WAL-MART STORES, INC. ANNUAL REPORT 1980

Wal-Mart's billion dollar year

Contents

Financial Highlights

TWO-YEAR COMPARISON

(Dollar amounts in thousands)

	1980	1979	Percentage Change
Current assets	**$266,617**	$191,860	+39.0
Current liabilities	**170,221**	98,868	+72.2
Working capital	**96,396**	92,992	+ 3.7
Current ratio	**1.57**	1.94	
Stockholders' equity	**$164,844**	$127,476	
Number of shares outstanding	**15,121,261**	15,079,383	

FIVE-YEAR FINANCIAL REVIEW

(Dollar amounts in thousands except per share data)

	1980	1979	1978	1977	1976
Net sales	**$1,248,176**	$900,298	$678,456	$478,807	$340,331
Income before income taxes	**74,288**	56,772	40,847	30,857	22,057
Net income	**41,151**	29,447	21,191	16,039	11,132
Net income per share:					
Primary	**$2.68**	$1.93	$1.48	$1.15	$.80
Fully diluted	**2.68**	1.93	1.41	1.08	.77
Number of stores in operation at the end of the period	**276**	229	195	153	125

To Our Shareholders

Sales for your Company exceeded the billion-dollar mark this year. A major milestone for any retailer, the achievement of that goal has contributed significantly to the most outstanding year in the Company's history.

Sales for the year ended January 31, 1980 were $1.248 billion, an increase of 39 percent from the $900.3 million for the previous year. Net income increased 40 percent to $41.2 million from $29.4 million a year earlier. Fully diluted net income per share was $2.68 this year as compared to $1.93 a year earlier.

Stockholders' equity increased to $165 million and our financial ratios continued to be among the best in our industry.

Sales for the year ended January 31, 1980 were $1.248 billion, an increase of 39 percent from the $900.3 million for the previous year.

Many significant events characterized this year's accomplishments. Among them were:

- The addition of 47 new Wal-Mart stores and the expansion or relocation of ten others, giving us a net addition of 2.4 million square feet of retail floor space.
- A 15 percent increase in comparable store sales which increased our productivity levels to approximately $110 per square foot, excluding licensed departments. Sales per square foot are calculated using gross space as opposed to selling area.
- The addition of a new 390,000 square foot distribution center in Bentonville, Arkansas, to further enhance our expansion capabilities.
- The addition of a 16,000 square foot data processing facility to house the latest technology and improve the communications and information network already established.
- The full-year performance of Hutcheson Shoe Division, our former shoe department licensee, which was acquired late in 1978.
- The continuing expansion of our Jewelry and Pharmacy Departments, plus our Automotive Service Centers.
- The total Company program to hold down retail prices in an inflationary environment.
- The contribution of our expense control program.

Net income for the year increased 40 percent to $41.2 million from $29.4 million a year earlier.

Subsequent to year end, your Company's directors authorized an increase in the annual dividend rate to 40 cents per share from the 30 cents paid this past year. This continues your Company's approach of distributing a portion of profits to our shareholders and utilizing the balance to fund our aggressive expansion program.

This year culminates the decade of the '70's. Much has been written about this period of time, and it has been a tremendous growth period for your Company. In January 1970, we were finishing a year in which our sales were $31 million and our profits were $1.2 million. We had 32 stores in operation, comprising less than a million square feet of retail space. In the next ten years, we added 258 Wal-Mart stores, closed 14 variety stores, constructed and opened three new distribution facilities, and increased our retail space to 12.6 million square feet. During that same period of time, we increased our sales and earnings at an annual compounded rate well in excess of 40 percent. Reflecting upon the progress we have made in the '70's makes it apparent that there is even more opportunity in the '80's for your Company, and we are better positioned to maximize our opportunities this next year and in subsequent years than ever before.

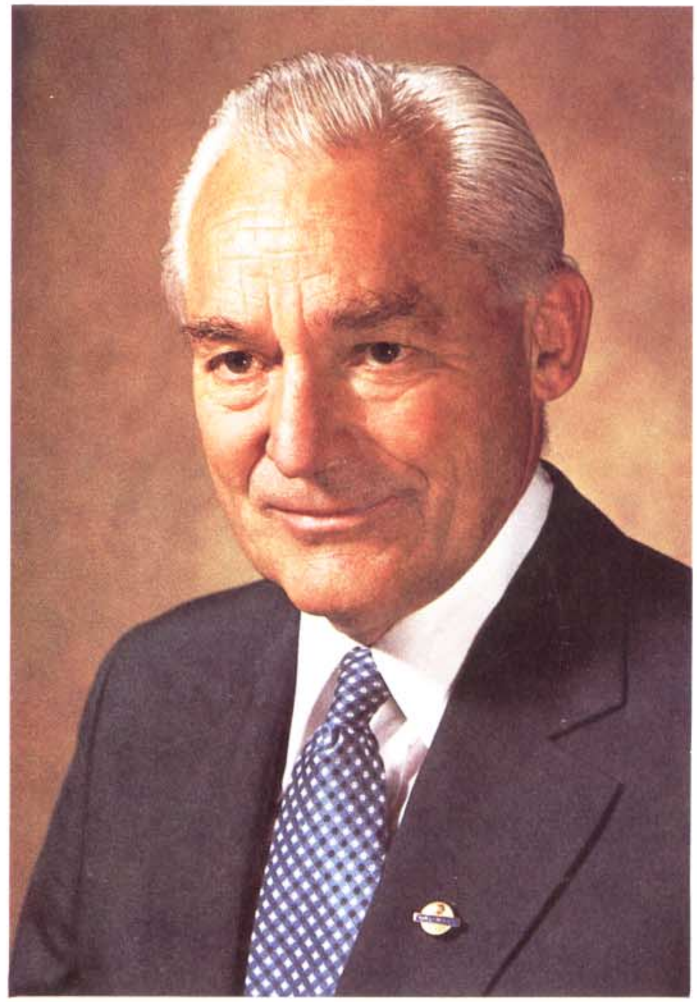
In January 1970, we were finishing a year in which our sales were $31 million and our profits were $1.2 million.

The new year presents a unique challenge in view of the uncertain economic climate. Your Company has an ambitious program scheduled and management believes that most of our objectives can be achieved. Some of those objectives are:

- The addition of approximately 50 new Wal-Mart stores.
- The remodeling, expansion and renovation of approximately 20 of our older units.
- The construction of a new 510,000 square foot distribution center in Palestine, Texas, to serve that area of our trade territory.
- The previously announced plan to acquire 159 licensed jewelry department units, presently operated by Cohen-Hatfield, which will be consummated by this year's end.
- The continuing evaluation of our merchandise mix to refine our total operation and maximize our opportunity.

In the decade of the '70's, we added 258 Wal-Mart stores . . . constructed and opened three new distribution facilities and increased our retail space to 12.6 million square feet.

Your management believes that if there is a softening of retail sales and a recessionary environment, your Company can still perform well. Our pricing philosophy in our stores, the trade territory we serve, our expense control policies, and the total dedication of all our associates to the achievement of the task at hand represents an opportunity for us that we believe will enable us to meet the challenges of the new year and continue to perform at levels consistent with our past performances.



Respectfully,

Sam M Walton

Sam M. Walton
Chairman and
Chief Executive Officer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Wal-Mart Stores, Inc. — A Company Profile

WAL-MART STORES, INC., is a regional discount department store chain with headquarters in Bentonville, Arkansas. Wal-Mart currently operates 276 Discount Cities in eleven states. On January 31, 1980, 64 stores were located in Missouri; 57 in Arkansas; 46 in Oklahoma; 36 in Texas; 18 in Mississippi; 17 in Tennessee; 16 in Illinois; 10 in Kansas; 7 in Louisiana; 4 in Kentucky and 1 in Alabama.

Wal-Mart stores are located primarily in towns having populations from 5,000 to 25,000, although a few stores are located close to the metropolitan areas of Dallas, Kansas City, Oklahoma City, Memphis, Tulsa and St. Louis. The largest cities in which Wal-Mart operates are Little Rock, Pine Bluff and Fort Smith, Arkansas, and Springfield and Joplin, Missouri.

Wal-Mart Discount Cities range in size, generally, from 30,000 to 60,000 square feet of building area, with the average size being approximately 45,000. These one-floor discount stores feature 36 full-line departments including automotive, housewares, men's, women's and children's apparel, jewelry, sporting goods, shoes, health and beauty aids, garden supplies, toys, electronics and pharmaceuticals. "Name brands" are offered in all departments. Wal-Mart stores are designed to be one-stop shopping centers which provide a wide assortment of quality merchandise, consisting of over 35,000 items, especially planned for families who enjoy shopping together.

To assure a constant flow of goods to the stores on a regular basis, the Company operates four highly efficient warehouses and distribution centers, three in Bentonville and one in Searcy, Arkansas. The Searcy Distribution

Center covers approximately 400,000 square feet on a 93-acre site, and has a capability to supply 175 stores. The shipping department loads from 50 to 60 trucks daily, delivering merchandise to stores within a 300 mile radius of Searcy. Wal-Mart stores receive two to three deliveries per week by the Company's own fleet of 118 trucks. Wal-Mart's 146 highly skilled and dedicated truck drivers keep all stores supplied with sufficient merchandise smoothly and without delay.

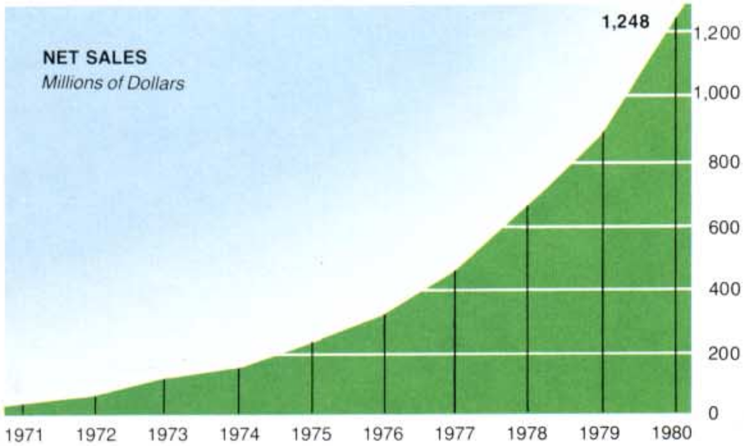
A mechanized 390,000 square foot warehouse and distribution facility, similar to the Searcy Center, was opened in Bentonville in January, 1980. This facility enhances the efficiency of Warehouses I and II in Bentonville, which are utilized for Fashion Distribution and as a distribution center for seasonal, import and advertised merchandise. As new Wal-Mart stores open, warehouse and distribution needs grow. For this reason, the Company's fifth Distribution Center, a 510,000 square foot facility, is scheduled for completion in late 1980 in Palestine, Texas.

During the fiscal year ended January 31, 1980, Wal-Mart opened 47 new stores, expanded eight existing stores and relocated and expanded two stores. The Company plans to open approximately 50 new stores in 1980.

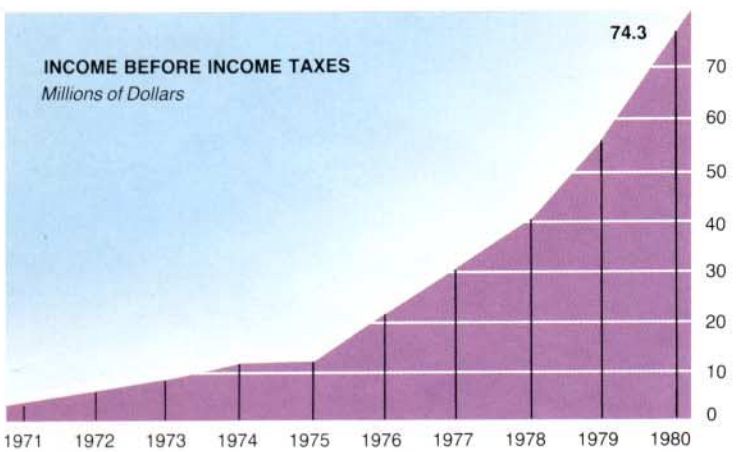
Wal-Mart Stores, Inc., has been a publicly-held corporation since October 1970. Since August 1972, Wal-Mart's stock has been traded on the New York Stock Exchange.

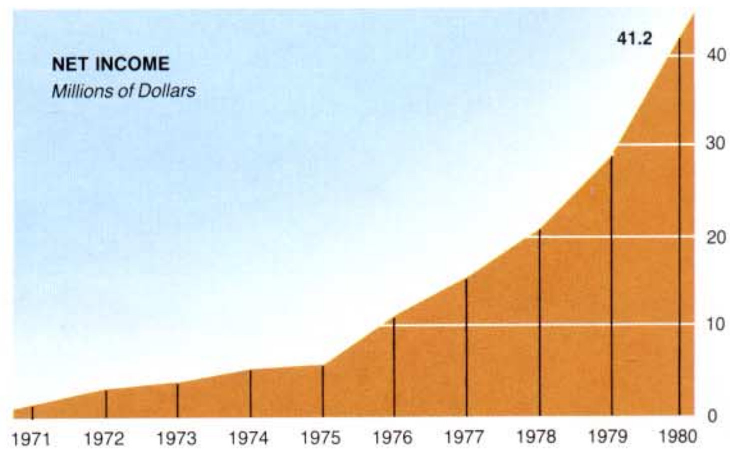
WAL-MART STORES, INC. operated 276 one-stop family shopping centers on January 31, 1980. Forty-seven new stores were opened during the year, eight existing stores were expanded, and two stores were expanded and relocated.

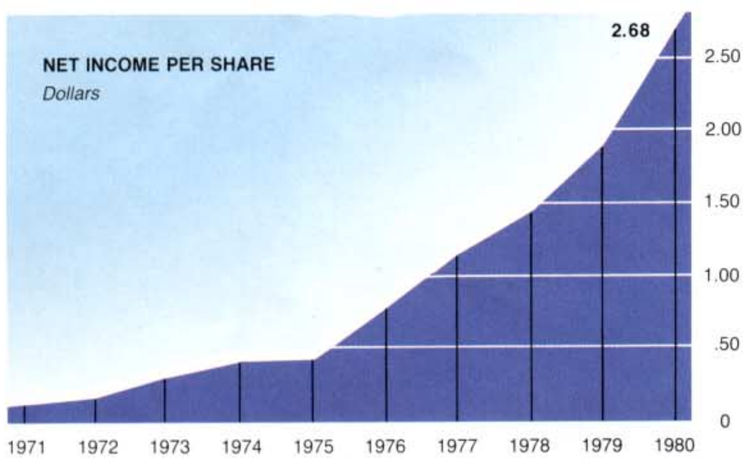
Sam M. Walton, Chairman and Chief Executive Officer, is always pleased to be interviewed by the press when a Wal-Mart Discount City opens in a new community.

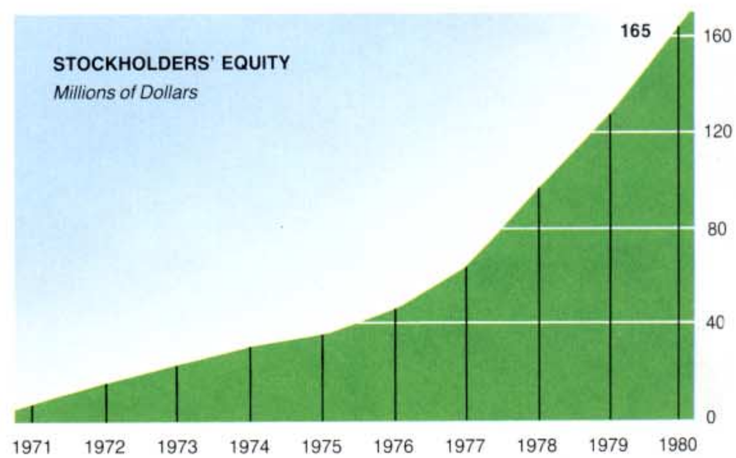


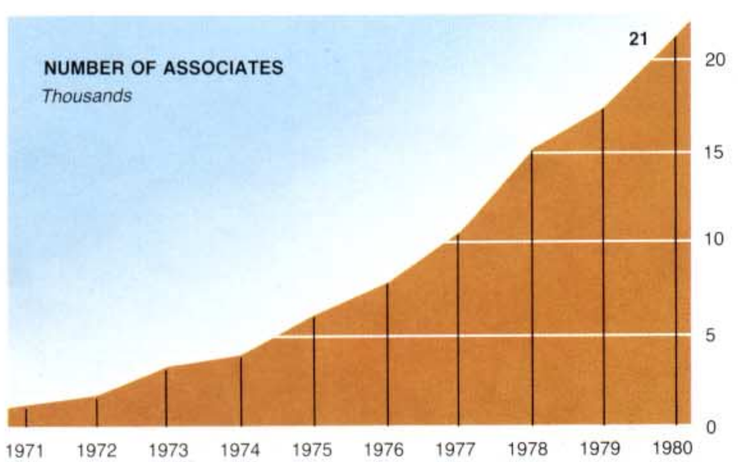
Decade of the '70's — Years of Rapid Growth

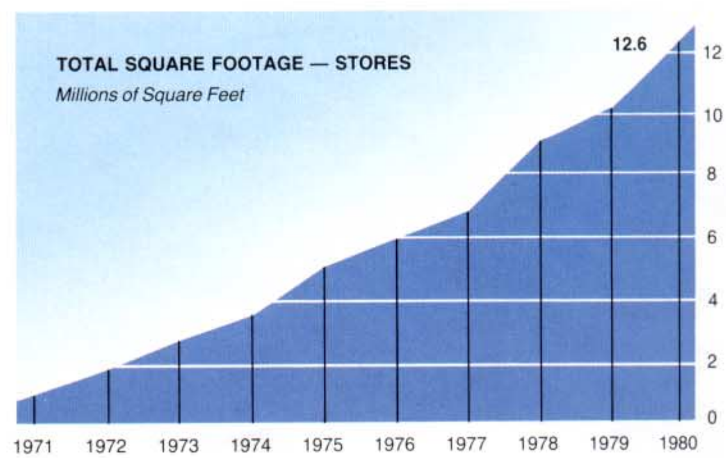












Wal-Mart Stores, Inc. has achieved an outstanding record of growth and profitability during the decade of the '70's. President and Chief Operating Officer Jack Shewmaker points out with pride the increased boundaries of "Wal-Mart Country" from January 31, 1970 through January 31, 1980.

On January 1, 1970, eight years after the opening of the first Wal-Mart Discount City store in Rogers, Arkansas, the Company owned and operated 18 Wal-Marts and 14 Ben Franklin variety stores in a four-state area, with sales totaling $31 million. The decade to follow was one marked by rapid growth and significant accomplishment. It began with the opening of a 50,000 square foot store in St. Robert, Missouri, and by January 31, 1975, the Company had expanded its operation to include 104 stores in eight states with sales of $236 million. At the close of the decade, Wal-Mart had 276 stores operating in eleven states with sales exceeding $1.248 billion — a net increase of $1.217 billion in sales and 244 new stores. During the decade of the '70's, the Company added 258 Wal-Mart Discount City stores and completely phased out the Ben Franklin units.

Wal-Mart's outstanding record of growth and profitability during the last ten years is an achievement which has earned the Company undisputed claim to the title, "Fastest-Growing Regional Discount Chain in America." Wal-Mart Stores, Inc., is the youngest general merchandise retailer in the United States to attain the milestone of over a billion dollars in sales in one year, and the only regional discount chain ever to achieve this landmark.

For the fourth consecutive year, *Forbes Magazine,* in its "Annual Report on American Industry," has accorded Wal-Mart *First Place* in its annual ranking of major discount, variety and department store chains in the country. Wal-Mart ranked number one in all four categories, based on the previous five-year average: (1) Return on equity; (2) Return on capital; (3) Sales growth; and (4) Earnings per share growth.

Nationwide recognition has been accorded Wal-Mart Stores, Inc., and has brought prestige to its founders who have been honored by their peers. A large share of the honors accruing to the Company, however, belong to the "family" — the more than 21,000 Wal-Mart associates whose cooperation, creativity and striving for excellence have made their Company's achievements possible.

Wal-Mart takes pride in its accomplishments and looks forward to the setting and achieving of new goals which will ensure continuing profitable growth. The Company expects to rise to this challenge of the 1980's with the same initiative in improved retailing practices and with the same dedication to its fundamental business principles as it has employed in the past.

Because Wal-Mart believes these practices and principles are sound, it predicts, with confidence, the continuance of a high percentage growth rate. There will be growth in the number of stores, sales and other productive Wal-Mart programs — all designed to increase capability to serve the Wal-Mart customer. As this capability increases, so do the career opportunities and other incentives for Wal-Mart associates.

Much of Wal-Mart's success is due to loyal dedicated and happy associates who are mutually committed to excellence in their jobs and communities.

A typical example of the true "Wal-Mart-Associates in Partnership" concept is exemplified through the regular Saturday morning management meetings. Every member of management is encouraged to exchange ideas, report on departmental weekly activities and make recommendations for improved performance.

Miss Oklahoma, 1979, Miss Jill Elmore of Tulsa, honored Wal-Mart by a personal appearance at the opening of a new store. Thomas Jefferson, Senior Vice-President, Operations, extends a genuine welcome to Miss Oklahoma in the Wal-Mart "family" tradition.

Each Wal-Mart associate is regarded as an important family member; an individual whose human dignity is more important than his or her rank or rate of pay.

Wal-Mart-Associates in Partnership

The more than 21,000 associates of Wal-Mart Stores, Inc., are in an exciting, ongoing partnership. They share a mutuality of aspirations and goals — a rewarding job in a profitable Company — and their performance has enabled Wal-Mart to advance steadily year after year to its present position of prominence in the highly-competitive field of retailing.

The Company recognizes and appreciates the great contribution to its success by its associates in the stores, warehouses, distribution centers, General Office and all departments which are essential to its operation. Without dedicated associates at all levels, Wal-Mart could not have grown and prospered. As the Company has grown, so have the benefits to all the partners; their benefits have been and continue to be in direct ratio to their combined productivity.

Wal-Mart's profitability provides excellent opportunities to its associates in the areas of health and life insurance, vacation, holiday and sick leave pay, a liberal stock purchase plan and a non-contributory profit sharing program.

With Wal-Mart's profitable growth, comes increased opportunity for advancement. From its inception, Wal-Mart has believed in the desirability of bringing its people "up through the ranks." To make certain this philosophy is effectively implemented, the Company has a

definitive Management Training Program. All associates who show interest in furthering their Wal-Mart careers are potential management trainees. Wal-Mart notes with satisfaction an increasingly large number of its associates are responding to its accelerated Store Management Candidate Program.

Wal-Mart Stores, Inc., is experiencing such a rapid rate of growth that it supplements its internal management identification and training program by an aggressive college and university recruiting effort. The recruiting program has been very successful because many young men and women are attracted to this progressive Company's highly visible opportunities; they aspire to become professional retailers in the Wal-Mart tradition.

Wal-Mart expects to open approximately 50 new discount department stores in 1980, and it looks forward to welcoming many new associate-partners and many more customers.

Wal-Mart believes people shop with people who are friendly, courteous and responsive to their needs — people who care. Wal-Mart strives to produce a caring "family" atmosphere in even its largest stores. Realizing that associates' job satisfaction is vital to achieving this goal, Wal-Mart provides to each associate good working conditions, good wages, excellent benefits, recognition of his or her value to the Company, and ample opportunity to advance.

Wal-Mart further believes that caring, competent leadership assures each associate of serving the public in a congenial atmosphere, and one which safeguards the associates' safety and good health.

Therefore, it is Company policy all associates have a voice in matters affecting them. One of Wal-Mart's main objectives is never to lose its "family" atmosphere in which each associate is regarded as an important member; an individual whose human dignity is more important than his or her rank or rate of pay.

Chairman Sam M. Walton was "right up front" to take care of Wal-Mart customers at the Pine Bluff, Arkansas opening day festivities.

There is no limit to where one's talents and aspirations can lead if he or she is willing to give that "little something extra" which it takes to keep a career moving forward. This professional Wal-Mart truck driver realizes his future opportunities for growth and advancement.

Wal-Mart's "R. C. Factor"

WAL-MART STORES, INC., strives to have a very low "resistance-to-change" factor throughout its organization. The Company realizes no matter how successful an operation is, there is always room for improvement. A corporate "open mind" is essential if suggestions for constructive changes are to be heard and thoughtfully evaluated.

"Tried and true" methods for ensuring Wal-Mart's high standards of customer service will undoubtedly remain, but the Company welcomes new ideas. Many suggestions for improvement come from associates at the store level. They regularly create more sales-effective ways to display merchandise. Special occasion and seasonal displays particularly are often innovative and eye-catching. Wal-Mart both encourages and rewards its associates' suggestions and creativity. Friendly inter-store competition generates many new volume-producing ideas, and contest winners receive cash awards and certificates. In addition, the winning displays are featured regularly in the Company's monthly publication *WAL-MART WORLD*.

Wal-Mart's store planners are very receptive to innovative concepts and reasoned experimentation. A case in point is the Pine Bluff, Arkansas, Wal-Mart which opened in 1979. Termed "Project '79," the 62,400 square foot store was planned, not as a prototype, but to be an experiment in physical plant design, fixture composition and merchandise presentation. Customer reaction has been favorable, and many of these successful innovations will be incorporated in Wal-Mart stores of the future.

The Company intends to keep pace with the future by constantly researching ways in which to expand its opportunities. Wal-Mart has well-formulated, practical plans for expansion into new market areas in which it believes its Discount Cities will be well received. At the same time, it plans to maintain the profitability of its existing stores. This year, the Company will continue its long-range program to make Wal-Mart stores more attractive and more convenient for shopping. Improving existing stores — enlarging or relocating them when warranted — and constantly seeking ways to upgrade merchandise and service to the customer keeps all Wal-Marts "new."

Communications has always been a key to Wal-Mart's success. During 1979, an expanded and highly sophisticated Data Processing and Communications Center was completed to assure around-the-clock communications throughout the Company.

An example of Wal-Mart's willingness to try the "new" is best reflected in the innovative merchandise presentations and modernized check-out facilities in the Pine Bluff, Arkansas store.

Wal-Mart's low "resistance-to-change" was exemplified by its decision to open the 62,400 square foot Pine Bluff, Arkansas, "Project '79" store, which was planned, not as a prototype, but to be an experiment in physical plant design, fixture composition and merchandise presentation.

Wal-Mart Battles Inflation

Another way Wal-Mart is battling inflation for its consumers is through the installation of Automotive Service Centers in selected locations for the purpose of providing quality automotive service and repair by professionally trained personnel at highly-competitive discount prices — with all work performed guaranteed.

Wal-Mart recognizes there are challenges in the future — not the least of which is increasing consumer concern for the inflationary spiral affecting the cost of food, housing and other necessities which make it imperative to continue to offer its customers the very best value for their discretionary dollars.

Wal-Mart is meeting the challenge of spiraling inflation by means of a concerted effort to control operating expenses and the many other costs of doing business. It continues to seek better ways to move merchandise from the point of manufacture to the point of sale. Improvements in efficiency lower Wal-Mart's costs and enable it to continue to out-perform its competition.

Research, development and experimentation continue to result in improved buying methods and more sales-producing displays of merchandise in Wal-Mart stores. An aggressive campaign against shrinkage, accompanied by a store-wide incentive program, reduced loss considerably during the past year. Improved store layouts with wider aisles and more logically organized and attractive departments increased sales. Additional emphasis was placed on store cleanliness and creative displays of merchandise in all departments.

Value remains the key word in all Wal-Mart stores. Therefore, the Company is committed to policies which will guarantee to its customers real values at true discount prices. Wal-Mart is convinced this prime objective can be met by continuing its "inflation-fighter" pricing program, providing its associates tangible incentives to control shrinkage, encourage its management to become increasingly innovative and vigilant, and by constantly striving to improve its productivity and efficiency at every level. These are just some of the ways Wal-Mart's strong, unified organization is enthusiastically preparing for the decade ahead, confident of continuing profitable growth.

Wal-Mart's *Big Little Sale,* featuring "inflation stoppers," has become an integral part of the Company's ongoing advertising program to guarantee fair values to its customers.

All thirty-six Wal-Mart departments feature "super savers" to its customers as indicated by the special Car Sound Center displays.

Wal-Mart has become a voluntary, recognized leader in the energy saving effort. In addition to strict adherence to local, state and national energy recommendations, the Company has adopted energy saving programs of its own. One of the most noteworthy was the purchase of a fleet of Wal-Mart Energy Express Vans used to transport associates to and from their jobs. Not only does the program conserve energy, but it represents significant personal savings to associates.

"Value" remains the key word at Wal-Mart. "Price Busters" signing is a familiar sight within every department — customers *know* that means a *real* bargain.

More and more Americans are taking to the road on bicycles. Wal-Mart offers the best values on quality brands with no charge for assembly.

Wal-Mart's co-founders Sam M. and James L. Walton continue to inspire Wal-Mart associates to greater heights of personal achievement. Their founding Operating Principles remain unchanged: "All associates shall be considered equal in importance to the Company's successful operation; every customer shall be treated fairly and courteously; each goal set by the Company shall be predicated on its responsibility to offer the highest quality of merchandise at the lowest possible price."

"We Care" is not a slogan; it is Wal-Mart's way of doing business — and that means all 21,000 of *US.*

Wal-Mart's people *do make the difference.* Regardless of the individual job performed, all realize theirs is the most important to the continued success of the Company.

Wal-Mart's Past —Foundation for the Future

The first Wal-Mart Discount City store was opened in 1962 in Rogers, Arkansas by Sam M. Walton and his brother James L. Walton. The Company's origin, however, predates the opening of the first Wal-Mart store in Rogers, Arkansas, by 17 years.

Beginning in 1945, with a Ben Franklin franchised store in Newport, Arkansas, the Walton brothers assembled a group of fifteen variety stores, most of them in small towns in Arkansas, Missouri and Kansas. The Walton-owned Ben Franklin stores had a unique philosophical base: service to the community by participation in civic projects beneficial to its citizens. Inherent to this philosophy was the Company's genuine concern for the well-being of each of its associates.

The Waltons' guiding business principle was threefold: (1) A clean, well-managed store; (2) A cheerful guarantee of complete satisfaction to every customer; and (3) The lowest everyday prices on a wide selection of quality merchandise. Community service, competent management, customer satisfaction, competitive prices and concern for associates became the cornerstones for all Wal-Mart discount department stores.

Today, Wal-Mart's management constantly strives for improvement in its merchandising methods through innovation and thoughtful experimentation, but it holds fast to the people-oriented philosophy and retailing practices its founders continue to believe are fundamental. Wal-Mart's "Operating Principles" continue to be: "All associates shall be considered equal in importance to the Company's successful operation; every customer shall be treated fairly and courteously; each goal set by the Company shall be predicated on its responsibility to offer the highest quality of merchandise at the lowest possible price."

The third Wal-Mart distribution center in Bentonville, a 390,000 square foot facility, began operations in January 1980.

The aerial view of Wal-Mart's headquarters in Bentonville, Arkansas is just another indication of a "Company on the move."

Planning is a key word at Wal-Mart. Engineers, draftsmen, store planners, researchers, real estate specialists, buyers and all other personnel are constantly exploring new concepts which will strengthen the Company's future.

Ten-Year Financial Summary

Wal-Mart Stores, Inc. and Subsidiaries

(Dollar amounts in thousands except per share data)

EARNINGS	1980	1979
Net sales	**$1,248,176**	$900,298
Licensed department rentals and other income — net	**10,092**	9,615
Cost of sales	**919,305**	661,062
Operating, selling and general and administrative expenses*	**251,616**	182,365
Interest costs:*		
Debt	**4,438**	3,119
Capital leases	**8,621**	6,595
Taxes on income	**33,137**	27,325
Net income	**41,151**	29,447
Per share:		
Net income		
Primary	**$2.68**	$1.93
Fully diluted	**2.68**	1.93
Dividends	**.30**	.22
Stores in operation at the end of the period	**276**	229
FINANCIAL POSITION		
Current assets	**$ 266,617**	$191,860
Net property, plant, equipment and capital leases	**190,562**	131,403
Total assets	**457,879**	324,666
Current liabilities	**170,221**	98,868
Long-term debt	**24,862**	25,965
Long-term obligations under capital leases	**97,212**	72,357
Stockholders' equity	**164,844**	127,476
FINANCIAL RATIOS		
Current ratio	**1.6**	1.9
Inventories/working capital	**2.4**	1.9
Return on assets***	**12.7**	11.7
Return on stockholders' equity***	**32.3**	30.5

**Interest on capital lease obligations for years prior to 1980 has been reclassified to conform to current year classification.*

***The Company adopted the LIFO method of costing inventories in 1975 which resulted in a reduction in net income of $2,347,000 or $.18 per share.*

****On beginning of year balances*

1978	1977	1976	1975	1974	1973	1972	1971
$678,456	$478,807	$340,331	$236,209	$167,561	$124,889	$ 78,015	$ 44,286
7,767	5,393	3,803	2,478	1,805	1,558	846	346
503,825	352,669	251,473	176,591	123,339	93,090	58,592	32,825
134,718	95,488	66,427	46,618	32,206	23,239	13,906	8,321
2,068	1,680	1,758	1,800	1,099	592	415	195
4,765	3,506	2,419	2,157	1,234	904	572	183
19,656	14,818	10,925	5,526	5,534	4,183	2,570	1,489
21,191	16,039	11,132	5,995**	5,954	4,439	2,806	1,619
$1.48	$1.15	$ .80	$ .45**	$ .45	$ .34	$ .23	$ .15
1.41	1.08	.77	.45**	.45	.34	.23	.15
.16	.085	.065	.05	.025	—	—	—
195	153	125	104	78	64	51	38
$150,986	$ 99,493	$ 76,070	$ 55,860	$ 45,254	$ 32,787	$21,069	$ 12,150
100,550	68,134	48,744	43,409	30,677	23,172	13,634	6,983
251,865	168,201	125,347	99,473	76,126	56,180	35,017	19,234
74,891	43,289	33,953	27,076	18,748	16,406	13,079	6,678
21,489	19,158	17,531	11,132	10,578	5,066	4,659	809
59,003	41,190	26,534	25,069	16,410	10,143	6,606	3,870
96,482	64,417	47,195	36,050	30,207	24,432	10,578	7,772
2.0	2.3	2.2	2.1	2.4	2.0	1.6	1.8
1.8	1.6	1.5	1.8	1.6	1.8	2.3	1.9
12.6	12.8	11.2	7.9	10.6	12.7	14.6	17.6
32.9	34.0	30.9	19.8	24.4	42.0	36.1	51.8

Management's Analysis of Summary of Earnings

Year ended January 31, 1980

Sales for the year ended January 31, 1980 were $1.248 billion, up 39 percent from $900.3 million last year. Comparable store sales increased 15.3 percent, and the balance of the sales increase is attributable primarily to the 47 new stores opened during the year and the full-year performance of Hutcheson Shoe Division.

Licensed department rentals and other income were .8 percent in 1980 as compared to 1.1 percent in 1979. The difference reflects the ownership of Hutcheson Shoe Division for the full year in 1980 as compared to four months in the prior year. Hutcheson Shoe Company, prior to the acquisition, operated licensed departments in Wal-Mart stores and rentals paid were included in Licensed Departments rentals until October 1978.

Net income increased 40 percent to $41.2 million from the $29.4 million earned last year.

The addition of 47 new Wal-Mart stores and the expansion of ten others added approximately 2,400,000 square feet of retail space to the beginning base of 10,200,000, bringing the year-end total to 12,600,000 square feet.

Gross margins, expressed as a percentage of sales, declined .2 for the year. Fewer promotional markdowns and reduced shrinkage added to gross margin but were more than offset by an increase in the LIFO reserve. The impact of inflation as measured by the LIFO method of inventory valuation was much greater in 1980 as compared to 1979.

Operating, selling and general and administrative expenses increased 38 percent and were 20.2 percent of sales as compared with 20.3 percent in 1979. As related to sales, building rents were .2 percent lower, supplies .1 percent less, pre-opening expenses and insurance expense were each up .1 percent. All other expenses remained the same percentage of sales.

Interest expense on debt increased in total dollars due primarily to higher rates but remained constant as a percentage of sales.

The effective tax rate was 44.6 percent this year as compared to 48.1 percent in 1979. The change is attributable to the statutory reduction in the Federal rate and a larger amount of investment tax credit.

Year ended January 31, 1979

Sales in 1979 reached $900 million, up 33 percent from $678 million last year. These increases were due primarily to new stores, improved productivity of old stores, inflation, and the addition of Hutcheson Wholesale Shoe Company in October.

Licensed department rentals and other income were 1.1 percent of sales in 1979 and in 1978.

Net income increased to $29.4 million, an increase of 39 percent. Earnings per share grew to $1.93 in 1979 compared with $1.41 in 1978. Earnings for 1978 were restated in 1979 to reflect the retroactive application of SFAS 13 (Accounting for Leases). The restatement reduced net earnings $769,000, or 5 cents per share.

During the year, we added thirty-five new Wal-Mart stores and closed our remaining Sav-Co Home Improvement Center, which created a net addition of over 1,600,000 square feet of floor space. Total retail space occupied at January 31, 1979 was 10,200,000 square feet.

Gross margins improved in 1979 over 1978, reflecting an improvement in markdowns and the higher gross margin contribution of the shoe and jewelry divisions. The impact of inflation, as measured by the LIFO method of inventory valuation, was more significant in 1979 than in 1978. Shrinkage remained constant as a percentage of sales in both years.

Expenses increased .4 percent of sales in 1979 from 1978 primarily because of the addition of the shoe division, expansion of the jewelry division, and start-up of the pharmacy division. Payroll and payroll taxes increased .4 as a percentage of sales with utilities, interest, repairs and maintenance, and equipment rental up slightly but offset by improvements in advertising costs, supplies, and building rentals.

Pre-tax income was up 39 percent in 1979 compared to 1978, and the effective tax rate was 48.1 percent in both years.

Consolidated Statement of Income and Retained Earnings

Wal-Mart Stores, Inc. and Subsidiaries

(Dollar amounts in thousands except per share data)

	Years ended January 31,	
	1980	1979
Number of stores in operation at the end of the year	**276**	229
Revenues:		
Net sales	**$1,248,176**	$900,298
Rentals from licensed departments	**4,804**	6,344
Other income — net	**5,288**	3,271
	1,258,268	909,913
Costs and expenses:		
Cost of sales	**919,305**	661,062
Operating, selling and general and administrative expenses	**251,616**	182,365*
Interest costs:		
Debt	**4,438**	3,119*
Capital leases	**8,621**	6,595*
	1,183,980	853,141
Income before income taxes	**74,288**	56,772
Provision for federal and state income taxes:		
Current	**31,649**	28,047
Deferred	**1,488**	(722)
	33,137	27,325
Net income	**41,151**	29,447
Retained earnings, beginning of year	**91,646**	65,475
Dividends paid (1980 — $.30 per share; 1979 — $.22 per share)	**(4,529)**	(3,276)
Retained earnings, end of year	**$ 128,268**	$ 91,646
Net income per share:		
Primary and fully diluted	**$2.68**	$1.93

**Reclassified to conform to current year classification*

See accompanying notes.

Consolidated Balance Sheet

Wal-Mart Stores, Inc. and Subsidiaries

(Dollar amounts in thousands)

ASSETS

	January 31, 1980	January 31, 1979
Current assets:		
Cash	**$ 5,090**	$ 10,964
Short-term money market investments	**—**	893
Receivables	**7,806**	5,398
Recoverable costs from sale/leaseback	**15,557**	—
Inventories	**235,315**	172,640
Prepaid expenses	**2,849**	1,965
TOTAL CURRENT ASSETS	**266,617**	191,860
Property, plant and equipment, at cost:		
Land	**15,002**	8,926
Buildings and improvements	**42,287**	27,572
Fixtures and equipment	**56,072**	40,873
Transportation equipment	**9,012**	2,827
	122,373	80,198
Less accumulated depreciation	**23,613**	17,435
Net property, plant and equipment	**98,760**	62,763
Property under capital leases	**109,608**	83,225
Less accumulated amortization	**17,806**	14,585
Net property under capital leases	**91,802**	68,640
Other assets and deferred charges	**700**	655
Deferred income taxes	**—**	748
	$457,879	$324,666

See accompanying notes.

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31,	
Current liabilities:	**1980**	1979
Notes payable	**$ 25,080**	$ 550
Accounts payable	**100,102**	65,001
Accrued liabilities:		
Salaries	**12,889**	7,759
Taxes, other than income	**6,619**	4,719
Other	**15,148**	6,933
Accrued federal and state income taxes	**5,365**	9,729
Long-term debt due within one year	**2,314**	1,700
Obligations under capital leases due within one year	**2,704**	2,477
TOTAL CURRENT LIABILITIES	**170,221**	98,868
Long-term debt	**24,862**	25,965
Long-term obligations under capital leases	**97,212**	72,357
Deferred income tax	**740**	—
Stockholders' equity:		
Preferred stock	**—**	—
Common stock	**1,512**	1,508
Capital in excess of par value	**35,064**	34,322
Retained earnings	**128,268**	91,646
TOTAL STOCKHOLDERS' EQUITY	**164,844**	127,476
	$457,879	$324,666

Consolidated Statement of Changes in Financial Position

Wal-Mart Stores, Inc. and Subsidiaries
(Dollar amounts in thousands)

	Years ended January 31, 1980	1979
Source of funds:		
Current operations:		
Net income	**$ 41,151**	$29,447
Items not affecting working capital in the current period:		
Depreciation	**12,938**	9,293
Amortization of deferred charges	**88**	111
Deferred income tax	**1,488**	(722)
Total from current operations	**55,665**	38,129
Retirement of property, plant and equipment	**805**	1,044
Property sold under leaseback arrangements	**15,605**	862
Disposal of capital lease property	**759**	98
Net proceeds from exercise of options for common stock	**746**	1,134
Common stock issued in acquisition of Hutcheson Wholesale Shoe Company	**—**	3,689
Additions to long-term debt	**1,056**	6,411
Additions to long-term obligations under capital leases	**29,559**	16,011
	104,195	67,378
Application of funds:		
Additions to property, plant and equipment	**46,825**	23,844
Additions to property under capital leases	**30,317**	13,965
Property additions acquired, subject to sale and leaseback arrangements	**12,124**	4,341
Reductions in long-term debt, including changes in current maturities	**2,159**	1,935
Reductions in long-term lease obligations, including changes in current obligations	**4,704**	2,657
Dividends paid	**4,529**	3,276
Additions to other assets and deferred charges	**133**	463
	100,791	50,481
Increase in working capital	**$ 3,404**	$16,897
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash	**$ (5,874)**	$ 3,892
Short-term money market investments	**(893)**	(191)
Receivables	**2,408**	(51)
Recoverable costs from sale/leaseback	**15,557**	—
Inventories	**62,675**	36,795
Prepaid expenses	**884**	429
	74,757	40,874
Increase (decrease) in current liabilities:		
Notes and accounts payable and accrued liabilities	**74,876**	19,472
Accrued federal and state income taxes	**(4,364)**	2,983
Long-term debt due within one year	**614**	1,359
Obligations under capital leases	**227**	163
	71,353	23,977
Increase in working capital	**$ 3,404**	$16,897

See accompanying notes.

Notes to Consolidated Financial Statements

Wal-Mart Stores, Inc. and Subsidiaries

January 31, 1980 and 1979

Note 1 — Accounting policies

Segment information — The Company and its subsidiaries are principally engaged in the operation of retail discount stores in an eleven-state region surrounding its Arkansas headquarters. No single customer accounts for a significant portion of its consolidated sales.

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

Inventories — Inventories are stated 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.

Interest during construction — In order that interest and debt expense properly reflect only that relating to current operations, interest on borrowed funds during the construction of property, plant and equipment is capitalized and subsequently amortized by charges to earnings over the depreciable life of the related asset. Interest and debt expense and interest capitalized during construction exclude amounts related to properties constructed under sale and leaseback transactions, which amounts are recovered on sale of property.

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, accelerated depreciation is used 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 and have resulted in reductions of the federal income tax provisions for 1980 and 1979 of $2,757,000 and $1,192,000, respectively.

Deferred income taxes arise from income tax and financial reporting differences with respect to depreciation, capitalized leases and other items.

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

Fully diluted net income per share gives effect to more dilutive market prices in calculations under the treasury stock method.

Stock options — Proceeds from the sale of common stock issued under stock option plans 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, 1980 and January 31, 1979 were $235,315,000 and $172,640,000, respectively. Replacement cost (FIFO vs LIFO) would be $38,899,000 greater in 1980, and $22,271,000 greater in 1979.

Note 3 — Long-term debt

Long-term debt at January 31, consists of:

	1980	1979
8% unsecured notes, due 1981 through 1984	$ 7,000,000	$ 8,000,000
9¼% mortgage notes, payable $68,822 quarterly (including interest) to June 1992	1,937,000	2,028,000
8⅝% 25-year secured notes, payable $244,595 quarterly (including interest) to October 2003	9,714,000	9,849,000
8½% secured notes, payable $121,030 quarterly (including interest) to March 2003	4,815,000	4,886,000
Other	1,396,000	1,202,000
	$24,862,000	$25,965,000

Annual maturities on long-term debt during the next five years are: 1981, $2,314,000; 1982, $2,785,000; 1983, $2,672,000; 1984, $3,631,000; and 1985, $613,000.

The agreements relating to the 8% notes include certain restrictions on dividends, additional debt and leases, and sale of assets and contain covenants concerning working capital. The agreements relating to the 9¼% mortgage notes of a subsidiary, which are guaranteed by Wal-Mart Stores, Inc., contain certain restrictions on the subsidiary concerning additional debt, business activities, investments and issuance of its capital stock.

The agreements relating to the 8⅝% and 8½% secured notes of a subsidiary contain certain restrictions on the subsidiary concerning additional debt, business activities, issuance of its capital stock and merger or consolidation with any other corporations.

Under the most restrictive of the above agreements, retained earnings of $50,021,000 were restricted at January 31, 1980.

Note 4 — Stockholders' equity

There are one million shares of $.10 par value preferred stock authorized and unissued. There are twenty million shares of $.10 par value common stock authorized with 15,121,261 shares issued and outstanding at January 31, 1980 and 15,079,383 shares at January 31, 1979.

At January 31, 1980, 766,942 shares of common stock were reserved for issuance under the nonqualified stock option plan. The options granted under the nonqualified stock option plan expire ten years from date of grant and may be exercised in nine annual installments. Capital in excess of par value increased during the year by $742,000 which includes increases of $294,000 from exercise of stock options and $448,000 relating to the tax benefit resulting from stock option transactions.

Further information concerning the options is as follows:

		Option price (Market price at date of grant)	
	Shares	Per Share	Total
Shares under option:			
January 31, 1979	403,268	$4.188-$23.00	$3,523,954
Options granted	10,000	30.00	300,000
Options cancelled	(18,253)	4.188-14.25	(90,107)
Options exercised	(41,878)	4.188-23.00	(297,853)
January 31, 1980 (98,495 shares exercisable)	353,137	$4.188-$30.00	$3,435,994
Shares available for option:			
January 31, 1979	405,552		
January 31, 1980	413,805		

Note 5 — Licensed department sales

The sales of licensed departments as reported by licensees are $46,097,000 and $60,560,000 for 1980 and 1979, respectively. Hutcheson Wholesale Shoe Company, previously a licensee, was acquired on October 1, 1978. Its sales of $18,579,000 from February 1, 1978 through September 30, 1978 are included in licensed department sales and sales of $11,773,000 for the period beginning October 1, 1978 are included in Wal-Mart's sales for fiscal 1979.

Note 6 — 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 $11,685,000 in 1980, and $10,323,000 in 1979.

Aggregate minimum annual rentals at January 31, 1980, under noncancelable leases are as follows:

	Operating Leases	Capital Leases
1981	$ 7,021,000	$ 13,592,000
1982	6,697,000	13,622,000
1983	6,533,000	13,629,000
1984	6,174,000	13,605,000
1985	5,862,000	13,602,000
Thereafter	53,133,000	160,269,000
Total minimum rentals	$85,420,000	228,319,000
Less estimated executory costs		19,310,000
Net minimum lease payments		209,009,000
Less inputed interest at rates ranging from 8.5% to 13.5%		109,093,000
Present value of net minimum lease payments		$ 99,916,000

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to $2,027,000 in 1980, and $1,149,000 in 1979.

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

In addition, the Company has entered into lease agreements for land and buildings for 38 future stores including 15 under sale and leaseback arrangements. The lease agreements provide for minimum rentals for 20 to 25 years, excluding renewal options, which if consummated based on current cost estimates would approximate $5,800,000 on an annual basis over the lease terms. Minimum annual rental payments based on current cost estimates would be approximately $1,500,000 less during the initial years due to accelerating rental payment provisions in certain of the leases.

Note 7 — Quarterly financial data (unaudited)

Summarized quarterly financial data (thousands except per share amounts) for 1980 and 1979 are as follows:

	Quarter Ended			
	April 30	July 31	Oct. 31	Jan. 31
1980				
Net sales	$238,569	$291,685	$300,747	$417,175
Cost of sales	172,104	215,149	218,123	313,929
Net income	7,158	8,410	9,456	16,127
Net income per share: Primary and fully diluted	$ .47	$ .55	$ .62	$ 1.04
1979				
Net sales	$167,274	$204,085	$221,982	$306,957
Cost of sales	120,640	150,192	161,295	228,935
Net income	5,103	6,189	7,233	10,922
Net income per share: Primary and fully diluted	$ .33	$ .41	$ .48	$ .71

Net income for the quarter ended January 31, 1980 was reduced $2,612,000 ($.17 per share) due to adjustment of the estimated inflation rate used to compute LIFO inventory cost for the first three quarters to the actual inflation rate for the year.

Note 8 — Estimated replacement cost information (unaudited)

The Company's annual report on Form 10-K filed with the Securities and Exchange Commission contains estimated replacement cost information regarding inventories and productive capacity at January 31, 1980 and 1979, and the approximate effect replacement cost would have on the computations of cost of sales and depreciation expense for the two years then ended. The estimated replacement cost of productive capacity and related depreciation expense and inventories exceeded corresponding historical amounts in the accompanying financial statements because of the cumulative impact of cost increases on the long-lived assets (buildings and improvements, and fixtures and equipment) and the use of the LIFO method of accounting for inventories.

The use of the LIFO method results in cost of sales being stated at approximate replacement cost. The estimated replacement cost amounts reported in the Form 10-K have no effect on financial statements under generally accepted accounting principles.

Note 9 — Changing prices (unaudited)

The following Statement of Income and Selected Supplementary Financial Data (thousands except per share amounts) reflect adjustments for general inflation. This information is presented in accordance with the requirements of Statement of Financial Accounting Standards No. 33, Financial Reporting and Changing Prices, issued by the Financial Accounting Standards Board.

Statement of income adjusted for general inflation
for the year ended January 31, 1980

	As reported in the primary statements	Adjusted for general inflation
Revenues	$1,258,268	$1,258,268
Cost of sales	919,305	932,168
Operating, selling and general and administrative expenses	251,616	252,758
Interest costs	13,059	13,059
Provision for income taxes	33,137	33,137
Net income	$ 41,151	$ 27,146
Gain from decline in purchasing power of net amounts owed		$ 28,422

Selected supplementary financial data
adjusted for general inflation

	January 31, 1980	1979	1978	1977	1976
Revenues	$1,258,268	$1,015,738	$826,476	$621,654	$466,630
Net income	$ 27,146				
Net income per common share	$ 1.77				
Net assets at year-end	$ 242,138				
Gain from decline in purchasing power of net amounts owed	$ 28,422				
Cash dividends per common share	$ .30	$ .25	$ .19	$ .11	$ .09
Market price per common share	$ 33.58	$ 24.30	$ 22.31	$ 17.40	$ 17.97
Average consumer price index	219.8	196.9	182.5	171.2	162.1

For purposes of preparing the above information, inventories, fixed assets, cost of sales, and depreciation and amortization expense appearing in the primary, historical cost financial statements have been restated on the constant dollar basis.

Historical cost/constant dollar information is derived from the historical cost financial statements, which combine dollars spent at various times in the past with dollars spent currently. For purposes of preparing historical cost/constant dollar information, the historical cost amounts are restated in units of general purchasing power ("constant dollars") using the average level of the Consumer Price Index during the year. The underlying principles of accounting are not changed.

Historical cost/constant dollar restatement corrects distortions caused by recording transactions in dollars of varying purchasing power. The restated amounts do not purport to be appraised value, replacement cost, current value, or the individual prices of particular goods and services in the current market. Changes in individual prices are caused in part by changes in the general purchasing power of the dollar and in part by other supply and demand factors, including technological changes. Changes in individual prices may be more or less than, and may even be counter to, changes in the general price level.

Net income on the historical cost/constant dollar basis is designed to eliminate distortions from changes in the value of the dollar. Under this basis, income does not arise until "provision' has been made for changes in the purchasing power of the dollar.

Since corporations are taxed on historical dollar results without regard for the inflation created decline in the real value of the dollar, the provision for income taxes has not been adjusted. Therefore, the effective tax rate on these inflation adjusted earnings for fiscal 1980 is 55%. This rate highlights the need for national monetary and fiscal policies designed to control inflation and provide adequate capital retention for future business growth which will permit improved productivity and employment.

Holders of "monetary assets," such as cash and receivables, lose purchasing power during inflation because monetary assets buy fewer goods and services as the general level of prices rise. Conversely, those who have "monetary liabilities" gain because the liabilities will be paid by dollars having less purchasing power than the dollars received when the liabilities were incurred. The net gain in purchasing power is part of the overall impact of inflation on the Company's operations. However, since interest is intended, in part, to compensate lenders for lost purchasing power during inflation, the gain in purchasing power and net interest expense should be evaluated together. Since a gain in purchasing power does not represent receipt of cash, it should not be considered as providing funds for reinvestment or dividend distribution in the current period.

Report of Certified Public Accountants

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

We have examined the accompanying consolidated balance sheet of Wal-Mart Stores, Inc., and subsidiaries at January 31, 1980 and 1979, and the related consolidated statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Wal-Mart Stores, Inc., and subsidiaries at January 31, 1980 and 1979, and the consolidated results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

Tulsa, Oklahoma
April 1, 1980

Market Price of Common Stock

	Fiscal Year ended January 31, 1980		1979	
Quarter	High	Low	High	Low
4/30	$27.00	$22.625	$23.25	$17.25
7/31	27.375	24.00	25.875	22.00
10/31	34.50	26.00	29.375	19.50
1/31	36.75	28.75	24.75	20.25

Dividends Paid

Fiscal Year ended January 31, Quarterly 1980		Quarterly 1979	
April 7	$.075	April 7	$.055
July 17	.075	July 12	.055
October 3	.075	October 5	.055
January 4	.075	January 9	.055

Directors

*Sam M. Walton
Chairman and Chief Executive Officer

*Jack Shewmaker
President and Chief Operating Officer

*Ferold G. Arend
Vice Chairman

*David D. Glass
Executive Vice President — Finance

*James L. Walton
Senior Vice President

*S. Robson Walton
Senior Vice President, Secretary, and General Counsel

J. R. Hyde III
Chairman and President
Malone & Hyde, Inc., Memphis, Tennessee

James H. Jones
Banking and Investments

Sidney A. McKnight
President, Retired
Montgomery Ward & Co., Incorporated

Officers

Claude Harris
Senior Vice President — Marketing

Thomas Jefferson
Senior Vice President — Operations

A. L. Johnson
Senior Vice President — Merchandise and Sales

B. D. Adams
Vice President — Region 1

Don M. Bailey
Vice President, Division Merchandise Manager, Hardlines

Keith R. Binkleman
Vice President — Merchandise Planning

Paul R. Carter
Vice President — Special Divisions

Thomas M. Coughlin
Vice President — Loss Prevention

Larry W. Dimmit
Vice President, Division Merchandise Manager, Softlines

Billy D. Durflinger
Vice President, Division Merchandise Manager, Hardlines

*Member of the Executive Committee of the Board of Directors

Bill Fields
Vice President, Merchandise Systems

Kenneth Folkerts
Vice President and Treasurer

H. "Mac" Gammon
Vice President — Region 5

Gale M. Gore
Vice President, Division Merchandise Manager, Hardlines

Glenn L. Habern
Vice President — Data Processing

Robert L. Hart
Vice President — New Store Planning

Richard A. Jolosky
Vice President, General Merchandise Manager, Softlines

Ronald L. Loveless
Vice President, General Merchandise Manager, Hardlines

A. L. Miles
Vice President — Region 2

Gary D. Reinboth
Vice President — Region 4

H. G. Rountree
Vice President — Corporate and Public Affairs

Dean L. Sanders
Vice President — Fashion Distribution

Thomas P. Seay
Vice President — Real Estate

Harve Taylor
Vice President — Construction and Engineering

D. Ray Thomas
Vice President — Region 3

R. B. Thornton
Vice President — Distribution

Colon Washburn
Vice President, Division Merchandise Manager, Softlines

David Washburn
Vice President — Personnel Administration

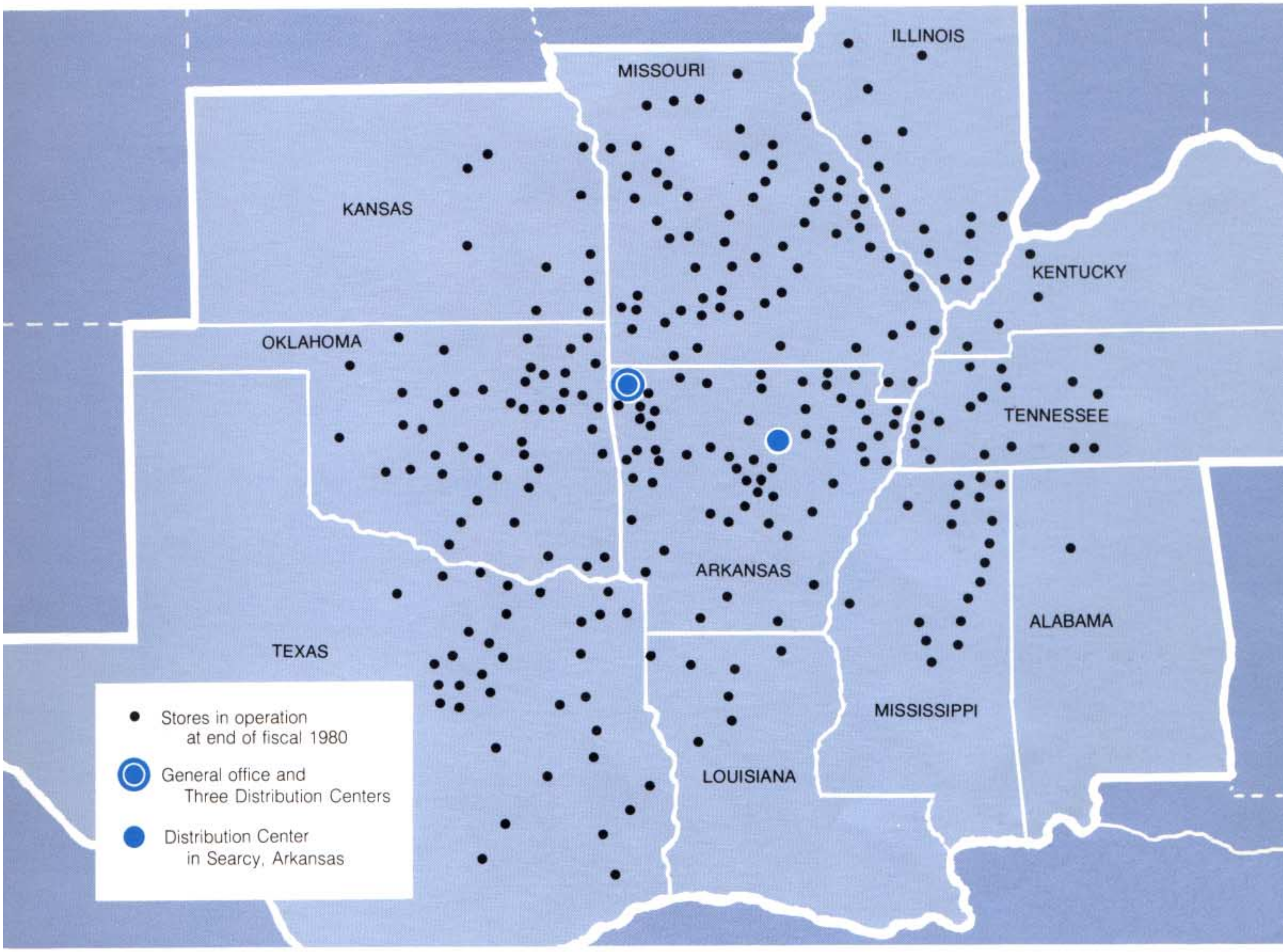
Charles E. Self
Controller

Bette Hendrix
Assistant Secretary

Daniel L. Davies
Assistant Controller

Ruby Norman Davies
Assistant Controller

276 WAL-MART STORES IN OPERATION AT YEAR'S END



Corporate Information

Counsel
Conner, Winters, Ballaine,
Barry & McGowen
2400 First National Tower
Tulsa, Oklahoma 74103

Registrar and Transfer Agent
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

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

Corporate Headquarters
Wal-Mart Stores, Inc.
P.O. Box 116
Bentonville, Arkansas 72712
Telephone: 501-273-4000

The common stock of Wal-Mart Stores, Inc. is traded on the New York Stock Exchange Symbol: WMT

Notice of Annual Meeting

The Annual Meeting of Shareholders of Wal-Mart Stores, Inc. will be held on Friday, June 6, 1980, at 10:00 A.M. at the General Offices, 702 Southwest 8th Street, Bentonville, Arkansas.

Shareholders who cannot attend are encouraged to exercise their right to vote by proxy.

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, 1980, as filed with the Securities and Exchange Commission, may be obtained without charge, by writing: Bette Hendrix, Assistant Secretary, Wal-Mart Stores, Inc., Post Office Box 116, Bentonville, Arkansas 72712.