholder from Burbank.

The Deerfield-based corporation is the largest retail drugstore chain in the United States with more than 7,700 stores.

Walgreen's contract with Express Scripts Inc., which manages prescription drug benefits for consumers through insurers, employers, government, union and health plans, ended on Dec. 31. Express Scripts negotiates discounts with drug manufacturers promising affordable prices to its clients.

Walgreen Chief Financial Officer Wade Miquelon assured shareholders that the break with Express Scripts was "a very easy decision."

Walgreen and Express Scripts' failure to come to terms on a new contract for 2012 put approximately 90 million prescriptions worth \$5.3 billion that Walgreen fills for Express Scripts' customers in jeopardy on Jan. 1.

"We think that Express Scripts will have a more difficult time not having Walgreen in its network," said President and Chief Executive Officer Gregory Wasson.

Walgreen is attempting to retain Express Scripts' clients by offering eligible patients pharmacy benefit plans under its Prescription Savings Club. The company told reporters after the meeting that 200,000 customers, including some Express Scripts clients, have signed up for the savings club.

"This is a defining moment for our company," said Kermit Crawford, president of Pharmacy, Health and Wellness Services and Solutions. He added that Walgreen expects to make up nearly all the lost Express Scripts business in the current fiscal year.

"Our goal is between 97 and 99 percent of 2011 total prescription volume." Referring to the nationwide market, he declared, "We only have 20 percent of market share right now. We still have 80 percent to go after."

Walgreen's shares fell 39 cents, or 1.13 percent, to close at \$34.01.