

## Walgreen Adoption of “Engagement” in Response to Information Requests

Walgreen’s executive vice president and chief legal officer has informed me on behalf of the chairman of the company’s board of directors, which is now advised by Wachtell Lipton,<sup>1</sup> that the company will not be providing any information for investor consideration of the stock buyback issues we have defined.<sup>2</sup> His formal letter of November 14 stated that investors may communicate with the company about these issues only privately according to a “Shareholder Engagement” process described on page 14 of their recently filed SEC Form 10-K/A.<sup>3</sup>

This position was restated on November 25 in reply to a letter that I had sent on November 24, in the absence of any response to repeated invitations of informal discussion, asking Walgreen “to report specifically how the company will provide the information investors need.” Encouraging their development of a process for efficient investor relations staff management, my letter had presented the Forum’s position as follows:<sup>4</sup>

You may assume that the Forum will respectfully support any response plans that are consistent with (a) the practices recommended earlier this year by The Conference Board’s Task Force on Corporate/Investor Engagement,<sup>5</sup> with which I believe your board’s advisors are familiar, (b) marketplace and regulatory requirements of corporate responsibility for non-selective, fair investor access to decision-making information, and (c) investor rights to information that could reasonably be obtained pursuant to section 7.75 of the Illinois Business Corporation Act or the similar section 220 of Delaware General Corporation Law to which you will be subject after your proposed merger. To the extent that your policies or plans vary from these standards, we will of course welcome your explanations for investor consideration.

The position taken by Walgreen’s board was naturally disappointing, especially in the context of the company’s consistently professional investor relations communications prior to the official November 14 imposition of an “engagement” playbook. I have therefore asked them, again, to reconsider their position and will of course report any response.

*GL – December 1, 2014*

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<sup>1</sup> See [November 6, 2014, Martin Lipton of Wachtell Lipton Rosen & Katz posting in \*The Harvard Law School Forum on Corporate Governance and Financial Regulation\*: "Dealing With Activist Hedge Funds"](#).

<sup>2</sup> See the [November 12, 2014 Forum Report: Walgreen Stock Buybacks: Issues to Be Considered by Investors](#), and the [November 20, 2014 Forum Report: Proposing Walgreen Suspension of Buybacks to Restore Credit Rating](#).

<sup>3</sup> See [November 20, 2014, Walgreen Co., SEC Form 10-K/A Amendment No. 2 of Annual Report for period ending August 31, 2014 \(amending and restating to set forth information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K because Walgreen Co. will not file its definitive proxy statement containing such information within 120 days after the end of its fiscal year ended August 31, 2014\)](#) (84 pages, 926 KB, in [PDF](#) format).

<sup>4</sup> Copies of non-confidential correspondence can be provided upon request.

<sup>5</sup> See the [March 11, 2014 Forum Report: The Conference Board’s Task Force Definition of Responsibilities for Investor Access](#).