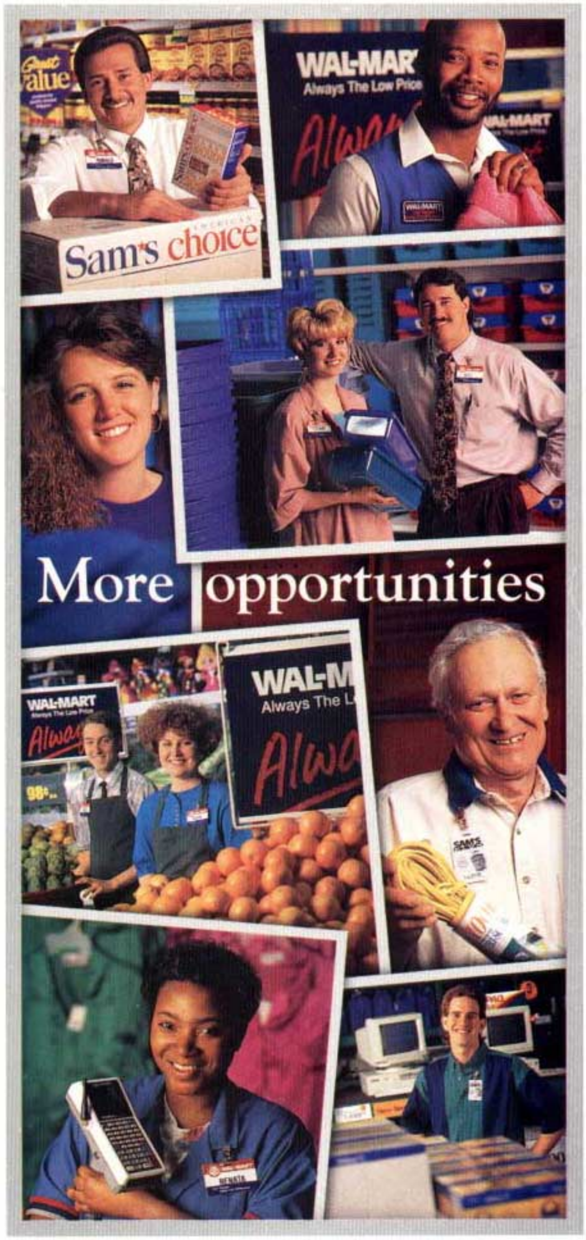
WAL★MART®

ANNUAL
REPORT
1994



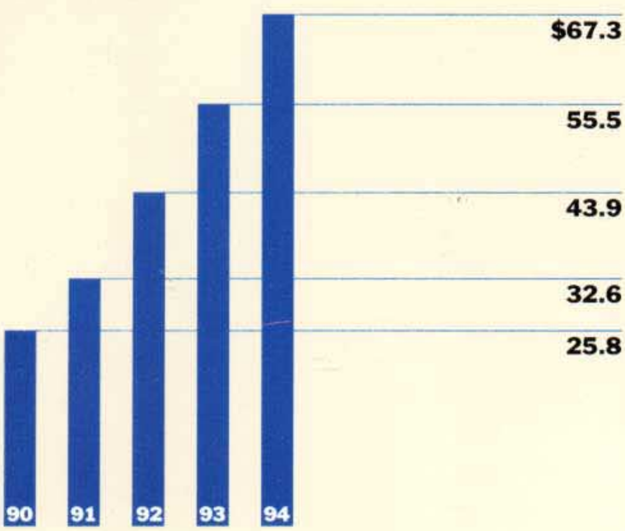
Wal-Mart Today: More opportunities than ever before...

"**Welcome!** We people greeters take great pleasure in welcoming you to Wal-Mart. Whether you're already a member of our shareholder family or otherwise interested in our Company, we hope you will enjoy reading this annual report."

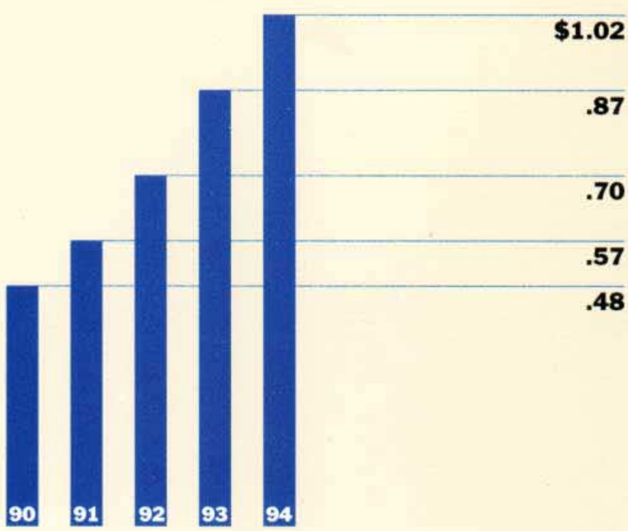
— *Dave and Rita, husband-and-wife people greeters, Glenwood Springs, Colorado.*

Contents

Net Sales
(Billions of Dollars)



Net Income
(Per Share)



Financial Highlights

January 31,	1994	1993
Net sales	$67,344,574,000	$55,483,771,000
Net income	2,333,277,000	1,994,794,000
Net income per share*	1.02	.87
Shareholders' equity	10,752,438,000	8,759,180,000
Return on beginning shareholders' equity	26.6%	28.5%
Common stock outstanding at year end*	2,298,769,045	2,299,638,166

Stores in operation at year end:		
Wal-Mart Stores	1,953	1,850
Supercenters	68	30
Sam's Clubs	419	256

Market Price
Of Common Stock

	Fiscal years ended January 31,			
	1994		1993*	
Quarter	High	Low	High	Low
April 30	$34.00	$26.38	$27.75	$25.69
July 31	28.50	24.88	27.94	25.75
October 31	27.25	23.50	31.00	27.94
January 31	29.88	24.38	32.88	29.50

► In 1970, when Wal-Mart Stores, Inc. went public, an investment of 100 shares cost $1,650. That investment would have been worth $2,713,600 at January 31, 1994.

Dividends
Paid Per Share

Fiscal years ended January 31,			
Quarterly			
1994		1993*	
April 9	$.0325	April 2	$.02625
July 9	.0325	July 3	.02625
October 4	.0325	October 5	.02625
January 5	.0325	January 6	.02625

► During fiscal 1994, the cash payout was raised 23.8 percent, which marked the 20th consecutive year of increased dividends. In March 1994, the Directors again increased the dividend, this time by 30.8 percent.

**Reflects the two-for-one stock split distributed on February 25, 1993*

Dear Friends:

Although fiscal 1994 represented an especially tough retail environment, our 528,000 Associates met the challenge, as they have always done, and our Company once again registered record sales and earnings. We added nearly $12 billion to our substantial sales base; that increase alone would have ranked Wal-Mart as the nation's fifth largest retailer. Even more impressive was our profit performance, which approximated our ambitious goal set at the beginning of the year. Not to be overlooked are several significant accomplishments during the year, which position us for the remainder of this decade and into the 21st century. There is no doubt in our minds that Wal-Mart has more opportunities today than ever before.

The accomplishments of fiscal 1994 make us all the more optimistic about the future. Last year we:

- ▶ Continued the successful expansion of Wal-Mart discount stores into the Northeast, West Coast and Pacific Northwest;
- ▶ Further rolled out our Supercenters, which are definitely the right concept at the right time, meeting the one-stop-shopping needs of a growing number of consumers;
- ▶ Strengthened the market leadership position of Sam's Clubs through internal expansion and the acquisition of 99 PACE Membership Warehouse clubs;
- ▶ Created more than 77,000 new jobs in 1993, once again more than any other U.S. company;
- ▶ Formally established an International Division, which will capitalize on dynamic growth opportunities.

Net Income Up 17 Percent

Fiscal 1994 net income increased 17 percent to $2.33 billion, or $1.02 per share, from $1.99 billion, or $0.87 per share, the year before. Sales were up 21 percent to $67.34 billion from $55.48 billion a year ago. Return on the beginning of the year shareholders' equity was an impressive 27 percent, compared with 29 percent a year ago.

Rob Walton, Chairman of the Board, joins Associates in the snack bar at the Glenwood Springs, Colorado, Wal-Mart.

Despite the highly competitive environment, we continued to benefit from our long-standing emphasis on cost controls, as operating, selling and general and administrative expenses represented only 15.3 percent of sales, well below industry averages. Gross margin improved to 20.6 percent from 20.4 percent.

Reflecting the record results and confidence in the future, the Board of Directors in March 1994 increased the annual dividend rate over 30 percent to $0.17 per share, marking the 21st consecutive year that the payout has been raised.

Wal-Mart Stores Expansion

During fiscal 1994 our Wal-Mart discount stores moved into two new states —Rhode Island and Washington, bringing total U.S. coverage to 47 states. We opened 142 new stores this year, which brought the total to 1,953 at year end. The successful expansion from our initial southern and midwestern bases demonstrates the vitality of our concept, and the value that we bring to the consumer.

Wal-Mart stores' record performance in fiscal 1994 included a same-store sales increase of 8 percent, impressive in a low inflationary retail environment.

During the current year we plan to open 110 new Wal-Marts. We believe in keeping our stores fresh for our customers and therefore we will expand or relocate 70 to 75 Wal-Marts, while remodeling 60 to 70.

Sam's: Increased Market Share

During fiscal 1994, the number of Sam's Clubs surged 64 percent to 419 from 256 the year before, the result of continued internal expansion and the purchase of 99 PACE clubs from Kmart Corporation.

Same-store sales at Sam's declined 3 percent for the year. The warehouse club industry has been extremely competitive, but an industry consolidation has occurred and Sam's has emerged as the leader.

It is interesting to note that while the warehouse club industry's viability is being questioned, the operating margins at Sam's improved slightly during fiscal 1994, despite a highly competitive atmosphere.

Because of the PACE acquisition, the number of new Sam's will be reduced to 20 this year, and will be located primarily in areas where we already have strong market presence.

Supercenter Growth

We continued to roll out our exciting Supercenter stores during fiscal 1994, as their numbers more than doubled, from 30 to 68, and they will double again this year. Most Supercenters are relocations of existing Wal-Mart stores. They combine food, general merchandise and a wide range of services including pharmacy, dry cleaning, portrait studios, photo finishing, hair salons and optical shops.

Results of the Supercenters have exceeded our expectations. Particularly gratifying is the increase in traffic in the general merchandise area. Moreover, Supercenters meet our required return on investment.

This year we will add between 65 and 70 Supercenters.

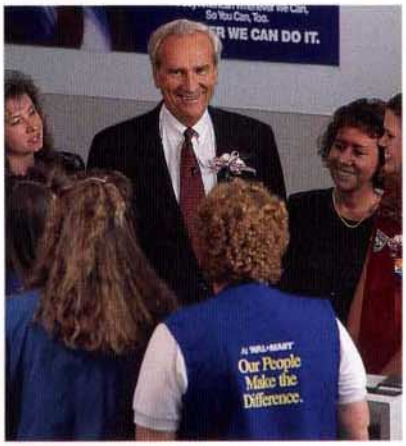
International Opportunities

The formal establishment of our International Division positions us to compete effectively in today's global economy. During the year, we increased our level of activity with our partner, CIFRA SA, Mexico's largest retailer. In addition, the joint venture opened its first two Supercenters in Mexico — Mexico City and Monterrey. We are pleased with the sales at both locations.

Near the end of the fiscal year, we announced an opportunistic acquisition that provides an entry into Canada — 122 Woolco stores throughout the country. We are confident that we can substantially increase the sales in these stores.

The North American Free Trade Agreement (NAFTA) enhances our operations in Mexico and Canada, and positions us to serve one market when trade barriers disappear.

We will continue to explore other global opportunities. While we will proceed cautiously in light of obvious cultural differences, we are confident that the Wal-Mart concept is "exportable" in part because of our emphasis on providing the customer with quality, value and service.



Don Soderquist, Vice Chairman and Chief Operating Officer, visits with Associates during the grand opening of the Bartlesville, Oklahoma, Supercenter.

New Accounts at McLane

The McLane Company, the nation's largest distributor of food and non-food items to convenience stores, had a good earnings performance in fiscal 1994 and added more than 6,000 accounts.

Importantly, McLane has developed a strategy for the 1990s to drive accelerated growth. The strategy includes partnerships with vendors through a "quick response" process that utilizes joint planning and electronic data interchange of information. This will enhance McLane's competitive position.

Equal Hiring Commitment

Our strong, long-standing commitment to providing equal opportunity in employment and in advancement for women and minorities is ingrained in our Company's philosophy of respecting the individual. In fact, we made more progress this year than ever before.

Because of the importance of this issue, we communicate to all applicants and our Associates this unyielding commitment to equal employment opportunity. Moreover, we regularly monitor our programs and performance regarding the hiring and advancement of women and minorities to ensure that our actions match our verbal commitment.

Environmental Initiative

In keeping with Wal-Mart's commitment to improving the environment, during fiscal 1994, we opened a prototype store in Lawrence, Kansas designed to be as environmentally friendly as possible. The store consists of wood and concrete block construction, which requires one-third less energy to produce than does steel, and a skylight system that allows 40 percent more daylight into the building, working in tandem with fluorescent lights that dim and brighten to balance the natural light. Inside the store is an environmental education center and adjacent to the store is a community recycling collection center. We are learning valuable lessons from this laboratory experiment and will roll out the best ideas to other new stores.

Lending a Hand

The Company and Associates continue to be good neighbors in their communities. Just a few examples:

- ▶ Wal-Mart and Sam's helped Midwest flood victims "by the truckload," in the words of the American Red Cross; similarly, cash and relief supplies were provided victims of southern California's earthquakes in January of 1994.
- ▶ Wal-Mart is the largest corporate sponsor of the annual Children's Miracle Network Telethon.
- ▶ The Company and vendor-partners teamed up again to contribute to the Competitive Edge Scholarship Fund during fiscal 1994, which provided 79 $20,000 four-year scholarships to students pursuing math, science and engineering degrees.
- ▶ In honor of the 50th anniversary of the United Negro College Fund, in early 1994 Wal-Mart committed $1 million to the consortium of 41 private, historically black colleges and universities that participate in the scholarship program.

Making the Difference

Affirming our strong belief that "Our People Make the Difference" is our annual "Yes We Can Sam" suggestion program. Nine Home Office Associates were recognized in fiscal 1994 for their efforts that resulted in significant savings to the Company: Terri Boyd; Dora Hofacker; Susan Lantz; Georgia Litke; Cheryl McArthur; Connie Meyers; Denise Shepherd; Don Simons, and Tanya Stone. In total, 650 ideas were implemented. This year's theme is "Let's Do More in '94!"

These and many other untold examples reflect the spirit of teamwork that has always characterized Wal-Mart. Our Associates' outstanding performance has played a major role in building the outstanding reputation that our Company enjoys, and has led to recognition such as our being included in both editions of a popular book, "The 100 Best Companies to Work for in America."

David Glass, President and Chief Executive Officer, talks with Associates in the toy department of the Rogers, Arkansas, Wal-Mart.

Positive Outlook

As we look toward the current fiscal year and the next century, we are confident that our positive sales and earnings momentum will continue. While we recognize that stock prices by their very nature fluctuate, we are confident that outstanding performance will be recognized by investors. In this effort, we know that our Associates will continue to strive for excellence, never being satisfied with yesterday's successes.

The following pages of this report discuss some of the reasons we are convinced that the Company has more opportunities than ever before. Included is a brief discussion of the principles that have always guided our Company. In addition, a theme section amplifies four key growth areas — Wal-Mart discount stores, Supercenters, Sam's Clubs and the International Division.

All of us appreciate the hard work and dedication of our Associates and the support and cooperation of our vendor-partners. Working together, we will achieve continued success store by store, as we serve the needs of the community and customer on an increasingly global basis, and provide a rewarding investment for our shareholders.

Thank you for your confidence in the Associates of Wal-Mart.

S. Robson Walton
Chairman
of the Board

Donald G. Soderquist
Vice Chairman and
Chief Operating Officer

David D. Glass
President and
Chief Executive Officer

Wal-Mart's Guiding Principles

For more than three decades, Wal-Mart has delivered to customers quality merchandise at a low price. Always. At the same time, the Company has responded to the highly competitive, rapidly changing retail business. The Company embraces change and adapts whenever and wherever necessary. At Wal-Mart "always" and "change" — at first glance dissimilar concepts — form a dynamic partnership.

"Always" relates to the way we do business. The customer is always right. Customers count on Wal-Mart for quality merchandise at a low price, with superior service. Always.

> ***"What's our secret? It has to do with our desire to exceed our customers' expectations every hour of every day."***
>
> **SAM WALTON**
> **OCTOBER 1990**

Associates consistently display teamwork, a sense of urgency and a zeal to exceed customer expectations. Always.

Yet, Associates know that change is absolutely necessary to ensure continued success. These two concepts mix easily because the Company's guiding principles include: respecting the individual, satisfying the customer, and striving for excellence.

The 2,440 Wal-Mart stores and Sam's Clubs reflect the rich diversity of hundreds of local communities. As a community-oriented corporate citizen, Wal-Mart also is an equal opportunity employer and regularly does business with locally owned firms, minority contractors and providers of specialized services.

In the Community

Wal-Mart encourages Associates to be active citizen-volunteers and reinforces their caring-and-sharing attitude by directing Wal-Mart Foundation funds to matching grants for local projects, education, industrial development, United Way and other local assistance programs.

Local Associates recognize the needs of their communities, and decide the projects to pursue. Sometimes that means organizing efforts and giving time for cleanup projects and voter registration drives. Other occasions call for raising money for local organizations which might qualify for the matching grant program.

In the Store

In order to give customers the best possible shopping experience, always, Wal-Mart focuses the energy of both Associates and management at the store level.

The decision-making process is pushed down through the organization to reach the customer. We want our Associates to be merchants, and our managers to be leaders. Essential to our success are an open-door policy and open lines of communications among Associates as well as customers.

Among customers the process generates loyalty and enthusiasm. Among Associates it builds commitment and a sense of ownership, which incentive compensation and stock ownership programs also reinforce.

At the heart of the shopping experience is merchandise. There, too, Wal-Mart's philosophy is straightforward. Quality merchandise. In stock. At a low price.

Building the Premier Retailing Organization: One Customer, One Community at a Time

In the Pocketbook

Quality and price are inseparable. The Company challenges its buyers to deliver the best value at the best price. To achieve this, buyers work closely with vendor/partners so that everyone benefits.

Another component is Wal-Mart's principle of expense control. Wal-Mart Associates recognize the significance of keeping operational expenses as low as possible. It's another aspect of Wal-Mart's customer orientation and a guiding principle for the stores and clubs: operating the business efficiently produces savings to pass along to customers in the form of lower prices.

Opportunity: Wal-Mart Stores

Continuing a steady expansion, Wal-Mart stores increased market share in the discount-store sector during fiscal 1994 in an extremely challenging environment. The number of Wal-Marts is fast approaching 2,000; just five years ago, there were only 1,259 Wal-Marts. Critical to the ongoing success is a deep-seated commitment to consistently exceeding the customer's price/value expectations.

The solid 8 percent same-store sales gain achieved by our discount stores during fiscal 1994 reflected, in part, an impressive ability by our buyers to have the right merchandise on the shelves. Consumers continued to be especially sensitive to the price/value equation. One example: value-priced men's denim and wool blend shirts consistently sold out.

Consumers also displayed a preference for products centered around the home, such as VCRs, exercise treadmills and carbon monoxide detectors. This trend toward home-centered products is attributable in part to a growing concern for security.

Continuing to meet customers' needs is the Sam's American Choice line of products, now totaling nearly 100 items, each made in America. These are premium products. For instance, Sam's American Choice chocolate chip cookies have 39 percent chips by volume and are made with real butter, while a leading national brand is 25 percent chips, made with vegetable oil.

Bill Fields, President and Chief Executive Officer, Wal-Mart Stores Division, with cashier Diana and a customer at the check-out lane in the Colonial Heights, Virginia, Wal-Mart.

Value is what keeps our customers coming back to Wal-Mart. Excellent quality, low prices, confidence the merchandise will be in stock, the pride our Associates take in serving our customers — they're all part of value.

Our Buy American program, a cooperative effort with domestic manufacturers, continues to expand. We wish that everything we sell was made in the United States. Today this isn't possible, but we are going to keep trying. That is our goal. The program has broadened its base through partnering relationships on a regional level. Examples of small firms competing successfully against low-cost foreign producers include:

- ► The men's bluejeans display at the Middlesboro, Kentucky store features a sign reading "Homemade in Kentucky." The "American Edition" jeans, made in an M. Fine & Sons plant, are sold in about 250 stores. The Wal-Mart business caused M. Fine to rehire 160 employees laid off by the previous owner.
- ► "Made in Hope, Arkansas, U.S.A." is printed on the cover of Pocket Puzzle® jigsaw puzzles which Wal-Mart bought for the holiday season from Fink and Company. Fink successfully competed against a German company for the 100,000-unit order.

Opportunity: Supercenters

With over a 100 percent increase in stores in fiscal 1994, our Supercenters are on an accelerated growth pace. Supercenters combine a Wal-Mart general merchandise store and a full-line grocery store, using the same checkouts. The supercenter concept is increasingly recognized as a distinct retailing category, with significant growth potential. We plan to remain in the forefront of this trend.

While sales of the supercenter industry represent a fraction of the U.S. retailing volume, they are growing at an accelerated clip, estimated to be about $16.5 billion in 1993, up from $12.8 billion in 1992. Importantly, the retail food industry is highly fragmented, so a participant in the sector can emerge as a leader.

Our enthusiasm over the concept of one-stop shopping is grounded in well-established demographic and social trends: a premium on convenience shopping because of two-worker households; the ongoing demand for value in light of a difficult economic climate, and a search for more leisure time.

Our Supercenters deal directly with these vital issues. Providing convenient shopping times, practically all Supercenters are open 24 hours a day. Our grocery products offer the same everyday low price that has always characterized a Wal-Mart store.

Nick White, Executive Vice President of the Supercenter Division, with Associates Lisa and Noel in the produce section of the Lake Jackson, Texas, Supercenter.

One-stop shopping makes a lot of sense for busy consumers. But quality and choice are also important. That's why customers choose our Supercenters. They know they'll save time and also get a broad selection at good prices.

While name-brand products will continue to be our main emphasis, we are pleased with the excellent customer acceptance of our broad line of Great Value grocery products, which were introduced in April 1993. The number of products now totals some 500 items, ranging from cereals, dairy products, canned goods, juices, frozen foods, condiments, just to name a handful of categories. Importantly, this private-label line features at least the same quality as name brands, with a more attractive price/value ratio. To help keep food prices lower, we do not run grocery advertising circulars.

After testing the waters with the introduction of the supercenter concept in 1988, we are confident that this is a growth vehicle with substantial opportunities. Not only have food sales been encouraging, but the availability of one-stop shopping has also increased general merchandise sales.

Opportunity: Sam's Clubs

The market position of Sam's Clubs improved substantially during fiscal 1994 as the number of units increased by nearly two-thirds. Although same-store sales comparisons have slowed, we remain confident that the warehouse club concept meets a real market need. As the sales leader in this field, Sam's is well-situated to grow profitably and, true to the Wal-Mart philosophy, is not satisfied with the status quo.

Internal growth and the Pace acquisitions strengthened Sam's leadership in numerous markets, and provided entry into several new states. Another highlight of the year was launching an innovative program, Sam's Club Direct, to concentrate on large organizations representing a $200 billion procurement purchasing market. These organizations were previously underserved because of requirements for credit and sophisticated accounting support. Sam's solution: an efficient billing system developed around the Sam's membership card offered in conjunction with G.E. Capital. A dedicated and professionally trained sales force is introducing Sam's Club Direct to large organizations' purchasing managers and decision-makers.

During fiscal 1994 Sam's reviewed its entire merchandise mix and redesigned its clubs to better serve its business members.

Sam's, whose credo is "our business is saving your business money," undertook an intensive study of standard industrial codes and the products selected businesses are most likely to buy. It also streamlined the number of stock-keeping units (SKUs) to concentrate on 3,600 items, compared with the over 4,000 earlier, without giving up the emphasis on member services.

Selected Great Value products — Wal-Mart's private-label brand-name equivalents — were introduced. The products, chosen primarily to meet the needs of customers with food-service responsibilities, include large-quantity packages of coffee, cheeses and cereals.

Besides product mix, members' needs influenced a re-equipping of the clubs themselves. Wider aisles accommodate larger carts and flatbeds used especially by business members. New cash registers enable Associates to scan merchandise, shortening members' time in the check-out lanes and facilitating inventory and restocking activities. In addition, new signs help members find merchandise quicker.

Dean Sanders, President and Chief Executive Officer, Sam's Clubs, with Associates Myrna, Marcos and Juan Carlos in the new Sam's in Monterrey, Mexico.

Whether buying for their businesses or themselves, our members save money on quality merchandise because our warehouse clubs put Wal-Mart's buying power at their disposal.

Opportunity: International Division

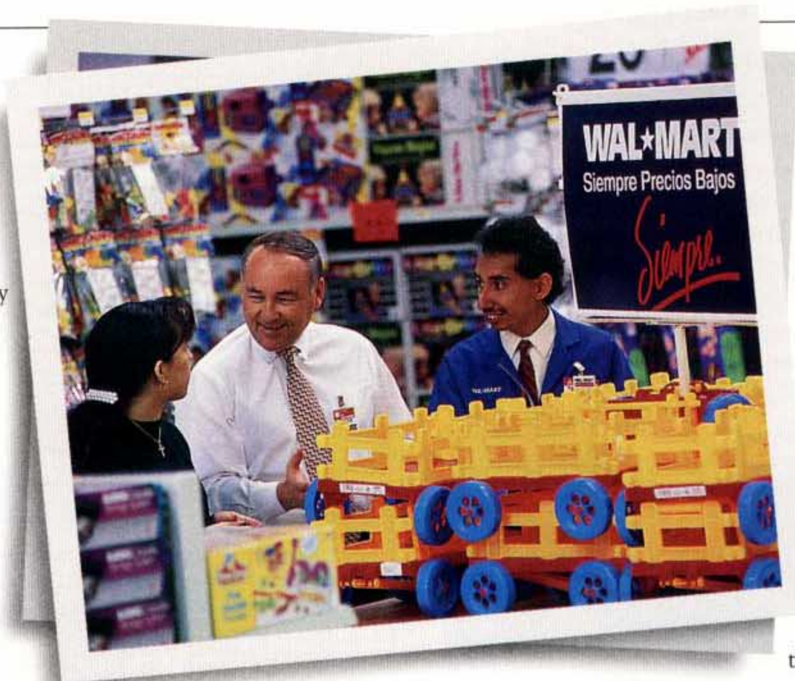
The recently formed International Division is poised to capitalize on significant growth opportunities through the rest of this decade and into the 21st century. We continue to approach expansion in this area deliberately and are very pleased with initial results. Fiscal 1995 promises to be another exciting year as we continue to step up activities with CIFRA, our Mexican partner, and enter the attractive Canadian market.

The response of the Mexican market, which we entered in 1991, has been excellent, with sales running ahead of our projections. Particularly gratifying was the consumers' reaction to our first two Supercenters opened during fiscal 1994 — in Mexico City and Monterrey: During the holiday shopping season it wasn't uncommon for all of their 52 and 44 check-out lanes, respectively, to be open.

The popularity of U.S.-produced goods has been especially noticeable.

In addition, paralleling our well-established "Buy American" program in the United States, we have initiated a "Buy Mexican" program that calls for partnering with a wide range of manufacturers in that country.

During fiscal 1994, we strengthened our joint agreement with CIFRA by adding all new restaurants and department stores to the partnership. At fiscal 1994 year end, we operated, in conjunction with CIFRA, seven warehouse clubs, two supermarkets, 10 discount stores, and two combination stores, in addition to the two Supercenters.



Bob Martin, President and Chief Executive Officer, Wal-Mart International Division, with Associates Aide and Gabriel at the new Supercenter in Monterrey, Mexico.

Like Wal-Mart's U.S. consumers, shoppers in our international units look for value and price. They want to choose from a selection of quality merchandise, and they want the store to be responsive to their local community. Wal-Mart's concepts translate well.

Fiscal 1995 expansion plans in Mexico call for opening between 35 to 40 stores of various types.

Our entry into Canada is proceeding smoothly. The acquisition of 122 Woolco stores from Woolworth Corp. provided a quick, wide-ranging entry there, rather than building from the ground up. Moreover, within 36 hours of the announcement, members of our management team visited with the managers of every store and were uniformly greeted with enthusiasm by our fired-up new Associates.

The stores are being run by Canadians, with the needs of Canadian consumers top-of-mind. The stores' merchandise mix is being changed to reflect our price/value concept, and Wal-Mart's familiar greeters are being added. We expect that the "transformation" of all 122 stores will be completed well before the holiday shopping season.

Wal-Mart Today

Since its inception in 1962, Wal-Mart has become the world's largest retailer, by way of internal growth and acquisitions. Operating units are served by efficient support divisions that contribute to the well-known everyday low pricing strategies.

OPERATING UNITS

Wal-Mart Stores
Operating nearly 2,000 units in 47 states, Wal-Mart remains the clearcut leader in the discount store industry; 110 stores will be added in fiscal 1995.

Sam's Clubs
With over 400 units, Sam's is a major factor in the warehouse club industry; enhancing its market presence will be the addition of 20 clubs in fiscal 1995.

Supercenters
Combining general merchandise and groceries, Supercenters represent the company's fastest growing segment, with 65 to 70 stores planned in fiscal 1995 on a base of 68.

At the McLane Southwest Distribution Center in Temple, Texas, Joe Hardin, Jr. (left), President and Chief Executive Officer of the McLane Company, goes over shipment information with McLane Associates Steve and Chuck.

SUPPORT DIVISIONS

Distribution Centers
Twenty-seven distribution centers, averaging almost one million square feet, provide cost-effective deliveries to Wal-Mart stores. More than 800 million cases were shipped during fiscal 1994.

McLane Company
With over 36,000 accounts, McLane is the nation's largest distributor of food and non-food items to convenience stores. The Company also serves selected Wal-Marts, Sam's and Supercenters.

Western Merchandisers
A specialty distribution subsidiary, Western Merchandisers supplies videos, books, cassettes and compact discs to some 850 Wal-Mart discount stores.

	Wal-Mart Stores	Sam's Clubs	Supercenters	Distribution Centers	McLane's	Western
Alabama	70	8	4	1		
Alaska		3				
Arizona	29	6		1	1	
Arkansas	66	4	11	6		
California	66	26		1	2	
Colorado	34	8		1	1	1
Connecticut	2	3				
Delaware	2	1				
Florida	124	36	1	1	1	
Georgia	83	14		1	1	1
Hawaii		1				
Idaho	7	1				
Illinois	101	24	1		1	
Indiana	69	14		2		
Iowa	45	4		1		
Kansas	42	7	1			
Kentucky	67	4	1			
Louisiana	72	9	2			
Maine	14	3				
Maryland	13	9				
Massachusetts	7	5				
Michigan	30	21				
Minnesota	29	8				
Mississippi	52	3	5	1	1	
Missouri	91	12	14			
Montana	4	1				
Nebraska	17	3				
Nevada	6	2				1
New Hampshire	11	4				
New Jersey	9	5				
New Mexico	19	3				
New York	28	14			1	
North Carolina	79	12				
North Dakota	8	2				
Ohio	49	21		1		
Oklahoma	72	6	9			
Oregon	15					
Pennsylvania	37	12		1		
Puerto Rico	3	2				
Rhode Island	2	1				
South Carolina	49	6		2		
South Dakota	8	1				
Tennessee	84	8	2			
Texas	214	52	17	4	3	2
Utah	11	4		1	1	
Virginia	41	8		1	1	
Washington	3	2			1	
West Virginia	12	4				
Wisconsin	48	10		1		
Wyoming	9	2				
U.S.A. Total	**1,953**	**419**	**68**	**27**	**15**	**5**
Mexico	14*	7	2		1	
Grand Total	**1,967**	**426**	**70**	**27**	**16**	**5**

*Includes 2 Superamas, 10 Boedegas, and 2 Aurreras.

1994 Financial Report

"At Wal-Mart we always strive for excellence — in customer service, quality, operations, everything. If we take good care of our customers, our business will do well, too. On the following pages are the financial results for our fiscal year ended January 31, 1994."

— Mary Kathleen, people greeter at Colonial Heights, Virginia

Contents

11-Year Financial Summary

(Dollar amounts in thousands except per share data.)	1994	1993	1992
Operating Results			
Net sales	$67,344,574	$55,483,771	$43,886,902
Net sales increase	21%	26%	35%
Comparative store sales increase	6%	11%	10%
Rentals from licensed departments and other income—net	640,970	500,793	402,521
Cost of sales	53,443,743	44,174,685	34,786,119
Operating, selling, and general and administrative expenses	10,333,218	8,320,842	6,684,304
Interest costs:			
Debt	331,308	142,649	113,305
Capital leases	185,697	180,049	152,558
Provision for federal and state income taxes	1,358,301	1,171,545	944,661
Net income	2,333,277	1,994,794	1,608,476
Per share of common stock*:			
Net income	1.02	.87	.70
Dividends	.13	.11	.09
Financial Position			
Current assets	$12,114,602	$10,197,590	$ 8,575,423
Inventories at replacement cost	11,483,119	9,779,981	7,856,871
Less LIFO reserve	469,413	511,672	472,572
Inventories at LIFO cost	11,013,706	9,268,309	7,384,299
Net property, plant, equipment and capital leases	13,175,366	9,792,881	6,433,801
Total assets	26,440,764	20,565,087	15,443,389
Current liabilities	7,406,223	6,754,286	5,003,775
Long-term debt	6,155,894	3,072,835	1,722,022
Long-term obligations under capital leases	1,804,300	1,772,152	1,555,875
Preferred stock with mandatory redemption provisions	—	—	—
Shareholders' equity	10,752,438	8,759,180	6,989,710
Financial Ratios			
Current ratio	1.6	1.5	1.7
Inventories/working capital	2.3	2.7	2.1
Return on assets **	11.3%	12.9%	14.1%
Return on shareholders' equity **	26.6%	28.5%	30.0%
Other Year-End Data			
Number of Wal-Mart Stores	1,953	1,850	1,714
Number of Supercenters	68	30	6
Number of Sam's Clubs	419	256	208
Average Wal-Mart Store size	83,900	79,800	74,700
Number of Associates	528,000	434,000	371,000
Number of Shareholders	257,946	180,584	150,242

* Reflects the two-for-one stock split distributed February 1993.

** On beginning of year balances.

1991	1990	1989	1988	1987	1986	1985	1984
$32,601,594	$25,810,656	$20,649,001	$15,959,255	$11,909,076	$8,451,489	$6,400,861	$4,666,909
26%	25%	29%	34%	41%	32%	37%	38%
10%	11%	12%	11%	13%	9%	15%	15%
261,814	174,644	136,867	104,783	84,623	55,127	52,167	36,031
25,499,834	20,070,034	16,056,856	12,281,744	9,053,219	6,361,271	4,722,440	3,418,025
5,152,178	4,069,695	3,267,864	2,599,367	2,007,645	1,485,210	1,181,455	892,887
42,716	20,346	36,286	25,262	10,442	1,903	5,207	4,935
125,920	117,725	99,395	88,995	76,367	54,640	42,506	29,946
751,736	631,600	488,246	441,027	395,940	276,119	230,653	160,903
1,291,024	1,075,900	837,221	627,643	450,086	327,473	270,767	196,244
.57	.48	.37	.28	.20	.15	.12	.09
.07	.06	.04	.03	.02	.02	.01	.01
$ 6,414,775	$ 4,712,616	$ 3,630,987	$ 2,905,145	$ 2,353,271	$1,784,275	$1,303,254	$1,005,567
6,207,852	4,750,619	3,642,696	2,854,556	2,184,847	1,528,349	1,227,264	857,155
399,436	322,546	291,329	202,796	153,875	140,181	123,339	121,760
5,808,416	4,428,073	3,351,367	2,651,760	2,030,972	1,388,168	1,103,925	735,395
4,712,039	3,430,059	2,661,954	2,144,852	1,676,282	1,303,450	870,309	628,151
11,388,915	8,198,484	6,359,668	5,131,809	4,049,092	3,103,645	2,205,229	1,652,254
3,990,414	2,845,315	2,065,909	1,743,763	1,340,291	992,683	688,968	502,763
740,254	185,152	184,439	185,672	179,234	180,682	41,237	40,866
1,158,621	1,087,403	1,009,046	866,972	764,128	595,205	449,886	339,930
—	—	—	—	—	4,902	5,874	6,411
5,365,524	3,965,561	3,007,909	2,257,267	1,690,493	1,277,659	984,672	737,503
1.6	1.7	1.8	1.7	1.8	1.8	1.9	2.0
2.4	2.4	2.1	2.3	2.0	1.8	1.8	1.5
15.7%	16.9%	16.3%	15.5%	14.5%	14.8%	16.4%	16.5%
32.6%	35.8%	37.1%	37.1%	35.2%	33.3%	36.7%	40.2%
1,568	1,399	1,259	1,114	980	859	745	642
5	3	—	—	—	—	—	—
148	123	105	84	49	23	11	3
70,700	66,400	63,500	61,500	59,000	57,000	55,000	53,000
328,000	271,000	223,000	183,000	141,000	104,000	81,000	62,000
122,414	79,929	80,270	79,777	32,896	21,828	14,799	14,172

Management's Discussion and Analysis

Results of Operations

Revenues

Sales for the three fiscal years ended January 31, 1994, and the respective total and comparable store percentage increases over the prior year were:

Fiscal Year	Sales	Total Company Increases	Comparable Store Increases
1994	**$67,344,574,000**	**21%**	**6%**
1993	55,483,771,000	26%	11%
1992	43,886,902,000	35%	10%

Sales increases were primarily due to 1) productivity of comparable stores, 2) 37% growth in the sales of the McLane Company, 3) the expansion and relocation of Wal-Mart stores and Sam's Clubs, and 4) sales contributed by the new Wal-Mart stores and Sam's Clubs as shown below:

New Wal-Mart Stores and Sam's Clubs	1994	1993	1992
New Wal-Mart stores	**142**	161	148
New Supercenters	**1**		
Wal-Mart stores relocated to Supercenters	**35**	24	1
Wal-Mart stores expanded into Supercenters	**2**		
New Sam's Clubs	**65**	48	33
Acquired PACE clubs	**99**		
Acquired Wholesale Clubs			28

The Sam's Clubs and McLane Company contributed the following sales for the periods indicated:

Fiscal Year	Sam's Club Sales	McLane Company Sales
1994	**$14,748,855,000**	**$3,976,619,000**
1993	12,339,346,000	2,910,710,000
1992	9,430,313,000	2,513,362,000

Costs and expenses

Cost of sales as a percentage of sales decreased .3% in fiscal 1994 as compared with fiscal 1993, and increased .4% in 1993 as compared with fiscal 1992. The decrease in fiscal 1994 is due to a larger percent of consolidated sales being from departments within Wal-Mart stores which have higher markon percents and increases in the markon percents in Sam's Clubs and McLane Company. Also, cost of sales in the Sam's Clubs is significantly higher as a percent of sales than that in Wal-Mart stores due to a lower markon on purchases. Sam's contributed a lesser percent of consolidated sales in 1994 than in 1993 causing the consolidated cost of sales, as a percentage of sales, to decrease. The increase in fiscal 1993 was due primarily to a lower markon on purchases. Also, in 1993, Sam's Clubs and McLane Company contributed a higher portion of consolidated sales than in 1992. Due to their higher cost of sales as a percent of sales, the consolidated cost of sales as a percentage of sales increased.

Operating, selling, and general and administrative expenses as a percentage of sales increased .3% in fiscal 1994 as compared with fiscal 1993, and decreased .2% in fiscal 1993 as compared with fiscal 1992. The increases in fiscal 1994 were due principally to higher payroll and payroll-related benefit costs, depreciation expense, and certain occupancy costs, in part attributable to the Company's expansion program. The decreases in fiscal 1993 consist of reduced payroll and payroll-related benefits and taxes.

Interest cost

Interest costs increased in fiscal 1994 and 1993 as a result of increased indebtedness in each of the years. See Note 2 of Notes to Consolidated Financial Statements for additional information on interest and debt.

Income taxes

The effective tax rate was 36.8% and 37.0% in fiscal 1994 and 1993, respectively. See Note 4 of Notes to Consolidated Financial Statements for additional information on taxes.

Liquidity and Capital Resources

Cash Flow Information

Cash provided from operations was $2,195,451,000 in fiscal 1994. These funds combined with long-term borrowings of $3,107,544,000 were used to finance capital expenditures of $3,643,733,000 (excluding leased properties) for fixtures, equipment, and leasehold improvements, to acquire assets of 99 PACE clubs, to pay dividends, to provide general working capital and to finance the building of 113 new Wal-Mart stores and 55 new Sam's Clubs, the funding of operations of subsidiaries, and the construction of four distribution centers. Real estate developers provided financing to build 29 additional Wal-Mart stores and 10 Sam's Clubs.

Borrowing Information

The Company had committed lines of credit of $975,000,000 with 11 banks and informal lines of credit with various banks totalling an additional $1,050,000,000, which were used to support short-term borrowings and commercial paper. These lines of credit together with anticipated cyclical increases will be sufficient to finance the seasonal buildups in merchandise inventories and interim financing requirements for store properties developed with sale/leaseback objectives.

In early fiscal 1995, the Company plans to file a shelf registration statement with the Securities and Exchange Commission. Pursuant to this registration statement, the Company may sell debt securities to the public aggregating $2,000,000,000. It is anticipated that a portion or all of these securities may be sold in fiscal 1995 to partially fund the Company's expansion program.

For the past two years, the Company completed aggressive expansion programs. Lower interest rates provided opportunities in the long-term debt market that have not been available in recent history. These favorable debt market conditions combined with the Company's ability to generate significant cash flows from operations have allowed it to complete these programs and position itself to continue as the nation's largest retailer through the 1990's. Increased borrowings to support the expansion programs have caused the Company's debt (including obligations under capital leases) -to-equity ratio to increase to .75:1 at the end of fiscal 1994, as compared with .56:1 and .47:1 at the end of fiscal 1993 and 1992, respectively. However, in view of the Company's significant working capital, its consistent ability to generate cash flows from operations, and the availability of external financing, the Company foresees no difficulty in providing funds necessary to fulfill its working capital needs and finance its expansion programs in the foreseeable future.

Expansion plans

For fiscal 1995, the Company's anticipated expansion program includes the following:

	Wal-Mart Stores	Sam's Club	Supercenters
New locations	110	20	5
Expansions or relocations	70	5	65

Also included in our expansion plans for fiscal 1995 are four distribution centers. Total planned capital expenditures for 1995 approximates $3,200,000,000 within the United States. The Company anticipates 10% of its expansion program will be financed with leases from developers and sale/leaseback transactions. The remaining expenditures will be funded with a combination of issuance of long-term debt, commercial paper, and internally generated funds.

The Company continues to develop its interest in Mexico pursuant to a joint venture with CIFRA, Mexico's largest retailer, in which both companies will share in future growth opportunities in the retail, wholesale, distribution, and related businesses in Mexico. At January 31, 1994, the joint venture operated seven warehouse clubs, two supermarkets, two Wal-Mart Supercenters, ten discount stores, and two combination stores. In fiscal 1995, the joint venture plans to open approximately 35 - 40 stores of various types.

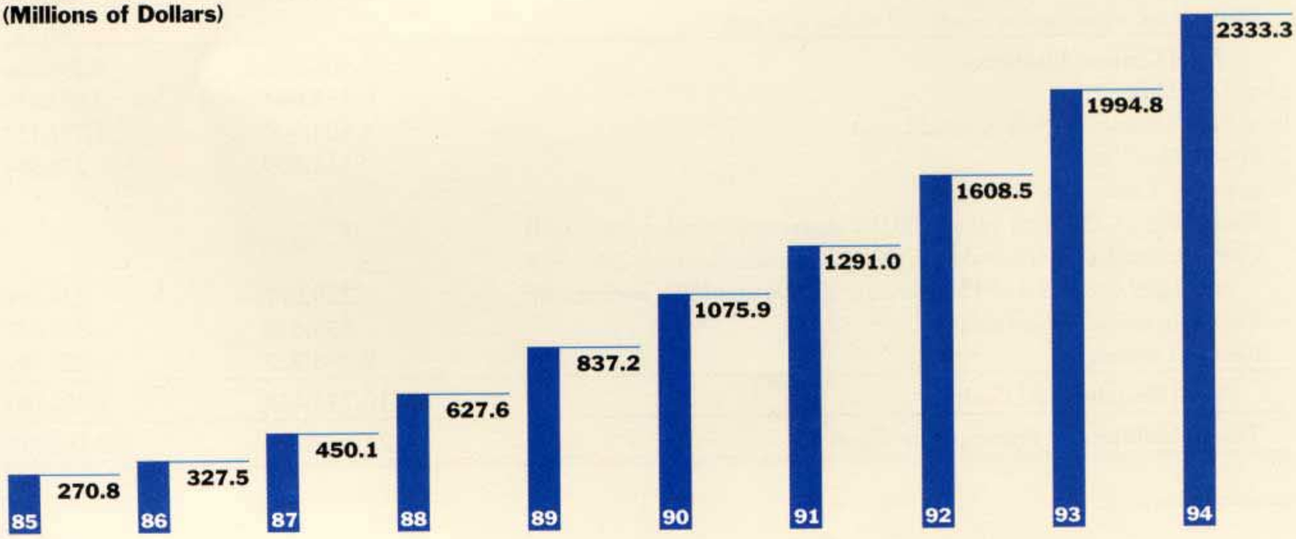
In the first quarter of fiscal 1995, the Company completed the acquisition of 122 Woolco department stores located in Canada from Woolworth Canada Inc., a subsidiary of Woolworth Corporation. The cash transaction included all inventory, leasehold interests, and other assets at each location for approximately $335,000,000.

Consolidated Statements of Income

(Amounts in thousands except per share data.) Fiscal year ended January 31,	1994	1993	1992
Revenues:			
Net Sales	$67,344,574	$55,483,771	$43,886,902
Rentals from licensed departments	47,422	36,035	28,659
Other income—net	593,548	464,758	373,862
	67,985,544	55,984,564	44,289,423
Costs and Expenses:			
Cost of sales	53,443,743	44,174,685	34,786,119
Operating, selling, and general and administrative expenses	10,333,218	8,320,842	6,684,304
Interest Costs:			
Debt	331,308	142,649	113,305
Capital leases	185,697	180,049	152,558
	64,293,966	52,818,225	41,736,286
Income Before Income Taxes	3,691,578	3,166,339	2,553,137
Provision for Income Taxes:			
Current	1,324,777	1,136,918	906,183
Deferred	33,524	34,627	38,478
	1,358,301	1,171,545	944,661
Net Income	$ 2,333,277	$ 1,994,794	$ 1,608,476
Net Income Per Share	$ 1.02	$ .87	$ .70

See accompanying notes.

Net Income
(Millions of Dollars)



Consolidated Balance Sheets

(Amounts in thousands.) January 31,	1994	1993
Assets		
Current Assets:		
Cash and cash equivalents	$ 20,115	$ 12,363
Receivables	689,987	524,555
Recoverable costs from sale/leaseback	208,236	312,016
Inventories:		
At replacement cost	11,483,119	9,779,981
Less LIFO reserve	469,413	511,672
LIFO	11,013,706	9,268,309
Prepaid expenses and other	182,558	80,347
Total Current Assets	12,114,602	10,197,590
Property, Plant, and Equipment, at Cost:		
Land	2,740,883	1,692,510
Buildings and improvements	6,818,479	4,641,009
Fixtures and equipment	3,980,674	3,417,230
Transportation equipment	259,537	111,151
	13,799,573	9,861,900
Less accumulated depreciation	2,172,808	1,607,623
Net property, plant, and equipment	11,626,765	8,254,277
Property under capital leases	2,058,588	1,986,104
Less accumulated amortization	509,987	447,500
Net property under capital leases	1,548,601	1,538,604
Other Assets and Deferred Charges	1,150,796	574,616
Total Assets	$26,440,764	$20,565,087
Liabilities and Shareholders' Equity		
Current Liabilities:		
Commercial paper	$ 1,575,029	$ 1,588,825
Accounts payable	4,103,878	3,873,331
Accrued liabilities	1,473,198	1,042,108
Accrued federal and state income taxes	183,031	190,620
Long-term debt due within one year	19,658	13,849
Obligations under capital leases due within one year	51,429	45,553
Total Current Liabilities	7,406,223	6,754,286
Long-Term Debt	6,155,894	3,072,835
Long-Term Obligations Under Capital Leases	1,804,300	1,772,152
Deferred Income Taxes	321,909	206,634
Shareholders' Equity:		
Preferred stock ($.10 par value; 100,000 shares authorized, none issued)		
Common stock ($.10 par value; 5,500,000 shares authorized, 2,298,769 and 2,299,638 issued and outstanding in 1994 and 1993, respectively)	229,877	229,964
Capital in excess of par value	535,639	526,647
Retained earnings	9,986,922	8,002,569
Total Shareholders' Equity	10,752,438	8,759,180
Total Liabilities and Shareholders' Equity	$26,440,764	$20,565,087

See accompanying notes.

Consolidated Statements of Shareholders' Equity

(Amounts in thousands except per share data.)	Number of shares	Common stock	Capital in excess of par value	Retained earnings	Total
Balance - January 31, 1991	1,142,282	$114,228	$415,586	$4,835,710	$ 5,365,524
Net income				1,608,476	1,608,476
Cash dividends ($.09 per share)				(195,048)	(195,048)
Exercise of stock options	914	91	8,379		8,470
Shares issued for acquisition of:					
The Wholesale Club	5,190	519	161,683		162,202
Western Merchandisers	655	66	27,934		28,000
Phillips	168	17	7,983		8,000
Tax benefit from stock options			12,555		12,555
Other	(181)	(18)	(8,451)		(8,469)
Balance - January 31, 1992	1,149,028	114,903	625,669	6,249,138	6,989,710
Net Income				1,994,794	1,994,794
Cash dividends ($.11 per share)				(241,363)	(241,363)
Exercise of stock options	1,046	105	12,668		12,773
Two-for-one stock split	1,149,819	114,982	(114,982)		
Tax benefit from stock options			18,036		18,036
Other	(255)	(26)	(14,744)		(14,770)
Balance - January 31, 1993	2,299,638	229,964	526,647	8,002,569	8,759,180
Net Income				2,333,277	2,333,277
Cash dividends ($.13 per share)				(298,829)	(298,829)
Exercise of stock options	1,334	133	10,585		10,718
Tax benefit from stock options			10,411		10,411
Purchase of common stock	(2,003)	(200)	(3,152)	(50,095)	(53,447)
Other	(200)	(20)	(8,852)		(8,872)
Balance - January 31, 1994	2,298,769	$229,877	$535,639	$9,986,922	$10,752,438

See accompanying notes.

Consolidated Statements of Cash Flows

(Amounts in thousands) Fiscal year ended January 31,	1994	1993	1992
Cash flows from operating activities:			
Net income	$2,333,277	$1,994,794	$1,608,476
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	848,742	649,137	475,352
Cash surrender value of insurance policies	(75,263)	—	—
Loss (gain) from sale of assets	450	13,222	(8,490)
Increase in accounts receivable	(165,432)	(105,688)	(113,603)
Increase in inventories	(1,323,980)	(1,884,010)	(1,459,649)
Increase in prepaid expenses	(1,201)	(20,126)	(10,686)
Increase in accounts payable	230,547	419,802	709,757
Increase in accrued liabilities	327,131	176,519	117,078
Increase in deferred income taxes	21,180	34,627	38,478
Net cash provided by operating activities	2,195,451	1,278,277	1,356,713
Cash flows from investing activities:			
Payments for property, plant, and equipment	(3,643,733)	(3,756,364)	(1,805,303)
Acquisition of PACE assets	(830,498)	—	—
Recoverable sale/leaseback expenditures	—	(25,588)	(705,697)
Sale/leaseback arrangements and other property sales	272,274	416,000	369,226
Investment in international operations	(197,789)	(106,007)	(18,945)
Other investing activities	(86,262)	(34,365)	10,838
Net cash used in investing activities	(4,486,008)	(3,506,324)	(2,149,881)
Cash flows from financing activities:			
Increase (decrease) in commercial paper	(13,796)	1,134,861	58,452
Proceeds from issuance of long-term debt	3,107,544	1,366,812	1,009,822
Exercise of stock options	9,688	16,039	12,556
Dividends paid	(298,829)	(241,363)	(195,048)
Payment of long-term debt	(18,676)	(7,306)	(33,292)
Payment of capital lease obligation	(436,744)	(59,282)	(41,687)
Other financing activities	(50,878)	—	—
Net cash provided by financing activities	2,298,309	2,209,761	810,803
Net increase (decrease) in cash and cash equivalents	7,752	(18,286)	17,635
Cash and cash equivalents at beginning of year	12,363	30,649	13,014
Cash and cash equivalents at end of year	$ 20,115	$ 12,363	$ 30,649
Supplemental disclosure of cash flow information:			
Income tax paid	$1,365,890	$1,173,126	$ 861,853
Interest paid	450,159	317,360	235,954
Capital lease obligations incurred	161,758	286,195	433,858
Liabilities assumed in acquisitions	—	—	176,479

See accompanying notes.

Notes to Consolidated Financial Statements

1 Summary of Significant Accounting Policies

Segment information

The Company and its subsidiaries are principally engaged in the operation of mass merchandising stores.

Consolidation

The consolidated financial statements include the accounts of all subsidiaries. Significant intercompany transactions have been eliminated in consolidation

Cash and cash equivalents

The Company considers 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 plans to sell and leaseback within one year are accumulated in current assets until properties are sold.

Interest during construction

In order that interest costs properly reflect only that portion relating to current operations, interest on borrowed funds during the construction of property, plant, and equipment is capitalized. Interest costs capitalized were $65,219,000, $80,007,000 and $48,813,000 in 1994, 1993, and 1992, 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, accelerated methods are 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

In fiscal 1994, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109) prospectively as a change in accounting principle effective February 1, 1993. Under SFAS 109, the deferred tax provision is determined under the liability method, whereby deferred tax assets and liabilities are recognized based on differences between financial statement and tax bases of assets and liabilities using presently enacted tax rates. In fiscal years 1993 and 1992, deferred income taxes were provided on timing differences between financial statement and taxable income.

Net income per share

Net income per share is based on the weighted average outstanding common shares. The dilutive effect of stock options is insignificant and consequently has been excluded from the earnings per share computations.

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.

Stock Split

On February 25, 1993, the Company distributed a two-for-one stock split in the form of a 100% stock dividend. Consequently, stock option data and per share data reflect the stock split.

2 Commercial Paper and Long-term Debt

Information on short-term borrowings and interest rates follows:

Fiscal year ended January 31,	1994	1993	1992
Maximum amount outstanding at month-end	**$2,395,175,000**	$2,315,200,000	$1,013,000,000
Average daily short-term borrowings	**1,246,844,000**	1,183,562,000	280,573,000
Weighted average interest rate	**3.0%**	3.5%	5.6%

At January 31, 1994, the Company had committed lines of credit of $975,000,000 with 11 banks and informal lines of credit with various banks totalling an additional $1,050,000,000, which were used to support short-term borrowings and commercial paper. Short-term borrowings under these lines of credit bear interest at or below the prime rate.

Long-term debt at January 31 consists of:

		1994	1993
8⅝%	Notes due April 2001	**$ 750,000,000**	$ 750,000,000
5⅞%	Notes due October 2005	**750,000,000**	
9 1/10%	Notes due July 2000	**500,000,000**	500,000,000
5½%	Notes due September 1997	**500,000,000**	500,000,000
6⅛%	Notes due October 1999	**500,000,000**	500,000,000
5½%	Notes due March 1998	**500,000,000**	
6½%	Notes due June 2003	**500,000,000**	
7¼%	Notes due June 2013	**500,000,000**	
7%-8%	Obligations from sale/leaseback transactions due 2013	**334,937,000**	343,480,000
8%	Notes due May 1996	**250,000,000**	250,000,000
6⅜%	Notes due March 2003	**250,000,000**	
6¾%	Notes due October 2023	**250,000,000**	
5⅛%	Eurobond due October 1998	**250,000,000**	
	Mortgage notes due through 2020	**139,764,000**	44,468,000
10⅞%	Debentures due August 2000	**100,000,000**	100,000,000
8½%-9%	Participating Mortgage Certificates due 2005	**37,310,000**	37,397,000
	Tax-exempt mortgage obligations, at various rates due through 2014	**32,885,000**	35,344,000
	Other	**10,998,000**	12,146,000
		$6,155,894,000	$3,072,835,000

Long-term debt is unsecured except for $229,920,000 which is collateralized by property with an aggregate carrying value of approximately $370,841,000. Annual maturities on long-term debt during the next five years are:

Fiscal years ending January 31,	Annual maturity
1995	$ 19,658,000
1996	12,610,000
1997	262,331,000
1998	512,048,000
1999	766,156,000
Thereafter	4,602,749,000

The Company has agreed to observe certain covenants under the terms of its note and debenture agreements. Among these are provisions relating to amounts of additional secured debt and long-term leases. The agreements relating to the Participating Mortgage Certificates contain provisions for contingent additional interest to be payable based on the sales performance of the Wal-Mart stores collateralized by the issues.

The Company has entered into sale/leaseback transactions involving buildings while retaining title to the underlying land. These transactions were accounted for as financings and are included in long-term debt. The resulting obligations will be amortized over the lease terms of 20 years. Future minimum lease payments for each of the five succeeding years as of January 31, 1994 are:

Fiscal years ending January 31,	Minimum Rentals
1995	$ 30,819,000
1996	27,923,000
1997	27,371,000
1998	26,701,000
1999	30,507,000
Thereafter	464,034,000

The fair value of the Company's long-term debt approximates $6,544,426,000 based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amount of the short-term borrowings approximates fair value.

At January 31, 1994 and 1993, the Company had letters of credit outstanding totalling $808,256,000 and $407,896,000, respectively. These letters of credit were issued primarily for the purchase of inventory.

The Company has guaranteed the indebtedness of a joint venture for the development of real estate in Puerto Rico. At January 31, 1994, the amount guaranteed was approximately $122,000,000. The Company does not anticipate any joint venture defaults.

The Company plans to file a shelf registration statement with the Securities and Exchange Commission in early fiscal 1995. Pursuant to this filing, the Company may sell to the public debt securities aggregating $2,000,000,000.

3 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 $165,582,000 in 1994, $166,035,000 in 1993, and $129,635,000 in 1992.

4 Income Taxes

The Company prospectively adopted SFAS 109 as a change in accounting principle effective February 1, 1993; consequently, prior years' financial statements have not been restated. Due to the nature of the predominant cumulative differences in the Company's book and tax bases of assets and liabilities, which relate to items that were both timing differences under Accounting Principles Board Opinion 11, "Accounting for Income Taxes" (APB 11), and temporary differences under SFAS 109, the cumulative impact of adoption was insignificant.

The income tax provision consists of the following:

	1994	1993	1992
Current:			
Federal	$1,193,235,000	$1,001,717,000	$786,175,000
State and local	131,542,000	135,201,000	120,008,000
Total current tax provision	1,324,777,000	1,136,918,000	906,183,000
Deferred:			
Federal	30,309,000	30,509,000	33,382,000
State and local	3,215,000	4,118,000	5,096,000
Total deferred tax provision	33,524,000	34,627,000	38,478,000
Total provision for income taxes	$1,358,301,000	$1,171,545,000	$944,661,000

Deferred income taxes under SFAS 109 reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Items that gave rise to significant portions of the deferred tax accounts at January 31, 1994 are as follows:

	1994
Deferred tax liabilities:	
Property, plant, and equipment	$408,240,000
Inventory	37,798,000
Other	8,579,000
Total deferred tax liabilities	454,617,000
Deferred tax assets:	
Amounts accrued for financial reporting purposes not yet deductible for tax purposes	113,693,000
Capital leases	94,910,000
Other	18,200,000
Total deferred tax assets	226,803,000
Net deferred tax liabilities	$227,814,000

The components of the provision for deferred income taxes under APB 11 for the years ended January 31, 1993 and 1992 are as follows:

	1993	1992
Depreciation	**$67,933,000**	$60,076,000
Capital leases	**(21,340,000)**	(18,214,000)
Other	**(11,966,000)**	(3,384,000)
	$34,627,000	$38,478,000

A reconciliation of the significant differences between the effective income tax rate and the federal statutory rate on pretax income follows:

	1994	1993	1992
Statutory tax rate	**35.0%**	34.0%	34.0%
State income taxes, net of federal income tax benefit	**2.4%**	2.9%	3.2%
Other	**(0.6%)**	0.1%	(0.2%)
Effective tax rate	**36.8%**	37.0%	37.0%

5 Acquisitions

In two unrelated cash transactions during fiscal 1994, the Company acquired selected assets of PACE Membership Warehouse, Inc., including the right to operate in 107 of PACE's former locations for $830,498,000, recording approximately $246,000,000 of goodwill which is being amortized over 25 years. These transactions have been accounted for as purchases, and the results of operations for the acquired units since the dates of their acquisition have been included in the Company's results.

In January 1994, the Company announced its intent to acquire selected assets related to 122 Woolco stores in Canada from Woolworth Corporation. The cash transaction was completed for approximately $335,000,000 during the first quarter of fiscal 1995.

6 Stock Option Plans

At January 31, 1994, 27,378,303 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 per share	Total
Shares under option			
January 31, 1991	14,929,964	$ .58-14.50	$128,482,741
Options Granted	1,271,378	$17.69-27.25	30,396,157
Options Cancelled	(755,698)	$ 1.44-23.75	(7,646,727)
Options Exercised	(1,827,344)	$ .58-14.50	(8,469,581)
January 31, 1992	13,618,300	$ .67-27.25	142,762,590
Options Granted	4,072,464	$25.75-30.82	118,430,550
Options Cancelled	(1,133,740)	$ .67-30.82	(13,559,903)
Options Exercised	(2,092,512)	$ .67-27.25	(12,773,453)
January 31, 1993	14,464,512	$ 1.43-30.82	234,859,784
Options Granted	3,549,520	$25.00-27.25	90,377,122
Options Cancelled	(803,363)	$ 1.43-30.82	(17,325,254)
Options Exercised	(1,334,485)	$ 1.43-30.82	(9,664,166)
January 31, 1994 (3,322,435 shares exercisable)	15,876,184	$ 1.43-30.82	$298,247,486
Shares available for option:			
January 31, 1993	14,235,364		
January 31, 1994	11,502,119		

7 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 $361,161,000 in 1994, $313,346,000 in 1993, and $285,856,000 in 1992. Aggregate minimum annual rentals at January 31, 1994, under noncancelable leases are as follows:

Fiscal years	Operating leases	Capital leases
1995	$ 352,003,000	$ 246,630,000
1996	346,097,000	242,115,000
1997	354,341,000	241,793,000
1998	341,773,000	241,033,000
1999	297,307,000	239,722,000
Thereafter	3,319,372,000	2,882,260,000
Total minimum rentals	$5,010,893,000	4,093,553,000
Less estimated executory costs		60,848,000
Net minimum lease payments		4,032,705,000
Less imputed interest at rates ranging from 6.1% to 14.0%		2,176,976,000
Present value of net minimum lease payments		$1,855,729,000

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to $26,858,000 in 1994, $29,746,000 in 1993, and $25,774,000 in 1992. 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 57 future locations. These 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, will approximate $50,169,072 annually over the lease terms.

8 Quarterly Financial Data (Unaudited)

Quarters ended	April 30,	July 31,	October 31,	January 31,
1994				
Net sales	$13,920,407,000	$16,236,577,000	$16,826,999,000	$20,360,591,000
Cost of sales	11,016,745,000	12,962,824,000	13,308,093,000	16,156,081,000
Net income	450,650,000	495,875,000	518,739,000	868,013,000
Net income per share	$.20	$.22	$.23	$.38
1993				
Net sales	$11,649,430,000	$13,028,445,000	$13,683,824,000	$17,122,072,000
Cost of sales	9,256,326,000	10,416,519,000	10,884,911,000	13,616,929,000
Net income	386,955,000	420,448,000	437,804,000	749,587,000
Net income per share	$.17	$.18	$.19	$.33

Report of Independent Auditors

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 as of January 31, 1994 and 1993, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended January 31, 1994. 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, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 1994, in conformity with generally accepted accounting principles.

Ernst + Young

Tulsa, Oklahoma
March 25, 1994

Responsibility for Financial Statements

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.

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 auditors 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 periodically 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 auditors and the internal auditors have free access to the Audit Committee and meet with the Committee periodically, with and without management present.

Paul R. Carter
Executive Vice President and Chief Financial Officer

Corporate Information

Registrar and Transfer Agent

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

Independent Auditors

Ernst & Young
4300 One Williams Center
Tulsa, Oklahoma 74172

Listings

New York Stock Exchange
Stock Symbol: WMT

Pacific Stock Exchange
Stock Symbol: WMT

Corporate Address

Wal-Mart Stores, Inc.
Bentonville, Arkansas
72716-8611

Telephone:
501/273-4000

Form 10-K Report

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994, as filed with the Securities and Exchange Commission, may be obtained without charge by writing to:

10-K Report
Wal-Mart Stores, Inc.
Bentonville, Arkansas
72716-8611
or by calling:
501/273-4800

Annual Meeting

Our Annual Meeting of Shareholders will be held on Friday, June 3, 1994, at 10:00 a.m. in Bud Walton 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 1994.

Trustees

5½%, 5½%, 5⅞%, 6⅛%, 6⅜%, 6½%, 6¾%, 7¼%, 8% and 8⅝% Notes, and $107,000,000 of the Mortgage Notes:
First National Bank
of Chicago
One First National Plaza
Suite 126
Chicago, Illinois 60670

9⅒% Notes:
Harris Trust and
Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Obligations from Sale/Leaseback Transaction (Wal-Mart Retail Trust I, II, III):
State Street Bank & Trust
Company of Connecticut
750 Main Street
Suite 1114
Hartford, Connecticut 06103

5⅛% Eurobonds:
Royal Bank of Canada
71 Queen Victoria Street
London, England EC4V4DE
United Kingdom

10⅞% Debentures:
Bankers Trust Company
4 Albany Street
Ninth Floor
New York, New York
10015

Participating Mortgage Certificates I & II:
Boatmen's Trust Company
510 Locust Street
P.O. Box 14737
St. Louis, Missouri 63178

Pass Through Certificates 1992-A-1-7.49%
First Security Bank
of Utah, N.A.
Corporate Trust
Department
79 South Main Street
P.O. Box 30007
Salt Lake City, Utah 84130

Pass Through Certificates 1992-A-2-8.07%
First Security Bank
of Idaho, N.A.
1119 North 9th Street
Boise, Idaho 83701

Corporate Servant Leaders

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David R. Banks
Chairman of the Board,
President and
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Beverly Enterprises, Inc.

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Executive Vice President and
Chief Financial Officer,
Wal-Mart Stores, Inc.

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Chairman of the Board,
Cooper Communities, Inc.

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International

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Chief Executive Officer,
Wal-Mart Stores, Inc.

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Chief Executive Officer,
Nucor Corporation

Drayton McLane, Jr.
Vice Chairman,
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Chairman of the Board,
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and Astrodome USA

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Management Consultant

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Consultant

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Vice Chairman and
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Wal-Mart Stores, Inc.

James L. Walton
Senior Vice President,
Wal-Mart Stores, Inc.

John T. Walton
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SATLOC, Inc.

S. Robson Walton
Chairman of the Board,
Wal-Mart Stores, Inc.

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David D. Glass
Drayton McLane, Jr.
Donald G. Soderquist
James L. Walton
S. Robson Walton

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Elizabeth A. Sanders

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

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Robert H. Dedman
F. Kenneth Iverson

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Donald G. Soderquist
Vice Chairman and
Chief Operating Officer

Drayton McLane, Jr.
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Chief Financial Officer

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Chief Executive Officer,
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McLane Company, Inc.

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Division

Dean L. Sanders
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Construction

Nick White
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Sales Promotion

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Charles Rateliff
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Don E. Shinkle
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James A. Walker, Jr.
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Rhonda J. Parish
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Assistant Secretaries

Divisional Servant Leaders

Wal-Mart Stores

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Kendall Schwindt
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Wesley C. Wright

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J. R. Campbell

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William DuBose
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Don S. Harris
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Duane G. Naccarato
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Inventory Management
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Store Planning
Dave Burghart
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SENIOR VICE PRESIDENTS

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Suzanne Allford

Operations
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John Freeman
Richard L. Jones
John Kuzniewski
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Mike Spear
Brad Thomson
Jerry Duane Wilson

Operations
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Jim H. Haworth
Gary Nebinger
David Simpson
Steve Tiernan

Inventory Management and Replenishment
John Cowgur

Marketing/Membership
Michelle Helin

Wal-Mart International

SENIOR VICE PRESIDENT

Merchandising
Harold E. Johnson

VICE PRESIDENT

Operations
Arthur Emmanuel

Supercenter Division

VICE PRESIDENTS

Operations
Robert Erickson
Mark Schwartz
Joseph J. Tapper

Specialty Division

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Vice President, Pharmacy
Clarence Archer

Vice President, Jewelry
Richard Blickstead

Vice President and General Merchandise Manager, Shoes
Joe Delacruz

Chairman and Chief Executive Officer, Shoes
William Hutcheson

Executive Vice President, Shoes
David York

McLane

SENIOR VICE PRESIDENTS

Administration
Neil W. McCarty

Grocery Operations
Terry McElroy

Sales, Marketing and Customer Service
William G. Rosier

VICE PRESIDENTS

Construction and Design
Ronald G. King

Finance and Accounting
R. D. Harger

Foodservice Corporate
Mike Burns

General Counsel
Michael P. Puryear

Governmental Affairs and Taxation
Kevin J. Koch

Grocery Operations - Coastal Region
Jim Sanders

Grocery Operations - Inland Region
Gary Bittner

Human Resources
Francesca Souza

Marketing
Roger Grogman

McLane Foods
Reed Iwami

Merchandising
Bill Fendrick

New Market Development
James Leonard

Planning and Logistics
James L. Kent

Sales
Jerry Rose

Western Merchandisers

President
John H. Marmaduke

Executive Vice President
Jerry H. Hopkins

Executive Vice President
Robert C. Schneider

Senior Vice President
Don Taylor

Vice President
Bob Cope

Secretary and Treasurer
Greg Skelton

Associates whose pictures appear in the annual report include:

On the cover — Donald, Jeff, Marvin, Robin, Scott and Tiffany from the Festus, Missouri Supercenter; Denise, Lloyd and Tom from the St. Louis, Missouri Sam's Club.

With Rob Walton — Etta Mae, Tim and Joe from the Glenwood Springs, Colorado Wal-Mart.

With Don Soderquist — Carlene, Dana, Janie, Mandy, Sandra and Terri from the Bartlesville, Oklahoma Supercenter.

With David Glass — Michael and Nadine from the Rogers, Arkansas Wal-Mart.

In "Guiding Principles" — Janet, Kenneth, Novell and Rhonda from the Colonial Heights, Virginia Wal-Mart.

Printed on recycled paper with soy inks.
50% total recovered fiber
10% post consumer fiber

WAL-MART STORES, INC.
BENTONVILLE, AR 72716
501/273-4000