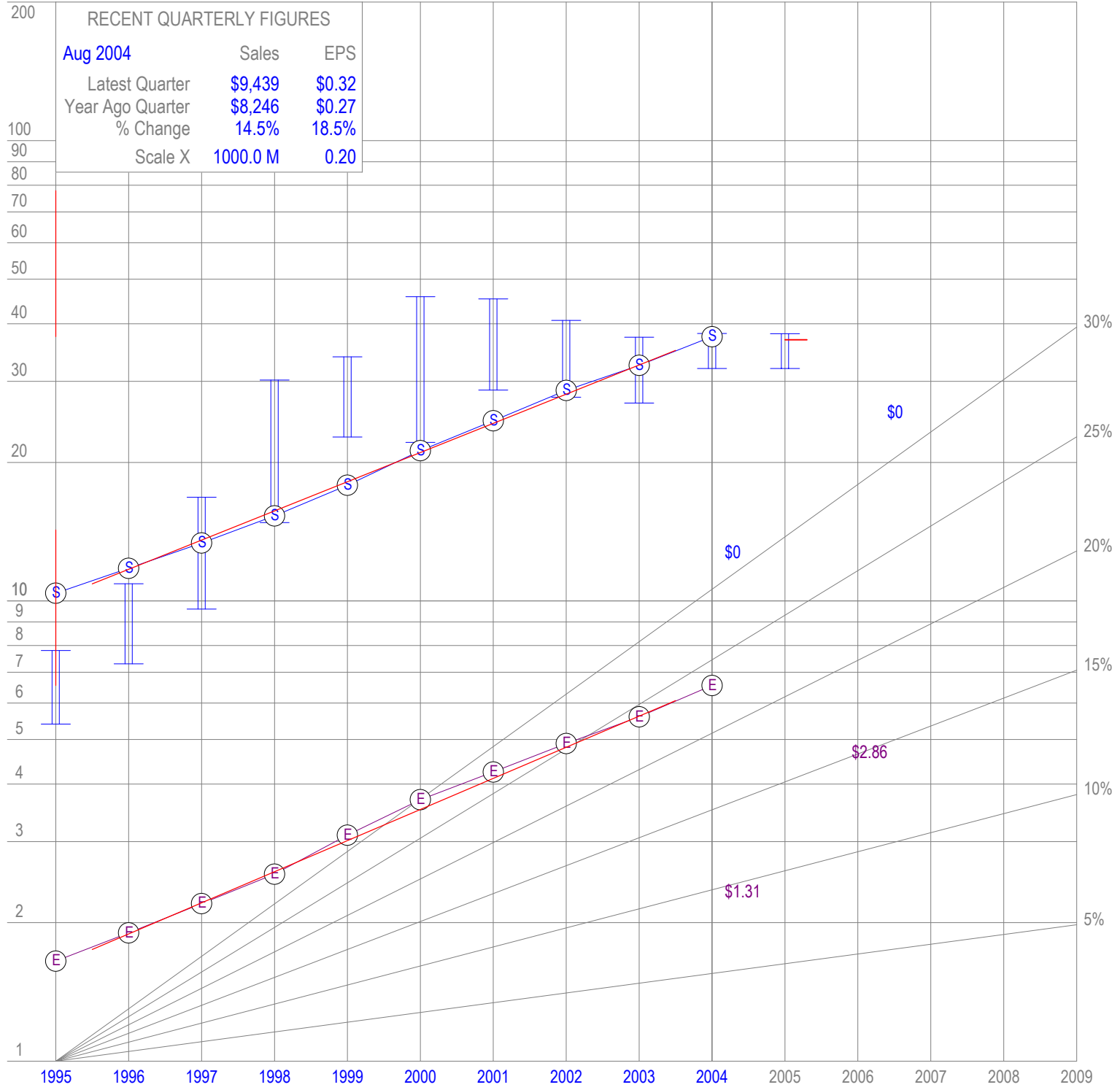


CAPITALIZATION - Outstanding Amounts

Preferred	Common	Debt	% to Tot Cap	% Insiders	% Institution
	0.0 M			100.0	0.0
				0.0	0.0

1 VISUAL ANALYSIS of Sales, Earnings and Price



- (1) Hist. Sales Growth 15.7%
- (2) Est. Future Sales Growth 0.0% (Lst Square)
- (3) Hist. EPS Growth 16.8%
- (4) Est. Future EPS Growth 0.0% (Lst Square)

2 EVALUATING MANAGEMENT

Walgreen

Nov 3, 2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND
A % Pre-tax Profit on Sales	5.0	5.2	5.3	5.5	5.8	5.8	5.7	5.7	5.7	5.8	5.7%	EVEN
B % Earned on Equity	18.1	18.3	18.3	17.8	17.9	17.7	16.6	16.1	16.0	16.2	16.5%	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.

Current Price: **\$36.93** 52 Wk High: **\$38.07** 52 Wk Low: **\$32.00** Dividend: **\$0.18**

Year	A PRICE		B	C Earnings Per Share	D Price Earnings Ratio		E Dividend Per Share	F % Payout F÷C X 100	G % Hi. Yield F÷B X 100
	HIGH	LOW			HIGH (A÷C)	LOW (B÷C)			
1 2000	\$45.80	\$22.10	\$0.74	61.9	29.9	\$0.14	18.9%	0.6%	
2 2001	\$45.30	\$28.70	\$0.85	53.3	33.8	\$0.14	16.5%	0.5%	
3 2002	\$40.70	\$27.70	\$0.98	41.5	28.3	\$0.15	15.3%	0.5%	
4 2003	\$37.40	\$26.90	\$1.12	33.4	24.0	\$0.16	14.3%	0.6%	
5 2004	\$38.10	\$32.00	\$1.31	29.1	24.4	\$0.18	13.7%	0.6%	
6 TOTAL		\$137.40		219.2	140.3		78.7%		
7 AVG.		\$27.48		43.8	28.1		15.7%		
8 AVERAGE PE				36.0	9 CURRENT PE	28.2			

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 PE **43.8** **29.0** X Est. High EPS **\$2.63** = Forecast Hi Pr **\$76.40**

B LOW PRICE - NEXT 5 YEARS

(a) Avg Low PE **28.1** X Est. Low EPS **\$1.31** = **\$36.76**

(b) Avg Low Price of Last 5 Years = **\$27.48**

(c) Recent Severe Market Low Price = **\$22.10**

(d) Price Dividend Will Support = **\$28.41** Estimated Lo Pr **\$22.10**

C ZONING

\$76.40 High Frct Price - **\$22.10** Low Frct Price = **\$54.30** Range X 1/3 = **\$18.10**

Buy Zone = **\$22.10** to **\$40.20**

Hold Zone = **\$40.20** to **\$58.30**

Sell Zone = **\$58.30** to **\$76.40**

Present Market Price of **\$36.93** is in the **BUY** zone. Selected Zoning = **33/33/33**

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

High Price - Present Price = **2.7 : 1**
Present Price - Low Price

E PRICE TARGET (Price appreciation over the next five years in simple interest rates.)

$\frac{\text{High Price}}{\text{Present Market Price}} \times 100 - 100 = 106.9\%$ Appreciation

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.

A PRESENT YIELD

$\frac{\text{Present Full Year's Dividend}}{\text{Present Price of Stock}} \times 100 = 0.5$ Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

$\frac{\text{Avg. Earnings Per Share Next 5 Years} \times \text{Avg. \% Payout}}{\text{Present Price of Stock}} = 0.8\%$

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	Simple	Compounded
Avg. 5 Year Appreciation Potential	21.4%	15.6%
Average Yield	+ 0.8%	+ 0.8%
Average Total Annual Return Over the Next 5 Years	= 22.2%	= 16.4%