



Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company PATTERSON DENTAL COMPANY Date 05/26/06

Prepared by MG Data taken from NAIC Data

Where traded NASDAQ Major product/service Health Care

CAPITALIZATION --- Outstanding Amounts Reference _____

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	138.6	33.0	59.1
Debt (\$M)	300.0	% to Tot.Cap.	0.0 % Potential Dil. None

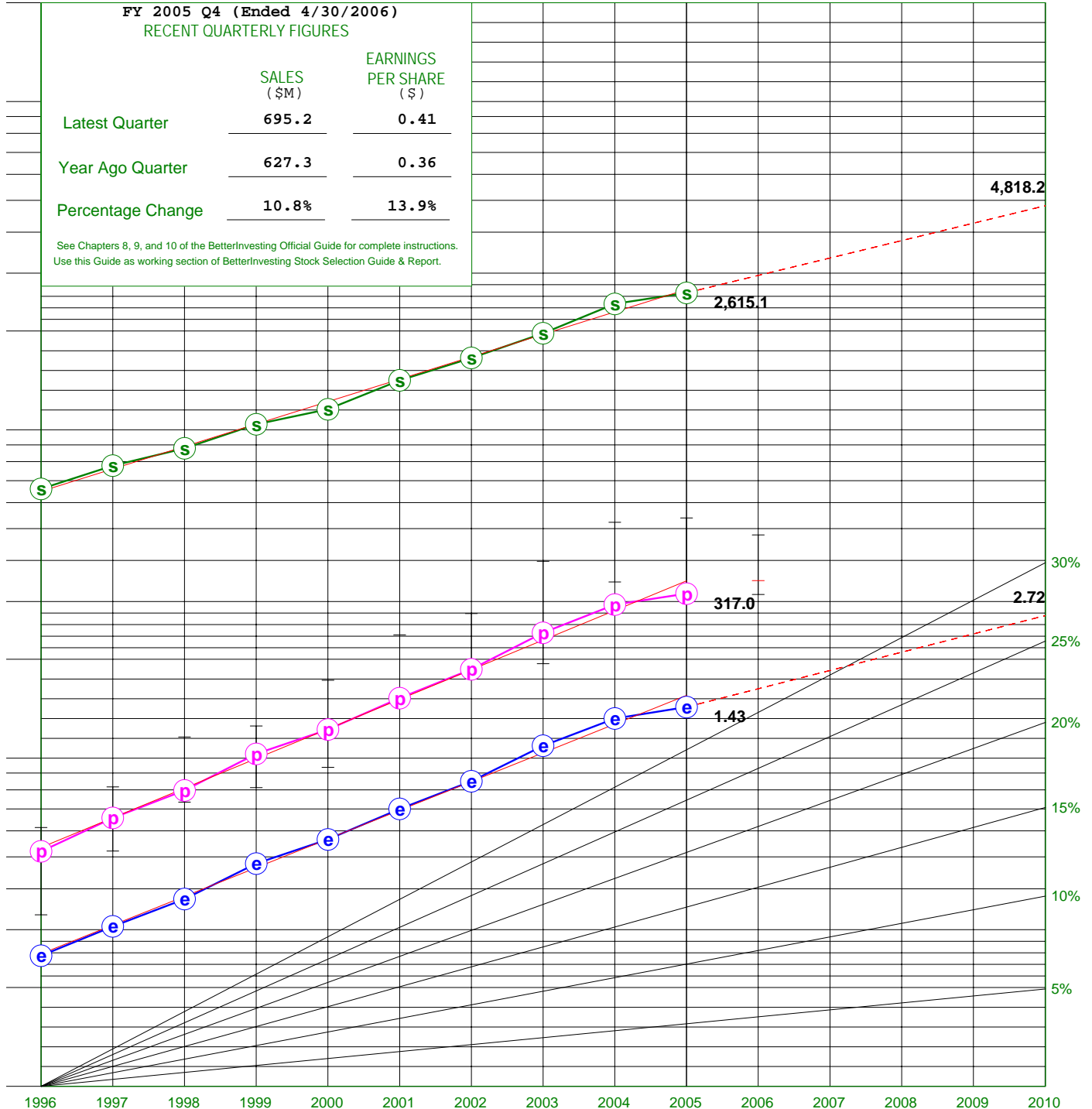
1 VISUAL ANALYSIS of Sales, Earnings and Price

PDCO

FY 2005 Q4 (Ended 4/30/2006)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	695.2	0.41
Year Ago Quarter	627.3	0.36
Percentage Change	10.8%	13.9%

See Chapters 8, 9, and 10 of the BetterInvesting Official Guide for complete instructions. Use this Guide as working section of BetterInvesting Stock Selection Guide & Report.



- | | | | |
|-----------------------------------|---------------|--|---------------|
| (1) Historical Sales Growth | <u>17.0 %</u> | (3) Historical Earnings Per Share Growth | <u>22.3 %</u> |
| (2) Estimated Future Sales Growth | <u>13.0 %</u> | (4) Estimated Future Earnings Per Share Growth | <u>13.7 %</u> |

2 EVALUATING MANAGEMENT

Company

PATTERSON DENTAL COMPANY

(PDCO)

05/26/06

		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG.	TREND		
													UP	DOWN	
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	7.9	8.4	9.1	9.9	10.6	10.8	11.2	12.2	12.1	12.1	11.7		EVEN	
B	% Earned on Equity (E/S ÷ Book Value)	18.3	18.2	18.0	18.7	18.7	18.5	18.3	18.6	17.9		18.3			NMF

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		34.710		HIGH THIS YEAR		47.850		LOW THIS YEAR		31.510	
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		E Dividend Per Share	F % Payout F ÷ C X 100	G % High Yield F ÷ B X 100	H			
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C							
1	2001	23.7	15.0	0.70	33.9	21.4	0.000	0.0	0.0				
2	2002	27.6	17.7	0.85	32.5	20.8	0.000	0.0	0.0				
3	2003	39.8	19.4	1.09	36.5	17.8	0.000	0.0	0.0				
4	2004	52.3	34.4	1.32	39.6	26.1	0.000	0.0	0.0				
5	2005	53.9	32.0	1.43	37.7	22.4	0.000	0.0	0.0				
6	TOTAL	118.5			104.1	64.6		0.0					
7	AVERAGE	23.7			34.7	21.5		0.0					
8	AVERAGE PRICE EARNINGS RATIO				28.1		9	CURRENT PRICE EARNINGS RATIO				24.3	

4 EVALUATING RISK AND REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~34.7~~ 28.0 X Estimate High Earnings/Share 2.72 = Forecast High Price \$ 76.2 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~21.5~~ 20.0 X Estimated Low Earnings/Share 1.43 = \$ 28.6 (3E7 as adj.)
 (b) Avg. Low Price of Last 5 Years = 23.7 (3B7)
 (c) Recent Severe Market Low Price = 31.5
 (d) Price Dividend Will Support 0.000 = 0.000 = 0.0
 Selected Estimate Low Price 28.6 (4B1)

C ZONING

76.2 (4A1) High Forecast Price Minus 28.6 (4B1) Low Forecast Price Equals 47.6 (C) Range. 1/3 of Range = 11.9 (4CD)
 (4C2) Lower 1/3 = 28.6 (4B1) to 40.5 (Buy) Note: Ranges changed to 25%/50%/25%
 (4C3) Middle 1/3 = 40.5 to 64.3 (Maybe)
 (4C4) Upper 1/3 = 64.3 to 76.2 (4A1) (Sell)

Present Market Price of 34.710 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 76.2 Minus Present Price 34.710 = 41.5
 Present Price 34.710 Minus Low Price (4B1) 28.6 = 6.1 = 6.8 To 1 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 76.2
 Present Market Price 34.710
 = (2.195) X 100 = (219.5) - 100 = 119.5 % Appreciation (4E)

Relative Value: 86.5% Proj. Relative Value: 76.0%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate: use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.000
 Present Price of Stock \$ 34.710 = 0.000 X 100 = 0.0 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS
 Avg. Earnings Per Share Next 5 Years 2.10 X Avg. % Payout (3G7) 0.0 = 0.0 = 0.0 % (5B)
 Present Price \$ 34.710

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E)		P.A.R.	Tot. Ret.
	<u>119.5</u>	<u>23.9</u> %	<u>0.0%</u>	<u>0.0%</u>
Average Yield (5B)	<u>0.0</u>	<u>0.0</u> %	<u>13.5%</u>	<u>17.0%</u>
Average Total Annual Return Over the Next 5 Years (5C)	<u>23.9</u> %	<u>23.9</u> %	<u>13.5%</u>	<u>17.0%</u>

PATTERSON COS. NDQ-PDCO

RECENT PRICE **35.51** P/E RATIO **22.1** (Trailing: 26.3; Median: 25.0) RELATIVE P/E RATIO **1.19** DIV'D YLD **Nil** **VALUE LINE**

TIMELINESS 4 Lowered 11/25/05	High: 4.9	6.1	7.6	11.6	12.5	17.3	21.0	27.6	35.8	44.2	53.8	36.0	Target Price Range 2009 2010 2011
SAFETY 2 Raised 3/8/02	Low: 3.3	3.3	4.5	7.0	8.3	8.1	13.8	19.0	17.7	29.7	33.2	32.0	
TECHNICAL 5 Lowered 3/3/06	LEGENDS 22.0 x "Cash Flow" p sh Relative Price Strength 3-for-2 split 6/94 3-for-2 split 2/98 2-for-1 split 7/00 2-for-1 split 10/04 Options: Yes Shaded area indicates recession												
BETA .65 (1.00 = Market)	2009-11 PROJECTIONS Ann'l Total Price 80 Gain (+125%) 22% Low 60 (+70%) 14%												
Insider Decisions A M J J A S O N D to Buy 0 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 2 0 0 0 0 to Sell 1 1 1 0 0 3 0 0 0 0													16
Institutional Decisions 12/2005 2/2006 3/2006 to Buy 160 143 146 to Sell 137 151 154 Hlds(000) 93787 90669 93690													12

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% TOT. RETURN 1/06	VL ARITH. INDEX
--	--	3.25	4.42	5.04	5.48	5.08	5.85	6.53	7.72	8.57	10.39	12.17	14.39	17.57	19.20	21.70	24.55	Sales per sh ^A	32.15
--	--	.13	.20	.25	.30	.29	.35	.42	.53	.62	.77	.95	1.23	1.53	1.70	2.00	2.35	"Cash Flow" per sh	3.30
--	--	.10	.15	.18	.22	.25	.31	.37	.48	.57	.70	.86	1.09	1.32	1.44	1.70	2.05	Earnings per sh ^{AB}	2.90
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Nil	Div'ds Decl'd per sh	Nil
--	--	.06	.08	.06	.07	.04	.04	.05	.11	.07	.08	.08	.14	.23	.20	.25	.30	Cap'l Spending per sh	.45
--	--	.29	.48	.71	.99	1.25	1.58	1.97	2.45	3.03	3.78	4.65	5.86	7.36	8.75	10.60	12.75	Book Value per sh ^C	21.05
--	--	105.63	105.64	105.77	106.21	130.30	133.13	134.60	134.73	134.98	136.25	136.17	136.90	137.83	138.00	138.20	138.60	Common Shs Outst'g ^D	140.00
--	--	22.4	22.7	18.6	19.7	19.8	21.9	25.7	21.5	24.4	26.7	27.0	27.4	31.6	Bold figures are Value Line estimates			Avg Ann'l P/E Ratio	24.0
--	--	1.36	1.34	1.22	1.32	1.24	1.26	1.34	1.23	1.59	1.37	1.47	1.56	1.67				Relative P/E Ratio	1.80
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				Avg Ann'l Div'd Yield	Nil

CAPITAL STRUCTURE as of 1/28/06																	Sales (\$mill) ^A		4500		
Total Debt \$305.0 mill. Due in 5 Yrs \$305.0 mill.																	2625		3400	Operating Margin	15.5%
LT Debt \$285.0 mill. LT Interest \$12.5 mill.																	200		240	Depreciation (\$mill)	50.0
(Total interest coverage: 20.4x) (20% of Capital)																	200		240	Net Profit (\$mill)	415
Leases, Uncapitalized Annual rentals \$11.6 mill.																	37.5%		37.5%	Income Tax Rate	37.5%
No Defined Benefit Pension Plan																	7.6%		8.0%	Net Profit Margin	9.2%
Preferred Stock None																	545		670	Working Cap'l (\$mill)	1785
Common Stock 138,278,316 shares as of 12/6/05																	1210		1465	Long-Term Debt (\$mill)	Nil
MARKET CAP: \$4.9 billion (Large Cap)																	14.5%		15.0%	Return on Total Cap'l	14.0%
CURRENT POSITION																	17.0%		16.5%	Return on Shr. Equity	14.0%
																	17.0%		16.5%	Retained to Com Eq	14.0%
																	Nil		Nil	All Div'ds to Net Prof	Nil

	2002	2003	1/28/06
Cash Assets	217.4	295.2	188.0
Receivables	248.6	285.2	313.0
Inventory (LIFO)	125.3	173.0	242.6
Other	14.8	24.7	30.4
Current Assets	606.1	778.1	774.0
Accts Payable	111.5	149.5	145.2
Debt Due	--	20.0	20.0
Other	72.5	94.2	140.2
Current Liab.	184.0	263.7	305.4

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '02-'04
of change (per sh)	10 Yrs	5 Yrs	to '09-'11
Sales	13.5%	17.0%	12.0%
"Cash Flow"	20.5%	23.5%	15.0%
Earnings	22.5%	23.0%	15.0%
Dividends	--	--	Nil
Book Value	28.5%	24.5%	20.0%

Fiscal Year Begins	QUARTERLY SALES (\$mill.) ^A				Full Fiscal Year
	Jul.Per	Oct.Per	Jan.Per	Apr.Per	
2003	433.3	477.5	521.2	537.3	1969.3
2004	578.0	578.2	638.0	627.3	2421.5
2005	595.8	641.7	682.4	705.1	2625
2006	675	735	775	815	3000
2007	770	835	880	915	3400

Fiscal Year Begins	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Jul.Per	Oct.Per	Jan.Per	Apr.Per	
2003	.22	.26	.29	.32	1.09
2004	.29	.31	.36	.36	1.32
2005	.31	.32	.39	.42	1.44
2006	.40	.40	.43	.47	1.70
2007	.46	.48	.53	.58	2.05

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2002					
2003					
2004					
2005					
2006					

Business: Patterson Companies, Inc. operates three units: Dental Supply (76% of '04 sales) supplies dentists, laboratories and institutions in North America and provides services, including: equipment installation, maintenance and repair, office design, and equipment financing. Veterinary Supply (12%) supplies veterinary clinics in the eastern U.S. Rehabilitative Supply (12%) distributes rehabilitative medical supplies and non-wheelchair assistive products globally. Has about 5,950 employees. Off. & dir. own 8.0% of stock; FMR Corp., 12.8%; U.S. Bancorp, 7.6%; Neuberger Berman, 6.0% (8/05 proxy). Chrmn.: Peter L. Frechette. Pres. & CEO: James W. Wiltz, Inc. MN. Address: 1031 Mendota Heights Rd., St. Paul, MN 55120. Tel.: 651-686-1600. Web: www.pattersoncompanies.com.

Untimely shares of Patterson Companies offer worthwhile recovery potential . . . Currently, the price of this stock is off about 35% from its 52-week high, owing to lower-than-expected revenues and share earnings through the first half of this fiscal year (ends April 29, 2006). Results were hurt by weak sales gains of basic dental equipment and softer demand for rehabilitative supplies.

. . . as the dental supply company is on pace to show a 9% earnings gain this fiscal year. Patterson got back on track recently, posting share net of \$0.39 in the January quarter. Patterson Dental, the company's largest business, had revenue growth of about 6% in the period, while its smaller Webster Veterinary unit posted a strong 14% sales advance. The company is implementing programs to return core, dental equipment sales growth back to its historic norms, but we don't expect the benefits to be realized until next fiscal year. We still feel that Patterson could achieve average annual share-net growth of about 15% out to 2009-2011, due to the strong, growing markets it serves.

Patterson remains committed to seeking growth through acquisitions, as management feels there is room for consolidation, especially in the rehabilitation market. The company recently acquired Intra Corp., a small maker of veterinary practice management software. Patterson should be able to quickly integrate Intra Corp. into its Webster unit, and the software maker's operations should be accretive to share net in fiscal 2006.

All told, this seems to be a good entry point for patient, risk-tolerant investors. But despite the company's high Financial Strength rating and Above Average Safety rank, we think caution is warranted with this issue. A class action lawsuit has been filed that claims management gave false or misleading information with regard to the strength of the dental market it serves. Though this will likely not affect Patterson's operations, it may linger and act as a black cloud over this equity. Furthermore, ongoing litigation expenses could narrow margins and hinder the company's ability to grow through strategic acquisitions while keeping debt levels low.

Erik A. Antonson
March 3, 2006

(A) Fiscal years end last Saturday in April.	(C) Includes intangibles. In 2004: \$746.1 million or \$5.41 a share.	(D) In millions, adjusted for stock splits.	Company's Financial Strength	A
(B) Basic EPS though 2001; diluted thereafter. Excludes effects of accounting change: 2002, 5c. Next earnings report due late May.			Stock's Price Stability	70
			Price Growth Persistence	100
			Earnings Predictability	100

Trailing 4 quarters

PERT Worksheet-A Graph

Company PATTERSON DENTAL COMPANY

(PDCO)

