

WAL-MART STORES NYSE-WMT

RECENT PRICE **54.34** P/E RATIO **29.2** (Trailing: 32.9 Median: 28.0) RELATIVE P/E RATIO **1.79** DIV'D YLD **0.6%** VALUE LINE

TIMELINESS 2 Raised 10/11/02
SAFETY 1 Raised 2/15/02
TECHNICAL 3 Raised 8/23/02
BETA 1.10 (1.00 = Market)



2005-07 PROJECTIONS
 Ann'l Total
 Price Gain Return
 High 100 (+85%) 17%
 Low 80 (+45%) 11%

Insider Decisions
 D J F M A M J J A
 to Buy 0 0 0 0 0 0 0 0
 Options 0 0 0 0 0 0 1 0
 to Sell 1 2 1 0 0 0 1 0

Institutional Decisions
 4Q2001 1Q2002 2Q2002
 to Buy 552 526 482
 to Sell 470 516 565
 Hlds(000) 1565378 1572371 1559051

Percent 6 shares 4 traded 2

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB, INC.	05-07
2.64	3.53	4.56	5.70	7.14	9.55	12.06	14.65	17.96	20.42	22.87	26.32	30.71	37.02	42.80	48.91	55.70	63.20	Sales per sh ^A	90.70
.13	.18	.23	.30	.36	.45	.57	.69	.82	.88	.99	1.15	1.41	1.81	2.05	2.25	2.60	2.95	"Cash Flow" per sh	4.45
.10	.14	.19	.24	.29	.35	.44	.51	.59	.60	.67	.78	.99	1.28	1.40	1.50	1.80	2.05	Earnings per sh ^B	3.15
.01	.02	.02	.03	.04	.04	.05	.07	.09	.10	.11	.14	.15	.19	.23	.27	.30	.32	Div'ds Decl'd per sh ^C	.45
.37	.50	.66	.88	1.17	1.52	1.90	2.34	2.77	3.22	3.74	4.13	4.71	5.80	7.01	7.88	9.20	10.75	Book Value per sh	16.85
4514.9	4520.9	4524.7	4529.1	4569.1	4596.1	4599.3	4597.5	4594.0	4586.0	4586.0	4482.0	4482.0	4457.0	4470.0	4453.0	4422.0	4390.0	Common Shs Outst'g ^D	4300.0
27.8	27.7	20.3	20.7	24.4	32.8	32.8	27.0	20.9	20.4	18.4	21.8	31.2	39.1	38.0	34.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	29.0
1.89	1.85	1.69	1.57	1.81	2.10	1.99	1.59	1.37	1.37	1.15	1.26	1.62	2.23	2.47	1.78			Relative P/E Ratio	1.95
4%	4%	5%	6%	5%	4%	4%	5%	7%	8%	9%	8%	5%	4%	4%	5%			Avg Ann'l Div'd Yield	.5%

CAPITAL STRUCTURE as of 7/31/02
 Total Debt \$23563 mill. Due in 5 Yrs \$13000 mill.
 LT Debt \$19079 mill. LT Interest \$1045 mill.
 Incl. \$2878 mill. capitalized leases.
 (LT interest earned: 9.9x; total interest coverage: 9.2x) (34% of Cap'l)

Leases, Uncapitalized Annual rentals \$625 mill.

Pension Liability None

Pfd Stock None

Common Stock 4,422,600,000 shs. (66% of Cap'l)
MARKET CAP: \$240 billion (Large Cap)

55484	67345	82494	93627	104859	117958	137634	165013	191329	217799	246400	277550	Sales (\$mill) ^A	390000
21.6%	21.9%	21.8%	21.6%	21.6%	22.2%	22.4%	22.9%	23.0%	22.7%	23.0%	23.2%	Gross Margin	23.5%
6.6%	6.6%	6.2%	5.8%	5.6%	5.8%	6.1%	6.6%	6.5%	6.2%	6.4%	6.5%	Operating Margin	6.7%
2136	2440	2759	2943	3054	3406	3599	3985	4189	4414	4845	5300	Number of Stores	6600
1994.8	2333.3	2681.0	2740.0	3056.0	3526.0	4430.0	5709.0	6295	6711	8010	9080	Net Profit (\$mill)	13650
37.0%	36.8%	37.1%	37.0%	37.0%	37.0%	37.4%	36.7%	36.5%	36.2%	36.5%	36.5%	Income Tax Rate	36.5%
3.6%	3.5%	3.3%	2.9%	2.9%	3.0%	3.2%	3.5%	3.3%	3.1%	3.3%	3.3%	Net Profit Margin	3.5%
3443.3	4708.4	5365.0	5877.0	7036.0	4892.0	4370.0	d1447	d2394	964	400	1000	Working Cap'l (\$mill)	2500
4845.0	7960.2	9709.0	10600	10016	9674.0	9607.0	16674	15655	18732	19800	20900	Long-Term Debt (\$mill)	24000
8759.2	10752	12726	14756	17143	18503	21112	25834	31343	35102	40600	47300	Shr. Equity (\$mill)	72500
15.8%	13.3%	13.4%	12.2%	12.6%	13.8%	15.6%	14.6%	14.5%	13.6%	14.0%	14.0%	Return on Total Cap'l	15.0%
22.8%	21.7%	21.1%	18.6%	17.8%	19.1%	21.0%	22.1%	20.1%	19.1%	19.5%	19.0%	Return on Shr. Equity	19.0%
20.0%	18.9%	18.0%	15.5%	15.0%	15.8%	17.7%	18.7%	16.7%	15.6%	16.0%	16.0%	Retained to Com Eq	16.5%
12%	13%	15%	17%	16%	17%	16%	16%	17%	19%	17%	16%	All Div'ds to Net Prof	14%

CURRENT POSITION	2000	2001	7/31/02
Cash Assets	2054	2161	2288
Receivables	1768	2000	1934
Inventory (LIFO)	21442	22614	24270
Other	1291	1471	1304
Current Assets	26555	28246	29796
Accts Payable	15092	15617	16983
Debt Due	6661	3148	4484
Other	7196	8517	8567
Current Liab.	28949	27282	30034

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '99-'01	to '05-'07
of change (per sh)				
Sales	19.0%	16.0%	13.5%	
"Cash Flow"	18.5%	18.0%	14.0%	
Earnings	17.0%	18.0%	14.5%	
Dividends	20.5%	19.0%	12.0%	
Book Value	19.0%	16.5%	16.0%	

Fiscal Year Begins	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year
	Apr.30	Jul.31	Oct.31	Jan.31	
1999	34717	38470	40432	51394	165013
2000	42985	46112	45676	56556	191329
2001	48052	52799	52738	64210	217799
2002	54960	59694	59400	72346	246400
2003	61900	67250	66900	81500	277550

Fiscal Year Begins	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Apr.30	Jul.31	Oct.31	Jan.31	
1999	.25	.31	.29	.43	1.28
2000	.29	.36	.30	.45	1.40
2001	.31	.37	.33	.49	1.50
2002	.37	.46	.40	.57	1.80
2003	.43	.52	.45	.65	2.05

Calendar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
1998	.0345	.039	.039	.039	.15
1999	.039	.05	.05	.05	.189
2000	.05	.06	.06	.06	.23
2001	.06	.07	.07	.07	.27
2002	.07	.075	.075	.075	

Wal-Mart is progressing in both its major growth endeavors. Supercenters, which average 185,000 square feet, now account for 50% of its domestic selling space, compared to 26% at the close of fiscal 1997, and that percentage ought to be around 70% during the 2005-2007 period. The appeal of their attractive prices and broad offerings of food, general merchandise, and services has enabled the company to gain market share from leading supermarket chains. Notably, Safeway's same-store sales declined in a recent quarter for the first time in nearly 10 years, and Winn-Dixie has closed 71 of its stores in two states, Oklahoma and Texas, in which Wal-Mart has a sizable presence. Also, International's overall store count should expand by at least 10% annually in the foreseeable future. The company purchased an interest in Japan's fifth-largest retailer, Seiyu, earlier this year.

Wal-Mart has enhanced its apparel offerings lately. The discounter recently introduced U.K.-based Asda's (acquired in 1999) fashionable *George* brand into its U.S. stores on a limited basis. Additional men's and women's clothing items under

network of distribution centers. McLane unit distributes goods to convenience stores. Total store space: about 515 mill. sq. ft.; sales per square foot in 2001: \$455. Has 1,383,000 employees. Off./ Dir. own 38.9% of shares (4/02 proxy). Chrmn.: S. Robson Walton. CEO and Pres.: H. Lee Scott. Inc.: DE. Address: Box 116, Bentonville, AR 72716. Tel.: 501-273-4000. Web: www.wal-mart.com.

this label are slated to be launched soon. Moreover, next year Wal-Mart will be able to sell *Levi's* jeans, which was a long sought-after goal.

The company's margins are improving, thanks largely to numerous measures to improve its global sourcing. A much-expanded global procurement program, launched in late 2001, was the main catalyst for enabling the gross margin to rebound to fiscal 2000's peak in the first half of this year (ends January 31st). The prime beneficiary of the lower product costs and logistic efficiencies was International; its operating profits jumped 68% on a 17% sales increase. Note that in keeping with its long-standing policy, Wal-Mart has reduced the retail prices of all the affected goods. Looking forward, management expects an increasing number of imported goods from China and India to help maintain this momentum. This, along with likely sales advances of 12%-13% in each of the next 3 to 5 years, suggests average annual earnings growth of about 15%.

This high-quality stock is timely at present.

David R. Cohen November 15, 2002

(A) Fiscal year ends Jan. 31st of following calendar year. Sales exclude rentals from licensed dealers.
 (B) Based on diluted shares. Excludes ex-trad. loss: '99, \$0.07; '01-Q2, \$0.01. Next earnings report due late February.
 (C) Next dividend meeting in early Dec. Goes ex in late Dec. Dividend payment dates: Jan. 5, April 9, July 9, Oct. 5.
 (D) In millions, adjusted for stock splits.
 Company's Financial Strength A++
 Stock's Price Stability 75
 Price Growth Persistence 70
 Earnings Predictability 95

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