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Form 990-PF

Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2012, or tax year beginning 01-01-2012, and ending 12-31-2012

Name of foundation: THE KATHLEEN B AND CHARLES R WALGREEN III FOUNDATION % FRIEDMAN & HUEY ASSOCIATES L
A Employer identification number: 36-3486435
B Telephone number: (708) 799-6800
C If exemption application is pending, check here
D 1. Foreign organizations, check here
D 2. Foreign organizations meeting the 85% test, check here and attach computation
E If private foundation status was terminated under section 507(b)(1)(A), check here
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))

Table with 5 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes (cash basis only). Rows include Revenue (1-12) and Operating and Administrative Expenses (13-26), followed by summary rows 27-29.

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

Part II Balance Sheets		Beginning of year		End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1 Cash—non-interest-bearing	367,015	372,974	372,974	
	2 Savings and temporary cash investments				
	3 Accounts receivable ▶ _____ Less allowance for doubtful accounts ▶ _____				
	4 Pledges receivable ▶ _____ Less allowance for doubtful accounts ▶ _____				
	5 Grants receivable				
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)				
	7 Other notes and loans receivable (attach schedule) ▶ _____ Less allowance for doubtful accounts ▶ _____				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments—U S and state government obligations (attach schedule)				
	b Investments—corporate stock (attach schedule)	1,941,054 <input checked="" type="checkbox"/>	1,845,800	1,997,679	
	c Investments—corporate bonds (attach schedule)				
	11 Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____				
	12 Investments—mortgage loans				
	13 Investments—other (attach schedule)	1,912,636 <input checked="" type="checkbox"/>	1,794,978	1,604,596	
	14 Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____				
15 Other assets (describe ▶ _____)	<input checked="" type="checkbox"/> 563 <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 3,528 <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 3,528		
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	4,221,268	4,017,280	3,978,777		
Liabilities	17 Accounts payable and accrued expenses				
	18 Grants payable				
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, and other disqualified persons				
	21 Mortgages and other notes payable (attach schedule)				
	22 Other liabilities (describe ▶ _____)				
23 Total liabilities (add lines 17 through 22)			0		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24 Unrestricted				
	25 Temporarily restricted				
	26 Permanently restricted				
	Foundations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 31.				
	27 Capital stock, trust principal, or current funds	20,154	20,154		
	28 Paid-in or capital surplus, or land, bldg, and equipment fund				
29 Retained earnings, accumulated income, endowment, or other funds	4,201,114	3,997,126			
30 Total net assets or fund balances (see page 17 of the instructions)	4,221,268	4,017,280			
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	4,221,268	4,017,280			

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	4,221,268
2	Enter amount from Part I, line 27a	2	-203,988
3	Other increases not included in line 2 (itemize) ▶ _____	3	
4	Add lines 1, 2, and 3	4	4,017,280
5	Decreases not included in line 2 (itemize) ▶ _____	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	4,017,280

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo, day, yr)	(d) Date sold (mo, day, yr)
1 a PUBLICLY TRADED SECURITIES	P		
b PUBLICLY TRADED SECURITIES	P		
c PUBLICLY TRADED SECURITIES	P		
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 1,127,192		1,047,632	79,560
b 345		0	345
c 722,737		695,173	27,564
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a			79,560
b			345
c			27,564
d			
e			

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	107,469
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	{ If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8 }	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2011	448,766	5,036,322	0.089106
2010	451,510	5,017,740	0.089983
2009	404,439	4,730,720	0.085492
2008	461,741	5,908,699	0.078146
2007	214,366	7,703,104	0.027829

2 Total of line 1, column (d).	2	0.370556
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.074111
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.	4	4,606,560
5 Multiply line 4 by line 3.	5	341,397
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	1,890
7 Add lines 5 and 6.	7	343,287
8 Enter qualifying distributions from Part XII, line 4.	8	392,950

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	1,890
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	
3	Add lines 1 and 2.	3	1,890
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-	5	1,890
6	Credits/Payments		
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	5,922
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments Add lines 6a through 6d.	7	5,922
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	4,032
11	Enter the amount of line 10 to be Credited to 2013 estimated tax ▶ 4,032 Refunded ▶	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? <input checked="" type="checkbox"/>		No
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		No
c Did the foundation file Form 1120-POL for this year?		No
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation ▶ \$ _____ (2) On foundation managers ▶ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		No
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i> <input checked="" type="checkbox"/>		No
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		No
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i> <input checked="" type="checkbox"/>		No
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either ● By language in the governing instrument, or ● By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	Yes	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV</i>	Yes	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ IL _____		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation .</i>	Yes	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		No
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		No

Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions).	11		No
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		No
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ _____	13	Yes	
14 The books are in care of ▶ <u>FRIEDMAN & HUEY ASSOCIATES LLP</u> Telephone no ▶ <u>(708) 799-6800</u> Located at ▶ <u>1313 W 175TH STREET HOMEWOOD IL</u> ZIP +4 ▶ <u>60430</u>			
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year ▶	15		
16 At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		

See instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes", enter the name of the foreign country ▶ _____

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

		Yes	No
File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
1a During the year did the foundation (either directly or indirectly)			
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here. ▶ <input type="checkbox"/>	1b		
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1c		No
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))			
a At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ 20____, 20____, 20____, 20____			
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions)	2b		
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20____, 20____, 20____, 20____			
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b If "Yes," did it have excess business holdings in 2012 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.</i>)	3b		
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b		No

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

<p>5a During the year did the foundation pay or incur any amount to</p> <p>(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? 5b</p> <p>Organizations relying on a current notice regarding disaster assistance check here. <input checked="" type="checkbox"/></p> <p>c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>If "Yes," attach the statement required by Regulations section 53.4945–5(d).</i></p> <p>6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 6b No</p> <p><i>If "Yes" to 6b, file Form 8870.</i></p> <p>7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? 7b</p>	
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Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
CHARLES R WALGREEN III C/O FRIEDMAN HUEY ASSOCIATES LLP HOMWOOD, IL 60430	PRESIDENT - PART TIME 0	0		
KATHLEEN B WALGREEN C/O FRIEDMAN HUEY ASSOCIATES LLP HOMWOOD, IL 60430	VICE PRESIDENT - PART TIME 0	0		
EDWARD H KING C/O FRIEDMAN HUEY ASSOCIATES LLP HOMWOOD, IL 60430	SECRETARY - PART TIME 0	0		

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances

Total number of other employees paid over \$50,000.

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE".

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation

Total number of others receiving over \$50,000 for professional services. ▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 	
2 	
3 	
4 	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 	
2 	
All other program-related investments. See page 24 of the instructions 3 	

Total. Add lines 1 through 3. ▶

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	4,395,253
b	Average of monthly cash balances.	1b	281,458
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	4,676,711
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).	1e	
2	Acquisition indebtedness applicable to line 1 assets.	2	0
3	Subtract line 2 from line 1d.	3	4,676,711
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	70,151
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	4,606,560
6	Minimum investment return. Enter 5% of line 5.	6	230,328

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6.	1	230,328
2a	Tax on investment income for 2012 from Part VI, line 5.	2a	1,890
b	Income tax for 2012 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	1,890
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	228,438
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	228,438
6	Deduction from distributable amount (see instructions).	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	228,438

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes		
a	Expenses, contributions, gifts, etc —total from Part I, column (d), line 26.	1a	392,950
b	Program-related investments—total from Part IX-B.	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes.	2	0
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	0
b	Cash distribution test (attach the required schedule).	3b	0
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	392,950
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions).	5	1,890
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	391,060

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				228,438
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only.			0	
b Total for prior years 2010, 2009, 2008				
3 Excess distributions carryover, if any, to 2012				
a From 2007.				
b From 2008.	168,884			
c From 2009.	168,802			
d From 2010.	204,545			
e From 2011.	202,038			
f Total of lines 3a through e.	744,269			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ <u>392,950</u>				
a Applied to 2011, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2012 distributable amount.				228,438
e Remaining amount distributed out of corpus	164,512			
5 Excess distributions carryover applied to 2012 <i>(If an amount appears in column (d), the same amount must be shown in column (a).)</i>				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	908,781			
b Prior years' undistributed income Subtract line 4b from line 2b.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount—see instructions.				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount—see instructions.			0	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013.				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions).				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions).				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a.	908,781			
10 Analysis of line 9				
a Excess from 2008.	168,884			
b Excess from 2009.	168,802			
c Excess from 2010.	204,545			
d Excess from 2011.	202,038			
e Excess from 2012.	164,512			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling.

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed.					
c "Support" alternative test—enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))

CHARLES R WALGREEN III KATHLEEN B

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed

FRIEDMAN HUEY ASSOCIATES LLP
1313 WEST 175TH STREET
HOMEWOOD, IL 60430
(708) 799-6800

b The form in which applications should be submitted and information and materials they should include

LETTER ACCOMPANIED BY IRS TAX-EXEMPT LETTER STATING THE NATURE OF THE ORGANIZATION AND IF FOR A SPECIFIC PURPOSE, THE INTENDED USE OF THE FUNDS

c Any submission deadlines

SEPTEMBER 30TH

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

NO SCHOLARSHIPS TO INDIVIDUALS

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> SEE STATEMENT ATTACHED 1313 W 175TH STREET HOMEWOOD, IL 60430	NONE	PUBLIC	SEE STATEMENT ATTACHED	392,740
Total				3a 392,740
b <i>Approved for future payment</i>				
Total				3b

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... a Transfers from the reporting foundation to a noncharitable exempt organization of (1) Cash (2) Other assets b Other transactions (1) Sales of assets to a noncharitable exempt organization (2) Purchases of assets from a noncharitable exempt organization (3) Rental of facilities, equipment, or other assets (4) Reimbursement arrangements (5) Loans or loan guarantees (6) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule

Table with 4 columns: (a) Line No, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No

b If "Yes," complete the following schedule Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge Signature of officer or trustee Date Title

Paid Preparer Use Only Print/Type preparer's name Preparer's Signature Date Check if self-employed PTIN Firm's name FRIEDMAN & HUEY ASSOC LLP Firm's EIN Firm's address HOMEWOOD, IL 60430 Phone no (708) 799-6800

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2012 Depreciation Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
FOUNDATION

EIN: 36-3486435

**TY 2012 Investments Corporate
Stock Schedule**

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
FOUNDATION

EIN: 36-3486435

Name of Stock	End of Year Book Value	End of Year Fair Market Value
CORPORATE STOCK	1,845,800	1,997,679

TY 2012 Investments - Other Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
 FOUNDATION

EIN: 36-3486435

Category / Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
BERNSTEIN FUND PORTFOLIOS	AT COST	1,794,978	1,604,596

TY 2012 Land, Etc. Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
FOUNDATION

EIN: 36-3486435

TY 2012 Other Assets Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
 FOUNDATION

EIN: 36-3486435

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
DIVIDENDS RECEIVABLE	563	594	594
OTHER ASSET	0	2,934	2,934

TY 2012 Other Expenses Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
FOUNDATION

EIN: 36-3486435

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FILING FEES	30			30
OFFICE SUPPLIES	180			180

TY 2012 Other Income Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
 FOUNDATION

EIN: 36-3486435

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
MISCELLANEOUS INCOME	668	668	

TY 2012 Other Liabilities Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
 FOUNDATION

EIN: 36-3486435

Description	Beginning of Year - Book Value	End of Year - Book Value
BROKER PAYABLE		

TY 2012 Other Professional Fees Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
FOUNDATION

EIN: 36-3486435

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INVESTMENT MGMT FEES- BERNSTEIN	26,148	26,148		

TY 2012 Taxes Schedule

Name: THE KATHLEEN B AND CHARLES R WALGREEN III
 FOUNDATION

EIN: 36-3486435

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAXES PAID	2,079	2,079		

KATHLEEN B. AND CHARLES R. WALGREEN III FOUNDATION (888-13873)

As of December 31, 2012

Portfolio Valuation

Reporting Currency: US dollars

Quantity	Ticker/Cusip	Average Unit Cost	Market Price	Total Cost	Market Value	Estimated Annual Income	Yield	% of Portfolio	% of Asse Class	
CASH										
30,115	CASH	\$1.00	\$1.00	\$30,115.21	\$30,115.21	\$27	0.09%	0.8%	100.0%	
FIXED INCOME										
MUTUAL FUNDS										
51,757,006	BERNSTEIN INTERMEDIATE DURATION PORTFOLIO*	SNIDX	\$13.34	\$14.09	\$690,609.89	\$729,256.21 \$584.48 AI	\$19,327	1.73%*	20.1%	99.9%
TOTAL FIXED INCOME					\$690,609.89	\$729,840.69	\$19,327.10	1.73%	20.1%	100%
EQUITIES										
DOMESTIC										
NON-FINANCIAL										
HOME BUILDING										
900	PULTE GROUP INC	PHM	\$13.78	\$18.16	\$12,401.17	\$16,344.00	---	---	0.4%	0.6%
FINANCIAL										
PROPERTY - CASUALTY INSURANCE										
125	PARTNERRE LTD	PRE	\$79.33	\$80.49	\$9,916.26	\$10,061.25	\$300	2.98%	0.3%	0.4%
MISC FINANCIAL										
90	AFFILIATED MANAGERS GROUP INC	AMG	\$108.03	\$130.15	\$9,722.65	\$11,713.50	---	---	0.3%	0.4%
375	MCGRAW HILL FINANCIAL INC	MHP	\$44.73	\$54.67	\$16,774.64	\$20,501.25	\$1,320	6.44%	0.6%	0.7%
95	VISA INC - CLASS A SHRS	V	\$106.75	\$151.58	\$10,141.41	\$14,400.10	\$125	0.87%	0.4%	0.5%
Total					\$36,638.70	\$46,614.85	\$1,445	---	1.3%	1.6%
FINANCE - PERSONAL LOANS										
750	DISCOVER FINANCIAL SERVICES	DFS	\$39.97	\$38.55	\$29,975.20	\$28,912.50	\$420	1.45%	0.8%	1.0%
Total					\$29,975.20	\$28,912.50	\$420	1.45%	0.8%	1.0%
MULTI-LINE INSURANCE										
475	FIDELITY NATIONAL FINANCIAL IN	FNF	\$20.53	\$23.55	\$9,751.31	\$11,186.25	\$304	2.72%	0.3%	0.4%
275	HEALTH NET INC	HNT	\$29.38	\$24.30	\$8,080.16	\$6,682.50	---	---	0.2%	0.2%
525	UNITEDHEALTH GROUP INC	UNH	\$51.24	\$54.24	\$26,901.16	\$28,476.00	\$446	1.57%	0.8%	1.0%
150	VALIDUS HOLDINGS LTD	VR	\$33.89	\$34.58	\$5,084.16	\$5,187.00	\$150	2.89%	0.1%	0.2%
650	WELLPOINT INC	WLP	\$60.87	\$60.92	\$39,566.02	\$39,598.00	\$748	1.89%	1.1%	1.4%
Total					\$89,382.81	\$91,129.75	\$1,648	1.81%	2.5%	3.2%
BANKS - NYC										

KATHLEEN B. AND CHARLES R. WALGREEN III FOUNDATION (888-13873)

As of December 31, 2012

Portfolio Valuation

Reporting Currency: US dollars

Quantity	Ticker/Cusip	Average Unit Cost	Market Price	Total Cost	Market Value	Estimated Annual Income	Yield	% of Portfolio	% of Assets	
850	CIT GROUP INC CIT	\$37.63	\$38.64	\$31,989.23	\$32,844.00	---	---	0.9%	1.1%	
1,200	CITIGROUP INC C	\$40.36	\$39.56	\$48,427.59	\$47,472.00	\$48	0.10%	1.3%	1.7%	
325	JPMORGAN CHASE & CO JPM	\$45.04	\$43.97	\$14,637.54	\$14,289.93	\$390	2.73%	0.4%	0.5%	
Total				\$95,054.36	\$94,605.93	\$438	---	2.6%	3.3%	
MAJOR REGIONAL BANKS										
2,500	BANK OF AMERICA CORP BAC	\$9.98	\$11.61	\$24,951.66	\$29,025.00	\$100	0.34%	0.8%	1.0%	
500	BB&T CORP BBT	\$33.38	\$29.11	\$16,689.27	\$14,555.00	\$400	2.75%	0.4%	0.5%	
300	STATE STREET CORP STT	\$43.29	\$47.01	\$12,987.66	\$14,103.00	\$288	2.04%	0.4%	0.5%	
550	US BANCORP USB	\$34.66	\$31.94	\$19,060.65	\$17,567.00	\$429	2.44%	0.5%	0.6%	
1,500	WELLS FARGO & COMPANY WFC	\$32.47	\$34.18	\$48,699.89	\$51,270.00	\$1,320	2.57%	1.4%	1.8%	
Total				\$122,389.13	\$126,520.00	\$2,537	2.01%	3.5%	4.4%	
TOTAL FINANCIAL				\$383,356.46	\$397,844.28	\$6,788	1.71%	11.0%	13.9%	
UTILITIES										
TELECOM										
400	FACEBOOK INC-A FB	\$19.87	\$26.63	\$7,948.28	\$10,652.00	---	---	0.3%	0.4%	
UTILITIES										
TELEPHONE										
175	AT&T INC T	\$32.19	\$33.71	\$5,633.86	\$5,899.25	\$315	5.34%	0.2%	0.2%	
ELECTRIC COMPANIES										
175	EDISON INTERNATIONAL EIX	\$41.62	\$45.19	\$7,284.36	\$7,908.25	\$236	2.99%	0.2%	0.3%	
750	NV ENERGY INC NVE	\$15.16	\$18.14	\$11,368.83	\$13,605.00	\$510	3.75%	0.4%	0.5%	
Total				\$18,653.19	\$21,513.25	\$746	3.47%	0.6%	0.7%	
TOTAL UTILITIES				\$24,287.05	\$27,412.50	\$1,061	3.87%	0.8%	1.0%	
CONSUMER GROWTH										
ENTERTAINMENT										
2,300	MGM RESORTS INTERNATIONAL MGM	\$12.99	\$11.64	\$29,867.27	\$26,772.00	---	---	0.7%	0.9%	
500	THE WALT DISNEY CO DIS	\$34.63	\$49.79	\$17,316.80	\$24,895.00	\$375	1.51%	0.7%	0.9%	
475	VIACOM INC-CLASS B VIAB	\$44.71	\$52.74	\$21,235.62	\$25,051.50	\$522	2.09%	0.7%	0.9%	
Total				\$68,419.69	\$76,718.50	\$898	---	2.1%	2.7%	
RADIO - TV BROADCASTING										
1,065	COMCAST CORP-CLASS A CMCSA	\$29.83	\$37.38	\$31,773.41	\$39,809.70	\$692	1.74%	1.1%	1.4%	
250	DIRECTV DTV	\$48.98	\$50.16	\$12,245.70	\$12,540.00	---	---	0.3%	0.4%	
200	TIME WARNER CABLE TWC	\$43.33	\$97.19	\$8,666.14	\$19,438.00	---	---	0.5%	0.7%	

KATHLEEN B. AND CHARLES R. WALGREEN III FOUNDATION (888-13873)

As of December 31, 2012

Portfolio Valuation

Reporting Currency: US dollars

Quantity	Ticker/Cusip	Average Unit Cost	Market Price	Total Cost	Market Value	Estimated Annual Income	Yield	% of Portfolio	% of Asse Class	
Total				\$52,685.25	\$71,787.70	\$692	0.96%	2.0%	2.5%	
PUBLISHING - NEWSPAPERS										
600	GANNETT CO	GCI	\$11.39	\$18.01	\$6,831.27	\$10,806.00	\$480	4.44%	0.3%	0.4%
Total				\$6,831.27	\$10,806.00	\$480	4.44%	0.3%	0.4%	
PUBLISHING										
50	GOOGLE INC-CL A	GOOG	\$448.16	\$709.37	\$22,407.81	\$35,468.50	---	---	1.0%	1.2%
Total				\$22,407.81	\$35,468.50	---	---	1.0%	1.2%	
DRUGS										
1,100	ASTRAZENECA PLC-SPONS ADR	AZN	\$43.05	\$47.27	\$47,354.05	\$51,997.00	\$1,980	3.81%	1.4%	1.8%
90	BIOGEN IDEC INC	BIIB	\$143.02	\$146.67	\$12,872.06	\$13,200.30	---	---	0.4%	0.5%
180	CELGENE CORP	CELG	\$72.41	\$78.72	\$13,033.19	\$14,169.60	---	---	0.4%	0.5%
110	GILEAD SCIENCES INC	GILD	\$51.61	\$73.45	\$5,677.50	\$8,079.50	---	---	0.2%	0.3%
3,000	PFIZER INC	PFE	\$20.34	\$25.08	\$61,015.55	\$75,237.00	\$2,880	3.83%	2.1%	2.6%
225	VERTEX PHARMACEUTICALS INC	VRTX	\$47.99	\$41.94	\$10,798.20	\$9,436.50	---	---	0.3%	0.3%
Total				\$150,750.55	\$172,119.90	\$4,860	2.82%	4.7%	6.0%	
HOSPITAL SUPPLIES										
165	ALLERGAN INC	AGN	\$73.12	\$91.73	\$12,065.18	\$15,135.45	\$33	0.22%	0.4%	0.5%
300	MEDTRONIC INC	MDT	\$43.97	\$41.02	\$13,191.57	\$12,306.00	\$312	2.54%	0.3%	0.4%
Total				\$25,256.75	\$27,441.45	\$345	1.26%	0.8%	1.0%	
MEDICAL PRODUCTS										
180	IDEXX LABS CORP	IDXX	\$88.51	\$92.80	\$15,931.35	\$16,704.00	---	---	0.5%	0.6%
35	INTUITIVE SURGICAL INC	ISRG	\$517.29	\$490.37	\$18,105.06	\$17,162.95	---	---	0.5%	0.6%
Total				\$34,036.41	\$33,866.95	---	---	0.9%	1.2%	
OTHER MEDICAL										
125	MCKESSON CORP	MCK	\$86.76	\$96.96	\$10,845.16	\$12,120.00	\$100	0.83%	0.3%	0.4%
Total				\$10,845.16	\$12,120.00	\$100	0.83%	0.3%	0.4%	
TOTAL CONSUMER GROWTH				\$371,232.89	\$440,329.00	\$7,375	---	12.1%	15.3%	
CONSUMER STAPLES										
TOBACCO										
625	ALTRIA GROUP INC	MO	\$25.82	\$31.44	\$16,137.56	\$19,650.00	\$1,100	5.60%	0.5%	0.7%
375	PHILIP MORRIS INTERNATIONAL	PM	\$89.37	\$83.64	\$33,513.64	\$31,365.00	\$1,275	4.07%	0.9%	1.1%
Total				\$49,651.20	\$51,015.00	\$2,375	4.66%	1.4%	1.8%	
FOODS										
100	BUNGE LTD	BG	\$66.09	\$72.69	\$6,609.29	\$7,269.00	\$92	1.27%	0.2%	0.3%

KATHLEEN B. AND CHARLES R. WALGREEN III FOUNDATION (888-13873)

As of December 31, 2012

Portfolio Valuation

Reporting Currency: US dollars

Quantity	Ticker/Cusip	Average Unit Cost	Market Price	Total Cost	Market Value	Estimated Annual Income	Yield	% of Portfolio	% of Asse Class	
170	HERSHEY CO/THE	HSY	\$60.25	\$72.22	\$10,241.75	\$12,277.40	\$286	2.33%	0.3%	0.4%
1,100	TYSON FOODS INC-CL A	TSN	\$16.88	\$19.40	\$18,566.84	\$21,340.00	\$220	1.03%	0.6%	0.7%
Total					\$35,417.88	\$40,886.40	\$598	1.46%	1.1%	1.4%
COSMETICS										
190	ESTEE LAUDER COMPANIES-CL A	EL	\$54.69	\$59.86	\$10,390.58	\$11,373.40	\$137	1.20%	0.3%	0.4%
90	ULTA SALON COSMETICS & FRAGRAN	ULTA	\$90.17	\$98.26	\$8,115.12	\$8,843.40	\$90	1.02%	0.2%	0.3%
Total					\$18,505.70	\$20,216.80	\$227	1.12%	0.6%	0.7%
BEVERAGES - SOFT, LITE & HARD										
225	LORILLARD INC	LO	\$116.13	\$116.67	\$26,129.28	\$26,250.75	\$1,395	5.31%	0.7%	0.9%
Total					\$26,129.28	\$26,250.75	\$1,395	5.31%	0.7%	0.9%
RESTAURANTS										
35	CHIPOTLE MEXICAN GRILL-CL A	CMG	\$327.57	\$297.46	\$11,465.03	\$10,411.10	---	---	0.3%	0.4%
350	STARBUCKS CORP	SBUX	\$41.56	\$53.62	\$14,547.41	\$18,767.00	\$294	1.57%	0.5%	0.7%
Total					\$26,012.44	\$29,178.10	\$294	---	0.8%	1.0%
TOTAL CONSUMER STAPLES					\$155,716.50	\$167,547.05	\$4,888	2.92%	4.6%	5.8%
CONSUMER CYCLICALS										
TEXTILES/SHOES - APPAREL MFG										
150	COACH INC	COH	\$57.31	\$55.51	\$8,596.30	\$8,326.50	\$180	2.16%	0.2%	0.3%
80	VF CORP	VFC	\$143.64	\$150.97	\$11,490.86	\$12,077.60	\$278	2.31%	0.3%	0.4%
Total					\$20,087.16	\$20,404.10	\$458	2.25%	0.6%	0.7%
AUTOS & AUTO PARTS OEMS										
1,500	FORD MOTOR CO	F	\$10.67	\$12.95	\$16,008.30	\$19,425.00	\$300	1.54%	0.5%	0.7%
110	HARLEY DAVIDSON INC	HOG	\$38.35	\$48.83	\$4,218.82	\$5,371.30	\$68	1.27%	0.1%	0.2%
150	TRW AUTOMOTIVE HOLDINGS CORP	TRW	\$39.76	\$53.61	\$5,964.16	\$8,041.50	---	---	0.2%	0.3%
Total					\$26,191.28	\$32,837.80	\$368	1.12%	0.9%	1.1%
AUTO PARTS - AFTERMARKET										
75	O'REILLY AUTOMOTIVE INC	ORLY	\$84.21	\$89.42	\$6,315.85	\$6,706.50	---	---	0.2%	0.2%
Total					\$6,315.85	\$6,706.50	---	---	0.2%	0.2%
RETAILERS										
55	AMAZON COM INC	AMZN	\$224.39	\$251.14	\$12,341.64	\$13,812.70	---	---	0.4%	0.5%
250	DOLLAR GENERAL CORP	DG	\$45.75	\$44.09	\$11,437.02	\$11,022.50	---	---	0.3%	0.4%
300	EBAY INC	EBAY	\$47.34	\$51.02	\$14,203.45	\$15,306.00	---	---	0.4%	0.5%

KATHLEEN B. AND CHARLES R. WALGREEN III FOUNDATION (888-13873)

As of December 31, 2012

Portfolio Valuation

Reporting Currency: US dollars

Quantity	Ticker/Cusip	Average Unit Cost	Market Price	Total Cost	Market Value	Estimated Annual Income	Yield	% of Portfolio	% of Asse Class	
500	GAMESTOP CORP	GME	\$25 80	\$25 09	\$12,901 03	\$12,545 00	\$500	3 99%	0 3%	0 4%
1,600	KROGER CO	KR	\$23 22	\$26 02	\$37,152 12	\$41,632 00	\$960	2 31%	1 1%	1 4%
650	MACY'S INC	M	\$35 96	\$39 02	\$23,376 70	\$25,363 00	\$520	2 05%	0 7%	0 9%
600	TJX COMPANIES INC	TJX	\$45 68	\$42 45	\$27,408 08	\$25,470 00	\$276	1 08%	0 7%	0 9%
Total					\$138,820 04	\$145,151 20	\$2,256	---	4 0%	5 1%
TOTAL CONSUMER CYCLICALS					\$191,414 33	\$205,099 60	\$3,083	1 50%	5 6%	7 1%
INDUSTRIAL RESOURCES										
CHEMICALS										
400	LYONDELLBASELL INDU-CL A	LYB	\$38 83	\$57 09	\$15,531 99	\$22,836 00	\$40	0 18%	0 6%	0 8%
MISC INDUSTRIAL COMMODITIES										
195	INTERCONTINENTALEXCHANGE INC	ICE	\$134 68	\$123 81	\$26,262 02	\$24,142 95	---	---	0 7%	0 8%
Total					\$26,262 02	\$24,142 95	---	---	0 7%	0 8%
FERTILIZERS										
100	MONSANTO CO	MON	\$68 09	\$94 65	\$6,809 18	\$9,465 00	\$150	1 58%	0 3%	0 3%
Total					\$6,809 18	\$9,465 00	\$150	1 58%	0 3%	0 3%
TOTAL INDUSTRIAL RESOURCES					\$48,603 19	\$56,443 95	\$190	0 34%	1 6%	2 0%
CAPITAL EQUIPMENT										
MACHINERY										
100	FLOWSERVE CORPORATION	FLS	\$125 07	\$146 80	\$12,506 99	\$14,680 00	\$144	0 98%	0 4%	0 5%
50	ROPER INDUSTRIES INC	ROP	\$105 49	\$111 48	\$5,274 59	\$5,574 00	\$33	0 59%	0 2%	0 2%
150	TIMKEN CO	TKR	\$45 49	\$47 83	\$6,823 82	\$7,174 50	\$138	1 92%	0 2%	0 2%
Total					\$24,605 40	\$27,428 50	\$315	1 15%	0 8%	1 0%
MISC CAPITAL GOODS										
325	DANAHER CORP	DHR	\$49 39	\$55 90	\$16,052 35	\$18,167 50	\$32	0 18%	0 5%	0 6%
Total					\$16,052 35	\$18,167 50	\$32	0 18%	0 5%	0 6%
DEFENSE										
105	TRIMBLE NAVIGATION LTD	TRMB	\$53 29	\$59 78	\$5,595 03	\$6,276 90	---	---	0 2%	0 2%
Total					\$5,595 03	\$6,276 90	---	---	0 2%	0 2%
AEROSPACE-DEFENSE										
200	BOEING CO/THE	BA	\$68 38	\$75 36	\$13,675 87	\$15,072 00	\$388	2 57%	0 4%	0 5%
95	PRECISION CASTPARTS CORP	PCP	\$164 94	\$189 42	\$15,668 89	\$17,994 90	\$11	0 06%	0 5%	0 6%
Total					\$29,344 76	\$33,066 90	\$399	1 21%	0 9%	1 2%
AUTO TRUCKS - PARTS										

KATHLEEN B. AND CHARLES R. WALGREEN III FOUNDATION (888-13873)

As of December 31, 2012

Portfolio Valuation

Reporting Currency: US dollars

Quantity	Ticker/Cusip	Average Unit Cost	Market Price	Total Cost	Market Value	Estimated Annual Income	Yield	% of Portfolio	% of Asse Class
125	CUMMINS INC	CMI	\$95.45	\$11,931.80	\$13,543.75	\$250	1.85%	0.4%	0.5%
425	LEAR CORP	LEA	\$45.07	\$19,156.51	\$19,907.00	\$238	1.20%	0.5%	0.7%
Total				\$31,088.31	\$33,450.75	\$488	1.46%	0.9%	1.2%
TOTAL CAPITAL EQUIPMENT				\$106,685.85	\$118,390.55	\$1,235	1.04%	3.3%	4.1%
TECHNOLOGY									
COMMUNICATION - EQUIP MFRS									
165	BROADCOM CORP-CL A	BRCM	\$35.41	\$5,843.27	\$5,479.65	\$66	1.20%	0.2%	0.2%
1,200	CISCO SYSTEMS INC	CSCO	\$18.56	\$22,269.91	\$23,580.00	\$672	2.85%	0.6%	0.8%
200	HARRIS CORP	HRS	\$50.15	\$10,030.95	\$9,792.00	\$296	3.02%	0.3%	0.3%
275	QUALCOMM INC	QCOM	\$53.95	\$14,835.40	\$17,055.50	\$275	1.61%	0.5%	0.6%
Total				\$52,979.53	\$55,907.15	\$1,309	2.34%	1.5%	1.9%
SEMICONDUCTORS									
2,800	APPLIED MATERIALS INC	AMAT	\$11.51	\$32,224.88	\$32,032.00	\$1,008	3.15%	0.9%	1.1%
2,700	MICRON TECHNOLOGY INC	MU	\$5.40	\$14,593.27	\$17,145.00	---	---	0.5%	0.6%
Total				\$46,818.15	\$49,177.00	\$1,008	2.05%	1.4%	1.7%
COMPUTERS									
100	APPLE INC	AAPL	\$245.94	\$24,594.31	\$53,303.00	\$1,060	1.99%	1.5%	1.9%
200	EMC CORP/MASS	EMC	\$18.32	\$3,664.48	\$5,060.00	---	---	0.1%	0.2%
2,800	HEWLETT-PACKARD CO	HPQ	\$28.00	\$78,409.22	\$39,900.00	\$1,478	3.71%	1.1%	1.4%
Total				\$106,668.01	\$98,263.00	\$2,538	2.58%	2.7%	3.4%
COMPUTER SERVICES/SOFTWARE									
180	ANSYS INC	ANSS	\$60.55	\$10,899.03	\$12,121.20	---	---	0.3%	0.4%
400	CITRIX SYSTEMS INC	CTXS	\$69.30	\$27,718.56	\$26,300.00	---	---	0.7%	0.9%
375	COGNIZANT TECH SOLUTIONS-A	CTSH	\$68.80	\$25,800.92	\$27,768.75	---	---	0.8%	1.0%
110	F5 NETWORKS INC	FFIV	\$110.25	\$12,127.24	\$10,686.50	---	---	0.3%	0.4%
135	INTUIT INC	INTU	\$47.63	\$6,430.43	\$8,032.50	\$92	1.14%	0.2%	0.3%
115	LINKEDIN CORP - A	LNKD	\$95.75	\$11,011.53	\$13,204.30	---	---	0.4%	0.5%
11	PRICELINE COM INC	PCLN	\$608.68	\$6,695.45	\$6,833.20	---	---	0.2%	0.2%
75	RACKSPACE HOSTING INC	RAX	\$44.51	\$3,338.14	\$5,570.25	---	---	0.2%	0.2%
225	RED HAT INC	RHT	\$50.46	\$11,354.41	\$11,916.00	---	---	0.3%	0.4%
425	TIBCO SOFTWARE INC	TIBX	\$29.71	\$12,628.07	\$9,354.25	---	---	0.3%	0.3%
Total				\$128,003.78	\$131,786.95	\$92	---	3.6%	4.6%
MISC INDUSTRIAL TECHNOLOGY									
60	ILLUMINA INC	ILMN	\$38.38	\$2,302.76	\$3,335.40	---	---	0.1%	0.1%

KATHLEEN B. AND CHARLES R. WALGREEN III FOUNDATION (888-13873)

As of December 31, 2012

Portfolio Valuation

Reporting Currency: US dollars

Quantity	Ticker/Cusip	Average Unit Cost	Market Price	Total Cost	Market Value	Estimated Annual Income	Yield	% of Portfolio	% of Asse Class
Total				\$2,302.76	\$3,335.40	---	---	0.1%	0.1%
TOTAL TECHNOLOGY				\$336,772.23	\$338,469.50	\$4,947	1.46%	9.3%	11.8%
SERVICES									
AIR TRANSPORT									
1,700	DELTA AIR LINES INC DAL	\$10.19	\$11.87	\$17,328.28	\$20,179.00	---	---	0.6%	0.7%
ENERGY									
OFFSHORE DRILLING									
200	DIAMOND OFFSHORE DRILLING DO	\$69.30	\$67.96	\$13,860.86	\$13,592.00	\$100	0.74%	0.4%	0.5%
OIL WELL EQUIPMENT & SERVICES									
200	HELMERICH & PAYNE HP	\$46.59	\$56.01	\$9,317.59	\$11,202.00	\$120	1.07%	0.3%	0.4%
155	NATIONAL - OILWELL INC NOV	\$81.27	\$68.35	\$12,596.54	\$10,594.25	\$81	0.76%	0.3%	0.4%
135	OCEANEERING INTL INC OII	\$47.11	\$53.79	\$6,360.29	\$7,261.65	\$97	1.34%	0.2%	0.3%
325	SCHLUMBERGER LTD SLB	\$55.24	\$69.30	\$17,952.60	\$22,522.18	\$358	1.59%	0.6%	0.8%
Total				\$46,227.02	\$51,580.08	\$655	1.27%	1.4%	1.8%
OIL - CRUDE PRODUCTS									
65	EOG RESOURCES INC EOG	\$106.48	\$120.79	\$6,921.23	\$7,851.35	\$44	0.56%	0.2%	0.3%
140	NOBLE ENERGY INC NBL	\$88.96	\$101.74	\$12,454.89	\$14,243.60	\$140	0.98%	0.4%	0.5%
Total				\$19,376.12	\$22,094.95	\$184	0.83%	0.6%	0.8%
OILS - INTEGRATED INTERNATIONAL									
1,100	BP PLC-SPONS ADR BP	\$39.93	\$41.64	\$43,927.08	\$45,804.00	\$2,376	5.19%	1.3%	1.6%
600	EXXON MOBIL CORP XOM	\$89.74	\$86.55	\$53,843.69	\$51,930.00	\$1,368	2.63%	1.4%	1.8%
175	ROYAL DUTCH SHELL PLC-ADR RDSA	\$73.25	\$68.95	\$12,818.56	\$12,066.25	\$602	4.99%	0.3%	0.4%
Total				\$110,589.33	\$109,800.25	\$4,346	3.96%	3.0%	3.8%
TOTAL ENERGY				\$190,053.33	\$197,067.28	\$5,286	2.68%	5.4%	6.9%
TOTAL DOMESTIC EQUITIES				\$1,845,799.56	\$1,997,678.58	\$34,853	1.75%	55.0%	69.5%
INTERNATIONAL									
INTERNATIONAL EQUITY MUTUAL FUNDS									
52,482.186	BERNSTEIN INTERNATIONAL PORTFOLIO** SIMTX	\$17.82	\$13.91	\$935,372.56	\$730,027.21	\$13,855	1.90%**	20.1%	25.4%
EMERGING MARKETS									

**THE KATHLEEN B. AND CHARLES R. WALGREEN III FOUNDATION
PART XV - GRANTS AND CONTRIBUTIONS PAID
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>PART XV, LINE 3a - GRANTS PAID DURING THE YEAR:</u>	<u>AMOUNT</u>
100 Club of Chicago 135 South Lasalle Street, Suite 1162, Chicago IL 60603	200 00
626 Landmark Foundation 626 North Michigan Avenue, Chicago, IL 60611	1,000 00
Allendale Association P O Box 1088, Grand Drive & Offield Drive, Lake Villa, IL 60046	5,000 00
Alzheimer's Association 225 North Michigan Avenue, Floor 17, Chicago, IL 60601	250 00
American Cancer Society 225 North Michigan Avenue, Suite 1200, Chicago, IL 60601	1,000 00
Arts Council of Martin County 80 E Ocean Boulevard, Stuart, FL 34994	1,000 00
Autism Speaks 1 East 33rd Street, 4th Floor, New York, NY 10016	500 00
Boys Town P O Box 6000, Boys Town, NE 68010	500 00
Canterbury School 101 Aspertuck Ave, New Milford, CT 06776	5,000 00
Caring Bridge 1715 Yankee Doodle Road, Suite 301, Eagan, MN 55121	500 00
Catholic Charities - Lake County 671 S Lewis Avenue, Waukegan, IL 60085	1,000 00
Chicago Cenacle 513 W Fullerton Parkway, Chicago, IL 60614	300 00
Children's Museum of the Treasure Coast 1707 NE Indian River Drive, Jensen Beach, FL 34957	4,200 00
Church of St Mary 175 E Illinois Road, Lake Forest, IL 60045	25,000 00

CT Challenge P O Box 566, Southport, CT 06890	1,000 00
Deborah's Place 2822 W Jackson Boulevard, Chicago, IL 60612	500 00
Delta Sigma Phi Foundation 1331 N Delaware Street, Indianapolis, IN 46202	1,000 00
Diocesan Services Appeal of Palm Beach P O Box 109650, Palm Beach Gardens, FL 33410	1,000 00
Eileen Shea Lupton Memorial Foundation PO Box 694, Lake Forest, IL 60045-0964	10,000 00
Elliott Museum 8252 Northeast Ocean Blvd, Stuart, FL 34996	10,000 00
Evans Scholars Foundation One Briar Road, Golf, IL 60029	1,000 00
Florida Oceanographic Society 890 N E Ocean Boulevard, Stuart, FL 34996	1,000 00
George W Bush Presidential Center P O Box 560887, Dallas, TX 75356	500 00
Haiti Marycare 55 King Street, Danbury, CT 06811	2,200 00
Hibiscus Children's Center 2400 NE Dixie Highway, Jensen Beach, FL 34957	10,000 00
Illinois Club For Catholic Women 820 North Michigan Avenue, Room 511, Chicago, IL 60611	1,490 00
Lake Forest Country Day School 145 South Green Bay Road, Lake Forest, IL 60045	1,000 00
Lake Forest Open Lands Association 350 N Waukegan Road, Lake Forest, IL 60045	750 00
Leukemia and Lymphoma Society 8441 Wayzata Boulevard, Suite 340, Golden Valley, MN 55426	750 00
Library Foundation of Martin County 2351 S E Monterey Road, Stuart, FL 34996	1,000 00
Loyola University Medical Center 2160 South First Street, Maywood, IL 60153	50,000 00
March of Dimes	500 00

1275 Mamaroneck Avenue, White Plains, NY 10605	
Martin Memorial Foundation P O Box 9010 Stuart, FL 34995	20,500 00
National Brain Tumor Society 124 Watertown Street, Suite 2D, Watertown, MA 02472	500 00
Northwestern Lake Forest Hospital 660 N Westmoreland Road, Lake Forest, IL 60045	11,550 00
Our Lady of Mercy High School 1437 Blossom Road, Rochester, NY 14610	28,600 00
Pan-Massachusetts Challenge 77 4th Avenue, Needham, MA 02494	500 00
P E O Foundation Chapter MQ IL Fund P O Box 257, Lake Forest, IL 60045	250 00
Portsmouth Abbey 285 Cory's Lane, Portsmouth, RI 02871	500 00
Rollins College 1000 Holt Avenue, Winter Park, FL 32789	5,000 00
Safe Haven of Jo Daviess County 1471 U S Highway 20 West, Elizabeth, IL 61028	500
Sailfish Point Foundation Inc 2201 S E Sailfish Point Boulevard, Stuart, FL 34996	19,500 00
Salve Regina University 100 Ochre Point Avenue, Newport, RI 02840	30,000 00
San Diego State University 5500 Campanile Drive, San Diego, CA 92182	5,000 00
Sisters of Mercy Missions Fund 919 Norton Street, Rochester, NY 14621	10,000 00
Sloan Kettering Cancer Foundation 1275 York Avenue, New York, NY 10065	250 00
Special Olympics Florida 1915 Don Wickham Drive, Clermont, FL 34711	100 00
St Ignatius College Preparatory 1076 West Roosevelt Road, Chicago, IL 60608	1,000 00
St Jude Children's Research Hospital 262 Danny Thomas Place, Memphis, TN 38105	1,000 00

St Katharine Drexel Roman Catholic Church 40 Hidden Springs Road, Alton, NH 03809	5,000 00
St Patrick Church 1502 Broad Street, Phenix City, AL 36867	2,500 00
Sts Peter and Paul Greek Orthodox Church 1401 Wagner Road, Glenview, IL 60025	1,000 00
The Art Institute of Chicago 111 South Michigan Avenue, Chicago, IL 60603	5,000 00
Tilton School 30 School Street, Tilton, NH 03276	10,000 00
United Way of Martin County 10 S E Central Parkway, Suite 101, Stuart, FL 34994	10,250 00
University of Chicago Medical Center - Gwen Knapp Center for Lupus 1170 East 58th Street, Chicago, IL 60637	5,000 00
Villanova University 800 Lancaster Avenue, Villanova, PA 19085-1673	80,000 00
Warren Blue Devil Travel Baseball	100 00
	<u><u>392,740 00</u></u>

NOTE

- All for general purposes
- All public foundation status
- No relationship with foundation managers