



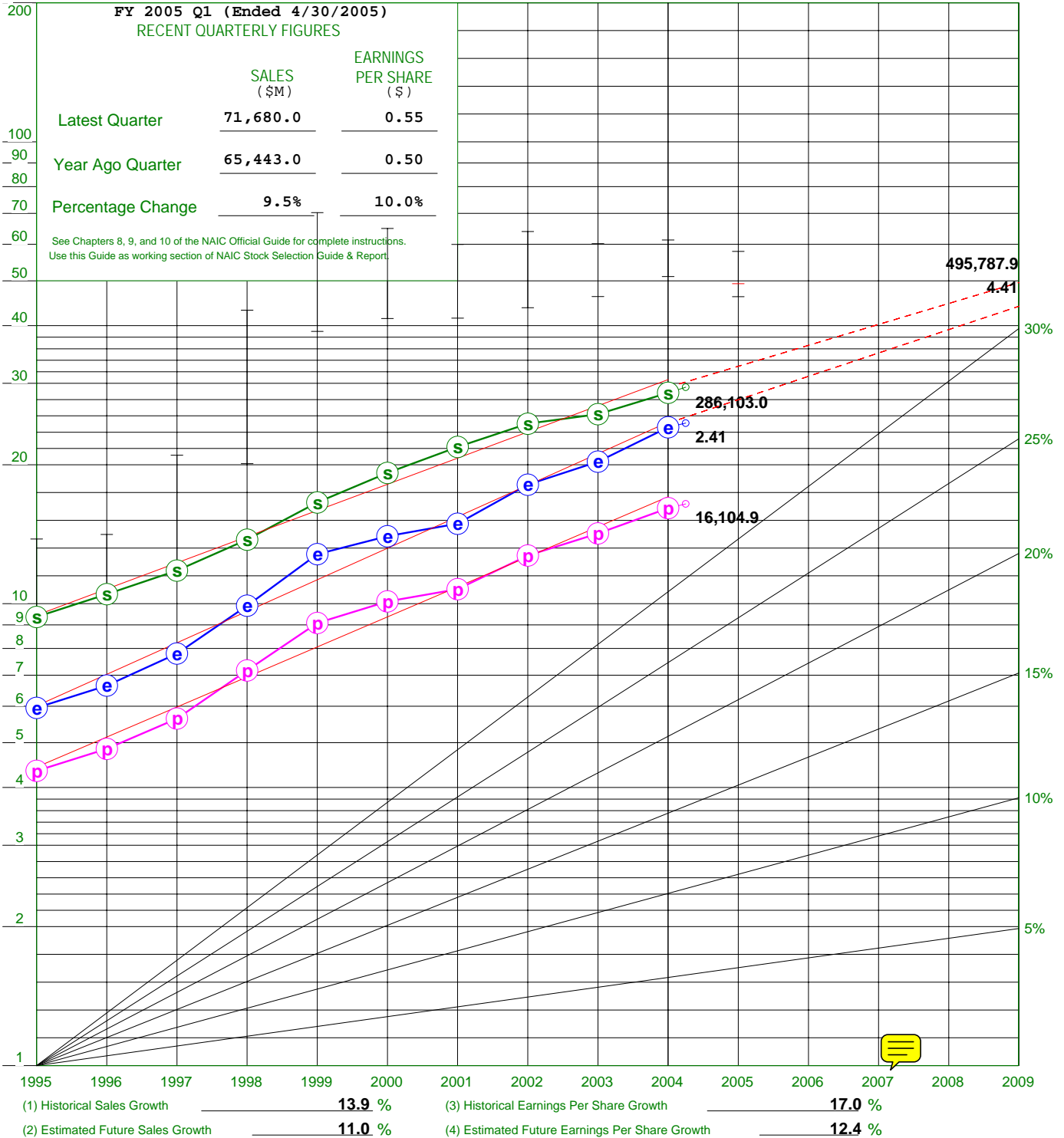
Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company	WAL-MART STORES		Date	08/05/05	
Prepared by	jah		Data taken from	NAIC Data	
Where traded	NYSE		Major product/service	Hypermarket	
CAPITALIZATION --- Outstanding Amounts			Reference		
Preferred (\$M)	0.0	% Insiders	%		
Common (M Shares)	4,182.0	% Institution	0.0		
Debt (\$M)	32,913.0	% to Tot.Cap.	40.3	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

WMT



2 EVALUATING MANAGEMENT

Company WAL-MART STORES (WMT)

08/05/05

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND		
												UP	DOWN	
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	4.6	4.6	4.8	5.2	5.5	5.3	4.9	5.2	5.5	5.6	5.3	EVEN	
B	% Earned on Equity (E/S ÷ Book Value)	18.5	17.7	18.9	20.9	22.1	20.8	18.9	20.2	20.1	20.7	20.0	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		49.320		HIGH THIS YEAR		57.890		LOW THIS YEAR		46.200		
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100					
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C								
1	2000	64.9	41.4	1.40	46.4	29.6	0.240	17.1	0.6					
2	2001	60.0	41.5	1.49	40.3	27.9	0.280	18.8	0.7					
3	2002	63.9	43.7	1.81	35.3	24.1	0.300	16.6	0.7					
4	2003	60.2	46.3	2.03	29.7	22.8	0.360	17.7	0.8					
5	2004	61.3	51.1	2.41	25.4	21.2	0.520	21.6	1.0					
6	TOTAL	224.0		90.4		68.1	91.8							
7	AVERAGE	44.8		30.1		22.7	18.4							
8	AVERAGE PRICE EARNINGS RATIO				26.4		9		CURRENT PRICE EARNINGS RATIO				20.0	

4 Proj. P/E [17.84] Based on Next 4 qtr. EPS [2.76] EVALUATING RISK and REWARD over the next 5 years

Current P/E Based on Last 4 qtr. EPS [2.46]

PEG=162

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E $\frac{30.1}{(3D7 \text{ as adj.})} = 25.3$ X Estimate High Earnings/Share 4.41 = Forecast High Price \$ 111.6 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E $\frac{22.7}{(3E7 \text{ as adj.})} = 17.5$ X Estimated Low Earnings/Share 2.41 = \$ 43.1

(b) Avg. Low Price of Last 5 Years = 44.8 (3B7)

(c) Recent Severe Market Low Price = 46.2

(d) Price Dividend Will Support $\frac{\text{Present Divd. } 0.600}{\text{High Yield (H) } 0.010} = 59.0$

Selected Estimate Low Price = \$ 43.1 (4B1)

C ZONING

111.6 (4A1) High Forecast Price Minus 43.1 (4B1) Low Forecast Price Equals 68.5 (C) Range. 1/3 of Range = 17.1 (4CD)

(4C2) Lower 1/3 = 43.1 (4B1) to 60.2 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 60.2 to 94.5 (Maybe)

(4C4) Upper 1/3 = 94.5 to 111.6 (4A1) (Sell)

Present Market Price of 49.320 is in the Buy (4C5) Range

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

High Price (4A1) 111.6 Minus Present Price 49.320 = 62.3 = 10.0 To 1
Present Price 49.320 Minus Low Price (4B1) 43.1 = 6.2 (4D)

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

High Price (4A1) 111.6
Present Market Price 49.320 = (2.263) X 100 = (226.3) - 100 = 126.3 (4E) % Appreciation

Relative Value: 75.8% Proj. Relative Value: 67.6%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.
A Present Full Year's Dividend \$ 0.600
Present Price of Stock \$ 49.320 = 0.012 X 100 = 1.2 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 3.49 X Avg. % Payout (3G7) 18.4 = 64.2 = 1.3 (5B) %
Present Price \$ 49.320

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E)	5	Average Yield (5B)	Average Total Annual Return Over the Next 5 Years (5C)	P.A.R.	Tot. Ret.
	126.3		1.3 %	25.3 %	0.9	0.7
			1.3 %	26.6 %	13.9	17.7
					14.7	18.5

Trailing 4 quarters

PERT Worksheet-A Graph

Company WAL-MART STORES (WMT)

