

Investment Theme

Investing in companies with very strong fundamentals and solid business model that has excelled in this highly competitive industry. Rigorous practicing of value investing method to identify the outstanding companies that are currently undepreciated.

Overview

Wal-Mart is the largest retailer in the world with more than \$400 billion in annual revenue and fast approaching 10,000 stores across the globe. In U.S., the company mainly operates supercenters, discount retail stores, wholesale warehouse clubs (Sam's Club) and is testing a smaller store format for urban areas (Wal-Mart Express and Neighborhood Market), which the company has yet to penetrate. Its international businesses are operated in South Africa, Argentina, Brazil, Canada, Central America, Chile, China, Japan, Mexico, U.K., and India (via joint venture). The largest component of sales come from supermarket-related grocery sales, followed by entertainment, hardline, health and wellness, apparel, and home products.

The major growth drivers include both store footage expansion as well as comparable-store sales. Currently Wal-Mart is running at over 1 million square feet retail area globally and over the past few years the number has been growing at an impressive rate of 8%. In U.S., the company has also recently launched a campaign to refocus on everyday-low-price (EDLP) in order to improve performance at existing locations and maximizing the store volumes. In its international operations, rapid square footage growth (low double digit to high single digit) is still No.1 priority and Wal-Mart is using both acquisition and joint venture to drive the business expansion. Some recent high-profile events included purchase of 51% equity of Massmart, a whole sale operator in South Africa completed in June 2012 and purchase of 51% equity of Yihaodian, a leading online retail operator in China announced in October 2012.

Wal-Mart, trading at \$71.90, results in a P/E ratio of approximately 14.8x based on current-year EPS estimates of approximately \$4.86. The provided discounted cash flow valuation that assumes a 3% five year compounded annual growth rate and a WACC of 5.4%, resulting in an intrinsic value of \$110.07.

The major risks for the business of Wal-Mart include general economic situation, consumer confidence, foreign currency rate change, and recent litigation risk concerning potential bribery behaviors of its Mexican officials.

2013 Q3 Results

Wal-Mart registered a net sale of \$113.2 billion and EPS of \$1.08 for fiscal year 2013 quarter 3 ending in Oct 31st, 2012, which were both in line with Wall Street expectations. Except for the Sam's Club, all major business lines' performance met with management guidance. Wal-Mart was also well poised for the holiday seasons with increased inventory on hot items such as iPads and expected a strong Q4 results.



Recommendation: BUY

Total Annual Return Est.:

3 year FV	24.0%
5 year FV	14.7%

Financial Snapshot:

Price	\$72.25
DCF Value	\$131.32
Buy Target	\$111.62
Sell Target	\$151.02
P/E	14.9x
Forward P/E	13.8x
Div Yield	2.2%
Market Cap	\$242.8 Billion
52 Wk Range	\$57 - \$77
EPS Growth	9.5%
PEG	1.58
Credit	AA
Current Ratio	0.9

Investment Thesis

With over 100 million people walking into Wal-Mart stores every week, the company is a dominant player in many of the markets in which it competes. Historically acquisitions and joint ventures have fueled international growth and the company grew square footage at least 8% annually. However, faced with increasing competition, Wal-Mart recently reinforced its everyday-low-price strategy and is now shifting capital to higher-return domestic stores at the expense of lower-return international new store openings. Such moves will benefit the bottom line and drive substantial free cash flow growth, enabling continued use for dividends and share buybacks.

Pros

- Recent U.S. economic challenges position the hypermarkets and super centers to gain market share given their price advantage compared to more traditional retail formats.
- Wal-Mart ended a streak of nine consecutive quarters of negative comparable store sales growth in its U.S. operations in Q3 2011, and results further improved since then. Through major cost cuts (increasing warehouse productivity and streamlining transportation), Wal-Mart is re-focusing on everyday-low-price strategy and has brought traffic up and drove sales of general merchandise.
- The new e-commerce strategy is encouraging. Wal-Mart is leveraging its 4,000 stores as points of distribution to test same-day delivery (Wal-Mart To Go) against Amazon. A new mobile app will allow Wal-Mart customers to locate any product in a store. Wal-Mart has also built a new search engine for its website called "Polaris" to increase sales conversion.
- Wal-Mart Express is in test phase. The small-format stores combine food, pharmacy, and convenience items and is slated to become profitable in a year. Such move, together with fast expansion of Neighborhood Market stores, will assist Wal-Mart penetrate into the top 15 metropolitan markets where real estate constraints make it difficult to open large supercenters.

Industry Trends

The fundamental outlook of the hypermarkets & super centers industry for the next 12 months is positive. YTD S&P hypermarkets & super centers Index rose 24.1%, versus a 15.8% increase in S&P 500. Earnings growth will be achieved by modest sales growth and improved operating efficiencies leading to margin expansion. Utilization of free cash flow through share repurchases will further drive EPS growth in 2012.

Business Summary

Wal-Mart is the largest retailer in the world with more than \$400 billion in annual revenue and fast approaching 10,000 stores across the globe. The company mainly operates supercenters (Wal-Mart US with \$264 billion sales and Wal-Mart International with \$125 billion sales), followed by wholesale warehouse clubs (Sam's club with \$53 billion sales). It also is testing a smaller store format (Wal-Mart Express) for urban areas.

Management Review

The current President and CEO Mike Duke took office in 2009 after running the Wal-Mart international for four years and has led a very strong management team to keep the core focus on "saving people money so they can live better" for every customer. Under his leadership, Wal-Mart has experienced a rapid expansion of its international footprints into both mature and emerging markets and solidified its dominant position in global retailer industry. Duke is accompanied by a team of highly dedicated executives, including our UConn MBA alumni Bill Simon, who heads the Wal-Mart U.S. Some newly appointed officers such as head of Global eCommerce Neil Ashe are also veteran business professionals in their respective areas.

Financial Trend

Financial trends over the past few years for Wal-Mart has been very healthy. The compounded annual growth rate (CAGR) for sales and net income of last 3 years are 4.59% and 5.58%, respectively. The growth of net income has consistently outperformed the growth of revenue, indicating strong management control and cost cutting initiatives. The CAGR in EPS for the last 3 years (through fiscal year 2012) is 10%, indicating moderate sales growth, lower

share number, and improving operating margins. We are quite confident with current management team, Wal-Mart can continue to grow at such a pace or even trend higher for the next 3 to 5 years.

Financial Health

Wal-Mart has maintained a very strong balance sheet with decent amount of cash in hand for inorganic growth need as well as stock repurchase and dividend to enhance the return for shareholders. The current ratio has kept at 0.9 consistently for past decade indicating reasonable liquidity and well managed cash flow. With a credit rating of AA the company can secure debt financing at very low cost and the long-term debt has steadily increased over the past few years.

Competitive Analysis

Wal-Mart is operating in one of the most competitive industries and succeeds in establishing its market leadership positions. By rigorously practicing the “Everyday Low Price” strategy, Wal-Mart is able to fend off the competition from the thrifty chain stores such as Dollar Tree. Wal-Mart is also improving its online business with newly created division of global eCommerce and testing same-city same-day delivery service to take up the competition with online retailer giant Amazon. Finally, the smaller storefront formats Neighborhood Market and Wal-Mart Express will lead Wal-Mart’s entry into the urban market and challenge grocery stores such as Safeway.

Risk Factors

- Overall U.S. and world economy is recovering from the worst economic downturn of more than a decade; however the pace is slow and economic health remains fragile. The general instability of economic situation directly impacts the buying power and confidence of customers.
- Most of Wal-Mart products are imports from the developing countries such as India and China. With rising costs in terms of both raw material cost and more evidently labor cost, Wal-Mart could have difficulty in maintaining their razor-thin profit margin.
- Foreign currency exchange rates changes, particularly rising dollars, will be unfavorable to sales and earnings over the next several quarters for Wal-Mart with 30% business in foreign operations.
- An investigation into alleged violations of anti-bribery laws by Wal-Mart de Mexico is ongoing. It will take a while for an independent audit committee to determine whether local managers bribed officials for permits, and if U.S. executives knew about it. Its effects on management and investor confidence remain to be determined.

DCF Valuation Model

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	-4	-3	-2	-1	0	1	2	3	4	5
Assumptions %										
Revenue Growth		6.9%	0.9%	3.4%	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%
COGS/Sales	74.0%	73.5%	72.8%	72.8%	73.2%	73.0%	73.0%	73.0%	73.0%	73.0%
SGA/Sales	18.6%	19.2%	19.5%	19.3%	19.1%	19.0%	19.0%	19.0%	19.0%	19.0%
Tax/NIBT	31.7%	31.3%	29.5%	29.7%	29.9%	30.4%	30.4%	30.4%	30.4%	30.4%
Current Assets/Sales	12.7%	12.1%	11.8%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%
Current Liabilities/Sales	15.5%	13.7%	13.6%	13.9%	13.9%	14.1%	14.1%	14.1%	14.1%	14.1%
Depreciation/Capex	42.3%	58.6%	58.7%	60.2%	60.2%	56.0%	56.0%	56.0%	56.0%	56.0%
Interest Exp/LTD	6.7%	6.6%	5.9%	5.2%	5.1%	5.9%	5.9%	5.9%	5.9%	5.9%
Capex/Sales	3.9%	2.8%	3.0%	3.0%	3.0%	3.2%	3.2%	3.2%	3.2%	3.2%
Dividends/FCF	21.4%	54.6%	32.1%	37.1%	36.3%	36.2%	40.6%	41.7%	42.8%	43.7%
Discounted Cash Flow										
Operating Profit	21764.0	22798.0	24262.0	25542.0	26558.0	#####	29436.4	30319.5	31229.1	32166.0
Taxes	6889.0	7145.0	7156.0	7579.0	7944.0	8688.0	8948.7	9217.1	9493.6	9778.5
NOPAT	14875.0	15653.0	17106.0	17963.0	18614.0	#####	20487.8	21102.4	21735.5	22387.5
Depreciation	6317.0	6739.0	7157.0	7641.0	8130.0	8249.6	8497.1	8752.0	9014.6	9285.0
Capex	14937.0	11499.0	12184.0	12699.0	13510.0	#####	15173.4	15628.6	16097.5	16580.4
Change In NWC	-10458.0	4017.0	-1070.0	920.0	-734.0	-1421.8	-262.4	-270.3	-278.4	-286.7
FCF	16713.0	6876.0	13149.0	11985.0	13968.0	#####	14073.9	14496.1	14931.0	15378.9
Terminal Growth Rate										2.0%
Terminal Value										548,410
PV of Cash Flows						#####	12,799	12,572	12,349	12,130
PV of Terminal Value										432,563
PV Enterprise Value										496,558
Plus: Cash										6,552
Less: LTD										46,898
Equity Value										456,212
Current Shares Outstanding										3,474
Equity Value Per Share										131.32

Comparative Valuation Analysis

	WMT	PVT1	COST	TGT	Industry
Market Cap:	254.19B	N/A	40.99B	40.75B	7.58B
Employees:	2,200,000	412,464 ¹	N/A	365,000	13.20K
Qtrly Rev Growth (yoy):	0.05	N/A	0.14	0.03	0.07
Revenue (ttm):	460.71B	104.18B ¹	99.14B	71.34B	6.97B
Gross Margin (ttm):	0.25	N/A	0.12	0.30	0.30
EBITDA (ttm):	35.70B	N/A	3.58B	7.47B	910.35M
Operating Margin (ttm):	0.06	N/A	0.03	0.07	0.06
Net Income (ttm):	16.30B	523.10M ¹	1.71B	2.94B	N/A
EPS (ttm):	4.74	N/A	3.89	4.36	2.67
P/E (ttm):	15.94	N/A	24.37	14.26	18.18
PEG (5 yr expected):	1.69	N/A	1.72	1.18	1.41
P/S (ttm):	0.56	N/A	0.42	0.58	0.81

Pvt1 = Carrefour SA
COST = Costco Wholesale Corporation
TGT = Target Corp.
Industry = Discount, Variety Stores

WACC Calculation

WACC Calculation	
Marginal tax rate	33%
Risk free rate	1.64%
Market risk premium	5.90%
Beta	0.60
Cost of equity	5.18%
Cost of debt pre-tax	5.08%
After tax cost of debt	3.40%
Share price	\$72.3
Market capitalization	242,760
Total debt	53,246
Total capital	296,006
% equity capital	82.0%
% debt capital	18.0%
Weighted average cost of capital	4.86%
Cost of Debt Calculator	
Coupon	4.125%
Settlement	5/15/2011
Maturity	5/15/2021
Price	113.3
YTM	2.60%
Cost of Debt: Financial Statements	
Int Exp/LTD	5.1%

Total Return Calculation

Total Return Calculation	
Current Price	\$72.25
Fair Value	\$131.32
Div 1	\$ 1.60
Div 2	\$ 1.70
Div 3	\$ 1.80
Div 4	\$ 1.90
Div 5	\$ 2.00
Ttl Ann Ret 3 yr to FV	24.0%
Ttl Ann Ret 5 yr to FV	14.7%

Valuation Assumptions

Est. 2012 EPS	\$5.25
Est. 2013 EPS	\$6.04
Est. Revenue Growth	3%
Terminal Growth Rate	2%
Tax Rate	33%
WACC	5.36%

Income Statement Projection

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
	-4	-3	-2	-1	0	1	2	3	4	5	CAGR
Consolidated Income Statement											
Sales	378,288.0	404,374.0	408,085.0	421,849.0	446,950.0	460,358.5	474,169.3	488,394.3	503,046.2	518,137.5	3.0%
COGS	280,033.0	297,317.0	297,287.0	307,305.0	326,997.0	336,061.7	346,143.6	356,527.9	367,223.7	378,240.4	3.0%
Gross profit	98,255.0	107,057.0	110,798.0	114,544.0	119,953.0	124,296.8	128,025.7	131,866.5	135,822.5	139,897.1	3.1%
Gross Margin	26%	26%	27%	27%	27%	27%	27%	27%	27%	27%	0.1%
SG&A	70,174.0	77,520.0	79,379.0	81,361.0	85,265.0	87,468.1	90,092.2	92,794.9	95,578.8	98,446.1	2.9%
EBITDA	28,081.0	29,537.0	31,419.0	33,183.0	34,688.0	36,828.7	37,933.5	39,071.5	40,243.7	41,451.0	3.6%
Depreciation	6,317.0	6,739.0	7,157.0	7,641.0	8,130.0	8,249.6	8,497.1	8,752.0	9,014.6	9,285.0	2.7%
Operating profit (EBIT)	21,764.0	22,798.0	24,262.0	25,542.0	26,558.0	28,579.1	29,436.4	30,319.5	31,229.1	32,166.0	3.9%
Operating Margin	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	0.9%
Taxes	6,889.0	7,145.0	7,156.0	7,579.0	7,944.0	8,688.0	8,948.7	9,217.1	9,493.6	9,778.5	4.2%
Interest Expense	2,253.0	2,272.0	2,150.0	2,268.0	2,382.0	2,265.0	205.2	205.2	205.2	205.2	
Net income	12,622.0	13,381.0	14,956.0	15,695.0	16,232.0	17,626.0	20,282.6	20,897.2	21,530.3	22,182.3	6.4%
Net Margin	3%	3%	4%	4%	4%	4%	4%	4%	4%	4%	3.3%
Shareholder information											
Average no. of shares outstanding	4,072.0	3,951.0	3,877.0	3,670.0	3,474.0	3,360.0	3,360.0	3,360.0	3,360.0	3,360.0	-0.7%
Dividends	3,583.4	3,753.5	4,225.9	4,440.7	5,072.0	5,376.0	5,712.0	6,048.0	6,384.0	6,720.0	5.8%
Earnings per share	3.1	3.4	3.9	4.3	4.7	5.25	6.04	6.2	6.4	6.6	7.2%
diluted EPS	0.9	1.0	1.1	1.2	1.5	1.6	1.7	1.8	1.9	2.0	6.5%

Historical Financial Data
Income Statement

	01/31/2012 USD	01/31/2011 USD restated	01/31/2010 USD restated	01/31/2009 USD restated	01/31/2008 USD restated
Income Statement					
Net Sales or Revenues	446,950.0	421,849.0	408,085.0	404,374.0	378,288.0
Operating Expenses - Total	420,392.0	396,307.0	383,823.0	381,576.0	356,524.0
Cost of Goods Sold	326,997.0	307,305.0	297,287.0	297,317.0	280,033.0
Selling, General & Admin Expenses	85,265.0	81,361.0	79,379.0	77,520.0	70,174.0
Depreciation, Depletion & Amortization	8,130.0	7,641.0	7,157.0	6,739.0	6,317.0
Other Operating Expenses	0.0	0.0	0.0	0.0	0.0
Operating Income	26,558.0	25,542.0	24,262.0	22,798.0	21,764.0
Extraordinary Credit - Pretax	0.0	0.0	0.0	0.0	0.0
Extraordinary Charge - Pretax	0.0	0.0	260.0	-	-
Non-Operating Interest Income	162.0	201.0	181.0	284.0	309.0
Interest Expense On Debt	2,382.0	2,268.0	2,150.0	2,272.0	2,253.0
Pretax Equity In Earnings	0.0	0.0	0.0	-	0.0
Reserves- Increase(Decrease)	0.0	0.0	0.0	0.0	0.0
Other Income/Expense - Net	0.0	0.0	0.0	0.0	188.0
Interest Capitalized	60.0	63.0	85.0	88.0	150.0
Pretax Income	24,398.0	23,538.0	22,118.0	20,898.0	20,158.0
Income Taxes	7,944.0	7,579.0	7,156.0	7,145.0	6,889.0
Minority Interest	688.0	604.0	513.0	499.0	406.0
Equity In Earnings	0.0	0.0	0.0	0.0	0.0
After Tax Other Income/Expense	0.0	0.0	0.0	0.0	0.0
Discontinued Operations	(67.0)	1,034.0	(79.0)	146.0	(132.0)
Net Income Before Extra Items/Preferred Div	15,699.0	16,389.0	14,370.0	13,400.0	12,731.0
Extr Items & Gain(Loss) Sale of Assets	0.0	0.0	0.0	0.0	-
Net Income Before Preferred Dividends	15,699.0	16,389.0	14,370.0	13,400.0	12,731.0
Preferred Dividend Require	0.0	0.0	0.0	0.0	0.0
Net Income to Common Shareholder:	15,699.0	16,389.0	14,370.0	13,400.0	12,731.0
EPS Incl Extraordinary Items	4.5	4.5	3.7	3.4	3.1
EPS - Continuing Operations	4.5	4.2	3.7	3.4	3.2
Dividend Per Share	1.5	1.2	1.1	1.0	0.9
Common Shares Used to Calc Diluted EPS	3,474,000,000.0	3,670,000,000.0	3,877,000,000.0	3,951,000,000.0	4,072,000,000.0

Historical Financial Data
Balance Sheet

Annual Balance Sheet					
	01/31/2012	01/31/2011	01/31/2010	01/31/2009	01/31/2008
	USD	USD	USD	USD	USD
		restated	restated	restated	restated
Assets					
Cash & ST Investments	6,552.0	7,395.0	7,907.0	7,275.0	5,492.0
Receivables (Net)	5,937.0	5,089.0	4,144.0	3,905.0	3,642.0
Inventories - Total	40,714.0	36,437.0	32,713.0	34,511.0	35,159.0
Prepaid Expenses	-	-	-	-	-
Other Current Assets	1,772.0	3,091.0	3,268.0	3,258.0	3,727.0
Current Assets - Total	54,975.0	52,012.0	48,032.0	48,949.0	48,020.0
Other Investments	588.0	738.0	735.0	0.0	0.0
Property Plant & Equipment - Net	112,324.0	107,878.0	102,307.0	95,653.0	96,867.0
Other Assets	24,781.0	19,827.0	19,002.0	18,625.0	18,627.0
Total Assets	192,668.0	180,455.0	170,076.0	163,227.0	163,514.0
Liabilities					
Accounts Payable	36,608.0	33,676.0	30,451.0	28,849.0	30,344.0
ST Debt & Current Portion of LT Debt	6,348.0	6,022.0	4,919.0	7,669.0	11,269.0
Accrued Payroll	5,089.0	5,895.0	5,886.0	5,577.0	10,478.0
Income Taxes Payable	1,205.0	174.0	1,381.0	701.0	1,000.0
Dividends Payable	-	-	-	-	-
Other Current Liabilities	13,050.0	12,836.0	12,806.0	12,594.0	5,387.0
Current Liabilities - Total	62,300.0	58,603.0	55,543.0	55,390.0	58,478.0
Long Term Debt	46,898.0	43,575.0	36,141.0	34,549.0	33,402.0
Provision for Risks & Charges	664.0	803.0	588.0	0.0	0.0
Deferred Income	-	-	-	-	-
Deferred Taxes	3,879.0	3,314.0	2,391.0	2,874.0	5,087.0
Deferred Tax Liability In Untaxed Reserves	-	-	-	-	-
Other Liabilities	2,762.0	2,505.0	2,458.0	2,938.0	0.0
Total Liabilities	116,503.0	108,800.0	97,121.0	95,751.0	96,967.0
Shareholders' Equity					
Non-Equity Reserves	0.0	0.0	0.0	0.0	-
Minority Interest	4,850.0	3,113.0	2,487.0	2,191.0	1,939.0
Common Equity	71,315.0	68,542.0	70,468.0	65,285.0	64,608.0
Total Shareholders Equity	71,315.0	68,542.0	70,468.0	65,285.0	64,608.0
Total Liabilities & Shareholders Equity	192,668.0	180,455.0	170,076.0	163,227.0	163,514.0
Common Shares Outstanding	3,418.0	3,516.0	3,786.0	3,925.0	3,973.0

Historical Financial Data
Cash Flow Statement

	01/31/2012 USD	01/31/2011 USD restated	01/31/2010 USD restated	01/31/2009 USD restated	01/31/2008 USD restated
Operations					
Net Income / Starting Line	15,699.0	-	-	-	-
Depreciation, Depletion & Amortization	8,130.0	7,641.0	7,157.0	6,739.0	6,317.0
Deferred Income Taxes & Investment Tax Cr	1,050.0	651.0	(504.0)	581.0	(8.0)
Other Cash Flow	1,153.0	657.0	910.0	1,122.0	1,042.0
Funds From Operations	26,032.0	25,338.0	21,881.0	21,842.0	19,794.0
Extraordinary Items	0.0	0.0	0.0	0.0	0.0
Funds From/For Other Operating Activities	(1,777.0)	(1,695.0)	4,368.0	1,305.0	560.0
Net Cash Flow – Operating Activities	24,255.0	23,643.0	26,249.0	23,147.0	20,354.0
Investing					
Capital Expenditures (Addition to Fixed Assets)	(13,510.0)	(12,699.0)	(12,184.0)	(11,499.0)	(14,937.0)
Additions To Other Assets	0.0	-	0.0	0.0	0.0
Net Assets From Acquisitions	(3,548.0)	(202.0)	0.0	0.0	0.0
Increase In Investments	0.0	-	0.0	(1,576.0)	(1,338.0)
Decrease In Investments	0.0	-	0.0	0.0	0.0
Disposal of Fixed Assets	580.0	489.0	1,002.0	714.0	957.0
Other Use/(Source) – Investing	131.0	(219.0)	438.0	(1,619.0)	352.0
Net Cash Flow – Investing	(16,609.0)	(12,193.0)	(11,620.0)	(10,742.0)	(15,670.0)
Financing					
Com/Prfd Purchased	(6,298.0)	(14,776.0)	(7,276.0)	(3,521.0)	(7,691.0)
Long Term Borrowings	5,050.0	11,396.0	5,546.0	6,566.0	11,167.0
Reduction In Long Term Debt	(4,939.0)	(4,443.0)	(6,379.0)	(5,739.0)	(9,066.0)
Inc(Dec) In Short Term Borrowings	3,019.0	503.0	(1,033.0)	(3,745.0)	2,376.0
Cash Dividends Paid – Total	(5,048.0)	(4,437.0)	(4,217.0)	(3,746.0)	(3,586.0)
Other Source (Use) – Financing	(242.0)	(271.0)	(832.0)	267.0	(334.0)
Net Cash Flow – Financing	(8,458.0)	(12,028.0)	(14,191.0)	(9,918.0)	(7,134.0)
Effect of Exchange Rate On Cash	(33.0)	66.0	194.0	(781.0)	252.0
Inc(Dec) In Cash & Short Term Invest	(845.0)	(512.0)	632.0	1,706.0	(2,198.0)

Historical Financial Data
Key Ratios

	01/31/2012 USD	01/31/2011 USD restated	01/31/2010 USD restated	01/31/2009 USD restated	01/31/2008 USD restated
Valuation Measures					
Market Cap	204,259.7	189,617.9	202,361.7	220,035.5	188,836.7
Net Sales or Revenues	446,950.0	421,849.0	408,085.0	404,374.0	378,288.0
Total Debt	53,246.0	49,597.0	41,060.0	42,218.0	44,671.0
Net Assets	192,668.0	180,455.0	170,076.0	163,227.0	163,514.0
Enterprise Value	261,272.5	242,457.1	238,186.0	222,080.0	242,631.0
EBITDA	34,850.0	33,384.0	31,340.0	29,821.0	28,578.0
EBIT	26,720.0	25,743.0	24,183.0	23,082.0	22,261.0
Capital Expenditure	13,510.0	12,699.0	12,184.0	11,499.0	14,937.0
Valuation					
Price/Earnings	13.6	12.5	14.4	13.9	16.2
Price/Sales	0.5	0.5	0.5	0.5	0.5
Price/Cash Flow	8.2	-	-	-	-
Price/Book Value	2.9	2.9	2.9	2.8	3.1
Price/Tangible BV	4.1	3.8	3.7	-	-
Enterprise Value					
Enterprise Value / Sales	0.6	0.6	0.6	0.5	0.6
Enterprise Value / EBITDA	7.5	7.3	7.6	7.4	8.5
Enterprise Value / EBIT	9.8	9.4	9.8	9.6	10.9
Enterprise Value / Cash Flow	10.0	9.6	10.9	10.2	12.1
Enterprise Value / Free Cash Flow	45.9	37.3	24.2	28.1	132.5
Credit Statistics					
Total Debt / Enterprise Value	0.2	0.2	0.2	0.2	0.2
Net Debt / Enterprise Value	0.2	0.2	0.1	0.2	0.2
Total Debt / EBITDA	1.5	1.5	1.3	1.4	1.6
Net Debt / EBITDA	1.3	1.3	1.1	1.2	1.4
EBITDA / Interest Expense	14.6	14.7	14.6	13.1	12.7
EBITDA - Capex / Interest Expense	9.0	9.1	8.9	8.1	6.1
EBIT / Interest Expense	11.2	11.4	11.2	10.2	9.9
Liquidity Leverage					
Quick Ratio	0.2	0.2	0.2	0.2	0.2
Current Ratio	0.9	0.9	0.9	0.9	0.8
Cash Flow / Current Liabilities	0.4	0.4	0.5	0.4	0.3
Long Term Debt / Equity	65.8	63.6	51.3	52.9	51.7
Total Debt / Equity	74.7	72.4	58.3	64.7	69.1
Long Term Debt / Total Capital	38.1	37.8	33.1	33.9	33.4
Total Debt / Total Capital	41.1	40.9	36.0	38.5	40.2
Working Capital / Total Capital	(6.0)	(5.7)	(6.9)	(6.3)	(10.5)
Profitability Ratios					
Gross Margin	25.02%	25.34%	25.40%	24.81%	24.30%
Gross Margin - 5 Yr Average	24.90%	-	-	-	-
EBITDA Margin	7.80%	7.91%	7.68%	7.37%	7.55%
EBITDA Margin - 5 Yr Average	7.66%	7.61%	7.51%	7.48%	7.49%
EBIT Margin	5.98%	6.10%	5.93%	5.71%	5.88%
EBIT Margin - 5 Yr Average	5.92%	5.91%	5.87%	5.89%	5.93%
Pre-Tax Margin	5.46%	5.58%	5.42%	5.17%	5.33%
Pre-Tax Margin - 5 Yr Average	5.39%	-	-	-	-
Net Margin	3.51%	3.89%	3.52%	3.31%	3.37%
Net Margin - 5 Yr Average	3.52%	-	-	-	-

Historical Financial Data

Key Ratios (continued)

Efficiency Ratios

Sales Per Employee	0.2	0.2	-	0.2	-
Operating Profit Per Employee	0.0	0.0	0.0	0.0	0.0
Net Income Per Employee	0.0	0.0	0.0	0.0	0.0
Assets Per Employee	0.1	0.1	-	0.1	-
Total Asset Turnover	2.3	2.3	2.4	2.5	2.3
Inventory Turnover	8.5	-	-	-	-
Receivable Turnover	81.1	91.4	101.4	107.2	116.7
Payable Turnover	9.3	9.6	10.0	10.0	9.5

Management Effectiveness

Return on Equity	22.45%	23.58%	21.08%	20.63%	20.18%
Return on Equity - 5 Yr Average	21.58%	21.03%	20.69%	20.89%	21.13%
Return On Assets	9.22%	10.17%	9.40%	9.07%	8.95%
Return On Assets - 5 Yr Average	9.36%	9.24%	9.09%	9.16%	9.29%
Return On Invested Capital	13.73%	15.15%	13.98%	13.42%	13.18%
Return On Invested Capital - 5 Yr Average	13.89%	13.69%	13.43%	13.51%	13.64%

Dividend Ratios

Dividend Per Share	1.5	-	-	-	-
Dividend Yield	2.38%	-	-	-	-
Dividend Payout Ratio	32.30%	-	-	-	-

Growth Rates

Sales	5.95%	3.37%	0.95%	7.22%	8.59%
Sales - 5 Yr	5.09%	5.97%	7.23%	9.41%	8.96%
EBITDA	4.39%	6.52%	5.09%	4.35%	8.93%
EBITDA - 5 Yr	5.84%	7.18%	7.77%	9.39%	-
Net Income	(4.21%)	14.05%	6.98%	5.25%	12.82%
Net Income - 5 Yr	6.83%	7.85%	6.90%	8.16%	9.63%
EPS	1.12%	20.81%	10.78%	5.70%	9.34%
EPS - 5 Yr	9.36%	10.77%	8.95%	10.47%	11.79%
Capital Expenditure	6.39%	4.23%	5.96%	(23.02%)	(4.65%)
Capital Expenditure - 5 Yr	(2.92%)	(2.66%)	(1.12%)	2.21%	-
Research & Development	(100.00%)	(100.00%)	(100.00%)	(100.00%)	(100.00%)
Research & Development - 5 Yr	-	-	-	-	-

Stock Performance

Price Close	61.4	56.1	53.4	47.1	50.7
% Change	9.43%	4.94%	13.39%	(7.13%)	6.40%
Total Return	12.04%	7.21%	15.70%	(5.26%)	8.24%