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FOR IMMEDIATE RELEASE

DUANE READE ANNOUNCES RATIFICATION OF NEW COLLECTIVE BARGAINING AGREEMENT AND SETTLEMENT WITH LOCAL 338 RWDSU/UFCW

- Company Settles All NLRB and Union Litigation Matters -**
- Company to Record Labor Contingency Credit of Approximately \$18.3 Million in the First Quarter-**
- Company Announces Approval of New Collective Bargaining Agreement with UNITE HERE! -**

New York, New York, April 13, 2006 – Duane Reade Holdings, Inc. today announced that the Allied Trades Council Division of Local 338 RWDSU/UFCW has ratified the new three year collective bargaining agreement, announced on April 11, 2006. As a result of the ratification, the Company has resolved all outstanding litigation and disputes with both the union and the National Labor Relations Board. Additionally, the Company announced that the new three year collective bargaining agreement with Local 340A New York Joint Board UNITE HERE! (Local 340A), also announced on April 11, 2006, has been approved.

Under the settlement with Local 338 RWDSU/UFCW, Duane Reade is not required to make any cash payments to the union benefit funds, will have only a limited contingent obligation going forward and will cease making an annual \$4.4 million provision related to outstanding legal matters involving the union labor litigation. As a result, the Company expects to record a one-time non-cash pre-tax benefit of approximately \$18.3 million in the first quarter of 2006 to reduce its labor contingency reserve, which was \$20.7 million at December 31, 2005.

The collective bargaining agreements with Local 338 RWDSU/UFCW and 340A cover all of the Company's clerks, cashiers, pharmacy clerks, pharmacy technicians, and photo technicians and are effective from April 1, 2006 through March 31, 2009.

About Duane Reade

Founded in 1960, Duane Reade is the largest drug store chain in the metropolitan New York City area, offering a wide variety of prescription and over-the-counter drugs, health and beauty care items, cosmetics, greeting cards, photo supplies and photofinishing. As of December 31, 2005, the Company operated 251 stores.

Except for historical information contained herein, the statements in this release and the accompanying discussion on the earnings conference call are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, this document may contain statements, estimates or projections that constitute "forward-looking" statements as defined under U.S. federal securities laws. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from forecasted or expected results. Those risks include, among other things, the competitive environment in the drug store industry in general and in the New York metropolitan area, the ability to open and operate new stores, the continued efforts by payers and government agencies to reduce prescription reimbursement rates and prescription drug benefits, the strength of the economy in general, the economic conditions in the New York greater metropolitan area, changes in federal and state laws and regulations, including the potential

impact of changes in regulations surrounding the importation of pharmaceuticals from foreign countries and changes in laws governing minimum wage requirements, changes in the Company's operating strategy, capital expenditure plans or development plans, the Company's ability to attract, hire and retain qualified pharmacy and other personnel, the Company's significant indebtedness, labor disturbances, the continued impact of, or new occurrences of, terrorist attacks in the New York greater metropolitan area and any actions that may be taken in response, demographic changes, the Company's ability to limit fraud and shrink, and recalls of pharmaceutical products due to health concerns or other reasons. Those and other risks are more fully described in Duane Reade's reports filed with the SEC from time to time, including its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Except to the extent otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements.

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