



Stock Selection Guide[®]

The most widely used aid to good investment judgment

Company WALGREEN COMPANY Date 11/20/06

Prepared by MG Data taken from NAIC Data

Where traded NYSE Major product/service Drug Retail

CAPITALIZATION --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	1,007.9	0.7	62.4
Debt (\$M)	614.9	% to Tot.Cap.	5.7
		% Potential Dil.	None

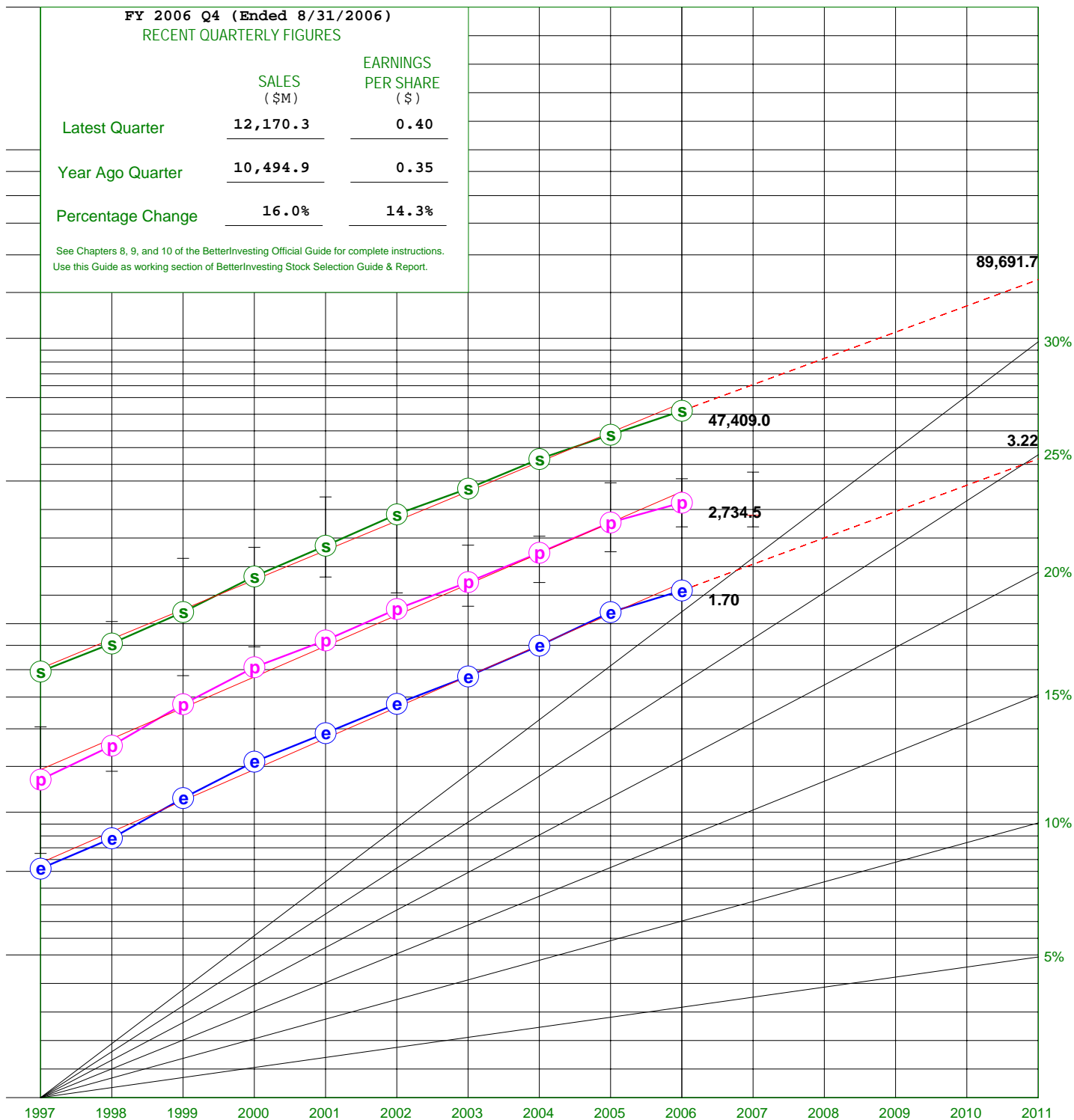
1 VISUAL ANALYSIS of Sales, Earnings and Price

WAG

FY 2006 Q4 (Ended 8/31/2006)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	12,170.3	0.40
Year Ago Quarter	10,494.9	0.35
Percentage Change	16.0%	14.3%

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 15.4 %
- (2) Estimated Future Sales Growth 13.6 %
- (3) Historical Earnings Per Share Growth 16.3 %
- (4) Estimated Future Earnings Per Share Growth 13.6 %

2 EVALUATING MANAGEMENT

Company **WALGREEN COMPANY** (WAG)

11/20/06

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	5.3	5.5	5.8	5.8	5.7	5.7	5.7	5.7	5.9	5.8	5.8	EVEN	EVEN
B % Earned on Equity (E/S ÷ Book Value)	18.3	17.8	17.9	17.7	16.6	16.1	16.0	16.3	17.4	16.9	16.6	EVEN	

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 41.870 HIGH THIS YEAR 51.600 LOW THIS YEAR 39.550

Year	PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100	
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C				
1 2002	40.7	28.7	0.98	41.5	29.3	0.145	14.8	0.5	
2 2003	36.2	26.9	1.12	32.3	24.0	0.156	13.9	0.6	
3 2004	37.8	30.2	1.30	29.1	23.2	0.182	14.0	0.6	
4 2005	49.0	35.1	1.53	32.0	22.9	0.223	14.6	0.6	
5 2006	50.0	39.6	1.70	29.4	23.3	0.273	16.1	0.7	
6 TOTAL		160.5		122.8	93.4		73.4		
7 AVERAGE		32.1		30.7	23.3		14.7		
8 AVERAGE PRICE EARNINGS RATIO			27.0	9 CURRENT PRICE EARNINGS RATIO				24.6	

4 Proj. P/E [21.67] Based on Next 4 qtr. EPS [1.93] Current P/E Based on Last 4 qtr. EPS [1.70] EVALUATING RISK and REWARD over the next 5 years PEG=159

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 30.7 X Estimate High Earnings/Share 3.22 = Forecast High Price \$ 98.9
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 23.3 X Estimated Low Earnings/Share 1.70 = \$ 39.6
(3E7 as adj.)
(b) Avg. Low Price of Last 5 Years = 32.1
(3B7)
(c) Recent Severe Market Low Price = 35.1

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.310}{0.007} = 45.0$
Selected Estimate Low Price = 30.4
(4B1)

C ZONING

98.9 High Forecast Price Minus 30.4 Low Forecast Price Equals 68.5 Range. 1/3 of Range = 17.1
(4A1) (4B1) (C) (4CD)
(4C2) Lower 1/3 = 30.4 to 47.5 (Buy) Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = 47.5 to 81.8 (Maybe)
(4C4) Upper 1/3 = 81.8 to 98.9 (4A1) (Sell)

Present Market Price of 41.870 is in the Buy Range
(4C5)

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

High Price (4A1) 98.9 Minus Present Price 41.870 = 57.0 = 5.0 To 1
Present Price 41.870 Minus Low Price (4B1) 30.4 = 11.5 (4D)

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

High Price (4A1) 98.9
Present Market Price 41.870 = (2.362) X 100 = (236.2) - 100 = 136.2 % Appreciation
(4E)

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 \$ 0.310
Present Price of Stock \$ 41.870 = 0.007 X 100 = 0.7 Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 2.49 X Avg. % Payout (3G7) 14.7 = 36.6 = 0.9 %
(5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) <u>136.2</u>		P.A.R.	Tot. Ret.
	<u>27.2</u> %	Average Yield	<u>0.5%</u>
Average Yield (5B) <u>0.9</u> %		Annual Appreciation	<u>15.7%</u>
Average Total Annual Return Over the Next 5 Years (5C) <u>28.1</u> %		% Compd Ann Rate of Ret	<u>16.3%</u>
			<u>19.2%</u>



PERT Worksheet-A

Company WALGREEN COMPANY (WAG)

QUARTERLY DATA									LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS \$	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	\$	% CHANGE	\$ MIL	% SALES	% CHANGE	\$ MIL	% CHANGE			\$ MIL	% SALES		\$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
11/97	0.09		143.20	4.1		3,485.20		38.8						38.8			
02/98	0.17		279.00	6.8		4,093.40		38.7						38.8			
05/98	0.13		206.50	5.3		3,887.50		38.3	0.50	801.00	5.4	14,769.2	309.6	38.7			
08/98	0.15	36.4	248.30	6.5	44.1	3,840.90	16.3	39.2	0.54	877.00	5.7	15,307.0	339.8	38.8			
11/98	0.10	11.1	169.80	4.2	18.6	4,016.40	15.2	38.8	0.55	903.60	5.7	15,838.2	350.1	38.8			
02/99	0.20	17.6	331.00	7.1	18.6	4,691.00	14.6	39.5	0.58	955.60	5.8	16,435.8	372.2	39.0			
05/99	0.16	23.1	262.20	5.7	27.0	4,571.40	17.6	39.2	0.61	1,011.30	5.9	17,119.7	396.2	39.2	22.0	26.3	15.9
08/99	0.16	6.7	264.30	5.8	6.4	4,560.00	18.7	39.2	0.62	1,027.30	5.8	17,838.8	402.4	39.2	14.8	17.1	16.5
11/99	0.13	30.0	211.30	4.4	24.4	4,823.20	20.1	39.5	0.65	1,068.80	5.7	18,645.6	420.6	39.4	18.2	18.3	17.7
02/00	0.23	15.0	392.30	7.0	18.5	5,608.80	19.6	40.2	0.68	1,130.10	5.8	19,563.4	446.8	39.5	17.2	18.3	19.0
05/00	0.19	18.8	314.90	5.8	20.1	5,394.10	18.0	38.4	0.71	1,182.80	5.8	20,386.1	465.4	39.3	16.4	17.0	19.1
08/00	0.19	18.8	311.30	5.8	17.8	5,380.80	18.0	37.6	0.74	1,229.80	5.8	21,206.9	478.9	38.9	19.4	19.7	18.9
11/00	0.15	15.4	257.60	4.6	21.9	5,614.20	16.4	40.2	0.76	1,276.10	5.8	21,997.9	499.3	39.1	16.9	19.4	18.0
02/01	0.28	21.7	457.70	7.1	16.7	6,429.00	14.6	37.0	0.81	1,341.50	5.9	22,818.1	514.2	38.3	19.1	18.7	16.6
05/01	0.21	10.5	345.50	5.5	9.7	6,296.20	16.7	37.3	0.83	1,372.10	5.8	23,720.2	522.1	38.1	16.9	16.0	16.4
08/01	0.21	10.5	339.80	5.4	9.2	6,283.60	16.8	36.3	0.85	1,400.60	5.7	24,623.0	528.5	37.7	14.9	13.9	16.1
11/01	0.18	20.0	293.20	4.5	13.8	6,559.40	16.8	36.8	0.88	1,436.20	5.6	25,568.2	529.5	36.9	15.8	12.5	16.2
02/02	0.32	14.3	524.60	7.0	14.6	7,488.50	16.5	37.1	0.92	1,503.10	5.6	26,627.7	554.3	36.9	13.6	12.0	16.7
05/02	0.25	19.0	416.00	5.6	20.4	7,397.90	17.5	37.9	0.96	1,573.60	5.7	27,729.4	582.4	37.0	15.7	14.7	16.9
08/02	0.24	14.3	397.30	5.5	16.9	7,235.30	15.1	37.6	0.99	1,631.10	5.7	28,681.1	608.6	37.3	16.5	16.5	16.5
11/02	0.21	16.7	355.30	4.7	21.2	7,484.90	14.1	39.0	1.02	1,693.20	5.7	29,606.6	641.2	37.9	15.9	17.9	15.8
02/03	0.36	12.5	595.50	7.1	13.5	8,446.10	12.8	37.7	1.06	1,764.10	5.8	30,564.2	670.7	38.0	15.2	17.4	14.8
05/03	0.28	12.0	463.70	5.6	11.5	8,328.00	12.6	37.7	1.09	1,811.80	5.8	31,494.3	688.2	38.0	13.5	15.1	13.6
08/03	0.27	12.5	444.60	5.4	11.9	8,246.40	14.0	37.3	1.12	1,859.10	5.7	32,505.4	705.2	37.9	13.1	14.0	13.3
11/03	0.24	14.3	402.30	4.6	13.2	8,720.80	16.5	38.4	1.15	1,906.10	5.6	33,741.3	720.4	37.8	12.7	12.6	14.0
02/04	0.41	13.9	678.00	6.9	13.9	9,782.20	15.8	37.6	1.20	1,988.60	5.7	35,077.4	751.1	37.8	13.2	12.7	14.8
05/04	0.33	17.9	544.60	5.7	17.4	9,578.50	15.0	37.6	1.25	2,069.50	5.7	36,327.9	780.8	37.7	14.7	14.2	15.3
08/04	0.32	18.5	518.50	5.5	16.6	9,426.70	14.3	36.4	1.30	2,143.40	5.7	37,508.2	803.4	37.5	16.1	15.3	15.4
11/04	0.31	29.2	496.20	5.0	23.3	9,889.10	13.4	35.7	1.37	2,237.30	5.8	38,676.5	823.3	36.8	19.1	17.4	14.6
02/05	0.47	14.6	777.60	7.1	14.7	10,987.00	12.3	37.8	1.43	2,336.90	5.9	39,881.3	861.2	36.9	19.2	17.5	13.7
05/05	0.40	21.2	648.40	6.0	19.1	10,830.60	13.1	36.5	1.50	2,440.70	5.9	41,133.4	893.0	36.6	20.0	17.9	13.2
08/05	0.35	9.4	561.80	5.4	8.4	10,494.90	11.3	36.1	1.53	2,484.00	5.9	42,201.6	907.4	36.5	17.7	15.9	12.5
11/05	0.34	9.7	548.60	5.0	10.6	10,900.40	10.2	36.6	1.56	2,536.40	5.9	43,212.9	932.6	36.8	13.9	13.4	11.7
02/06	0.51	8.5	830.90	6.8	6.9	12,163.10	10.7	37.4	1.60	2,589.70	5.8	44,389.0	949.8	36.7	11.9	10.8	11.3
05/06	0.45	12.5	723.20	5.9	11.5	12,175.20	12.4	36.7	1.65	2,664.50	5.8	45,733.6	978.2	36.7	10.0	9.2	11.2
08/06	0.40	14.3	631.80	5.2	12.5	12,170.30	16.0	35.6	1.70	2,734.50	5.8	47,409.0	1,000.3	36.6	11.1	10.1	12.3

A B C D E F G H I J K L M N O P Q R S T

PERT Worksheet-A Graph

Company WALGREEN COMPANY (WAG)

