

**Wal-Mart  
1989  
Annual  
Report**

Fiscal Year Ending January 31, 1989

**WAL-MART**  
ALWAYS THE LOW PRICE  
ON THE BRANDS YOU TRUST.  
**ALWAYS.**

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# Financial Highlights

(Dollar amounts in thousands except per share data)

January 31,	1989	1988
Net sales .....	\$ 20,649,001	\$ 15,959,255
Net income .....	837,221	627,643
Net income per share.....	1.48	1.11
Working capital .....	1,565,078	1,161,382
Current ratio .....	1.8	1.7
Common shareholders' equity .....	3,007,909	2,257,267
Common stock outstanding at year end .....	565,591,010	565,111,944

Stores in operation at year end:		
Wal-Mart Stores .....	1,259	1,114
Sam's Wholesale Clubs .....	105	84

## MARKET PRICE OF COMMON STOCK

Fiscal years ended January 31,

Quarter	1989		1988	
	High	Low	High	Low
April 30	\$30.75	\$25.13	\$30.19	\$24.19
July 31	33.88	25.88	37.87	26.56
October 31	33.38	28.75	42.87	22.00
January 31	33.75	29.25	29.62	20.00

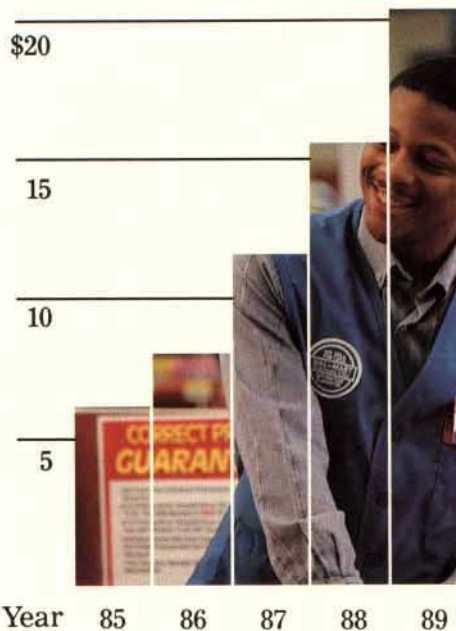
## DIVIDENDS PAID PER SHARE OF COMMON STOCK

Fiscal years ended January 31,

	1989	1988	
	Quarterly	Quarterly	
April 11	\$.04	April 10	\$.03
July 8	.04	July 10	.03
October 3	.04	October 2	.03
January 2	.04	January 4	.03

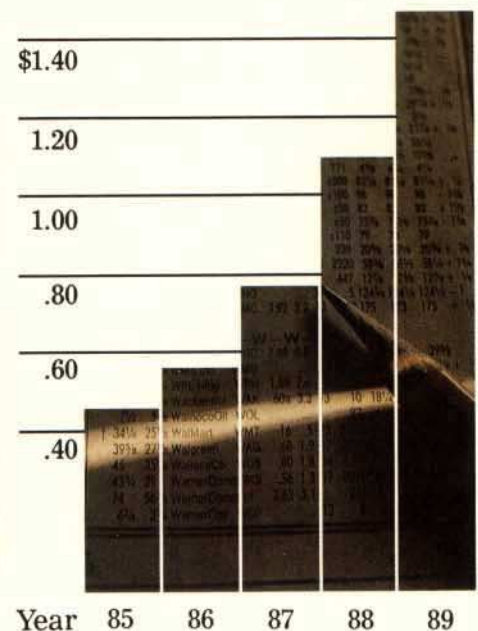
## Net Sales

(Billions of Dollars)



## Net Income Per Share

(Dollars)





Don

David

## Fellow Shareholder:

We are proud to report that Wal-Mart set new sales and earnings records in fiscal 1989 while accelerating our new store program and strengthening the Company for the long-term benefit of our shareholder-customer-associate partnership.

### For our shareholder:

□ We increased our sales 29 percent to \$20.649 billion from \$15.959 billion. Comparable stores, those units which were open twelve months as of January 31, 1988, increased sales 12 percent which follow increases of 11 and 13 percent in fiscal 1988 and 1987. Sales productivity in comparable stores grew to \$231 per gross square foot of store space, up from \$213 last year.

□ We increased our net income 33 percent to \$837 million, equivalent to \$1.48 fully diluted net income per share compared with \$1.11 per share in the prior year. Net profit as a percentage of sales increased to 4.1 percent this year compared with 3.9 percent last year.

□ We raised our shareholders' equity to \$3.008 billion, up from \$2.257 billion last year. This 33 percent increase is the 14th consecutive annual increase

of 30 percent or more. Our return on shareholders' equity was 37 percent for the second consecutive year.

□ We ended fiscal 1989 with 1,259 Wal-Mart stores, 105 Sam's Wholesale Club units, 14 dot Discount Drug stores and three Hypermart★USA stores. The two Hypermart★USA stores in Garland and Arlington, Texas, are operated as joint ventures. Our total retail space was expanded to 91.641 million square feet, a net increase of 13.837 million square feet, an 18 percent increase. We added 145 Wal-Mart stores, 21 Sam's Wholesale Club units, two Wal-Mart Supercenters and one Hypermart★USA.

□ We increased our annual dividend rate on common stock by 33 percent, from 12 cents per share to 16 cents per share.

### For our customer:

□ We renewed our commitment to the best customer service in retailing. Mr. Sam, in a November 1988 satellite transmitted broadcast to our Wal-Mart associates, challenged and reminded each one of us that our customers are to be treated as our "guests."

□ We worked hard to make sure we had the items our customers wanted

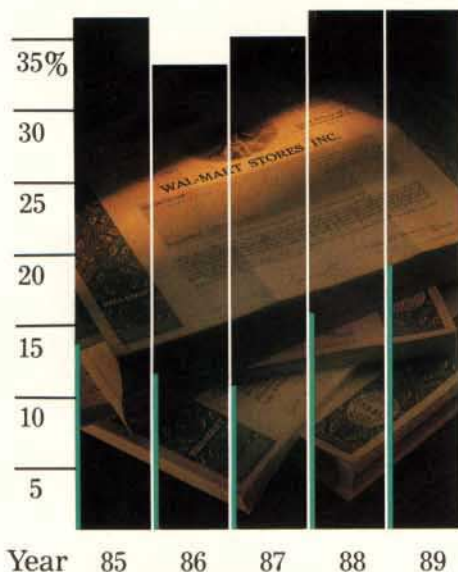
in stock when they wanted them. Manufacturers' orders are staged from the factory to our distribution centers and from these centers to our stores, improving our in stock position and service levels. Our merchandisers and distribution associates have identified more than 250 key items that have been made a part of the basic stock in our distribution centers. These fast moving basic stock items also facilitated our "just in time" inventory management.

□ We opened our first 110,000-square-foot prototype Wal-Mart store in Gonzales, Louisiana. It provides 15 percent more customer space than our previous 80,000-square-foot prototype.

□ We accelerated our cooperative alliance with domestic manufacturers and vendors to "Buy American" in every possible situation.

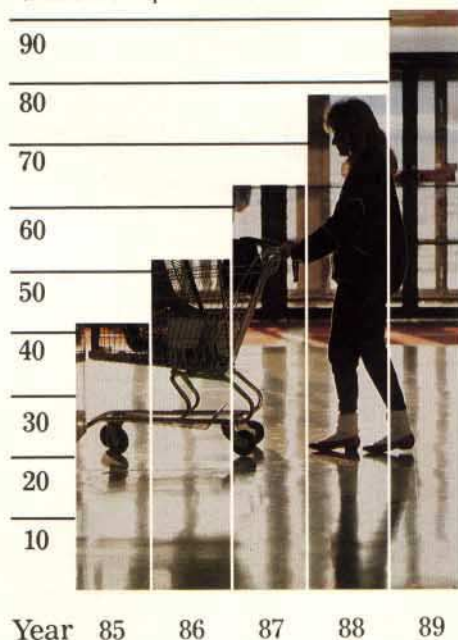
□ We continued to test new store concepts that incorporate food into the total one-stop shopping experience. Our food experimentation began with the Hypermart★USA test in December 1987 and has expanded with the opening of two Wal-Mart Supercenters. Supercenters incorporate Wal-Mart stores general merchandise and a full scale super-

## Percentage of Return on Common Shareholders' Equity



Standard & Poor's 400 return on average book.  
Based on earnings estimate and price range through 1988.

## Total Store Square Footage (Millions of Square Feet)



market into one format, which has been very well received by our customers.

□ We improved our check-out service by improving our rings per minute and speeding credit card authorization. Bar code scanning, now in place in over 90 percent of our Wal-Mart stores, and satellite technology provide us with the base upon which further improvements in the service to our guests can be made.

### For our associate:

□ We have striven not just to retain but intensify our objective of permitting each associate the opportunity to realize his own goals of contribution and excellence. **Our people continue to make the difference, day in and day out.**

□ We are pleased that this past year was one of great opportunity for our people. Total employment increased from 183,000 last year to over 223,000 in January 1989. We added to our store management teams over 1,200 associates who just completed their formal education, were promoted or joined us from other retailers.

□ We expanded our associate incentive plans which now include the stretch incentive bonus plan for non-management associates, store management bonuses, profit sharing, shrinkage savings incentives and other incentive programs. Our associates earned over \$170 million through these plans. Each plan builds associate teams through the recognition and reward of individual associate and operating unit dedication and profitability.

□ We introduced new "caring" services for our associates which are demonstrative of the character our Company wishes to foster. The Health Hotline and the individual personal needs counseling service, "Resources for Living," were successfully inaugurated and will be expanded next year. Safety Committees to assure a safer environment for our associates and customers were organized in every operating unit.

□ We provided tremendous opportunity to our assistant managers and department managers to grow as merchants through "store-within-a-store." Valuable training and the chance to try their own ideas for new items and display techniques are extended to these talented associates by "store-within-a-store." More formal-

ized education opportunities were advanced to over 2,100 associates who participated in the Walton Institute of Retailing, Retail Management Training Seminars and Sam's Operating School.

It is exciting to once again review with you the outstanding accomplishments of our dedicated associates. We believe Wal-Mart's dynamic page in retailing continues to be written in direct proportion and as a result of our associates' involvement and contribution. Our pride in our associates and their performance sparks our enthusiasm and confidence for the challenges of retailing in the 90's.

New store expansion will expand our retail square footage to over 100,000,000 in fiscal 1990. Sam's Wholesale Club will add 20 plus units, Wal-Mart 155 discount stores and the food experiment will add one Hypermart★USA and four additional Supercenters. Relocations and expansion of older units will remodel and update over 70 existing stores.

Fresh apparel presentations, incorporating new fixturization, more name brands and shop concepts, will be introduced. Dominant electronic departments which maximize presentation while reducing shrinkage will be incorporated into our stores.

Sam's plans to experiment with a larger 130,000-square-foot prototype club that will embody expanded service and merchandise enhancements such as an on-premise bakery, fresh meat and produce departments, optical and express shipping services.

We are poised for another year of strong sales and earnings gain in fiscal 1990 and well positioned to achieve our long term goals of profitable and consistent growth.

David D. Glass  
President and  
Chief Executive Officer

Donald G. Soderquist  
Vice Chairman and  
Chief Operating Officer



*Dedication and commitment to constant improvement...has always characterized our Company.*

Sam and Bud Walton, co-founders of Wal-Mart, opened the first Wal-Mart Discount City just 26 years ago, in Rogers, Arkansas.

At the close of the fiscal year, January 31, 1989, the number of stores had grown to 1,259 located in 25 states and another 155 are slated for opening in 1989.

Wal-Mart, in terms of sales volume, is now the third largest and fastest growing major retailer in the United States.

Founded with the principle that the "Customer Is The Boss," Wal-Mart has aggressively maintained this commitment despite our remarkable growth.

Every decision we make...new technology...merchandising...operational...always has one, clear objective...satisfying our customers!

From the moment our customers are met at the front door by our "People Greeter" until they enjoy fast, friendly, efficient checkout of their purchases, our goal is to provide a pleasurable, convenient shopping experience.

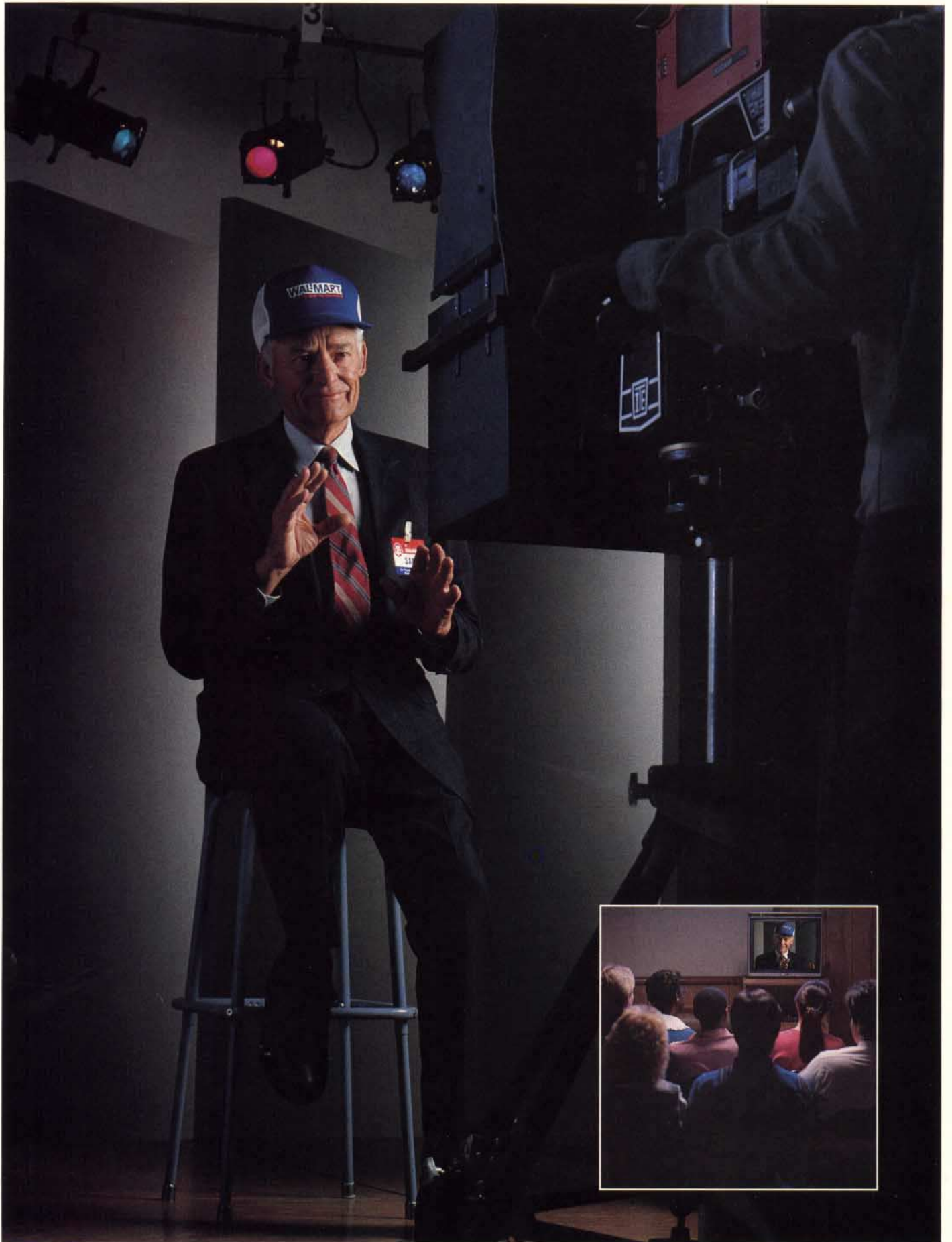
The company's pricing philosophy is based on the premise that the customer prefers to pay the same low price "Everyday" for name brand merchandise rather than have to wait for sale prices. The success of this philosophy can be measured by the phenomenal growth the company has enjoyed and the overwhelming customer acceptance.

Maintenance of the low everyday pricing leadership Wal-Mart enjoys requires rigid discipline and strict expense controls.

Acceptable levels of profitability can only be maintained if we control our expenses better than the competition. We literally attack expenses. It is no accident that Wal-Mart is consistently recognized as the leader in expense control among retail companies. We are totally committed to maintaining our leadership in expense control. The future is brighter than ever and plans are laid for continued rapid expansion into both new and existing markets.



*Customers are met at the front door by our "People Greeter".*





*Involvement of associates in the total process...understanding and sharing of ideas ... It's just Wal-Mart's philosophy.*

Wal-Mart is now, has always been and will continue to be, a "People Oriented" company. Sam Walton will be the first to tell you that "If you take care of your people...they will take care of you." This philosophy is rigidly supported and adhered to at all levels in the Wal-Mart organization.

We believe our associates should share in the success of our company. Our generous associate benefit plans are designed to reward each associate's involvement.

Profit Sharing is a plan from which associates share in a portion of the company's profits each year. The Profit Sharing fund has enjoyed growth similar to the company's profit increases and is providing an excellent retirement fund for many of our associates.

In addition, associates may participate in a payroll stock purchase plan where the company even contributes part of the cost.



Formal education opportunities were advanced to over 2,100 associates.

*"If you want to be a winner, you've got to think new thoughts, you've got to dream new dreams, you've got to keep changing and improving."*

*David D. Glass*

We believe we must have a low resistance to change, we must be flexible and willing to adjust rapidly to stay abreast of the competitive environment.

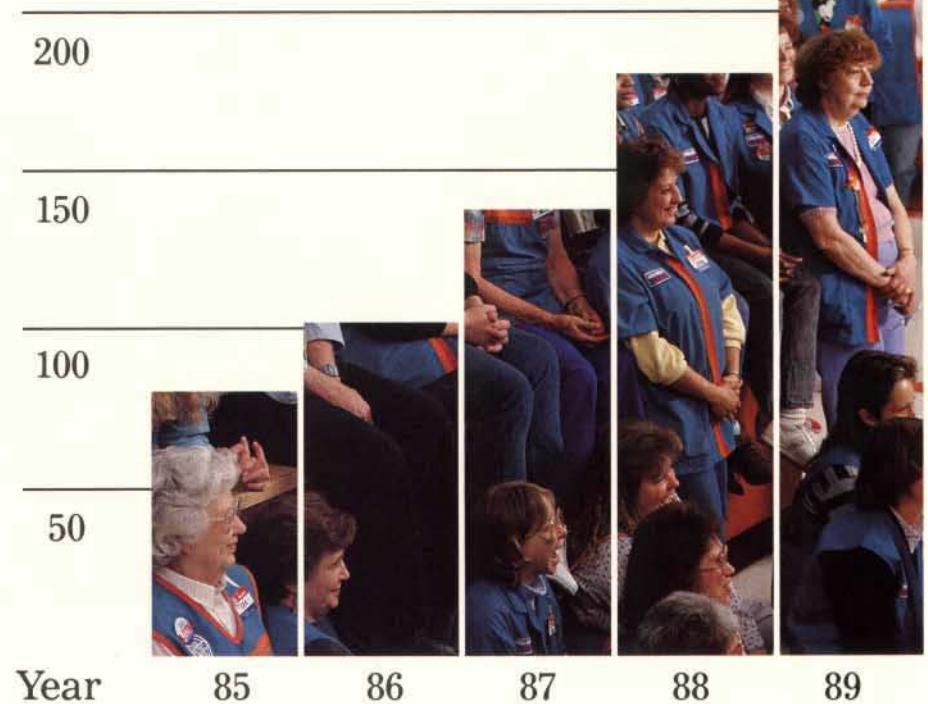
We believe to grow successfully we must continually challenge and test new retailing concepts.

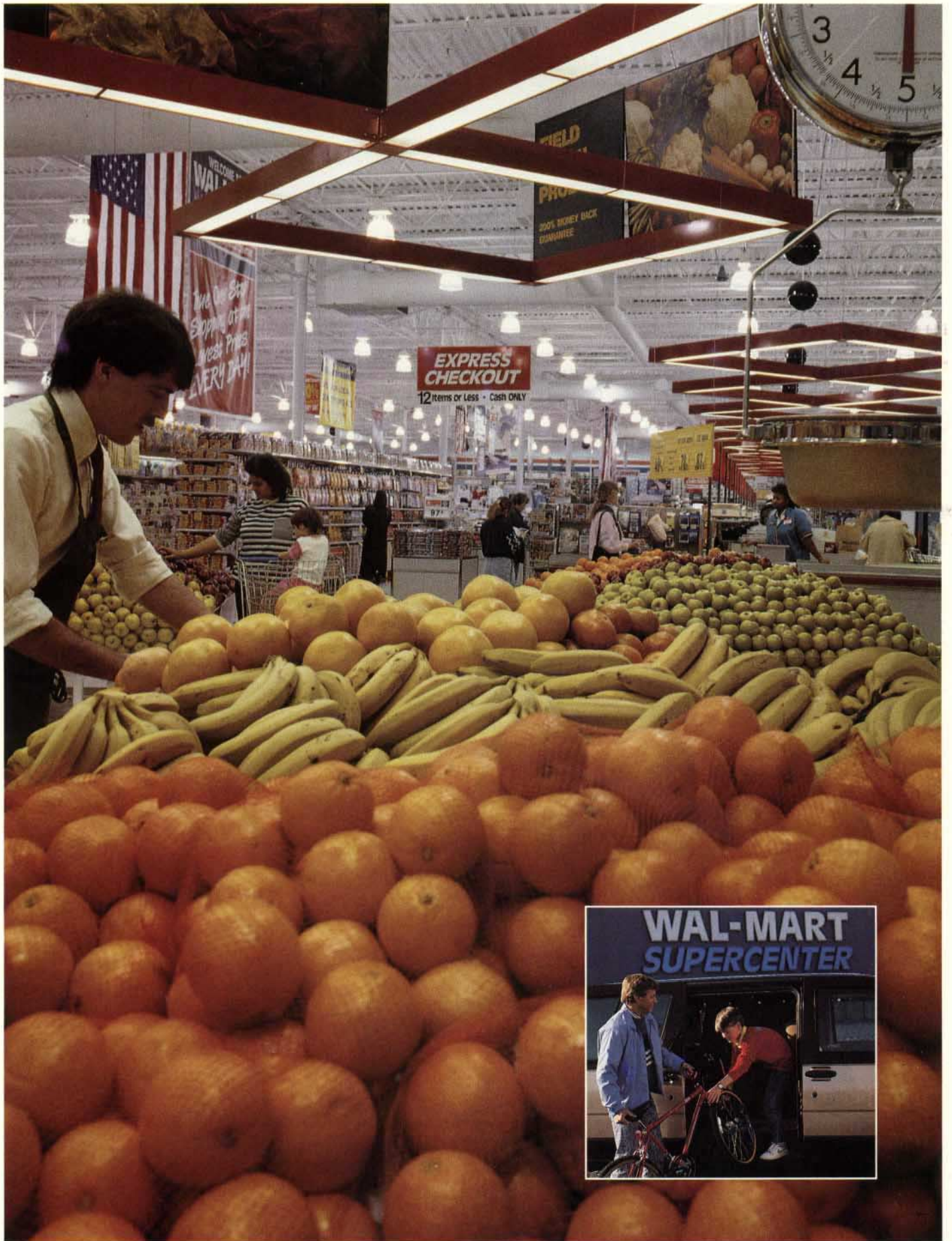
Research and development of these new concepts provide invaluable information to help position us for the retailing challenges of the future.

We must constantly improve. We are committed to long term excellence in retailing...never willing to jeopardize our position for short-term benefits.

## Employment Growth

(In Thousands)





*Bring it back to the U.S.A.! In 1989 we will re-emphasize our determination to buy everything we can in the United States!*

Wal-Mart initiated the "Buy American" program in 1985. The "Buy American" program is a cooperative effort between retailers and domestic manufacturers to re-establish a competitive position in price and quality of American-made goods to the market place.

Wal-Mart has taken the initiative of working and planning with American manufacturers and suppliers to obtain goods that are competitive in price and quality with foreign imports. Wal-Mart is taking great strides to make the partnerships work. The "Buy American" plan affords American manufacturers some of the same terms and cooperation that are extended by many to foreign manufacturers. Our commitment is to provide manufacturers longer lead-time and predictable quantity requirements which in many cases are the equivalent of domestic letters of credit.

Wal-Mart expects manufacturers to be equally committed. Our American suppliers must improve their facilities and machinery, remain financially conservative, work to fill our requirements, and most importantly, strive to improve employee productivity.

This means that American producers will have to be more 'market driven' instead of 'product driven'. Pricing of any merchandise is determined on its own merit. But Wal-Mart's overriding concern is the maintenance of its competitive edge by offering quality merchandise at the most affordable prices.

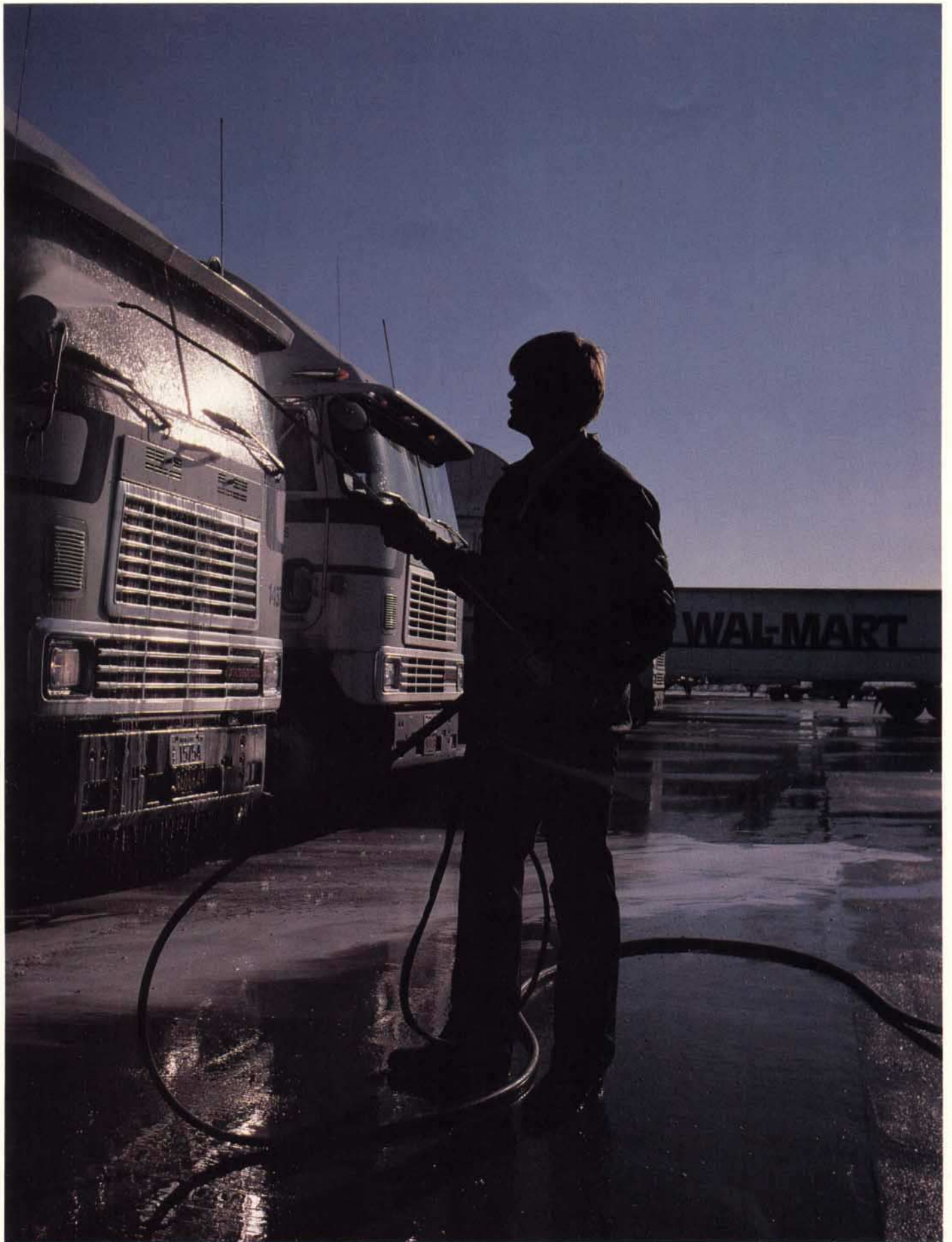
The Wal-Mart program has realized great success in the short time it has been in effect. Since March, 1985, Wal-Mart has converted or retained over \$1.7 billion in purchases, at retail, that otherwise would have been placed or produced offshore. "Buy American" has created and retained over 41,000 jobs for the American workforce.



*Wal-Mart's overriding concern is the maintenance of its competitive edge.*



*"Buy American" has created and retained over 41,000 jobs for the American workforce.*



*A key ingredient in Wal-Mart's excellent inventory management.*

Over seventy-five percent of the merchandise sold in our stores was processed through the company's 16 Distribution Centers. A combination of high associate productivity, the latest in technology, an experienced corporate traffic department and an efficient private truck fleet makes the distribution system an effective tool in our continuing commitment to improved customer service.

In 1988 we operated ten regional distribution centers, three specialty facilities, three support facilities, and ten dispatch offices. Incorporated in these centers are over 11.5 million square feet of space. They play a vital role in assisting our stores in maintaining a high level of in-stock on the merchandise our customers want every day. Our 10,000 distribution associates processed and delivered 300 million cases of merchandise.

Our private truck fleet delivers merchandise a minimum of five times a week to each Wal-Mart store and in fiscal 1989 made over 300,000 store deliveries. We maintained an on-time delivery record of over 99 percent. Order filling accuracy on those same shipments also exceeded 99 percent.

Planning for the future is critical in the distribution system. Modernization and expansion programs included two new distribution centers brought on-line in 1988. One regional distribution center was opened in Laurens, South Carolina and one in New Braunfels, Texas. Also, four distribution center expansions were completed during the year. Redesigned, these centers are projected to ship over 200,000 cases per day.

Providing consistent and quality service to the stores at the most economical cost can only be assured if our distribution system keeps pace. Expansion plans have already been made for three new regional distribution center sites for calendar year 1990. These sites are located in the communities of Seymour, Indiana, Searcy, Arkansas, and Loveland, Colorado.

Dedicated to providing our stores with on-time delivery of merchandise for the customer at the lowest possible cost is the goal of the Distribution System.



*Distribution associates processed and delivered 300 million cases of merchandise.*



*The distribution system is an effective tool in our continuing commitment to improved customer service.*



*Since beginning in 1983, this membership/warehouse division has grown to over 100 clubs.*

Sam's Wholesale Club division reached a milestone during 1988, with the opening of its 100th club at Joliet, IL. Sam's added 21 clubs in 1988, and by the year-end, Sam's had 105 clubs in operation in a 21-state area, including three recent acquisition units in the Cincinnati, OH, market. Sam's operates more wholesale clubs than any other competitor in this relatively new industry.

Sam's sales were \$3.829 billion, up 41 percent from the previous year, and a 128 percent increase over two years ago. In 1983, Sam's first year, the contribution to the total sales of Wal-Mart Stores, Inc. was less than one percent. By 1985, it had risen to nine percent; and this past year Sam's represented 19 percent of Wal-Mart's total sales.

The Advantage Card program introduced at mid-year to all units, was met with immediate acceptance. This program allows group members to purchase a card for \$25, which eliminates the five percent upcharge other group members pay.

Sam's Scholarship Program offers hourly associates an added dimension to their personal growth. Over 700 associates participated in this program and continued to pursue a college education while working at Sam's.

Sam's continues to experiment with new departments. Last year they introduced a Pharmacy, One Hour Photo Development, Optical department and an Express Mailing and Printing department in selected units. Regardless of the success of each test, they will provide valuable information toward other future developments.

This past year Sam's expanded into the states of Ohio and Wisconsin. Targeted for 1989 are New Jersey, Pennsylvania, Michigan, Iowa and Nebraska. As has been the Sam's Division objective from its beginning in April 1983, Sam's remains committed to serving the business owner/operator with the highest quality merchandise at the lowest possible price.









*Millie, Product Demonstrator, Kansas City, Missouri.*



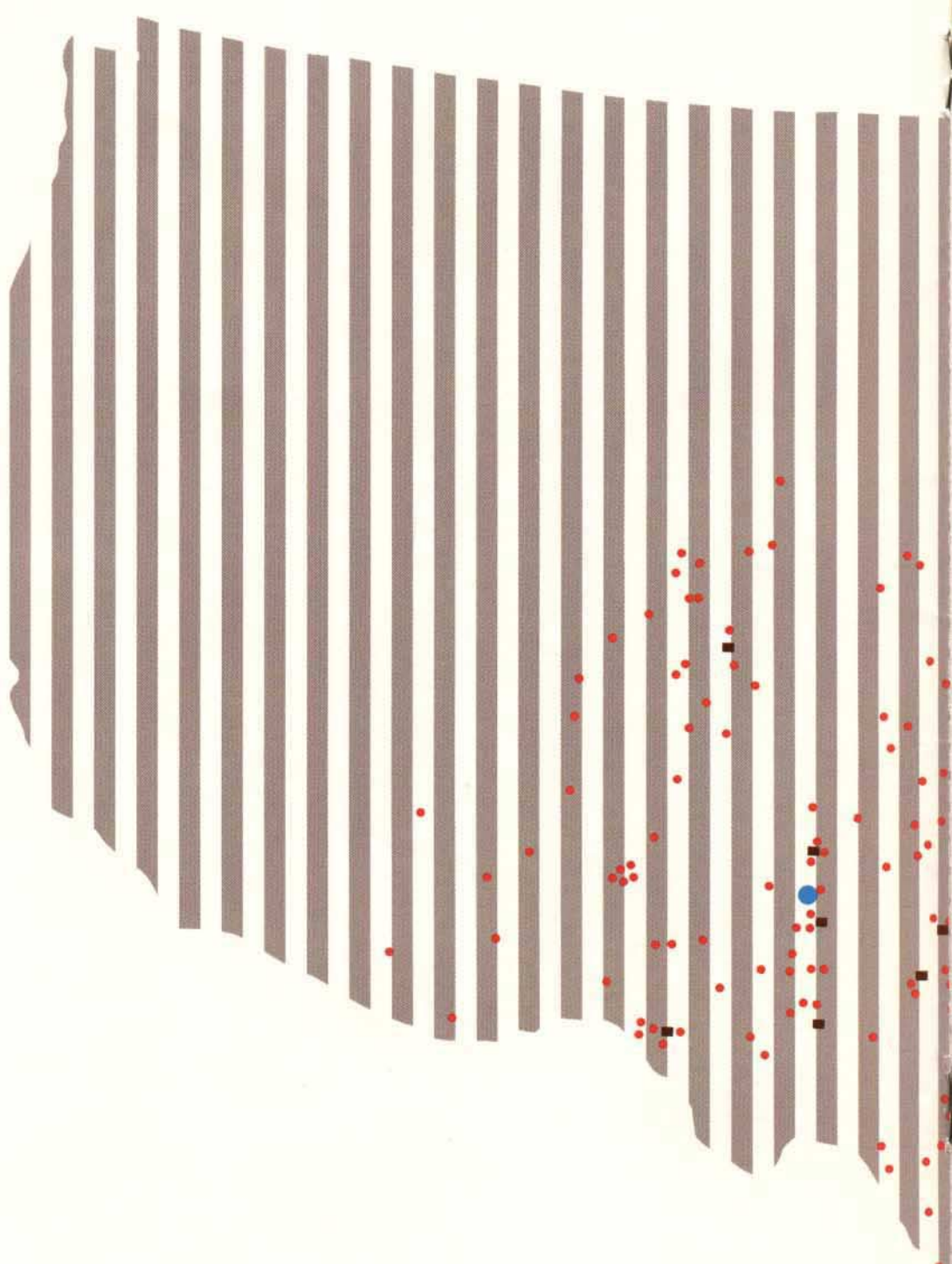
*Becky, Forklift Operator, Kansas City, Missouri.*

# 1,259 Wal-Mart

-  General Office and 3 Distribution Centers
-  Wal-Mart store
-  Distribution Center
-  Sam's Wholesale Club
-  Hypermart★USA
-  dot Discount Drug

## Wal-Mart stores

Alabama	66
Arkansas	76
Arizona	6
Colorado	22
Florida	92
Georgia	65
Illinois	60
Indiana	24
Iowa	19
Kansas	39
Kentucky	59
Louisiana	73
Minnesota	4
Mississippi	53
Missouri	104
Nebraska	10
New Mexico	16
North Carolina	30
Ohio	3
Oklahoma	80
South Carolina	41
Tennessee	76
Texas	222
Virginia	3
Wisconsin	16





# Stores in 25 States

Fiscal year ended January 31, 1989



## 105 Sam's Wholesale Club units

Alabama	5
Arkansas	3
Colorado	1
Florida	8
Georgia	6
Illinois	4
Indiana	1
Kansas	2
Kentucky	3
Louisiana	9
Mississippi	2
Missouri	6
North Carolina	3
Ohio	2
Oklahoma	5
South Carolina	3
Tennessee	7
Texas	32
Virginia	1
West Virginia	1
Wisconsin	1

# Ten-Year Financial Summary

Wal-Mart Stores, Inc. and Subsidiaries

(Dollar amounts in thousands except per share data)

	1989	1988	1987
<b>EARNINGS</b>			
Net sales .....	\$20,649,001	\$15,959,255	\$11,909,076
Licensed department rentals and other income-net .....	136,867	104,783	84,623
Cost of sales .....	16,056,856	12,281,744	9,053,219
Operating, selling and general and administrative expenses .....	3,267,864	2,599,367	2,007,645
Interest costs:			
Debt .....	36,286	25,262	10,442
Capital leases .....	99,395	88,995	76,367
Taxes on income .....	488,246	441,027	395,940
Net income .....	837,221	627,643	450,086
<b>Per share of common stock:</b>			
Net income .....	1.48	1.11	.79
Dividends .....	.16	.12	.085
<b>Stores in operation at the end of the period</b>			
Wal-Mart Stores .....	1,259	1,114	980
Sam's Wholesale Clubs .....	105	84	49
<b>FINANCIAL POSITION</b>			
Current assets .....	\$ 3,630,987	\$ 2,905,145	\$ 2,353,271
Net property, plant, equipment and capital leases .....	2,661,954	2,144,852	1,676,282
Total assets .....	6,359,668	5,131,809	4,049,092
Current liabilities .....	2,065,909	1,743,763	1,340,291
Long-term debt .....	184,439	185,672	179,234
Long-term obligations under capital leases .....	1,009,046	866,972	764,128
Preferred stock with mandatory redemption provisions .....	—	—	—
Common shareholders' equity .....	3,007,909	2,257,267	1,690,493
<b>FINANCIAL RATIOS</b>			
Current ratio .....	1.8	1.7	1.8
Inventories/working capital .....	2.1	2.3	2.0
Return on assets* .....	16.3	15.5	14.5
Return on shareholders' equity* .....	37.1	37.1	35.2

\*On beginning of year balances.

1986	1985	1984	1983	1982	1981	1980
\$ 8,451,489	\$ 6,400,861	\$ 4,666,909	\$ 3,376,252	\$ 2,444,997	\$ 1,643,199	\$ 1,248,176
55,127	52,167	36,031	22,435	17,650	12,063	10,092
6,361,271	4,722,440	3,418,025	2,458,235	1,787,496	1,207,802	919,305
1,485,210	1,181,455	892,887	677,029	495,010	331,524	251,616
1,903	5,207	4,935	20,297	16,053	5,808	4,438
54,640	42,506	29,946	18,570	15,351	10,849	8,621
276,119	230,653	160,903	100,416	65,943	43,597	33,137
327,473	270,767	196,244	124,140	82,794	55,682	41,151
.58	.48	.35	.23	.16	.11	.08
.07	.0525	.035	.0225	.0163	.0125	.0095
859	745	642	551	491	330	276
23	11	3				
\$ 1,784,275	\$ 1,303,254	\$ 1,005,567	\$ 720,537	\$ 589,161	\$ 345,204	\$ 266,617
1,303,450	870,309	628,151	457,509	333,026	245,942	190,562
3,103,645	2,205,229	1,652,254	1,187,448	937,513	592,345	457,879
992,683	688,968	502,763	347,318	339,961	177,601	170,221
180,682	41,237	40,866	106,465	104,581	30,184	24,862
595,205	449,886	339,930	222,610	154,196	134,896	97,212
4,902	5,874	6,411	6,861	7,438	—	—
1,277,659	984,672	737,503	488,109	323,942	248,309	164,844
1.8	1.9	2.0	2.1	1.7	1.9	1.6
1.8	1.8	1.5	1.5	2.0	1.7	2.4
14.8	16.4	16.5	13.2	14.0	12.2	12.7
33.3	36.7	40.2	38.3	33.3	33.8	32.3

# Management's Discussion and Analysis

## Percentage of Sales



**1989** (fiscal year ended January 31,)

Sales	100.0%
Cost of Sales	77.8
Operating and Administrative Costs	15.8
Interest Costs	.7
Provision for Income Taxes	2.4
Net Income	4.1



**1988** (fiscal year ended January 31,)

Sales	100.0%
Cost of Sales	77.0
Operating and Administrative Costs	16.3
Interest Costs	.7
Provision for Income Taxes	2.8
Net Income	3.9



**1987** (fiscal year ended January 31,)

Sales	100.0%
Cost of Sales	76.0
Operating and Administrative Costs	16.9
Interest Costs	.7
Provision for Income Taxes	3.3
Net Income	3.8

## RESULTS OF OPERATIONS

Sales for the three fiscal years ended January 31, 1989, and the respective total and comparable store percentage increases over the prior year were as follows:

Fiscal year ended January 31,	Sales	Total company increases	Comparable stores increase
1989	\$ 20,649,001,000	29%	12%
1988	15,959,255,000	34	11
1987	11,909,076,000	41	13

Sales increases were due to the productivity of comparable stores, the contribution of new stores (145 Wal-Mart stores and 21 Sam's units in fiscal 1989, 134 Wal-Mart stores and 35 Sam's units in fiscal 1988 and 121 Wal-Mart stores and 26 Sam's units in fiscal 1987), and inflation.

The Sam's units contributed the following sales for the periods indicated:

Fiscal year ended January 31,	Sales
1989	\$3,828,683,000
1988	2,711,392,000
1987	1,678,334,000

Cost of sales (as a percentage of sales) increased .8% and 1% respectively in fiscal 1989 and 1988 as compared with fiscal 1988 and 1987. The increases were due to the cost of sales in the Sam's units, which is significantly higher than in the balance of the Company (due to lower markon on purchases), the continuation of reduced initial markons supporting emphasis in the Wal-Mart stores on everyday low prices and higher LIFO costs. These increases were partially offset by a lower rate of markdowns.

Operating, selling and general administrative expenses (as a percentage of sales) decreased .5% and .6% respectively in fiscal 1989 and 1988 as compared with fiscal 1988 and 1987 through continued cost control efforts, productivity improvements and the effects of Sam's units expense ratios to sales being significantly lower than in the balance of the Company.

Interest costs (as a percentage of sales) remained constant for the three fiscal years ended 1989. See NOTE 3 of Notes to Consolidated Financial Statements for additional information on interest and debt.

The effective tax rate was 36.8% in fiscal 1989, 41.3% in 1988 and 46.8% in 1987. The decreases in fiscal 1989 and 1988 were due to the tax law changes included in the Tax Reform Act of 1986 as it relates to the lower federal income tax rate. See NOTE 4 of Notes to Consolidated Financial Statements.

## LIQUIDITY AND CAPITAL RESOURCES

### Fiscal 1989

Cash provided from operating activities was a record \$733,998,000 in fiscal 1989. These funds combined with long-term borrowings of \$1,624,000 were used to finance capital expenditures for fixture additions, equipment, leasehold improvements, 39 Wal-Mart stores, two Wal-Mart Supercenter stores, 18 Sam's Wholesale Club units, partial construction of two distribution centers, one Hypermart★USA store, pay dividends and provide general working capital. In addition, the Company maintains \$600,000,000 in lines of credit to support short-term borrowing and commercial paper, of which \$581,000,000 was available at January 31, 1989, sufficient to finance the seasonal buildups in merchandise inventories and interim financing requirements for store properties developed under sale/leaseback arrangements.

The Company opened 149 Wal-Mart stores (four were closed), 24 Sam's Wholesale Club units (three were closed), two dot Discount Drug Stores, two full line distribution centers and one Hypermart★USA store during fiscal 1989. The financing of this real estate was primarily through sale/leaseback arrangements or leases from real estate developers. Capital expenditures of \$592,756,000, excluding leased properties, were financed through internally generated funds.

The Company's debt (including obligations under capital leases)-to-equity ratio decreased to .40:1 at the end of fiscal 1989 as compared with .47:1 at the end of the preceding year.

Statement of Financial Accounting Standard No. 96 "Accounting for Income Taxes" was issued in December, 1987. The statement will be effective for the Company's fiscal year ended January 31, 1991. The statement requires deferred income taxes to be recorded using the liability method and when applied will not have a material effect on the Company's financial statements.

Capital expenditures planned for fiscal 1990 are approximately one billion dollars. This includes 155 Wal-Mart stores, 20 to 25 Sam's Wholesale Club units, partial construction of three distribution centers scheduled to open in fiscal 1991, and one Hypermart★USA store. These expenditures will be financed from internally generated funds, sale/leaseback arrangements or real estate developers.

Return on shareholders' equity is a measure of the Company's effectiveness in the use of its resources. It measures the relationship of net income to beginning of the year common shareholders' equity. The Company's return on shareholders' equity for the three years ended January 31, 1989 was 35.2%, 37.1% and 37.1% respectively. The ten year compounded growth of shareholders' equity is 37.2%.

Dividends for fiscal 1990 have been increased to 22 cents per share from 16 cents per share in fiscal 1989, payable quarterly at five and one-half cents per share.

### Fiscal 1988

Cash provided from operating activities was \$459,422,000. The Company had access to \$550,000,000 in lines of credit to support short-term borrowing and the issuance of commercial paper.

Payments for purchase of property, plant and equipment totaled \$527,960,000 excluding leased store properties, and were financed with internally generated funds. The debt-to-equity ratio decreased to .47:1 from .56:1 in fiscal 1987.

### Projected Capital Expenditures Fiscal Year Ending, January 31, 1990 (In Millions)



Wal-Mart stores .....	\$650
Sam's Wholesale Club .....	120
Distribution and Transportation .....	120
Data Processing and General Office .....	80
Other .....	30
	<u>\$1,000</u>

# Consolidated Statements of Income

Wal-Mart Stores, Inc. and Subsidiaries

Fiscal year ended January 31,

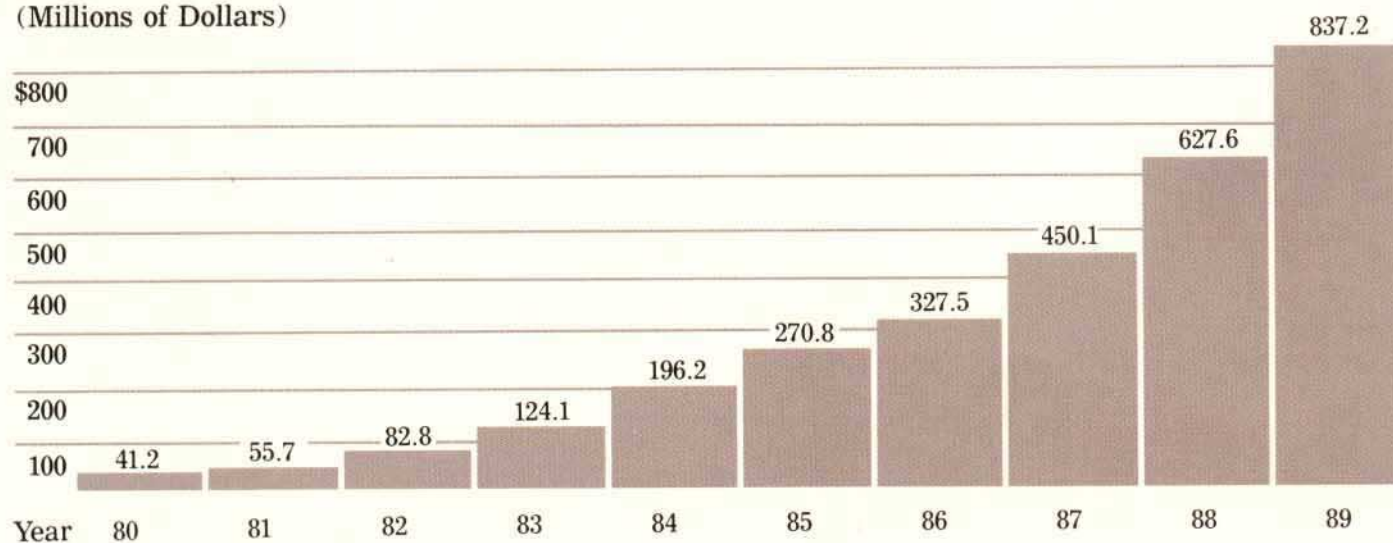
(Amounts in thousands except per share data)

	1989	1988	1987
<b>Revenues:</b>			
Net sales .....	\$20,649,001	\$15,959,255	\$11,909,076
Rentals from licensed departments .....	12,961	9,215	10,779
Other income-net .....	123,906	95,568	73,844
	20,785,868	16,064,038	11,993,699
<b>Costs and expenses:</b>			
Cost of sales .....	16,056,856	12,281,744	9,053,219
Operating, selling and general and administrative expenses .....	3,267,864	2,599,367	2,007,645
<b>Interest costs:</b>			
Debt .....	36,286	25,262	10,442
Capital leases .....	99,395	88,995	76,367
	19,460,401	14,995,368	11,147,673
Income before income taxes .....	1,325,467	1,068,670	846,026
<b>Provision for federal and state income taxes:</b>			
Current .....	474,016	432,133	373,508
Deferred .....	14,230	8,894	22,432
	488,246	441,027	395,940
<b>Net income</b> .....	<b>\$ 837,221</b>	<b>\$ 627,643</b>	<b>\$ 450,086</b>
<b>Net income per share</b> .....	<b>\$ 1.48</b>	<b>\$ 1.11</b>	<b>\$ .79</b>

See accompanying notes.

## Net Income

(Millions of Dollars)



# Consolidated Balance Sheets

Wal-Mart Stores, Inc. and Subsidiaries

(Amounts in thousands)

January 31,

	1989	1988
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents .....	\$ 12,553	\$ 11,325
Receivables .....	126,638	95,928
Recoverable costs from sale/leaseback .....	114,653	126,917
Inventories .....	3,351,367	2,651,760
Prepaid expenses .....	25,776	19,215
<b>TOTAL CURRENT ASSETS</b> .....	<b>3,630,987</b>	<b>2,905,145</b>
<b>Property, plant and equipment, at cost:</b>		
Land .....	278,054	209,211
Buildings and improvements .....	830,319	621,023
Fixtures and equipment .....	1,110,193	855,926
Transportation equipment .....	58,818	46,301
	2,277,384	1,732,461
Less accumulated depreciation .....	520,318	374,193
Net property, plant and equipment .....	1,757,066	1,358,268
Property under capital leases .....	1,114,034	952,305
Less accumulated amortization .....	209,146	165,721
Net property under capital leases .....	904,888	786,584
Goodwill .....	41,036	47,034
Other assets and deferred charges .....	25,691	34,778
<b>Total assets</b> .....	<b>\$6,359,668</b>	<b>\$5,131,809</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Notes payable .....	\$ 19,000	\$ 104,382
Accounts payable .....	1,389,730	1,099,961
<b>Accrued liabilities:</b>		
Salaries .....	126,661	89,118
Taxes, other than income .....	106,855	81,064
Other .....	281,156	229,921
Accrued federal and state income taxes .....	121,158	120,773
Long-term debt due within one year .....	1,690	2,046
Obligations under capital leases due within one year .....	19,659	16,498
<b>TOTAL CURRENT LIABILITIES</b> .....	<b>2,065,909</b>	<b>1,743,763</b>
Long-term debt .....	184,439	185,672
Long-term obligations under capital leases .....	1,009,046	866,972
Deferred income taxes .....	92,365	78,135
<b>Common shareholders' equity:</b>		
Common stock (shares outstanding, 565,591 in 1989 and 565,112 in 1988) .....	56,559	56,511
Capital in excess of par value .....	174,277	170,440
Retained earnings .....	2,777,073	2,030,316
<b>TOTAL COMMON SHAREHOLDERS' EQUITY</b> .....	<b>3,007,909</b>	<b>2,257,267</b>
<b>Total liabilities and shareholders' equity</b> .....	<b>\$6,359,668</b>	<b>\$5,131,809</b>

See accompanying notes.

# Consolidated Statements of Common Shareholders' Equity

Wal-Mart Stores, Inc. and Subsidiaries

<i>(Amounts in thousands)</i>	Number of shares	Common stock	Capital in excess of par value	Retained earnings	Total
Balance - January 31, 1986 .....	281,045	\$ 28,105	\$ 181,106	\$ 1,068,448	\$ 1,277,659
Net income .....				450,086	450,086
Cash dividends:					
Common stock					
(\$ .085 per share) .....				( 47,850)	( 47,850)
Preferred stock					
(\$1.50 per share) .....				( 266)	( 266)
Exercise of stock options .....	346	34	812		846
Tax benefit from stock options .....			5,122		5,122
Conversion of preferred stock .....	791	79	4,817		4,896
Balance - January 31, 1987 .....	282,182	28,218	191,857	1,470,418	1,690,493
Net income .....				627,643	627,643
Cash dividends:					
Common stock					
(\$ .12 per share) .....				( 67,745)	( 67,745)
Exercise of stock options .....	37	4	452		456
100% common stock dividend .....	282,219	28,222	( 28,222)		
Exercise of stock options .....	821	82	1,739		1,821
Tax benefit from stock options .....			9,213		9,213
Other .....	( 147)	( 15)	( 4,599)		( 4,614)
Balance - January 31, 1988 .....	565,112	56,511	170,440	2,030,316	2,257,267
Net income .....				837,221	837,221
Cash dividends:					
Common stock					
(\$ .16 per share) .....				( 90,464)	( 90,464)
Exercise of stock options .....	609	61	2,974		3,035
Tax benefit from stock options .....			4,778		4,778
Other .....	( 130)	( 13)	( 3,915)		( 3,928)
Balance - January 31, 1989 .....	565,591	\$56,559	\$174,277	\$2,777,073	\$3,007,909

See accompanying notes.



# Consolidated Statements of Cash Flows

Wal-Mart Stores, Inc. and Subsidiaries

(Amounts in thousands)	Fiscal year ended January 31,		
	1989	1988*	1987*
<b>Cash flows from operating activities:</b>			
Net income .....	\$ 837,221	\$ 627,643	\$ 450,086
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization .....	213,629	165,962	123,639
Loss (gain) from sale of assets .....	1,073	( 1,006)	6,879
Increase in accounts receivable .....	( 30,710)	( 5,297)	( 32,718)
Increase in inventory .....	( 699,607)	( 574,827)	( 642,804)
(Increase) decrease in prepaid expenses .....	( 6,561)	486	( 7,597)
Increase in accounts payable .....	289,769	126,782	229,215
Increase in accrued liabilities .....	114,954	116,490	116,129
Increase in deferred income tax .....	14,230	3,189	22,432
<b>Net cash provided by operating activities .....</b>	<b>733,998</b>	<b>459,422</b>	<b>265,261</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment .....	( 592,756)	( 527,960)	( 403,660)
Payments for purchases of recoverable cost projects .....	( 204,262)	( 229,643)	( 271,283)
Sale/leaseback arrangements and other property sales .....	246,797	181,450	460,356
Payment for purchase of Super Saver Warehouse Club, Inc. ....	—	( 35,993)	—
Decrease (increase) in other assets .....	9,087	( 15,008)	( 4,395)
<b>Net cash used in investing activities .....</b>	<b>( 541,134)</b>	<b>( 627,154)</b>	<b>( 218,982)</b>
<b>Cash flows from financing activities:</b>			
(Decrease) increase in notes payable .....	( 85,382)	104,382	—
Proceeds from issuance of long-term debt .....	1,624	11,645	—
Proceeds from exercise of stock options .....	3,885	6,876	5,962
Dividends paid .....	( 90,464)	( 67,745)	( 48,116)
Payment of long-term debt .....	( 3,213)	( 25,179)	( 1,605)
Payment of capital lease obligation .....	( 18,086)	( 16,467)	( 11,393)
<b>Net cash (used in) provided by financing activities ...</b>	<b>( 191,636)</b>	<b>13,512</b>	<b>( 55,152)</b>
<b>Net increase (decrease) in cash and cash equivalents .</b>	<b>1,228</b>	<b>( 154,220)</b>	<b>( 8,873)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>11,325</b>	<b>165,545</b>	<b>174,418</b>
<b>Cash and cash equivalents at end of year .....</b>	<b>\$ 12,553</b>	<b>\$ 11,325</b>	<b>\$ 165,545</b>
<b>Supplemental disclosure of cash flow information:</b>			
Income tax paid .....	\$ 473,631	\$ 449,898	\$ 330,074
Interest paid .....	134,048	117,069	83,383
Capital lease obligations incurred .....	164,845	131,192	184,262

\*Restated to conform to Statement of Financial Accounting Standards No. 95.

See accompanying notes.

# Notes to Consolidated Financial Statements

Wal-Mart Stores, Inc. and Subsidiaries

## Note 1 Summary of significant accounting policies

**Segment information**—The Company and its subsidiaries are principally engaged in the operation of discount stores in a 26-state region. No single customer accounts for a significant portion of its consolidated sales.

**Consolidation**—The consolidated financial statements include the accounts of all subsidiaries.

**Cash and Cash Equivalents**—The Company considers all highly liquid investments with a maturity of three months or less when purchased to be “cash equivalents”.

**Inventories**—Inventories are stated principally at cost (last-in, first-out), which is not in excess of market, using the retail method for inventories in stores.

**Pre-opening costs**—Costs associated with the opening of new stores are expensed during the first full month of operations. The costs are carried as prepaid expenses prior to the store opening.

**Recoverable costs from sale/leaseback**—All costs of acquisition and construction of properties for which the Company has a commitment for sale/leaseback are accumulated in current assets until properties are sold.

**Interest during construction**—In order that interest costs properly reflect only that relating to current operations, interest on borrowed funds during the construction of property, plant and equipment is capitalized. Interest costs capitalized (excluding amounts related to properties developed under sale/leaseback arrangements) are \$8,801,000, \$4,911,000 and \$3,464,000 in 1989, 1988 and 1987 respectively.

**Depreciation**—Depreciation for financial statement purposes is provided on the straight-line method over the estimated useful lives of the various assets. For income tax purposes, the accelerated cost recovery system is used for assets placed in service after 1980 and accelerated depreciation is used for assets placed in service in 1980 and prior years with recognition of deferred income taxes for the resulting timing differences.

**Operating, selling and general and administrative expenses**—Buying, warehousing and occupancy costs are included in operating, selling and general and administrative expenses.

**Income taxes**—Investment tax credits are accounted for under the flow-through method, reducing income tax expense for periods in which the credits are earned.

Deferred income taxes are provided on timing differences between financial statement and taxable income.

**Net income per share**—Net income per share is based on weighted average outstanding common shares and stock options reduced by shares assumed to have been purchased from such options under the treasury stock method.

**Stock options**—Proceeds from the sale of common stock issued under the stock option plans and related tax benefits which accrue to the Company are accounted for as capital transactions, and no charges or credits are made to income in connection with the plans.

## Note 2 Inventories

Inventories at January 31, 1989, and January 31, 1988 were \$3,351,367,000 and \$2,651,760,000 respectively. Replacement cost would be \$291,329,000 greater in 1989 and \$202,796,000 greater in 1988.

## Note 3 Notes payable and long-term debt

Information on short-term borrowings and interest rates follows:

	Fiscal years ended January 31,		
	1989	1988	1987
Maximum amount outstanding			
at month-end .....	\$698,888,000	\$699,000,000	\$310,585,000
Average daily short-term borrowings .....	\$321,370,000	\$190,120,000	\$62,737,000
Weighted average interest rate .....	7.7%	7.0%	5.9%

At January 31, 1989, the Company had committed lines of credit with eleven banks to support short-term borrowings and commercial paper in an aggregate of \$400,000,000. In addition, the Company had uncommitted facilities to support master participating agreements totalling \$200,000,000, plus interim 120 day seasonal facilities totalling \$300,000,000. Short-term borrowings under these lines of credit bear interest at or below the prime rate.

Long-term debt at January 31 consists of:

	1989	1988
10 <sup>7</sup> / <sub>8</sub> % Debentures due August 2000 .....	\$100,000,000	\$100,000,000
8% Participating Mortgage Certificates due 2005 .....	15,050,000	15,490,000
8½% Participating Mortgage Certificates II due 2005 .....	24,299,000	25,000,000
8 <sup>5</sup> / <sub>8</sub> % 25-year secured notes, payable \$244,595 quarterly (including interest) to October 2003 .....	7,835,000	8,122,000
10¼-10 <sup>7</sup> / <sub>8</sub> % Mortgage notes payable monthly through 1994 .....	9,716,000	9,807,000
9¾% Mortgage notes, due 1989 through 2000 .....	5,210,000	5,635,000
8½% Secured notes, payable \$121,030 quarterly (including interest) .....	3,827,000	3,978,000
9¼% Mortgage notes, payable \$68,822 quarterly (including interest) to June 1992 .....	607,000	814,000
Tax-exempt mortgage obligations, at an average rate of 10.3% due 1989 through 2014 .....	16,037,000	16,275,000
Other .....	1,858,000	551,000
	<u>\$184,439,000*</u>	<u>\$185,672,000</u>

\*Long-term debt of \$82,481,000 is collateralized by property with an aggregate carrying value of approximately \$102,326,000.

Annual maturities on long-term debt during the next five years are:

Fiscal years ending January 31,	Annual maturity
1990	\$1,690,000
1991	1,563,000
1992	1,685,000
1993	4,723,000
1994	4,440,000

Under the terms of the 10<sup>7</sup>/<sub>8</sub>% Debentures, the Company has agreed to observe certain covenants. Among these are provisions relating to secured debt and long-term leases.

The agreements relating to the Participating Mortgage Certificates contain provisions for contingent additional interest to be payable on a basis of the sales performance of the Wal-Mart stores collateralized by the issues.

The agreements relating to the 9¼% mortgage notes, which are guaranteed by Wal-Mart Stores, Inc., and the 8<sup>5</sup>/<sub>8</sub>% and 8½% secured notes of a subsidiary contain certain restrictions on the subsidiary concerning additional debt, business activities and combinations, issuance of capital stock and investments.

#### Note 4 Income taxes

Reconciliations of the statutory federal income tax rate to the effective tax rate, as a percent of pre-tax financial income, are as follows:

	1989	1988	1987
Statutory tax rate	34.0%	38.9%	46.0%
Investment tax credits	—	—	(.8)
State income taxes	3.0	2.5	2.2
Other	(.2)	(.1)	(.6)
Effective tax rate	36.8%	41.3%	46.8%

Investment tax credits resulted in reductions of the current federal income tax provisions for 1987 of \$6,447,000.

Deferred tax expense results from timing differences in the recognition of revenue and expense for tax and financial reporting purposes with respect to the following:

	1989	1988	1987
Depreciation	\$ 30,632,000	\$ 24,288,000	\$ 36,343,000
Capital leases	( 7,741,000)	( 7,589,000)	( 8,793,000)
Other	( 8,661,000)	( 7,805,000)	( 5,118,000)
	\$ 14,230,000	\$ 8,894,000	\$ 22,432,000

#### Note 5 Preferred and common stock

- A. The Company has 100 million shares of \$.10 preferred stock authorized but unissued. At the present time, there are no plans for its issuance.
- B. There are 1.3 billion shares of \$.10 par value common stock authorized, with 565,591,010 shares of common stock issued and outstanding at January 31, 1989, and 565,111,944 shares issued and outstanding at January 31, 1988. The common stock is listed on the New York Stock Exchange and the Pacific Stock Exchange, and at January 31, 1989, there were 80,270 shareholders of record.

At January 31, 1989, 5,336,822 shares of common stock were reserved for issuance under stock option plans. The options granted under the stock option plans expire 10 years from date of grant and may be exercised in nine annual installments. Further information concerning the options is as follows:

	Shares	Option price (market price at date of grant)	
		Per share	Total
Shares under option			
January 31, 1988	3,285,520	\$ .92-27.50	\$ 35,162,369
Options granted	352,400	28.75-31.38	10,692,500
Options canceled	( 101,503)	1.94-28.75	( 1,865,830)
Options exercised	( 608,215)	1.02-26.50	( 3,034,680)
January 31, 1989 (811,285 shares exercisable)	2,928,202	\$ .92-31.38	\$ 40,954,359
Shares available for option			
January 31, 1988	2,680,862		
January 31, 1989	2,408,620		

#### Note 6 Defined contribution plan

The Company maintains a profit sharing plan under which most full and many part-time associates become participants following one year of employment with the Company. Annual contributions, based on the profitability of the Company, are made at the sole discretion of the Company. Contributions were \$77,067,000 in 1989, \$59,466,000 in 1988, and \$51,772,000 in 1987.

#### Note 7 Licensed department sales

The sales of licensed departments as reported by licensees are \$101,346,000, \$105,630,000 and \$116,947,000 for 1989, 1988, and 1987 respectively.

#### Note 8 Long-term lease obligations

The Company and certain of its subsidiaries have long-term leases for stores and equipment. Rentals (including for certain leases amounts applicable to taxes, insurance, maintenance, other operating expenses and contingent rentals) under all operating leases were \$194,684,000 in 1989, \$159,711,000 in 1988, and \$121,229,000 in 1987.

Aggregate minimum annual rentals at January 31, 1989, under noncancelable leases are as follows:

Fiscal years	Operating leases	Capital leases
1990	\$ 155,108,000	\$ 133,701,000
1991	153,271,000	132,623,000
1992	149,572,000	130,955,000
1993	147,537,000	132,024,000
1994	144,872,000	131,964,000
Thereafter	1,814,784,000	1,953,638,000
Total minimum rentals	<u>\$ 2,565,144,000</u>	2,614,905,000
Less estimated executory costs		30,340,000
Net minimum lease payments		2,584,565,000
Less imputed interest at rates ranging from 8.5% to 14.0%		1,555,860,000
Present value of net minimum lease payments		<u>\$1,028,705,000</u>

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to \$19,590,000 in 1989, \$16,754,000 in 1988, and \$14,427,000 in 1987.

Substantially all of the store leases have renewal options for additional terms from five to 25 years at the same or lower minimum rentals.

The Company has entered into lease commitments for land and buildings for 98 future locations. The lease commitments with real estate developers or through sale/leaseback arrangements provide for minimum rentals for 20 to 25 years, excluding renewal options, which if consummated based on current cost estimates would approximate \$31,765,000 annually over the lease terms.

#### Note 9 Acquisition

On June 29, 1987, the Company acquired Super Saver Warehouse Club, Inc. The acquisition consisted of 20 wholesale clubs, five of which were subsequently closed. The acquisition has been accounted for as a purchase, and accordingly the results of operations since the acquisition date have been consolidated with the Company. The excess of cost over the fair value of net assets acquired was \$50,034,000, and is being amortized on a straight-line basis over ten years.

**Note 10 Quarterly financial data (unaudited)**

Summarized consolidated quarterly financial data for 1989 and 1988 are as follows:

1989	Quarters ended			
	April 30,	July 31,	October 31,	January 31,
Net sales	\$4,282,013,000	\$4,845,135,000	\$4,991,117,000	\$6,530,736,000
Cost of sales	3,311,467,000	3,768,368,000	3,860,836,000	5,116,185,000
Net income	153,551,000	179,610,000	180,874,000	323,186,000
Net income per share	\$.27	\$.32	\$.32	\$.57
<hr/>				
1988				
Net sales	\$3,211,761,000	\$3,732,237,000	\$4,015,017,000	\$5,000,240,000
Cost of sales	2,448,056,000	2,873,954,000	3,090,696,000	3,869,038,000
Net income	110,390,000	134,071,000	136,051,000	247,131,000
Net income per share	\$.19	\$.24	\$.24	\$.44

## Report of Independent Public Accountants

**The Board of Directors  
and Shareholders  
Wal-Mart Stores, Inc.**

We have audited the accompanying consolidated balance sheets of Wal-Mart Stores, Inc., and subsidiaries at January 31, 1989 and 1988, and the related consolidated statements of income, common shareholders' equity, and cash flows for each of the three years in the period ended January 31, 1989. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted

auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial

statements referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart Stores, Inc., and subsidiaries at January 31, 1989 and 1988, and the consolidated results of operations and cash flows for each of the three years in the period ended January 31, 1989, in conformity with generally accepted accounting principles.



Arthur Young & Company  
Tulsa, Oklahoma  
March 24, 1989

## Responsibility for Financial Statements

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The financial statements and information of Wal-Mart Stores, Inc. and subsidiaries presented in this Report have been prepared by management which has responsibility for their integrity and objectivity. These financial statements have been prepared in conformity with generally accepted accounting principles, applying certain estimates and judgments based upon currently available information and management's view of current conditions and circumstances. The services of certain specialists, both from within the Company and from outside the Company, have been utilized in making such estimates and judgments.

Management has developed and maintains a system of accounting and controls, including an extensive internal audit program, designed to provide reasonable assurance that the Company's assets are protected from improper use and that accounting records provide a reliable basis for the preparation of financial statements. This system is continually reviewed, improved and modified in response to changing business conditions and operations and to recommendations made by the independent public accountants and the internal auditors. Management believes that the accounting and control systems provide reasonable assurance that assets are safeguarded and financial information is reliable.

The Company has adopted a Statement of Responsibility which is intended to guide our management in the continued observance of high ethical standards of honesty, integrity and fairness in the conduct of the business and in accordance with the law. Compliance with the guidelines and standards is continuously reviewed and is acknowledged in writing by all management associates.

The Board of Directors, through the activities of its Audit Committee, consisting solely of outside Directors, participates in the process of reporting financial information. The duties of the Committee include keeping informed of the financial condition of the Company and reviewing its financial policies and procedures, its internal accounting controls and the objectivity of its financial reporting. Both the Company's independent public accountants and the internal auditors have free access to the Audit Committee and the Board of Directors and meet with the Committee periodically, with and without management present.



**Paul R. Carter**  
Executive Vice President and  
Chief Financial Officer

## Board of Directors

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<b>David R. Banks</b>	President, Beverly Enterprises
<b>Paul R. Carter</b>	Executive Vice President and Chief Financial Officer, Wal-Mart Stores, Inc.
<b>Hillary Rodham Clinton</b>	Partner, Rose Law Firm
<b>John A. Cooper, Jr.</b>	President, Cooper Communities, Inc.
<b>David D. Glass</b>	President and Chief Executive Officer, Wal-Mart Stores, Inc.
<b>A. L. Johnson</b>	Vice Chairman, Retired, Wal-Mart Stores, Inc.
<b>James H. Jones</b>	Chairman of the Board and Chief Executive Officer, Jameson Pharmaceutical, Inc.
<b>Robert Kahn</b>	President, Kahn & Harris, Inc.
<b>Charles Lazarus</b>	Chairman and Chief Executive Officer, Toys "R" Us, Inc.
<b>William H. Seay</b>	Chairman, Retired, Southwest Life Insurance Company
<b>Jack Shewmaker</b>	Vice Chairman, Retired, Wal-Mart Stores, Inc., Consultant
<b>Donald G. Soderquist</b>	Vice Chairman and Chief Operating Officer, Wal-Mart Stores, Inc.
<b>John E. Tate</b>	Executive Vice President of Professional Services, Wal-Mart Stores, Inc.
<b>James L. Walton</b>	Senior Vice President, Wal-Mart Stores, Inc.
<b>Sam M. Walton</b>	Chairman, Wal-Mart Stores, Inc.
<b>S. Robson Walton</b>	Vice Chairman, Wal-Mart Stores, Inc.

### Committees of the Board

#### Executive Committee

Paul R. Carter  
David D. Glass  
Donald G. Soderquist  
John E. Tate  
James L. Walton  
Sam M. Walton  
S. Robson Walton

#### Audit Committee

James H. Jones  
Robert Kahn  
William H. Seay

#### Stock Option Committee

David D. Glass  
Donald G. Soderquist  
S. Robson Walton

#### Special Stock Option Committee

John A. Cooper, Jr.  
James H. Jones  
William H. Seay



# Officers

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## Chairman

**Sam M. Walton**

## President and Chief Executive Officer

**David D. Glass**

## Vice Chairmen

**Donald G. Soderquist**  
Chief Operating Officer

**S. Robson Walton**

## Executive Vice Presidents

**Paul R. Carter**  
Chief Financial Officer

**Bill Fields**  
Merchandise and Sales

**A. L. Miles**  
Special Projects

**Dean L. Sanders**  
Operations

**John E. Tate**  
Professional Services

**Nick White**  
Sam's Wholesale Club

## Senior Vice Presidents

**Thomas M. Coughlin**  
Operations-Sam's Wholesale Club

**David Dible**  
General Merchandise Manager

**Joseph S. Hardin, Jr.**  
Distribution and Transportation

**Joseph P. Hatfield**  
General Merchandise Manager

**Harold E. Johnson**  
Operations

**Bobby L. Martin**  
Data Processing

**Kendall Schwindt**  
Operations

**Thomas P. Seay**  
Real Estate and Construction

**Robert K. Voss**  
General Merchandise Manager  
Sam's Wholesale Club

**James L. Walton**

**Colon Washburn**  
General Merchandise Manager

**Wesley C. Wright**  
Special Divisions

## Vice Presidents

**B. D. Adams**  
Operations

**Suzanne Allford**  
People Division

**Clarence H. Archer**  
Pharmacy

**Harryetta Bailey**  
Divisional Merchandise Manager

**Stephen M. Bailey**  
Merchandise Systems

**Curtis Barlow**  
Real Estate

**Robert T. Bruce**  
Inventory Management

**J.R. Campbell**  
Divisional Merchandise Manager

**Dwight A. Carney**  
Divisional Merchandise Manager

**Richard Donckers**  
Hypermart★USA

**Arthur Emmanuel**  
Operations

**Lawrence E. Fennell**  
Operations

**Steve Furner**  
Operations

**Roger Lee Gildehaus**  
Divisional Merchandise Manager

**David H. Gorman**  
Loss Prevention

**Harry S. Green**  
Operations  
Sam's Wholesale Club

**Doyle Graham**  
Business Systems

**Michael J. Guccione**  
Jewelry

**Robert L. Hart**  
Operations

**Paul Higham**  
Marketing and Sales Promotion

**Lewis Ray Hobbs**  
Divisional Merchandise Manager

**William L. Hutcheson**  
Shoes

**Peter Jasan**  
Divisional Merchandise Manager

**Lolan C. Mackey**  
Operations

**Richard L. Mahan**  
Divisional Merchandise Manager

**Peter C. Metzger**  
Imports

**Harold A. Miller, Jr.**  
Operations

**Robert J. Murphey**  
Construction

**Duane G. Naccarato**  
Operations

**Thomas R. Putnam**  
Operations

**Charles Rateliff**  
Treasurer

**Melvin C. Redman**  
Store Planning

**Robert K. Rhoads**  
General Counsel and Secretary

**Charles Russell**  
Operations

**Leroy W. Schuett**  
Operations

**H. Lee Scott, Jr.**  
Distribution

**Low Skelton**  
Operations

**Thomas N. Smith**  
Operations

**Mike Spear**  
General Merchandise Manager  
Hypermart★USA

**Steve Tiernan**  
General Merchandise Manager  
Sam's Wholesale Club

**P. Terry Tucker**  
Divisional Merchandise Manager

**James A. Walker, Jr.**  
Controller

**Larry E. Williams**  
Operations

**Andrew H. Wilson**  
Operations

**William C. Woodard**  
Merchandise Planning

**Jim Woodruff**  
Divisional Merchandise Manager



The Helen Robson Walton Award will be earned annually by the two most deserving "community" Wal-Mart stores and one Sam's unit. Selections are based upon the number and quality of projects, the level of community-wide support, and the financial success of the project. This past year's winners were Wal-Mart #162, Anadarko, OK, Wal-Mart #976, Winnsboro, LA and Sam's #8217, Houston, TX.

## A Statement on Community Involvement

Wal-Mart's resolve to serve each community extends far beyond our commitment to operate the very best stores and support facilities. We are dedicated to enriching the quality of life and fueling the spirit of volunteerism that truly makes our communities great places to live and work. This year, through the support of our dollar-for-dollar matching grant program, our associates generated \$2.5 million in support of

local charitable programs; \$4.1 million, United Way; and \$2.5 million, Children's Miracle Network, which benefits member hospitals for children. In addition, more than \$1.2 million in Wal-Mart Scholarships was awarded to deserving high school seniors throughout our trade territory. These efforts worked together in meeting the goal of making our "local" stores genuinely local.

## Corporate Information

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### Registrar and Transfer Agent

#### Common Stock:

Boatmen's Trust Company  
510 Locust Street  
Post Office Box 14768  
St. Louis, Missouri 63178

### Trustee

#### Debentures:

Bankers Trust Company  
4 Albany Street  
Ninth Floor  
New York, New York 10015

### Independent Public Accountants

Arthur Young & Company  
4300 One Williams Center  
Tulsa, Oklahoma 74172

### Listings

New York Stock Exchange  
Common Stock Symbol: WMT

Pacific Stock Exchange  
Common Stock Symbol: WMT

### Annual Meeting

Our Annual Meeting of Shareholders will be held on Friday, June 2, 1989, at 10:00 a.m. in Barnhill Arena on the University of Arkansas campus, Fayetteville, Arkansas. You are cordially invited to attend. A proxy statement, including a request for proxies will be mailed to shareholders in early May, 1989.

### Investors' Inquiries

#### Form 10-K Report

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1989, as filed with the Securities and Exchange Commission, may be obtained without charge by writing to:

Bette Hendrix  
Assistant Secretary  
Wal-Mart Stores, Inc.  
Bentonville, AR 72716



**CORPORATE OFFICES**  
Wal-Mart Stores, Inc.  
Bentonville, Arkansas 72716  
Telephone: (501)273-4000