



For Immediate Release

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Kiva Systems Chosen by Walgreens to Double Distribution Center Capacity

Third expansion of Kiva zone results in nearly 1,000 robots under one roof

Woburn, MA – March 11, 2009 – Kiva Systems (www.kivasystems.com), a developer of game-changing robotic solutions for the distribution and order fulfillment industry, announced that Walgreens has agreed to expand the Kiva system in its Mt. Vernon, Illinois facility for the third time since its initial deployment in 2007. A key motivation for choosing Kiva for expansion of the Mt. Vernon facility was Kiva's productivity advantage over the existing conveyor system.

Walgreens uses the Kiva Mobile Fulfillment System (MFS) to store inventory and pick replenishment orders for its retail stores. Walgreens operates nearly 6,700 stores.

Walgreens is using the current expansion to both double the capacity of their Mt. Vernon distribution center and convert many of their traditional conveyor-based zone picking areas into Kiva zones. This expanded system puts nearly 1,000 mobile robots under a single roof.

Uncertainty about the direction of the economy was also an important factor in the decision to add more Kiva order fulfillment equipment. Easy scalability of the Kiva MFS makes the expansion quick and low risk. The inherently portable nature of the mobile fulfillment solution enables Walgreens to expand Mt. Vernon facility now, yet retain the option to easily redeploy the system to a different location if economic factors change.

Kiva's innovative approach to order fulfillment uses hundreds of mobile robotic drive units that bring inventory directly to workers, allowing easy and efficient access to all inventory items at all times. Elimination of operator walking and waiting enables worker productivity that is two to four times higher than with other automated systems. What's more, because all the system components are mobile and modular, a Kiva-equipped distribution center has unprecedented flexibility when adding new products or expanding throughput—without disrupting ongoing operations.

“Productivity metrics from previous rollouts far exceeded Walgreens’ specifications for pick rate, accuracy, cycle time, tote utilization, and installation time,” said Mick Mountz, CEO of Kiva. “By doubling capacity we expect Walgreens to quickly achieve an extraordinary new level of strategic competitive advantage and productivity.”

About Kiva Systems

Kiva Systems, Inc. uses game-changing automation technology for distribution centers that helps companies simplify operations and reduce costs, while increasing strategic flexibility. Using autonomous mobile robots and sophisticated control software, the Kiva Mobile Fulfillment System enables extremely fast cycle times with reduced labor requirements, from receiving to picking to shipping—all without conveyor. The result is a building that is quick and low-cost to set up, inexpensive to operate and easy to change. For more information on Kiva Systems and its solutions, please visit

www.kivasystems.com.

About Walgreens

Walgreens (www.walgreens.com) is the nation's largest drugstore chain with fiscal 2008 sales of \$59 billion. The company operates 6,679 drugstores in 49 states, the District of Columbia and Puerto Rico. Walgreens provides the most convenient access to consumer goods and services and cost-effective pharmacy, health and wellness services in America through its retail drugstores, Walgreens Health Services division and Walgreens Health and Wellness division. Walgreens Health Services assists pharmacy patients and prescription drug and medical plans through Walgreens Health Initiatives Inc. (a pharmacy benefit manager), Walgreens Mail Service Inc., Walgreens Home Care Inc., Walgreens Specialty Pharmacy LLC and SeniorMed LLC (a pharmacy provider to long-term care facilities). Walgreens Health and Wellness division includes Take Care Health Systems (www.takecarehealthsystem.com), the largest and most comprehensive provider of worksite health and wellness centers and in-store convenient care clinics, with more than 700 locations throughout the country. More information about Walgreens is available at Walgreens.com.