

WMT Reports EPS Slightly Ahead of Expectations

Wal-Mart reported 3Q02 EPS of \$0.41, representing a 24.2% increase over the prior year period. The result was one penny above both our estimate and First Call Consensus. Strong sales results at the International division, as well as a 43 basis point (bps) year over year increase in gross margins were the key drivers of performance. After adjusting for the change in accounting for goodwill, earnings for the quarter increased 20.6%.

The improvement in gross margin was primarily the result of lower markdowns, better merchandise mix, and a reduction in shrinkage.

On the expense side, higher insurance, property taxes, bonuses, and pre-opening expenses caused operating expenses to increase as a percentage of sales, as SG&A rose 29 bps on a year-over-year basis.

WMT International was again a positive highlight, registering a 14.4% year over year sales gain and a 42% increase in year over year operating profit (22.8% excluding the goodwill accounting change).

Despite a reasonably healthy quarter in terms of sales and margins, WMT stated that it is maintaining its guidance for the year between \$1.76 and \$1.78. Guidance for 4Q02 continues to be in the range of \$0.53 to \$0.55 per share.

Comparable sales are expected to be in the range of 3-5% for the fourth quarter.

While we remain cautious on the retail industry overall, we believe WMT is positioned favorably among U.S. retailers, due to expectations for accelerating market share gains in the U.S. and continued strength in international efforts. WMT is trading at 26.3x our revised 2003 EPS estimate of \$2.05 vs. its historical PE trading range of 15.6x-54.9x.

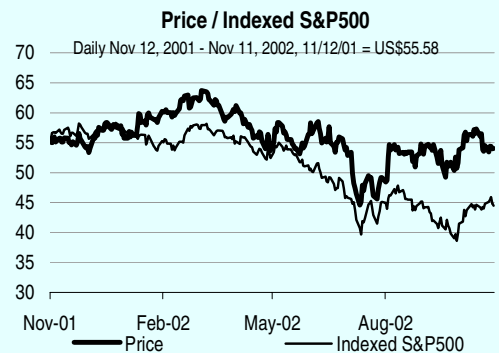
Wal-Mart Stores, Inc. is the world's largest retailer, operating discount stores, supercenters, and warehouse clubs in all 50 United States and internationally.

Investors should assume that CSFB is seeking or will seek investment banking or other business from the covered companies.

For important disclosure information regarding the Firm's rating system, valuation methods, and potential conflicts of interest, please refer to the disclosure section on the back pages of this report.

Rating	OUTPERFORM*
Price (12 Nov 02)	53.85 (US\$)
Target price (12 months)	65.00 (US\$)
52 week high - low	63.75 - 44.60
Market cap. (US\$m)	238,770.90
Enterprise value (US\$m)	264,767.90
Region / Country	Americas / United States
Sector	General Merchandise Stores
Analyst's Coverage Universe	Broadlines
Weighting (vs. broad market)	MARKET WEIGHT
Date	12 November 2002

* Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.



On 11/11/02 the S&P 500 index closed at 876.19.

Year	1/02A	1/03E	1/04E
EPS (CSFB adj., US\$)	1.49	1.80	2.05
Prev. EPS (US\$)			2.08
P/E (x)	36.1	29.9	26.3
P/E rel. (%)	184.8	162.0	158.5
Q1 EPS	0.31	0.37	0.44
Q2	0.36	0.46	0.52
Q3	0.33	0.41	0.46
Q4	0.49	0.56	0.62

Number of shares (m)	4,434.0	IC (10/02A, US\$m)	65,993.60
BV/Share (10/02A, US\$)	8.58	EV/IC (x)	4.0
Net Debt (10/02A, US\$m)	25,997	Dividend 2002 (US\$)	0.30
Net debt/Total cap. (10/02A)	41.29%	Dividend yield	0.6%

Year	1/02A	1/03E	1/04E
Revenues (US\$m)	219,812.0	246,938.7	273,875.9
EBITDA (US\$m)	15,366.0	17,275	19,136
OCFPS (US\$)	—	—	—
P/OCF (x)	—	—	—
EV/EBITDA (x)	17.2	15.3	13.8
ROIC	13.4%	13.2%	13.8%

Source: Company data, CREDIT SUISSE FIRST BOSTON (CSFB) estimates.

Investment Summary

Wal-Mart reported third quarter 2002 EPS of \$0.41 versus last year's EPS of \$0.33. Earnings exceeded both our estimate and consensus expectations for \$0.40 and represented a 24.2% increase in year over year EPS. After adjusting for the positive impact from the change in goodwill accounting, earnings increased 20.6% year over year. Strong results at the International division, as well as a 43 basis point year over year increase in gross margins were the key drivers of performance. Gross margins benefited from lower markdowns, reduced shrinkage and improved merchandising. Corporate costs related to higher insurance, property taxes, bonuses, and pre-opening expenses resulted in a 29 basis point increase in SG&A.

Asset management remains a focus at the company. Inventory rose 7% year-over-year versus a revenue increase of 11.5%. While above the company's goal of growing inventory at one half the rate of sales, the quarter's inventory growth was largely driven by the opening of 80 new units during the quarter, the effect of efforts to mitigate the potential impact of West Coast dockworkers strike, and higher lay away levels. Comparable-store inventories were up 1% at WMT division and were down 0.5% at Sam's. Comparable-store food inventories were down 0.3% at WMT division.

Domestic Operations

Despite a difficult retail environment, the Wal-Mart division posted a 4.2% same-store sales gain. Operating profit increased by 15.5% year-over-year, versus a total sales increase of 11.8%. The division's strong performance is due to improved gross margins as a result of lower markdowns, reduced shrinkage and improved merchandising.

At Wal-Mart Supercenters, food sales increased 27% year to date. During the quarter, food comps at U.S. supercenters were in the mid-to-high single digits, down from the high single digit growth achieved in the previous quarter. Food comps were negatively affected by 80-100 basis points as a result of deflation. In addition, food comparables were pressured as consumers continued to migrate to opening price point items.

Year to date, Wal-Mart achieved roughly \$7.3 billion in price rollbacks. The company's full year goal is \$10 billion.

Sam's continues to be a relative disappointment. Sam's grew total sales 6.1% year over year but were basically flat on a comparable-warehouse club basis, increasing only 0.4%. As a result of below plan sales performance, operating profit declined 2.4% during the quarter due in part to continued expense pressure. Memberships grew 8% year over year. Inventory levels at comparable warehouses declined slightly by 0.5% during the quarter. While senior Wal-Mart management appeared confident in its ability to improve operations at Sam's, it cautioned investors that the improvement may not take place until 2003.

Changes in Sam's senior management team were announced in September. Although SG&A increased at the division, Sam's division was able to improve gross margins during the quarter.

International Operations

Wal-Mart International's performance was strong during the quarter. The division grew sales 14.4% year-over-year and operating profit by 42% year-over-year (operating profit increased 22.8% excluding the goodwill accounting change), exceeding its plan. International was led by strong performances in Canada, the United Kingdom, Puerto Rico and Brazil. Expense leverage in the International division was the strongest among all divisions.

Currency conversions had a \$98 million positive impact on sales for the quarter and a negligible impact on profits.

- In Mexico, sales for the quarter grew 13.4% (in real pesos) and were up 3.5% on a comparable store basis. Operating income rose more than 20% year-over-year (in real pesos) versus the 13.4% sales increase. Inventory was up 10% year over year. Gross margins improved 10 basis points over the prior year period without any increases in prices. Mexico has opened 39 units year to date, and expects to open an additional 11 units by the end of the year. To date Wal-Mart operates 587 units in Mexico.
- In Canada, total sales rose in the upper mid-teen range, in local currency. Comp sales increased in the high-single digit range. Operating income in local currency exceeded sales during the quarter, and both sales and profit were above plan. Canada opened five new stores, relocated five stores, and expanded 3 stores year-to-date.
- In Germany, operating loss reductions were in-line with plan. Comps were down versus last year. Inventory levels were below last year's levels. The region continues to make improvements in expense control and inventory management. Recently, Germany's high court ruled that offering staple items at below wholesale prices damaged competition; the Federal Cartel Offices has been pursuing efforts to stop Wal-Mart from pricing goods such as butter and milk at below wholesale levels.
- The United Kingdom's performance continued to be very strong and well ahead of plan. Comps were up in the high single digits, including gas sales and in the low double digits excluding gas sales. The comp store increase was driven by an increase in both traffic and ticket. Food comps increased in the high-single digit range for the quarter. During the quarter, ASDA successfully re-launched the extra special premium private label line that includes over 100 items and features improved packaging and quality. Sales of the George apparel line increased over 30% and unit volumes for the line were up over 50%. The launch of the region's "fast fashion" line has proved very popular and currently represents the number two volume retailer in the UK as measured by Fashion Track. Comparable general merchandise sales excluding apparel increased in the mid 30% range with strongest performances in the home products, toys, and entertainment categories. ASDA is now completely integrated into WMT's IT system, giving the company full end-to-end supply chain visibility.
- In Asia, comps were down in the single digits in South Korea and down in the double digit range in China as price deflation impacted sales. Year to date,

Asia's reported operating results are ahead of plan. Two new stores were opened in South Korea bringing the total openings to five year-to-date.

- In Brazil, comps were in the high teens for the quarter and comp sales at the super stores were in the low double-digit range for the quarter. Operating profit during the quarter exceeded plan.
- In Argentina, the difficult economic environment continued during the quarter. While supercenter comps were down in the double-digit range, operating results were on plan.
- In Puerto Rico, total sales were up in the low-double digits. One new Sam's club was opened in Puerto Rico during the quarter, representing the second store opening in the region year to date. Operating income was above plan.

Details of the Quarter

Total revenue rose 11.5% to \$58.8 billion. Comparable-store sales were 3.5% for the total company, 4.2% at the discount stores, and 0.4% at Sam's. Although comparable food sales slowed to the mid-to-high single digit range for the quarter, total food sales continue to be strong, posting 27% growth year to date. Third-party sales at McLane's rose 12.4% year-over-year primarily as a result of the addition of a new customer.

Exhibit 1: Wal-Mart Sales by Division: Third Quarter 2002 versus 2001

<i>(\$ in millions)</i>	3Q02	3Q01	Year over Year Change	Percentage of Total
Discount Stores/Supercenters	37,573	33,601	11.8%	63.9%
SAM'S CLUB	7,742	7,295	6.1%	13.2%
International	9,926	8,678	14.4%	16.9%
McLane	3,556	3,164	12.4%	6.0%
Total company	58,797	52,738	11.5%	100.0%

Source: Company reports.

Rental and other income increased roughly 19% to \$533 million this year from \$448 million in 2001. The increase was partially the result of an 8% increase in year over year memberships at Sam's and continued growth in lease and rental income.

Gross margin increased 43 basis points to 21.95% of sales, due in part to reduced markdowns, improved shrinkage, and improved merchandising on higher margin categories. WMT recorded a \$10 million LIFO charge during the quarter compared to a \$10 million LIFO credit last year. The cost of goods sold was \$45.89 billion versus \$41.39 billion last year.

Consolidated SG&A as a percentage of sales rose 29 basis points year-over-year to \$10.3 billion. This compares to the year-over-year increase of 16 basis points in 2Q02. Insurance, property taxes, bonuses and pre-opening expenses were higher on a year-over-year basis. These uncontrollable expenses are likely to remain higher going forward.

Operating profit margins increased 14 basis points, increasing to \$3.1 billion for the total company. International operating income rose 42% year-over-year

(22% excluding the impact of the goodwill accounting change), led by strong results in Canada, the United Kingdom, Puerto Rico, and Brazil.

Exhibit 2: Wal-Mart Operating Profit by Division: Third Quarter 2002 versus 2001

<i>(\$ in millions)</i>	3Q02	3Q01	Year over Year Change
Discount Stores/Supercenters	2,681	2,322	15.5%
SAM'S CLUB	240	246	-2.4%
International	447	314	42.4%

Source: Company reports

Interest expense on debt and capital leases declined to \$265 million from \$330 million, a 19.7% decline. The debt to total capital ratio, including commercial paper, at quarter-end was 41% versus 43% last year.

The company's tax rate was 35.25% for the quarter. This year's tax rate is lower than last year's 36.5% rate due to the impact of WMT's international results as well as the impact of the change in goodwill accounting rules. Reported tax expense was \$1 billion during the third quarter of this year. WMT's tax rate is expected to be 35.25% for the remainder of the year.

Total inventory rose 7% year-over-year versus a revenue increase of 11.5%. Comparable-store inventories were up 1% at the WMT division and down 0.5% at Sam's. Comparable-store food inventories were roughly flat, down 0.3%, at the WMT division. Payables as a percentage of inventory decreased to 63%, from 65% last year.

Wal-Mart repurchased \$621 million worth of common stock during the quarter. Year-to-date the company has repurchased \$2.3 billion of stock on its \$5 billion share repurchase authorization.

The company expects to begin expensing stock options in February 2003, a change that is expected to impact earnings by one penny per share.

Conclusion

Wal-Mart's third quarter results continue to show the benefits that the company is realizing from market share gains domestically, as well as a strong performance from international activities as these mature. WMT international contributed 27% of Wal-Mart's total incremental profit growth in the third quarter of 2002. Looking ahead we continue to expect Wal-Mart to benefit from market share gains in the U.S., with or without changes in consumer behavior. While this positions WMT favorably versus other U.S. retailers, the company cautioned that holiday sales should increase this season but not at the rate achieved in past seasons. We believe WMT International's efforts will continue to gain creditability both internally and externally, now that such activities are more focused and the global competitive landscape has begun to shakeout. WMT is truly a unique company encompassing strong current results, positive longer-term potential, unrivaled financial capability, and a management team focused on further improvement in performance. We are maintaining our Outperform rating on shares of WMT as well as our \$65 price target. We are

maintaining our 2002 earnings estimate of \$1.80, though we are trimming our 4Q forecast to account for the slightly better than expected third quarter results. We are fine-tuning our 2003 EPS estimate by \$0.03 to \$2.05. One penny of our adjustment is to account for the expensing of options in 2003. WMT is trading at 26.3x our 2003 EPS estimate, this compares to its historical PE trading range of 15.6x-54.9x.

Exhibit 3: Historical and Projected Income Statement

\$ in millions, except per share data; fiscal year ends January 31.

Wal-Mart Stores										
Historical and Projected Income Statement										
(dollars in millions, except where noted)										
	April		July		October		January		Total Year	
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter			
Wal-Mart Stores, % Increase										
2000	27,540.0	15.1%	29,647.0	11.4%	29,226.0	10.5%	35,476.0	11.8%	121,889.0	12.1%
2001	30,751.0	11.7%	33,870.0	14.2%	33,601.0	15.0%	40,909.0	15.3%	139,131.0	14.1%
2002E	35,417.0	15.2%	38,641.0	14.1%	37,573.0	11.8%	45,818.1	12.0%	157,449.1	13.2%
2003E	39,844.1	12.5%	43,084.7	11.5%	42,081.8	12.0%	51,087.2	11.5%	176,097.8	11.8%
Sam's Sales, % Increase										
2000	6,079.0	8.9%	6,665.0	8.3%	6,573.0	9.3%	7,481.0	6.1%	26,798.0	8.1%
2001	6,535.0	7.5%	7,270.0	9.1%	7,295.0	11.0%	8,296.0	10.9%	29,395.0	9.7%
2002E	7,295.0	11.6%	7,939.0	9.2%	7,742.0	6.1%	8,876.7	7.0%	31,852.7	8.4%
2003E	7,659.8	5.0%	8,494.7	7.0%	8,283.9	7.0%	9,631.2	8.5%	34,069.7	7.0%
International Sales, % Increase										
2000	7,197.0	118.7%	7,404.0	101.1%	7,437.0	25.8%	10,062.0	2.2%	32,100.0	41.2%
2001	7,636.0	6.1%	8,362.0	12.9%	8,678.0	16.7%	10,809.0	7.4%	35,485.0	10.5%
2002E	8,992.0	17.8%	9,691.0	15.9%	9,926.0	14.4%	12,160.1	12.5%	40,769.1	14.9%
2003E	10,071.0	12.0%	10,902.4	12.5%	11,216.4	13.0%	13,619.3	12.0%	45,809.1	12.4%
McLane Sales, % Increase										
2000	2,169.0	13.0%	2,396.0	18.7%	2,440.0	19.0%	3,537.0	27.5%	10,542.0	20.3%
2001	3,130.0	44.3%	3,297.0	37.6%	3,164.0	29.7%	4,197.0	18.7%	13,788.0	30.8%
2002E	3,256.0	4.0%	3,423.0	3.8%	3,556.0	12.4%	4,490.8	7.0%	14,725.8	6.8%
2003E	3,451.4	6.0%	3,628.4	6.0%	3,769.4	6.0%	4,760.2	6.0%	15,609.3	6.0%
Net Sales, % Increase										
2000	42,985.0	23.8%	46,112.0	19.9%	45,676.0	13.0%	56,556.0	10.0%	191,329.0	15.9%
2001	48,052.0	11.8%	52,799.0	14.5%	52,738.0	15.5%	64,211.0	13.5%	217,799.0	13.8%
2002E	54,960.0	14.4%	59,694.0	13.1%	58,797.0	11.5%	71,345.7	11.1%	244,796.7	12.4%
2003E	61,026.3	11.0%	66,110.2	10.7%	65,351.4	11.1%	79,098.0	10.9%	271,585.9	10.9%
Rental and Other Income, % Increase										
2000	462.0	13.8%	476.0	7.4%	505.0	6.3%	522.0	9.9%	1,965.0	9.2%
2001	513.0	11.0%	470.0	-1.3%	476.0	-5.7%	554.0	6.1%	2,013.0	2.4%
2002E	458.0	-10.7%	561.0	19.4%	533.0	12.0%	590.0	6.5%	2,142.0	6.4%
2003E	500.0	9.2%	610.0	8.7%	580.0	8.8%	600.0	1.7%	2,290.0	6.9%
Total Revenues, % Increase										
2000	43,447.0	23.7%	46,588.0	19.7%	46,181.0	12.9%	57,078.0	10.0%	193,294.0	15.9%
2001	48,565.0	11.8%	53,269.0	14.3%	53,214.0	15.2%	64,765.0	13.5%	219,812.0	13.7%
2002E	55,418.0	14.1%	60,255.0	13.1%	59,330.0	11.5%	71,935.7	11.1%	246,938.7	12.3%
2003E	61,526.3	11.0%	66,720.2	10.7%	65,931.4	11.1%	79,698.0	10.8%	273,875.9	10.9%
Cost of Sales, GM % of Sales										
2000	33,665.0	21.68%	36,044.0	21.83%	35,694.0	21.85%	44,852.0	20.69%	150,255.0	21.47%
2001	37,850.0	21.23%	41,412.0	21.57%	41,388.0	21.52%	50,912.0	20.71%	171,562.0	21.23%
2002E	43,058.0	21.66%	46,639.0	21.87%	45,893.0	21.95%	56,434.5	20.90%	192,024.5	21.56%
2003E	47,692.0	21.85%	51,566.0	22.00%	50,941.4	22.05%	62,527.0	20.95%	212,726.4	21.67%
SG&A, % Sales										
2000	7,318.0	17.02%	7,625.0	16.54%	7,918.0	17.34%	8,688.0	15.36%	31,549.0	16.49%
2001	8,143.0	16.95%	8,893.0	16.84%	9,114.0	17.28%	10,024.0	15.61%	36,174.0	16.61%
2002E	9,454.0	17.20%	10,147.0	17.00%	10,330.0	17.57%	11,308.3	15.85%	41,239.3	16.85%
2003E	10,557.5	17.30%	11,304.8	17.10%	11,534.5	17.65%	12,576.6	15.90%	45,973.5	16.93%
Operating Income, % Sales										
2000	2,464.0	5.73%	2,919.0	6.33%	2,569.0	5.62%	3,538.0	6.26%	11,490.0	6.01%
2001	2,572.0	5.35%	2,964.0	5.61%	2,712.0	5.14%	3,829.0	5.96%	12,076.0	5.54%
2002E	2,906.0	5.29%	3,469.0	5.81%	3,107.0	5.28%	4,193.0	5.88%	13,675.0	5.59%
2003E	3,276.7	5.37%	3,849.4	5.82%	3,455.5	5.29%	4,594.4	5.81%	15,176.0	5.59%

Source: Company reports and CSFB estimates.

Exhibit 4: Historical and Projected Income Statement - Continued

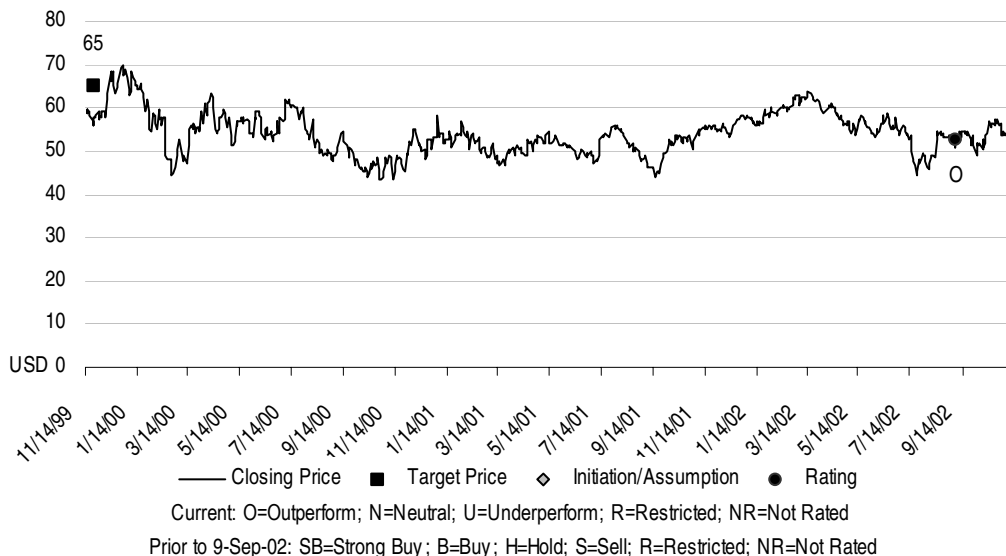
\$ in millions, except per share data; fiscal year ends January 31.

Wal-Mart Stores										
Historical and Projected Income Statement, page 2										
(dollars in millions, except where noted)										
	April		July		October		January		Total Year	
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter			
Interest Expense, % Sales										
2000	330.0	0.8%	344.0	0.7%	375.0	0.8%	325.0	0.6%	1,374.0	0.7%
2001	352.0	0.7%	351.0	0.7%	322.0	0.6%	300.0	0.5%	1,326.0	0.6%
2002E	281.0	0.5%	262.0	0.4%	230.0	0.4%	210.0	0.3%	983.0	0.4%
2003E	195.0	0.3%	190.0	0.3%	200.0	0.3%	180.0	0.2%	765.0	0.3%
Income Before Taxes, % Sales										
2000	2,134.0	5.0%	2,575.0	5.6%	2,194.0	4.8%	3,213.0	5.7%	10,116.0	5.3%
2001	2,220.0	4.6%	2,613.0	4.9%	2,390.0	4.5%	3,529.0	5.5%	10,750.0	4.9%
2002E	2,625.0	4.8%	3,207.0	5.4%	2,877.0	4.9%	3,983.0	5.6%	12,692.0	5.2%
2003E	3,081.7	5.0%	3,659.4	5.5%	3,255.5	5.0%	4,414.4	5.6%	14,411.0	5.3%
Income Taxes, Rate %										
2000	785.0	36.8%	948.0	36.8%	807.0	36.8%	1,152.0	35.9%	3,692.0	36.5%
2001	810.0	36.5%	954.0	36.5%	872.0	36.5%	1,261.0	35.7%	3,897.0	36.3%
2002E	932.0	35.5%	1,124.0	35.0%	1,014.0	35.2%	1,404.0	35.3%	4,474.0	35.3%
2003E	1,087.8	35.3%	1,291.8	35.3%	1,149.2	35.3%	1,558.3	35.3%	5,087.1	35.3%
Minority Interest, % Increase										
2000	23.0	-30.3%	31.0	-8.8%	18.0	0.0%	57.0	-32.9%	129.0	-24.1%
2001	30.0	30.4%	37.0	19.4%	37.0	105.6%	79.0	38.6%	183.0	41.9%
2002E	41.0	36.7%	45.0	21.6%	43.0	16.2%	95.0	20.3%	224.0	22.4%
2003E	50.0	22.0%	60.0	33.3%	60.0	39.5%	110.0	15.8%	280.0	25.0%
Net Income, % Sales										
2000	1,326.0	3.1%	1,596.0	3.5%	1,369.0	3.0%	2,004.0	3.5%	6,295.0	3.3%
2001	1,380.0	2.9%	1,622.0	3.1%	1,481.0	2.8%	2,189.0	3.4%	6,670.0	3.1%
2002E	1,652.0	3.0%	2,038.0	3.4%	1,820.0	3.1%	2,484.0	3.5%	7,994.0	3.3%
2003E	1,943.9	3.2%	2,307.6	3.5%	2,046.3	3.1%	2,746.1	3.5%	9,043.9	3.3%
Shares Outstanding (mil.)										
2000	4,477.0		4,487.0		4,487.0		4,487.0		4,484.5	
2001	4,487.0		4,486.0		4,481.0		4,473.0		4,481.8	
2002E	4,468.0		4,452.0		4,434.0		4,429.0		4,445.8	
2003E	4,422.0		4,415.0		4,408.0		4,401.0		4,411.5	
Earnings Per Share (\$)										
2000	\$0.30		\$0.36		\$0.31		\$0.45		\$1.40	10.0%
2001	\$0.31		\$0.36		\$0.33		\$0.49		\$1.49	6.0%
2002E	\$0.37		\$0.46		\$0.41		\$0.56		\$1.80	20.8%
2003E	\$0.44		\$0.52		\$0.46		\$0.62		\$2.05	14.0%

Source: Company reports and CSFB estimates.

Companies Mentioned (Price as of 12 Nov 02)

Wal-Mart Stores, Inc. (WMT, \$53.85, OUTPERFORM, TP \$65)

DISCLOSURE SECTION**3-year history chart for WMT**

Date	Closing Price(\$)	Target Price(\$)	Rating
11/22/99	56.75	65.00	
9/6/02	52.78		OUTPERFORM

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including CSFB's total revenues, a portion of which are generated by CSFB's investment banking activities.

Analyst's stock ratings are defined as follows:

Outperform: The stock's total return is expected to exceed the industry average* by at least 10-15% (or more, depending on perceived risk) over the next 12 months.

Neutral: The stock's total return is expected to be in line with the industry average* (range of $\pm 10\%$) over the next 12 months.

Underperform:** The stock's total return is expected to underperform the industry average* by 10-15% or more over the next 12 months.

*For Asia/Pacific, Latin America, and Emerging Markets, stock ratings are relative to the relevant country index (rather than the analyst's coverage universe).

**In an effort to achieve a more balanced distribution of stock ratings, the Firm has requested that analysts rate at least 15% of their universe as Underperform. This guideline is subject to change depending on several factors, including general market conditions.

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Analyst's coverage universe weightings are defined as follows:

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Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

The distribution of ratings (and banking clients) is:**Global Ratings Distribution***

Outperform	35%	(48% banking clients)
Neutral	42%	(41% banking clients)
Underperform	20%	(36% banking clients)
Restricted	3%	

**For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Price Target: (12 months) for (WMT)

Method: Target prices can be based on future earnings estimates, retail group performance expectations, discounted cash flow methodology, historic and/ or relative valuation multiples.

Risks: Changes in consumer spending and its components, retail industry competition, and general market risk.

CSFB and/or its affiliates have managed or co-managed a public offering of securities for the subject company (WMT) within the past 12 months.

CSFB and/or its affiliates have received investment banking related compensation from the subject company (WMT) within the past 12 months.

CSFB and/or its affiliates expect to receive or intend to seek investment banking related compensation from the subject company (WMT) within the next 3 months.

As of the date of this report, Pershing Trading Company, a CSFB affiliate, acts as a specialist on a regional exchange in the securities of the subject company (WMT).

Disclosures continue on next page.

AMSTERDAM.. 31 20 5754 890
 ATLANTA 1 404 897 2800
 BALTIMORE 1 410 659 8800
 BANGKOK..... 62 614 6000
 BEIJING..... 86 10 6410 6611
 BOSTON..... 1 617 556 5500
 BUDAPEST..... 36 1 202 2188
 BUENOS AIRES54 11 4394 3100
 CHICAGO 1 312 750 3000
 FRANKFURT 49 69 75 38 0
 HOUSTON 1 713 890 6700
 HONG KONG.... 852 2101 6000
 JOHANNESBURG27 11 343 2200

KUALA LUMPUR603 2143 0366
 LONDON..... 44 20 7888 8888
 MADRID..... 34 91 423 16 00
 MELBOURNE .. 61 3 9280 1888
 MEXICO CITY ... 52 5 283 89 00
 MILAN 39 02 7702 1
 MOSCOW 7 501 967 8200
 MUMBAI..... 91 22 230 6333
 NEW YORK..... 1 212 325 2000
 PALO ALTO..... 1 650 614 5000
 PARIS 33 1 53 75 85 00
 PHILADELPHIA1 215 851 1000

SAN FRANCISCO1 415 836 7600
 SÃO PAULO ..55 11 3841 6000
 SEOUL 82 2 3707 3700
 SHANGHAI 86 21 6881 8418
 SINGAPORE 65 6212 2000
 SYDNEY..... 61 2 8205 4433
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