

# WAL MART STORES INC

## FORM 10-K (Annual Report)

Filed 04/19/99 for the Period Ending 01/31/99

Address	702 SOUTHWEST 8TH ST BENTONVILLE, AR 72716
Telephone	5012734000
CIK	0000104169
Symbol	WMT
SIC Code	5331 - Variety Stores
Industry	Retail (Department & Discount)
Sector	Services
Fiscal Year	01/31

# WAL MART STORES INC

## FORM 10-K (Annual Report)

Filed 4/19/1999 For Period Ending 1/31/1999

Address	702 SOUTHWEST 8TH ST BENTONVILLE, Arkansas 72716
Telephone	501-273-4000
CIK	0000104169
Industry	Retail (Department & Discount)
Sector	Services
Fiscal Year	01/31

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-K**

[X] Annual report pursuant to section 13 or 15(d) of the Securities

Exchange Act of 1934 for the fiscal year ended January 31, 1999, or  
[ ] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
*Commission file number 1-6991.*

**WAL-MART STORES, INC.**

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	71-0415188 (IRS Employer Identification No.)
Bentonville, Arkansas (Address of principal executive offices)	72716 (Zip Code)

Registrant's telephone number, including area code: (501) 273-4000

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.10 per share	New York Stock Exchange Pacific Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant, based on the closing price of these shares on the New York Stock Exchange on March 31, 1999, was \$121,319,774,111. For the purposes of this disclosure only, the registrant has assumed that its directors, officers and beneficial owners of 5% or more of the registrant's common stock are the affiliates of the registrant. <PAGE 1>

<PAGE 2>

The registrant had 4,449,818,854 shares of Common Stock outstanding as of March 31, 1999, restated to reflect the two-for-one stock split announced March 4, 1999. The record date for the stock split was March 19, 1999 and it is payable on April 19, 1999.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Annual Report to Shareholders for the fiscal year ended January 31, 1999, are incorporated by reference into Parts I and II of this Form 10-K.

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held June 4, 1999, are incorporated by reference into Part III and IV of this Form 10-K.

## FORWARD-LOOKING STATEMENTS OR INFORMATION

This Form 10-K includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements included or incorporated by reference in this Form 10-K which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), expansion and other development trends of industry segments in which the Company is active, business strategy, expansion and growth of the Company's business and operations and other such matters are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions within the bounds of its knowledge of its business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by or on behalf of the Company. Many of these factors have previously been identified in filings or statements made by or on behalf of the Company.

All phases of the Company's operations are subject to influences outside its control. Any one, or a combination, of these factors could materially affect the results of the Company's operations. These factors include: the cost of goods, competitive pressures, inflation, consumer debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, Year 2000 issues, unemployment levels, interest rate fluctuations and other capital market and economic conditions. Forward-looking statements made by or on behalf of the Company are based on a knowledge of its business and the environment in which it operates, but because of the factors listed above, actual results may differ from those in the forward-looking statements. Consequently, all of the forward-looking statements made are qualified by these and other cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Company or its business or operations.

</PAGE 2>

<PAGE 3>

**WAL-MART STORES, INC.  
FORM 10-K ANNUAL REPORT  
FOR THE YEAR ENDED JANUARY 31, 1999**

**PART I**

**ITEM 1. BUSINESS**

Wal-Mart Stores, Inc. (together with its subsidiaries hereinafter referred to as the "Company") is the world's largest retailer measured by total revenues. During the fiscal year ended January 31, 1999, the Company had net sales of \$137,634,000,000.

(a) Development of Business

Domestically, at January 31, 1999, the Company operated 1,869 discount stores and 564 Supercenters, and 451 SAM'S Clubs. Tables summarizing information concerning additions of units and square footage for domestic discount stores, Supercenters and SAM'S Clubs since January 31, 1994, are included as Schedules A and B to Item 1 found on pages 10 and 11 of this annual report.

In fiscal 1999, the Company took possession of 74 units from the Interspar hypermarket chain in Germany. The units were acquired from Spar Handels AG, a German company that owns multiple retail formats and wholesale operations throughout Germany. The transaction closed on December 29, 1998, Interspar's fiscal year end. Therefore, the acquired assets are included in the Company's consolidated balance sheet as of January 31, 1999, and the results of operations will be included beginning in fiscal 2000.

In fiscal 1999, the Company extended its presence in Asia with an investment in Korea. The Company acquired a majority interest in four existing units as well as six undeveloped sites. The four acquired units were previously operated by Korea Makro. The results of operations since the effective date of the acquisition have been included in the Company's results of operations.

See Note 6 of Notes to Consolidated Financial Statements incorporated by reference in Item 8 of Part II found on page 17 of this annual report for additional information regarding our acquisitions.

Internationally, at January 31, 1999, the Company operated units in Argentina(13), Brazil(14), Canada(154), Germany(95), Mexico(416), and Puerto Rico(15), and, under joint venture agreements, in China(5) and Korea(4). A table summarizing information concerning additions of units and square footage for international units operated since fiscal 1994, is included as Schedule C to Item 1 found on page 12 of this annual report.

</PAGE 3>

<PAGE 4>

(b) Financial information about the Company's industry segments

The Company is principally engaged in the operation of mass merchandising stores, which serve our customers primarily through the operation of three segments.

The Company identifies segments based on management responsibility within the United States and geographically for all international units. The Wal-Mart Stores segment includes the Company's discount stores and Supercenters in the United States. The SAM'S Club segment includes the warehouse membership clubs in the United States. The International segment includes all operations in Argentina, Brazil, Canada, China, Germany, Korea, Mexico and Puerto Rico. For the financial results of the Company's operating segments, see Note 9 of Notes to Consolidated Financial Statements incorporated by reference in Item 8 of Part II found on page 17 of this annual report.

(c) Narrative Description of Business

The Company, a Delaware corporation, has its principal offices in Bentonville, Arkansas. Although the Company was incorporated in October 1969, the businesses conducted by its predecessors began in 1945 when Sam M. Walton opened a franchise Ben Franklin variety store in Newport, Arkansas. In 1946, his brother, James L. Walton, opened a similar store in Versailles, Missouri. Until 1962, the Company's business was devoted entirely to the operation of variety stores. In that year, the first Wal-Mart Discount City (discount store) was opened. In fiscal 1984, the Company opened its first three SAM'S Clubs, and in fiscal 1988, its first Wal-Mart Supercenter (combination full-line supermarket and discount store). In fiscal 1992, the Company began its first international initiative when the Company entered into a joint venture in which it had a 50% interest with Cifra S.A. de C.V. (Cifra). The Company's international presence has continued to expand and at January 31, 1999, the Company had operations in seven countries and Puerto Rico.

**WAL-MART STORES OPERATING SEGMENT**

The Wal-Mart Stores segment, which includes the Company's discount stores and Supercenters in the United States, had sales of \$95,395,000,000, \$83,820,000,000 and \$74,840,000,000 for the three fiscal years ended January 31, 1999, 1998, and 1997, respectively. During the most recent fiscal year, no single discount store or Supercenter location accounted for as much as 1% of total Company sales or net income. See Note 9 of Notes to Consolidated Financial Statements incorporated by reference in Item 8 of Part II found on page 17 of this annual report for additional information regarding our segments.

General. The Company operates Wal-Mart discount stores in all 50 states. The average size of a discount store is approximately 94,300 square feet. Wal-Mart Supercenters are located in 29 states and the average size of a Supercenter is 181,200 square feet. The Supercenter prototypes range in size from 110,000 square feet to 234,000 square feet.

<PAGE 4>

<PAGE 5>

Merchandise. Wal-Mart discount stores and the general merchandise area of the Supercenters are generally organized with 40 departments and offer a wide variety of merchandise, including apparel for women, girls, men, boys and infants. Each store also carries domestics, fabrics and notions, stationery and books, shoes, housewares, hardware, electronics, home furnishings, small appliances, automotive accessories, horticulture and accessories, sporting goods, toys, pet food and accessories, cameras and supplies, health and beauty aids, pharmaceuticals and jewelry. In addition, the stores offer an assortment of grocery merchandise, with the assortment in Supercenters being broader and including meat, produce, deli, bakery, dairy, frozen foods and dry grocery.

Nationally advertised merchandise accounts for a majority of sales in the stores. The Company markets lines of merchandise under store brands including but not limited to "Sam's American Choice", "One Source", "Great Value", "Ol' Roy" and "Equate". The Company also markets lines of merchandise under licensed brands; some of which include "Faded Glory", "Kathie Lee", "White Stag", "Puritan", "Better Homes & Gardens", "Popular Mechanics", "Catalina", "McKids", "Basic Equipment" and "House Beautiful".

During the fiscal year ended January 31, 1999, sales in discount stores and Supercenters (which are subject to seasonal variance) by product category were as follows:

CATEGORY	PERCENTAGE OF SALES
Hardgoods.....	22
Softgoods/domestics.....	21
Grocery, candy and tobacco.....	16
Pharmaceuticals.....	9
Electronics.....	9
Sporting goods and toys.....	7
Health and beauty aids.....	7
Stationery .....	4
Shoes.....	2
Jewelry.....	2
One-hour photo.....	1
	100%

Operations. Hours of operations vary by location, but generally range from 7:00 a.m. to 11:00 p.m. six days a week, and from 10:00 a.m. to

8:00 p.m. on Sunday for discount stores and Supercenters. In addition, an increasing number of discount stores and almost all of the Supercenters are open 24 hours each day. Wal-Mart discount stores and Supercenters maintain uniform prices, except where lower prices are necessary to meet local competition. Sales are primarily on a self-service, cash-and-carry basis with the objective of maximizing sales volume and inventory turnover while minimizing expenses. Bank credit card programs, operated without recourse to the Company, are available in all stores.

Seasonal Aspects of Operations. The Wal-Mart Stores operating segment's business is seasonal to a certain extent. Generally, the highest  
<PAGE 5>

<PAGE 6>

volume of sales occurs in the fourth fiscal quarter and the lowest volume occurs during the first fiscal quarter.

Competition. Wal-Mart discount stores compete with other discount, department, drug, variety and specialty stores, many of which are national chains. Wal-Mart Supercenters compete with other supercenter-type stores, discount stores, supermarkets and specialty stores, many of which are national or regional chains. The Company also competes with others for new club sites. As of January 31, 1999, based on net sales, the Wal-Mart Stores segment ranked first among all retail department store chains and among all discount department store chains.

The Company's competitive position within the industry is largely determined by its ability to offer value and service to its customers. The Company has many programs designed to meet the competitive needs of its industry. These include "Everyday Low Price", "Item Merchandising", "Store- Within-a-Store" and "Price Rollbacks" programs. Although the Company believes it has had a major influence in most of the retail markets in which its stores are located, there is no assurance that this will continue.

Distribution. During the 1999 fiscal year, approximately 84% of the Wal-Mart discount stores' and Supercenters' purchases were shipped from Wal-Mart's 43 distribution centers, nine of which are grocery distribution centers, and two of which are import distribution centers. The balance of merchandise purchased was shipped directly to the stores from suppliers. The 43 centers are located throughout the continental United States. Five distribution centers are located in each of Arkansas and Texas; three in South Carolina; two in each of California, Florida, Georgia, Indiana, Mississippi, New York and Pennsylvania; and one in each of Alabama, Arizona, Colorado, Iowa, Illinois, Kansas, Kentucky, New Hampshire, New Mexico, North Carolina, Ohio, Oregon, Tennessee, Utah, Virginia and Wisconsin.

## SAM'S CLUB OPERATING SEGMENT

The SAM'S Club segment, which includes the warehouse membership clubs in the United States, had sales of \$22,881,000,000, \$20,668,000,000 and \$19,785,000,000 for the three fiscal years ended January 31, 1999, 1998, and 1997, respectively. During the most recent fiscal year, no single club location accounted for as much as 1% of total Company sales or net income. See Note 9 of Notes to Consolidated Financial Statements incorporated by reference in Item 8 of Part II found on page 17 of this annual report for additional information regarding our segments.

General. The Company operates SAM'S Clubs in 48 states. The average size of a SAM'S Club is approximately 121,200 square feet, and club sizes generally range between 90,000 and 150,000 square feet of building area.

Merchandise. SAM'S Clubs offer bulk displays of name brand hardgood merchandise, some softgoods and institutional size grocery items, and selected items under the "Member's Mark" store brand. Generally each </PAGE 6>

<PAGE 7>

SAM'S Club also carries software and electronic goods, jewelry, sporting goods, toys, tires, stationery and books. Most clubs have fresh food departments, which include bakery, meat and produce. In addition, some clubs offer one-hour photo, embroidery departments, pharmaceuticals and gas stations.

During the fiscal year ended January 31, 1999, sales in the clubs (which are subject to seasonal variance) by product category were as follows:

CATEGORY	PERCENTAGE OF SALES
Sundries.....	31.6
Food .....	32.8
Hardlines .....	22.1
Softlines .....	5.7
Service Businesses.....	7.8
	100.0%

Operations. Operating hours vary among SAM'S Clubs, but they are generally open Monday through Friday from 10:00 a.m. to 8:30 p.m. Most SAM'S Clubs are open Saturday from 9:30 a.m. to 8:30 p.m. and on Sunday from 11:00 a.m. to 6:00 p.m.

SAM'S Clubs are membership only, cash-and-carry operations. However, a financial service credit card program (Discover Card) is available in all clubs and the "SAM'S Direct" commercial finance program and "Business Revolving Credit" are available to qualifying business members. Also, a "Personal Credit" program is available to qualifying club members. Any credit issued under these programs is without recourse to the Company. Club members include businesses and those individuals who are members of certain qualifying organizations, such as government and state employees and credit union members. In fiscal 1999, business members paid an annual membership fee of \$30 for the primary membership card with a spouse card available at no additional cost. The annual membership fee for an individual member is \$35 for the primary membership card with a spouse card available at no additional cost.

**Seasonal Aspects of Operations.** The SAM'S Club operating segment's business is seasonal to a certain extent. Generally, the highest volume of sales occurs in the fourth fiscal quarter and the lowest volume occurs during the first fiscal quarter.

**Competition.** SAM'S Clubs compete with warehouse clubs, as well as with discount retailers, wholesale grocers and general merchandise wholesalers and distributors. The Company also competes with others for new club sites. As of January 31, 1999, based on domestic U.S. net sales, the SAM'S Club segment ranked first among all warehouse clubs.

**Distribution.** During fiscal 1999, approximately 61% of the SAM'S Club purchases were shipped from distribution facilities. The balance was shipped directly to the clubs from suppliers. Operationally, the principle

<PAGE 8>

focus is on crossdocking product, while maintaining stored inventory is minimized. A combination of Company owned and operated facilities and third-party facilities comprise the overall distribution structure.

## **INTERNATIONAL OPERATING SEGMENT**

The Company's International Segment is comprised of wholly owned operations in Argentina, Canada, Germany and Puerto Rico; through joint ventures in China and Korea; and through majority-owned subsidiaries in Brazil and Mexico. Sales for the three fiscal years ended January 31, 1999, 1998, and 1997 were \$12,247,000,000, \$7,517,000,000 and \$5,002,000,000, respectively. During the most recent fiscal year, no single location accounted for as much as 1% of total Company sales or net income. See Note 9 of Notes to Consolidated Financial Statements incorporated by reference in Item 8 of Part II found on page 17 of this annual report for additional information regarding our segments.

**General.** Operating formats vary by country, but include Wal-Mart discount stores in Canada and Puerto Rico; Supercenters in Argentina, Brazil, China, Korea and Mexico; SAM'S Clubs in Argentina, Brazil, China, Mexico, and Puerto Rico; Hypermarkets in Germany and Superamas (traditional supermarket,) Bodegas (discount store,) Aurreras (combination store,) Suburbias (specialty department store) and Vips (restaurant) in Mexico.

**Merchandise.** The merchandising strategy in the International operating segment is similar to that of domestic segments in the breadth and scope of merchandise offered for sale. While brand name merchandise accounts for a majority of sales, several store brands not found in the United States have been developed to serve customers in the different markets in which the International segment operates. In addition, steps have been taken to develop relationships with local vendors in each country to ensure reliable sources of quality merchandise.

**Operations.** The hours of operation for operating units in the international division vary by country and by individual markets within countries, depending upon local and national ordinances governing hours of operation. While sales are primarily on a cash-and-carry basis, credit cards or other consumer finance programs exist in certain markets to facilitate the purchase of goods by the customer.

**Seasonal Aspects of Operations.** The International operating segment's business is seasonal to a certain extent. Generally, the highest volume of sales occurs in the fourth fiscal quarter. The seasonality of the business varies by country due to different national and religious holidays, festivals and customs, as well as different climatic conditions.

**Competition.** The International operating segment competes with a variety of local, national and international chains in the discount, department, drug, variety, specialty and wholesale sectors of the retail market. The segment's competitive position is determined, to a large extent, by its ability to offer its customers low prices on quality merchandise that offers exceptional value. In Supercenters, our ability to

<PAGE 9>

effectively operate the food departments has a major impact on the segment's competitive position in the markets where we operate.

**Distribution.** The International segment operates export consolidation facilities in Jacksonville, Florida; Seattle, Washington; and Laredo, Texas in support of product flow to its Mexican, Asian, and Latin American markets. In addition, distribution facilities are located in Argentina, Brazil, Canada, China and Mexico which process and flow both imported and domestic product to the operating units. Operationally, the principle focus is on crossdocking product, while maintaining stored inventory is minimized. During fiscal 1999, approximately 50% of the International merchandise purchases flowed through these distribution facilities. The balance was shipped directly to

the stores from suppliers. A combination of Company owned and operated facilities and third-party facilities comprises the overall distribution structure for International logistics.

## OTHER

The sales reported in the "Other" category included in Note 9 of Notes to Consolidated Financial Statements incorporated by reference in Item 8 of Part II found on page 17 of this annual report result from sales to third parties by McLane Company, Inc. (McLane). McLane is a wholly owned wholesale distributor that sells its merchandise to a variety of retailers, primarily to the convenience store industry. McLane also services Wal-Mart discount stores, Supercenters and SAM'S Clubs. Sales to third parties for the three fiscal years ended January 31, 1999, 1998, and 1997 were \$7,111,000,000, \$5,953,000,000 and \$5,232,000,000 respectively. McLane offers a wide variety of grocery and non-grocery products, including perishable and non-perishable items. The non-grocery products consist primarily of tobacco products, hardgood merchandise, health and beauty aids, toys and stationery.

McLane has 19 distribution centers from which its customers, including the Company, are served. The distribution centers are located in the continental United States with two located in each of Arizona, California, Texas and Virginia, and one each in Colorado, Florida, Georgia, Illinois, Kentucky, Mississippi, Missouri, New York, North Carolina, Utah and Washington.

## Employees (Associates).

As of January 31, 1999, the Company employed approximately 910,000 associates worldwide, with approximately 780,000 in the United States and 130,000 internationally. Most associates participate in incentive programs, which provide the opportunity to receive additional compensation based upon the Company's productivity or profitability. <PAGE 9>

<PAGE 10>

WAL-MART STORES, INC. AND SUBSIDIARIES  
SCHEDULE A TO ITEM 1 - WAL-MART STORES SEGMENT STORE COUNT AND NET SQUARE  
FOOTAGE GROWTH  
YEARS ENDED JANUARY 31, 1994 THROUGH 1999

STORE COUNT

Fiscal Year Ended	Wal-Mart discount stores				Wal-Mart Supercenters			Total		Ending Balance
	Jan 31, Balance Forward	Opened	Closed	Conversions(1) Total	Opened (2)	Total	Opened(2)	Closed		
				1,848		34				1,882
1994	141	2	37	1,950	38	72	142	2		2,022
1995	109	5	69	1,985	75	147	115	5		2,132
1996	92	2	80	1,995	92	239	104	2		2,234
1997	59	2	92	1,960	105	344	72	2		2,304
1998	37	1	75	1,921	97	441	59	1		2,362
1999	37	1	88	1,869	123	564	72	1		2,433

NET SQUARE FOOTAGE

Fiscal Year Ended	Wal-Mart discount stores			Wal-Mart Supercenters		Total	
	Jan 31, Balance Forward	Net Additions	Total	Net Additions	Total	Net Additions	Square Footage
			147,366,428		5,951,739		153,318,167
1994	16,185,442	163,551,870	6,762,080	12,713,819	22,947,522	176,265,689	
1995	10,109,978	173,661,848	14,087,725	26,801,544	24,197,703	200,463,392	
1996	8,188,223	181,850,071	16,791,559	43,593,103	24,979,782	225,443,174	
1997	( 103,486)	181,746,585	19,661,948	63,255,051	19,558,462	245,001,636	
1998	(2,411,149)	179,335,436	17,076,582	80,331,633	14,665,433	259,667,069	
1999	(3,062,418)	176,273,018	21,892,838	102,224,471	18,830,420	278,497,489	

[FN]

<F1>

(1) Wal-Mart discount store locations relocated or expanded as Wal-Mart Supercenters. <F2>

(2) Total opened net of conversions of Wal-Mart discount stores to Wal-Mart Supercenters. </PAGE 10>

<PAGE 11>

WAL-MART STORES, INC. AND SUBSIDIARIES  
SCHEDULE B TO ITEM 1 - SAM'S CLUB SEGMENT CLUB COUNT AND NET SQUARE FOOTAGE  
GROWTH  
YEARS ENDED JANUARY 31, 1994 THROUGH 1999

STORE COUNT



Fiscal Year Ended Jan 31,	SAM'S Clubs		Total
	Opened	Closed	
Balance Forward			256
1994	162(1)	1	417
1995	21	12	426
1996	9	2	433
1997	9	6	436
1998	8	1	443
1999	8	0	451

NET SQUARE FOOTAGE

Fiscal Year Ended Jan 31, Balance Forward	SAM'S Clubs	
	Net Additions	Total
		30,703,878
1994	19,670,804	50,374,682
1995	1,335,742	51,710,424
1996	825,020	52,535,444
1997	298,692	52,834,136
1998	716,150	53,550,286
1999	1,099,144	54,649,430

[FN]  
<F1>

(1) Includes 147 clubs acquired in PACE acquisition. </PAGE 11>

<PAGE 12>

WAL-MART STORES, INC. AND SUBSIDIARIES  
SCHEDULE C TO ITEM 1 - INTERNATIONAL SEGMENT UNIT COUNT AND NET SQUARE FOOTAGE  
GROWTH  
YEARS ENDED JANUARY 31, 1994 THROUGH 1999

STORE COUNT

Fiscal Year Ended	Argentina			Brazil			Canada	China		
	Wal-Mart Supercenters	SAM'S Clubs	Total	Wal-Mart Supercenters	SAM'S Clubs	Total	Wal-Mart Stores	Wal-Mart Supercenters	SAM'S Clubs	Total
1994	0	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	123	0	0	0
1996	1	2	3	2	3	5	131	0	0	0
1997	3	3	6	2	3	5	136	1	1	2
1998	6	3	9	5	3	8	144	2	1	3
1999	10	3	13	9	5	14	154	4	1	5

Fiscal Year Ended	Germany		Mexico			Korea	Puerto Rico			
	Hypermarkets	Wal-Mart Supercenters	Wal-Mart Supercenters	SAM'S Clubs	Other*	Total	Wal-Mart Supercenters	Wal-Mart Supercenters	SAM'S Clubs	Total
1994	0	2	2	7	0	9	0	3	2	5
1995	0	11	11	22	0	33	0	5	2	7
1996	0	13	13	28	0	41	0	7	4	11
1997	0	18	18	28	0	46	0	7	4	11
1998	21	27	27	28	330	385	0	9	5	14
1999	95	27	27	31	358	416	4	9	6	15

NET SQUARE FOOTAGE

Fiscal Year Ended	Argentina		Brazil		Canada		China	
	Net Additions	Total	Net Additions	Total	Net Additions	Total	Net Additions	Total
1994	0	0	0	0	0	0	0	0
1995	0	0	0	0	14,606,880	14,606,880	0	0
1996	444,621	444,621	761,581	761,581	868,518	15,475,398	0	0
1997	625,369	1,069,990	0	761,581	578,508	16,053,906	316,656	316,656
1998	506,884	1,576,874	540,056	1,301,637	914,365	16,968,271	145,558	462,214
1999	663,986	2,240,860	914,618	2,216,255	981,261	17,949,532	224,827	687,041

Fiscal Year Ended	Germany		Mexico		Korea		Puerto Rico	
	Net Additions	Total	Net Additions	Total	Net Additions	Total	Net Additions	Total
1994	0	0	946,028	1,251,563	0	0	339,260	568,907
1995	0	0	3,718,910	4,970,473	0	0	266,279	835,186
1996	0	0	1,012,734	5,983,207	0	0	470,266	1,305,452
1997	0	0	1,032,603	7,015,810	0	0	0	1,305,452

1998	2,449,369	2,449,369	10,292,640*	17,308,450	0	0	342,888	1,648,340
1999	6,845,491	9,294,860	714,459	18,022,909	553,683	553,683	100,250	1,748,590

[FN]

<F1>

\* In fiscal 1998, includes 33 Aurreras (combination stores), 62 Bodegas (discount stores), 38 Suburbias (specialty department stores), 36 Superamas (traditional supermarkets), and 178 Vips (restaurants), the majority of which were acquired in 1998 in the Cifra acquisition. <F2>

\* In fiscal 1999, includes 33 Aurreras (combination stores), 63 Bodegas (discount stores), 43 Suburbias (specialty department stores), 36 Superamas (traditional supermarkets), and 183 Vips (restaurants). </PAGE 12>

<PAGE 13>

## ITEM 2. PROPERTIES

The number and location of domestic and international Wal-Mart discount stores, Supercenters and SAM'S Clubs is incorporated by reference to the table under the caption "Fiscal 1999 End of Year Store Counts" on Page 17 of the Annual Report to Shareholders for the year ended January 31, 1999.

The Company owns 1,488 properties on which domestic discount stores and Supercenters are located and 214 of the properties on which domestic SAM'S are located. In some cases, the Company owns the land associated with leased buildings. New buildings, both leased and owned, are constructed by independent contractors.

The remaining buildings in which its present domestic locations are located are either leased from a commercial property developer, leased pursuant to a sale/leaseback arrangement or leased from a local governmental entity through an industrial revenue bond transaction. All of the Company's leases for its stores provide for fixed annual rentals and, in many cases, the leases provide for additional rent based on sales volume.

Domestically, the Company operated 43 Wal-Mart distribution facilities and 19 McLane distribution facilities at January 31, 1999. These distribution facilities are primarily owned by the Company, and several are subject to mortgage secured loans. Some of the distribution facilities are leased under industrial development bond financing arrangements and provide the option of purchasing these facilities at the end of the lease term for nominal amounts.

The Company owns office facilities in Bentonville, Arkansas that serve as the home office for the Company and owns an office facility in Temple, Texas which serves as the home office for McLane.

Internationally, the Company has a combination of owned and leased properties in each country in which the operating units are located. The Company owns ten properties in Argentina, eight properties in Brazil, seven properties in Canada, one property in China under joint venture, 21 properties in Germany, four properties in Korea under joint venture, 242 properties in Mexico, and four properties in Puerto Rico in which the operating units are located, with the remaining units in each country being leased.

The Company utilizes both owned and leased properties for office facilities in each country in which we conduct business.

## ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material pending legal proceedings and no properties of the Company are subject to any material pending legal proceeding, other than routine litigation incidental to its business.

<PAGE 13>

<PAGE 14>

The Company recently opened a Supercenter in Honesdale, Pennsylvania. In February of 1999, the Company settled claims made by the Pennsylvania Department of Environmental Protection that the construction activities led to excess erosion and sedimentation of a nearby creek. In the settlement, Wal-Mart agreed to pay a fine of \$25,000 and to perform a \$75,000 community environmental project in the Honesdale area. The Company is negotiating settlement of a claim by the United States Army Corps of Engineers that the construction resulted in the filling of approximately 0.76 acres in excess of the permitted fill area of waters and wetlands at the site. The proposed settlement with the Corps will require Wal-Mart to pay \$200,000 to a non-profit corporation for the purchase of local wetlands conservation areas and easements. Under contracts with third parties, Wal-Mart has received reimbursement for the \$75,000 community environmental project and the \$25,000 fine. Wal-Mart also expects to be reimbursed under third party contracts for the \$200,000 proposed settlement amount.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the last quarter of the year ended January 31, 1999.

## ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

The following information is furnished with respect to each of the executive officers of the Company, each of whom is elected by and serves at the pleasure of the Board of Directors. The business experience shown for each officer has been his principal occupation for at least the past five years.

Name	Business Experience	Current Position Held Since	Age
David D. Glass	President and Chief Executive Officer.	1988	63
S. Robson Walton	Chairman of the Board.	1992	54
Donald G. Soderquist	Senior Vice Chairman of the Board. Prior to January 1999, he served as Vice Chairman and Chief Operating Officer.	1999	65
H. Lee Scott, Jr.	Vice Chairman and Chief Operating Officer. Prior to January 1999, he served as President and Chief Executive Officer of Wal-Mart Stores Division. Prior to January 1998, he served as Executive Vice President - Merchandising. Prior to October 1995, he served as Executive Vice President - Logistics. Prior to that, he served as Senior Vice President - Logistics.	1999	50

</PAGE 14>

<PAGE 15>

Paul R. Carter	Executive Vice President and President - Wal-Mart Realty Company. Prior to 1995, he served as Executive Vice President and Chief Financial Officer.	1995	58
Robert F. Connolly	Executive Vice President - Merchandising. Prior to January 1998, he served as Senior Vice President - General Merchandise Manager. Prior to October 1996, he served as Vice President - Jewelry and Shoes. Prior to February 1996, he served as Executive Vice President of Montgomery Ward. Prior to January 1994, he served as Senior Vice President - General Merchandise Manager of Wal-Mart Stores, Inc.	1998	55
Thomas M. Coughlin	Executive Vice President and President and Chief Executive Officer of Wal-Mart Stores Division. Prior to January 1999, he served as Executive Vice President and Chief Operating Officer of Wal-Mart Stores Division. Prior to January 1998, he served as Executive Vice President - Store Operations. Prior to 1995, he served as Senior Vice President - Specialty Divisions.	1999	50
David Dible	Executive Vice President - Specialty Divisions. Prior to 1995, he served as Senior Vice President - Merchandising.	1995	51
Thomas R. Grimm	Executive Vice President and President and Chief Executive Officer of SAM'S Club Division. Prior to October 1998, he was	1998	54

retired and served as a consultant to various organizations. Prior to June 1994, he served as President and Chief Executive Officer of Pace Membership Warehouse, a Division of K-Mart Corporation.

</PAGE 15>

<PAGE 16>

Bob L. Martin	Executive Vice President and President and Chief Executive Officer of Wal-Mart International Division.	1993	50
John B. Menzer	Executive Vice President and Chief Financial Officer. Prior to September 1995, he served as President and Chief Operating Officer of Ben Franklin Retail Stores, Inc.	1995	48
Nicholas J. White	Executive Vice President - Food Division.	1989	54
William G. Rosier	President and Chief Executive Officer of McLane Company, Inc. Prior to 1995, he served as Senior Vice President - Marketing and Customer Services for McLane.	1995	50

James A. Walker, Jr. Senior Vice President and 1995 52 Controller. Prior to 1995, he served as Vice President and Controller.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The information required by this item is incorporated by reference to the information "Number of Shareholders" under the caption "11- Year Financial Summary" on Pages 18 and 19, and all the information under the captions "Market Price of Common Stock", "Listings - Stock Symbol: WMT" and "Dividends Paid Per Share" on page 39 of the Annual Report to Shareholders for the year ended January 31, 1999.

### ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference to all information under the caption "11-Year Financial Summary" on Pages 18 and 19 of the Annual Report to Shareholders for the year ended January 31, 1999.

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is furnished by incorporation by reference to all information under the caption </PAGE 16>

<PAGE 17>

"Management's Discussion and Analysis" on Pages 20 through 25 of the Annual Report to Shareholders for the year ended January 31, 1999.

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is furnished by incorporation by reference to all information under the captions "Consolidated Statements of Income", "Consolidated Balance Sheets", "Consolidated Statements of Shareholders' Equity", "Consolidated Statements of Cash Flows", "Notes to Consolidated Financial Statements" and "Report of Independent Auditors" on Pages 26 through 38 of the Annual Report to Shareholders for the year ended January 31, 1999.

### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## PART III

## **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information required by this item with respect to the Company's directors and compliance by the Company's directors, executive officers and certain beneficial owners of the Company's Common Stock with Section 16(a) of the Securities Exchange Act of 1934 is furnished by incorporation by reference to all information under the captions entitled "Nominees for Directors" on Pages 2 and 3 and "Section 16(a) Beneficial Ownership Reporting Compliance" on Page 12 of the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on Friday, June 4, 1999 (the "Proxy Statement"). The information required by this item with respect to the Company's executive officers is included as Item 4A of Part I found on pages 14 through 16 of this annual report.

## **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item is furnished by incorporation by reference to all information under the caption entitled "Compensation of Directors" on Page 4, "Compensation and Nominating Committee Report on Executive Compensation" on page 5 through 7, and "Summary Compensation", "Option Grants In Last Fiscal Year", and "Option Exercises and Fiscal Year End Option Values" on Pages 8 through 10 of the Proxy Statement.

## **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The information required by this item is furnished by incorporation by reference to all information under the caption entitled "Stock Ownership", subcaptions "Ownership of Major Shareholders (1)" and "Holdings of Officers and Directors" on Pages 10 through 12 of the Proxy Statement.

</PAGE 17>

<PAGE 18>

## **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information required by this item is furnished by incorporation by reference to all information under the caption "Related- Party Transactions with Wal-Mart" on Page 5 of the Proxy Statement.

## **PART IV**

### **ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K**

#### (a) 1. & 2. Consolidated Financial Statements

The financial statements listed in the Index to Consolidated Financial Statements, which appears on Page 21 of this annual report, are incorporated by reference herein or filed as part of this Form 10-K.

#### 3. Exhibits

The following documents are filed as exhibits to this Form 10-K:

3(a) Restated Certificate of Incorporation of the Company is incorporated herein by reference to Exhibit 3(a) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1989, and the Certificate of Amendment to the Restated Certificate of Incorporation is incorporated herein by reference to Registration Statement on Form S-8 (File Number 33-43315).

3(b) By-Laws of the Company, as amended June 3, 1993, are incorporated herein by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended January 31, 1994.

4(a) Form of Indenture dated as of June 1, 1985, between the Company and Bank of New York, Trustee, (formerly Boatmen's Trust Company and Centerre Trust Company) is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-3 (File Number 2-97917).

4(b) Form of Indenture dated as of August 1, 1985, between the Company and Bank of New York, Trustee, (formerly Boatmen's Trust Company and Centerre Trust Company) is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-3 (File Number 2-99162).

4(c) Form of Amended and Restated Indenture, Mortgage and Deed of Trust, Assignment of Rents and Security Agreement dated as of December 1, 1986, among the First National Bank of Boston and James E. Mogavero, Owner Trustees, Rewal Corporation I, Estate for Years Holder, Rewal Corporation II, Remainderman, the Company and the First National Bank of Chicago and R.D. Manella, Indenture Trustees, is

incorporated herein by </PAGE 18>

**<PAGE 19>**

reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-11394).

4(d) Form of Indenture dated as of July 15, 1990, between the Company and Harris Trust and Savings Bank, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-35710).

4(e) Indenture dated as of April 1, 1991, between the Company and The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(a) to Registration Statement on Form S-3 (File Number 33-51344).

4(f) First Supplemental Indenture dated as of September 9, 1992, to the Indenture dated as of April 1, 1991, between the Company and The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-51344).

+10(a) Form of individual deferred compensation agreements is incorporated herein by reference to Exhibit 10(b) from the Annual Report on Form 10-K of the Company, as amended, for the year ended January 31, 1986.

+10(b) Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Registration Statement on Form S-8 (File Number 2-94358).

+10(c) 1986 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Exhibit 10(h) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1987.

+10(d) 1991 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Exhibit 10(h) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1992.

+10(e) 1993 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Exhibit 10(i) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1993.

+10(f) Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-8 (File Number 33-55325).

+10(g) Wal-Mart Stores, Inc. Director Compensation Plan is incorporated herein by reference to Exhibit 4(d) to Registration Statement on Form S-8 (File Number 333-24259). </PAGE 19>

**<PAGE 20>**

+10(h) Wal-Mart Stores, Inc. Officer Deferred Compensation Plan is incorporated herein by reference to Exhibit 10(i) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1996.

+10(i) Wal-Mart Stores, Inc. Restricted Stock Plan is incorporated herein by reference to Exhibit 10(j) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1997.

+10(j) 1996 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 10(j) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1998.

+10(k) 1997 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 10(k) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1998.

\*+10(l) Wal-Mart Stores, Inc. Stock Incentive Plan of 1998 is filed herewith as an Exhibit to this Form 10-K.

\*+10(m) Wal-Mart Stores, Inc. Management Incentive Plan of 1998 is filed herewith as an Exhibit to this Form 10-K.

\*13 All information incorporated by reference in Items 1, 2, 5, 6, 7 and 8 of this Annual Report on Form 10-K from the Annual Report to Shareholders for the year ended January 31, 1999.

**\*21 List of the Company's Subsidiaries**

**\*23 Consent of Independent Auditors**

**\*27 Financial Data Schedule**

\*Filed herewith as an Exhibit.

+Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K

The Company did not file a report on Form 8-K during the last quarter of the fiscal year ended January 31, 1999. </PAGE 20>

<PAGE 21>

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	Annual Report to Shareholders (page)
Covered by Report of Independent Auditors:	
Consolidated Statements of Income for each of the three years in the period ended January 31, 1999	26
Consolidated Balance Sheets at January 31, 1999 and 1998	27
Consolidated Statements of Shareholders' Equity for each of the three years in the period ended January 31, 1999	28
Consolidated Statements of Cash Flows for each of the three years in the period ended January 31, 1999	29

Notes to Consolidated Financial  
Statements, except Note 10 30-37

Not Covered by Report of Independent  
Auditors:

**Note 10 - Quarterly Financial Data**  
(Unaudited) 38

All schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements, including the notes thereto. </PAGE 21>

<PAGE 22>

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATE: April 15, 1999

/s/David D. Glass  
David D. Glass  
President and Chief  
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

DATE: April 15, 1999

\_\_\_\_\_

S. Robson Walton  
Chairman of the Board

DATE: April 15, 1999 /s/David D. Glass  
David D. Glass  
President, Chief Executive  
Officer and Director

DATE: April 15, 1999 /s/Donald G. Soderquist  
Donald G. Soderquist  
Senior Vice Chairman of the  
Board and Director

DATE: April 15, 1999 /s/John B. Menzer  
John B. Menzer  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

DATE: April 15, 1999 /s/James A. Walker, Jr.  
James A. Walker, Jr.  
Senior Vice President and  
Controller  
(Principal Accounting Officer)

Date: April 15, 1999 /s/Jeronimo Arango  
Jeronimo Arango  
Founder of Cifra S.A. de C.V.  
and Director of Wal-Mart  
Stores, Inc.

</PAGE 22>

<PAGE 23>

DATE: April 15, 1999 /s/John A. Cooper, Jr.  
John A. Cooper, Jr.  
Director

DATE: April 15, 1999 \_\_\_\_\_  
Stephen Friedman  
Director

DATE: April 15, 1999 \_\_\_\_\_  
Stanley C. Gault  
Director

DATE: April 15, 1999 /s/Roland A. Hernandez  
Roland A. Hernandez  
Director

DATE: April 15, 1999 \_\_\_\_\_  
Frederick S. Humphries  
Director

DATE: April 15, 1999 /s/E. Stanley Kroenke  
E. Stanley Kroenke  
Director

DATE: April 15, 1999 /s/Elizabeth A. Sanders  
Elizabeth A. Sanders  
Director

DATE: April 15, 1999 /s/Jack C. Shewmaker  
Jack C. Shewmaker  
Director

DATE: April 15, 1999 \_\_\_\_\_  
Paula Stern  
Director



DATE: April 15, 1999

/s/Jose H. Villarreal  
Jose H. Villarreal  
Director

DATE: April 15, 1999

/s/John T. Walton  
John T. Walton  
Director

</PAGE 23>

**WAL-MART STORES, INC.  
STOCK INCENTIVE PLAN OF 1998**

1.1 Purpose. Wal-Mart Stores, Inc. ("Wal-Mart") believes it is important to provide incentives to Wal-Mart's Associates and its Non- Associate Directors through participation in the ownership of Wal-Mart and otherwise. This Wal-Mart Stores, Inc. Stock Incentive Plan of 1998 (the "Plan") is established to provide incentives to certain Associates and the Non-Associate Directors to enhance their job performance, to motivate them to remain or become associated with Wal- Mart and its Affiliates, and to increase the success of Wal-Mart. The Plan is not limited to executive officers or directors of Wal-Mart, but will be available to provide incentives to any Associate that the Committee believes has made or may make a significant contribution to Wal-Mart or an Affiliate of Wal-Mart.

**DEFINITIONS**

2.1 "Affiliate" means any corporation, company limited by shares, partnership, limited liability company, business trust, other entity or other business association that is now or hereafter controlled by Wal-Mart.

2.2 "Associate" means any person employed by Wal-Mart or any Affiliate.

2.3 "Board" means the Board of Directors of Wal-Mart.

2.4 "Cause" means, in the context of termination of an Associate's employment, the Associate's commission of any act deemed inimical to the best interest of Wal-Mart or any Affiliate or failure to perform satisfactorily his or her assigned duties, each as determined in the sole discretion of the Committee.

2.5 "Code" means the Internal Revenue Code of 1986, as amended.

2.6 "Committee" means (1) as to Associates who are Section 16 Persons, the Compensation and Nominating Committee of the Board and (2) as to all other Associates, the committee appointed by the Board to administer the Plan or a particular feature of the Plan.

2.7 "Continuous Status as an Associate" means the absence of any interruption or termination of the employment relationship between an Associate and Wal-Mart or an Affiliate. Continuous Status as an Associate shall not be considered interrupted in the case of: (i) sick leave; (ii) military leave; or (iii) any other leave of absence approved by Wal-Mart, provided that leave does not exceed one year, unless reemployment upon the expiration of that leave is guaranteed by contract or law or unless provided otherwise by to a policy of Wal- Mart.

2.8 "Delaware Law" means the Delaware General Corporation Law, as amended.

**Wal-Mart Stores, Inc. Exhibit 10(l) - Page 2**

2.9 "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations adopted thereunder.

2.10 "Fair Market Value" means, as of any date, the closing sales price for a Share (a) on the NYSE on that date (or if no trading in Shares occurred on that date, on the last day on which Shares were traded on the NYSE) or (b) if the Shares are not listed for trading on the NYSE, the value of a Share as determined in good faith by Committee.

2.11 "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Code Section 422.

2.12 "Non-Associate Director" means a director of Wal-Mart who is not an Associate.

2.13 "Nonqualified Option" means an Option not intended to qualify as an Incentive Stock Option.

2.14 "Notification" means the agreement or other document governing any grant of Restricted Stock or Stock Appreciation Rights.

2.15 "NYSE" means the New York Stock Exchange or any successor organization thereto.

2.16 "Option" means a stock option to acquire a certain number of the Subject Shares granted pursuant to the Plan.

2.17 "Option Notification" means the agreement or other document governing any Incentive Stock Option or Nonqualified Option granted under the Plan.

2.18 "Optioned Stock" means the Shares subject to an Option.

2.19 "Optionee" means an Associate or other person who receives an Option.

2.20 "Parent/Subsidiary Corporation" means a "parent corporation"

(within the meaning of Code Section 424(e)) or a "subsidiary corporation" (within the meaning of Code Section 424(f)) of Wal-Mart.

2.21 "Performance Based Award" means a Plan Award that the Committee designates as a "Performance Based Award" and that is granted to a "covered employee" (as defined in Code Section 162(m)(3)) or to an Associate that the Committee determines might become a "covered employee."

2.22 "Plan" means this Wal-Mart Stores, Inc. Stock Incentive Plan of 1998, as amended from time to time.

2.23 "Plan Award" means any Option, Restricted Stock Award or Stock Appreciation Right.

### **Wal-Mart Stores, Inc. Exhibit 10(I) - Page 3**

2.24 "Recipient" means an Associate or Non-Associate Director who has received a Plan Award.

2.25 "Restricted Stock" means Shares awarded to a Recipient pursuant to a Restricted Stock Award that are subject to a Restriction and all non-cash proceeds of those Shares that are subject to a Restriction.

2.26 "Restricted Stock Award" means the award of Shares subject to one or more Restrictions under the Restricted Stock feature of the Plan and the terms and conditions of that award.

2.27 "Restriction" means the contractual condition(s) contained in a Restricted Stock Award that if not met will result in the forfeiture to Wal-Mart of some or all of the Shares issued to the Recipient pursuant to that Restricted Stock Award and the non-cash proceeds of those Shares.

2.28 "Section 16 Person" means any Associate who is required to file reports under Section 16 of Exchange.

2.29 "Securities Act" means the Securities Act of 1933, as amended and the rules and regulations adopted thereunder.

2.30 "Shares" means shares of the Common Stock, \$.10 par value per share, of Wal-Mart.

2.31 "Stock Appreciation Right" means a right granted to a Recipient pursuant to the Stock Appreciation Rights feature of the Plan.

2.32 "Subject Shares" means the 80,000,000 Shares reserved for issuance under the Plan.

### **SHARES SUBJECT TO THE PLAN**

3.1 The Subject Shares may be authorized, but unissued, Shares or treasury Shares held by Wal-Mart or an Affiliate. Shares reserved for issuance pursuant to an Option that expires, is forfeited or otherwise is no longer exercisable or that are reacquired by Wal-Mart pursuant to the terms of the Plan or a Plan Award, may be the subject of a new Plan Award. No fractional shares may be issued under the Plan. If a stock split, stock dividend or other combination occurs as to the Shares, the number of Shares reserved for issuance pursuant to the Plan shall be proportionally increased or decreased, as the case may be.

### **ADMINISTRATION**

4.1 The Committee will administer the Plan and will grant all Plan Awards. The Plan and Plan Awards to Section 16 Persons shall be administered by the Committee in compliance with Rule 16b-3 adopted

### **Wal-Mart Stores, Inc. Exhibit 10(I) - Page 4**

under the Exchange Act ("Rule 16b-3"). With respect to Performance Based Awards, the Plan shall be administered by a committee of the Board comprised solely of two or more outside directors, as defined in Code Section 162(m)(4)(C).

4.2 The Committee shall have these duties as to the Plan:

(a) to establish rules, procedures, and forms governing the Plan;

(b) to interpret and apply the provisions of the Plan and any Plan Award;

(c) to recommend amendments of the Plan to the Board;

(d) to determine those Associates who will be Recipients and what Plan Awards will be made to them;

(e) to set the terms and conditions of any Plan Award;

(f) to determine the Fair Market Value of the Shares; and

(g) to amend the terms of any Plan Award or to waive any conditions or obligations of a Recipient under or with respect to any Plan Award.

4.3 Except for the administration of Performance Based Awards and matters under the Plan affected by Section 16 of the Exchange Act and the rules adopted thereunder, the Committee may delegate its duties under the Plan to one or more administrators, who may be Associates of Wal-Mart.

4.4 If the Committee intends that a Plan Award qualify for the performance-based compensation exception under Code Section 162(m)(4)(C), the Committee will exercise its discretion to qualify the Plan Award for that exception. All actions taken or determinations made by the Committee, in good faith, with respect to the Plan, a Plan Award or any Notification shall not be subject to review by anyone, but shall be final, binding and conclusive upon all person interested in the Plan or any Plan Award.

## **PARTICIPATION**

5.1 All Associates whom the Committee determines have the potential to contribute significantly to the success of the Company, as well as Non-Associate Directors, may participate in the Plan, although Non- Associate Directors may not receive Incentive Stock Options. An Associate or Non-Associate Director may be granted one or more Plan Awards, unless prohibited by applicable law and subject to the limitations under Code Section 422 with respect to Incentive Stock Options.

### **Wal-Mart Stores, Inc. Exhibit 10(I) - Page 5**

## **STOCK OPTIONS**

6.1 Term of Options. Wal-Mart may grant Options covering the Subject Shares to Associates or Non-Associate Directors. The term of each Option shall be the term stated in the Option Notification; provided, however, that in the case of an Incentive Stock Option, the term shall be no more than 10 years from the date of grant unless the Incentive Stock Option is granted to an Optionee who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of Wal-Mart or any Parent/Subsidiary Corporation, in which case the term may not exceed 5 years from the date of grant.

Each Option shall be a Nonqualified Option unless designated otherwise in the Option Notification. Notwithstanding the designation of an Option, if the aggregate Fair Market Value of Shares subject to Incentive Stock Options are exercisable for the first time by an Optionee during a calendar year exceeds \$100,000 (whether due to acceleration of exercisability, miscalculation or error), the excess Options shall be treated as Nonqualified Options.

6.2 Option Exercise Price and Consideration. The per Share exercise price of an Option shall be determined by the Committee in its discretion, except that the per Share exercise price for an Incentive Stock Option shall be 100% of the Fair Market Value of a Share on the date of grant unless the Associate to whom the Incentive Stock Option is granted owns stock representing more than 10% of the voting power of all classes of stock of Wal-Mart or any Parent/Subsidiary Corporation at the time of the grant in which case the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

The type of consideration in which the exercise price of an Option is to be paid shall be determined by the Committee in its discretion, and, in the case of an Incentive Stock Option, shall be determined at the time of grant.

6.3 Exercise of Options. An Option shall be deemed to be exercised when the person entitled to exercise the Option gives notice of exercise to Wal-Mart in accordance with the Option's terms and Wal- Mart receives full payment for the Shares as to which the Option is exercised.

6.4 Termination of Employment. If an Optionee's Continuous Status as an Associate is terminated, the Optionee may, subject to Wal-Mart's right to terminate the Associate for Cause, exercise Options vested as of the termination date to the extent set out in Optionee's Option Notification. Incentive Stock Options may be exercised only within 60 days (or other period of time determined by the Committee at the time of grant of the Option and not exceeding 3 months) after the date of the termination (but in no event later than the expiration date of the term of that Option as set forth in the Option Notification), and only to the extent that Optionee was entitled to exercise the Incentive Stock Option at the date of that termination. To the extent the Optionee is not entitled to or does not exercise an Option at the date of that termination or within the time specified herein or in the Option Notification, the Option shall terminate. During a period for which the Optionee is subject to administrative suspension from employment, the Optionee's right to exercise Options will be suspended.

6.5 Disability of Optionee. Notwithstanding the provisions of the immediately preceding paragraph, in the case of an Optionee's Incentive

**Wal-Mart Stores, Inc. Exhibit 10(l) - Page 6**

Associate is terminated as a result of his or her total and permanent disability (as defined in Code Section 22(e)(3)), Optionee may, but only within 12 months from the date of that termination (but in no event later than the expiration date of the term of that Option as set forth in the Option Notification), exercise an Incentive Stock Option to the extent otherwise entitled to exercise it at the date of that termination. To the extent the Optionee is not entitled to exercise an Incentive Stock Option at the date of termination, or if Optionee does not exercise that Incentive Stock Option to the extent so entitled within the time specified herein, the Incentive Stock Option shall terminate.

6.6 Reload Options. If an Optionee exercises an Option (the "Original Option") while the Optionee is an Associate or a Non- Associate Director by paying all or a portion of the exercise price of the Shares subject to the Original Option by tendering to Wal-Mart Shares owned by that person, an Option to purchase the number of Shares used for this purpose by the Associate or the Non-Associate Director, as the case may be (the "Reload Option") may, at the Committee's discretion, be granted to the Associate, as a part of the Original Option, as evidenced in the Optionee's Option Notification. The Reload Option may be exercised at any time during the term of the Original Option, under the terms and conditions, and subject to any limitations as may be placed on that exercisability in the Notification.

6.7 Non-transferability of Options. An Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner except by testamentary devise or by the laws of descent or distribution or in those circumstances expressly permitted by the Committee.

**RESTRICTED STOCK**

7.1 Grant of Restricted Stock Awards. Wal-Mart may make Restricted Stock Awards to those Associates or Non-Associate Directors as the Committee may determine in its sole discretion. Restricted Stock Awards may be made with respect to up to an aggregate of 16,000,000 Subject Shares. Each Restricted Stock Award shall have those terms and conditions that are expressly set forth in, or are required by, the Plan and any other terms and conditions as the Committee making the Restricted Stock Award may determine in its discretion.

7.2 Dividend Receipt; Voting. While any Restriction applies to any Recipient's Restricted Stock, (i) the Recipient shall receive the dividends paid on the Restricted Stock and shall not be required to return those dividends to Wal-Mart in the event of the forfeiture of the Restricted Stock, (ii) the Recipient shall receive the proceeds of the Restricted Stock in any stock split, reverse stock split, recapitalization, or other change in the capital structure of Wal- Mart, which proceeds shall automatically and without need for any other action become Restricted Stock and be subject to all Restrictions then existing as to the Recipient's Restricted Stock and (iii) the Recipient shall be entitled to vote the Restricted Stock during the Restriction period.

7.3 Issuance of Restricted Stock. The Restricted Stock will be issued to each Recipient subject to the understanding that while any Restriction applies to the Restricted Stock, the Recipient shall not

**Wal-Mart Stores, Inc. Exhibit 10(l) - Page 7**

have the right to sell, transfer, assign, convey, pledge, hypothecate, grant any security interest in or mortgage on, or otherwise dispose of or encumber any shares of Restricted Stock or any interest therein. As a result of the retention of rights in the Restricted Stock by Wal- Mart, except as required by any law, neither any shares of the Restricted Stock nor any interest therein shall be subject in any manner to any forced or involuntary sale, transfer, conveyance, pledge, hypothecation, encumbrance, or other disposition or to any charge, liability, debt, or obligation of the Recipient, whether as the direct or indirect result of any action of the Recipient or any action taken in any proceeding, including any proceeding under any bankruptcy or other creditors' rights law. Any action attempting to effect any transaction of that type shall be void.

7.4 Forfeiture. Unless expressly provided for in the Restricted Stock Award made to a Recipient, any Restricted Stock held by the Recipient at the time the Recipient ceases to be an Associate for any reason whatsoever shall be forfeited by the Recipient to Wal-Mart and automatically re-conveyed to Wal-Mart.

7.5 Withholding. The Committee may withhold any amounts or Shares necessary to collect any withholding taxes with respect to any Restricted Stock Award or upon the fulfillment of the Restriction in that Restricted Stock Award.

7.6 Compliance with Law. The making of Restricted Stock Awards and issuance of any Restricted Stock is subject to compliance by Wal-Mart with all applicable laws. Wal-Mart need not issue or transfer Restricted Stock pursuant to the Plan unless Wal-Mart's legal counsel has approved all legal matters in connection with the issuance and delivery of the Restricted Stock.

7.7 Evidence of Share Ownership. The Restricted Stock will be book- entry shares only unless the Committee decides to issue certificates to evidence shares of the Restricted Stock. Any stock certificate(s) representing the Restricted Stock issued to a Recipient that is so issued shall bear the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ISSUED PURSUANT TO THE WAL-MART STORES, INC. STOCK INCENTIVE PLAN OF 1998 (THE "PLAN") AND ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON THEIR TRANSFER

AND TO FORFEITURE TO WAL-MART STORES, INC. IF CERTAIN CONDITIONS ARE NOT MET. THOSE RESTRICTIONS AND CONDITIONS ARE SET FORTH IN THE PLAN AND IN THE RESTRICTED STOCK AWARD PURSUANT TO WHICH THOSE SHARES WERE ISSUED TO THE REGISTERED HOLDER THERE-OF.

Wal-Mart will place stop-transfer instructions with respect to all Restricted Stock on its stock transfer records.

7.8 Deferral of Restricted Stock. In the discretion of the Committee, any Recipient of Restricted Stock who is eligible to participate in the Wal-Mart Officer Deferred Compensation Plan may defer his or her Restricted Stock by electing to: (1) assign some or

#### **Wal-Mart Stores, Inc. Exhibit 10(I) - Page 8**

all of the Restricted Stock to Wal-Mart and to have an amount equal to the Fair Market Value of the Restricted Stock assigned on the date of the assignment credited to the benefit of the Recipient and deferred pursuant to and in accordance with the terms of the Wal-Mart Officer Deferred Compensation Plan, provided that any amounts deferred under this provision and that plan shall not be considered in determining any incentive payments to be made to the Recipient under Section 4.2 of the Wal-Mart Officer Deferred Compensation Plan; or (2) transfer some or all of the Restricted Stock to Wal-Mart in trust for the benefit of the Recipient under terms that will permit the deferral of recognition of gain or income by the Recipient for federal income tax purposes in connection with the receipt of the Restricted Stock. A Recipient must make the election by no later than April 1 of the year prior to the year in which the conditions in each of the Restrictions relating to the release of that Restricted Stock from those Restrictions would be met. Each election must be made by the Recipient filing an election form with Wal-Mart. Once an election is made, the Recipient may not revoke or change that election.

If the Shares are the subject of a stock dividend, stock split, or a reverse stock split, the products of such action with respect to the Restricted Stock held for a Recipient in escrow shall be held in escrow on the same terms as the Restricted Stock. Wal-Mart will credit to the Recipient's account on the date any dividend is paid on Shares the amount of the dividend paid on the Restricted Stock held in escrow on that date. The dividends credited to the account shall bear interest at a rate per annum equal to the rate of interest paid on the amounts of compensation deferred under the Wal-Mart Officer Deferred Compensation Plan.

Shares of Restricted Stock held by Wal-Mart pursuant to the terms of this deferral provision, along with the cash amount credited to the account of the Recipient in respect of dividends, shall be paid out to: (1) the Recipient only upon the termination of the Recipient's Continuous Status as an Associate or, in the case of a Non-Associate Director, the Recipient ceasing to be a director of Wal-Mart or upon any demonstration that the Recipient is the subject of any hardship pursuant to rules the Committee may establish employment; or (2) the Recipients' named beneficiaries upon the death of the Recipient.

8.1 Stock Value Equivalent Awards. Wal-Mart may grant Stock Appreciation Rights on any terms and conditions as the Committee deems desirable. Any Recipient granted a Stock Appreciation Right will be entitled to receive an amount in cash equal to (i) the excess of the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right over the Fair Market Value of a Share on the date of grant of the Stock Appreciation Right or (ii) a predetermined amount that is less than that excess or (iii) any other price as may be set by the Committee, multiplied by the number of Shares with respect to which the Stock Appreciation Right shall have been exercised. The Committee shall give the Recipient of the Stock Appreciation Right Notification of the grant of the Stock Appreciation Right. The notice will state the terms and conditions of that Stock Appreciation Right.

#### **Wal-Mart Stores, Inc. Exhibit 10(I) - Page 9**

8.2 Award Vesting. The Committee shall establish the conditions pursuant to and the period over which the rights of the Recipient in the Stock Appreciation Right will fully or partially vest with respect to the Recipient.

8.3 Election To Receive Payments. A Recipient may elect to receive a payment to which the Recipient is entitled under the Plan Award by giving notice of such election to the Committee in accordance with the rules established by the Committee.

Exercise. If the Stock Appreciation Right has vested in whole or part, a Recipient may exercise a Stock Appreciation Right to the extent vested by giving the Committee notice of the exercise on the form and in compliance with the procedures established by the Committee. The date of exercise shall be the date Wal-Mart receives the notice of the exercise.

8.4 Payment to Recipients. Subject to the terms and conditions of the Plan Award granting the Stock Appreciation Right, payment upon a Recipient's exercise of a Stock Appreciation Right may be made (i) in cash or by check, (ii) in Shares having an aggregate Fair Market Value on the date of exercise of the Stock Appreciation Right equal to the payment to be made under the Stock Appreciation Right or (iii) any combination of cash and Shares, as the Committee shall determine in its discretion. The Committee may elect to make this determination either at the time the Stock Appreciation Right is granted, or with respect to payments contemplated in clauses (i) and (ii) above, at the time of the exercise.

#### **MISCELLANEOUS**

9.1 Issuance of Stock Certificates; Book-Entry. If a Recipient has the right to the issuance of any Shares pursuant to any Plan Award, Wal-Mart shall issue or cause to be issued a stock certificate or a book-entry crediting shares to the Recipient's account promptly upon the exercise of the

Plan Award or the right arising under the Plan Award.

9.2 Section 162(m) Matters. The Compensation and Nominating Committee of the Board may grant Plan Awards that provide for the rights thereunder to accrue based on performance-based criteria and that is intended to qualify for the performance-based exception under Code Section 162(m)(4)(C). In granting any Performance Based Award, the Compensation Committee shall comply fully with the regulations promulgated with respect to Code Section 162(m). provided, however, that no Recipient who is a "covered employee" as defined in Code Section 162(m)(3) shall receive grants of Plan Awards with respect to more than 1,600,000 Shares and Share equivalents in any one fiscal year of Wal-Mart, subject to adjustment as provided in the paragraph captioned "Adjustments upon Changes in Capitalization or Mergers" below. Nothing in the Plan shall be construed to prevent the issuance of Plan Award to any "covered employees" that are not Performance Based Awards if the Committee so elects.

9.3 Termination of Employment. Except as otherwise expressly set forth in the Plan, the Committee shall determine the effect of the termination of a Recipient's employment, a Recipient's disability or death or a Non-Associate Director's ceasing to be a director of Wal-

**Wal-Mart Stores, Inc. Exhibit 10(l) - Page 10**

Mart during any applicable vesting period contained in a Plan Award made to the Recipient. During a period for which the Recipient is subject to administrative suspension, a Recipient's right to exercise any rights under any Plan Award or the vesting of any rights under any Plan Award shall be suspended.

9.4 Termination for Cause. Notwithstanding anything to the contrary contained in the Plan, any Recipient whose Continuous Status as an Associate is terminated by Wal-Mart for Cause shall forfeit all Plan Awards and Restricted Stock granted under the Plan, whether or not vested or otherwise exercisable.

9.5 Death of Recipient. If a Recipient dies, the Recipient's Award may be exercised, in accordance with its terms or as allowed by law, by the Recipient's estate or by a person who acquired the right to exercise the Award by bequest or inheritance, but only to the extent the Recipient was otherwise entitled to exercise the Award at the date of the Recipient's death and only if exercised within 12 months after the Recipient's death. To the extent the Award as unvested at the date of death, the Award shall terminate.

9.6 Limitations on Liability and Award Obligations. Receiving a Plan Award or being the owner of any Option, Restricted Stock Award or Stock Appreciation Right shall not:

(a) give a Recipient any rights except as expressly set forth in the Plan or in the Plan Award and except as a stockholder of Wal- Mart as set forth herein as to the Restricted Stock only;

(b) as to Shares issuable on the exercise of Options or Stock Appreciation Rights payable in Shares, until the issuance (as evidenced by the appropriate entry on the books of Wal-Mart of a duly authorized transfer agent of Wal-Mart) of the Shares issued upon exercise of an Option or Stock Appreciation Right, give the Recipient the right to vote, or receive dividends on, the Shares to be issued upon exercise or any other rights as a stockholder with respect to the Optioned Stock or those Shares, notwithstanding the exercise of the Option or Stock Appreciation Right;

(c) be considered a contract of employment or give the Recipient any right to continued employment, or to hold any position, with Wal-Mart or any Affiliate;

(d) create any fiduciary or other obligation of Wal-Mart or any Affiliate to take any action or provide to the Recipient any assistance or dedicate or permit the use of any assets of Wal- Mart or any Affiliate that would permit the Recipient to be able to attain any performance criteria stated in the Recipient's Plan Award;

(e) create any trust, fiduciary or other duty or obligation of Wal-Mart or any Affiliate to engage in any particular business, continue to engage in any particular business, engage in any particular business practices or sell any particular product or products; or

**Wal-Mart Stores, Inc. Exhibit 10(l) - Page 11**

(f) create any obligation of Wal-Mart or any Affiliate that shall be greater than the obligations of Wal-Mart or that Affiliate to any general unsecured creditor of Wal-Mart or the Affiliate.

If Wal-Mart or an Affiliate terminates a Recipient's employment with Wal-Mart or the Affiliate, the potential value of any Plan Award or Restricted Stock that must be returned to Wal-Mart will not be an element of any damages that the Recipient may have for any termination of employment or other relationship in violation of any contractual or other rights the Recipient may have.

9.7 No Liability of Committee Members. Wal-Mart shall indemnify and hold harmless each member of the Committee and each other officer, director and Associate of Wal-Mart or any Affiliate that has any duty or power relating to the administration of the Plan against any liability, obligation, cost or expense incurred by that person arising out of any act or omission to act in connection with the Plan or any Plan Award if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of Wal-Mart.

9.8 Adjustments upon Changes in Capitalization or Merger. Subject to any required action by the Wal-Mart stockholders, the number of Shares covered by each Plan Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Plan Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of a Plan Award, as well as the price per Share covered by any outstanding Plan Award that includes in its terms a price per Share, shall be proportionately adjusted for any increase or decrease in the number of issued shares of the Common Stock of Wal-Mart resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock of Wal-Mart, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by Wal-Mart. That adjustment shall be made by the Committee, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by Wal-Mart of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to a Plan Award.

9.9 Notification. Options, Restricted Stock Awards and Stock Appreciation Rights shall be evidenced by Notifications or other award documents in the form approved by the Committee.

9.10 Amendment and Termination of the Plan. The Board may amend or terminate the Plan at any time without the approval of the Recipients or any other person, except to the extent any action of that type is required to be approved by the stockholders of Wal-Mart in connection with any outstanding Performance Based Awards.

9.11 Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Arkansas, except that any matters relating to the internal governance of Wal-Mart shall be governed by the Delaware Law.

**Wal-Mart Stores, Inc. Exhibit 10(I) - Page 12**

9.12 Superseding Existing Plans. Effective Date and Transition. The Plan supersedes the Wal-Mart Stores, Inc. Stock Option Plan of 1994, as amended, and the Wal-Mart Stores, Inc. 1997 Restricted Stock Plan. This Plan was approved by the Board on, and shall be effective as of, March 5, 1998, subject only to the approval of the Plan by the holders of a majority of the outstanding Shares at Wal-Mart's 1998 annual stockholders' meeting.



**WAL-MART STORES, INC.  
MANAGEMENT INCENTIVE PLAN OF 1998**

**GENERAL**

- 1.1. Purpose. The purpose of the Wal-Mart Stores, Inc. Management Incentive Plan of 1998 ("MIP") is to advance the interests of the shareholders of Wal-Mart Stores, Inc. by providing performance-based incentives to eligible management associates.
- 1.2. Effective Date. The MIP shall be effective for the Fiscal Year beginning February 1, 1998, subject to the approval of the Company's shareholders, and shall remain effective for each subsequent Fiscal Year until terminated by the Board.
- 1.3. Nature of MIP. With respect to individuals who are Covered Employees, the MIP is intended to provide "qualified performance-based compensation," as such term is defined in Treas. Reg. 1.162-27(e), to the extent deemed appropriate by the Committee at the time Performance Goals are established for a Fiscal Year. Nothing herein shall be construed as preventing the MIP to provide both "qualified performance-based compensation" and nonqualified compensation for the same Fiscal Year in the manner permitted under Code Section 162(m). The MIP shall be administered and construed in a manner consistent with Code Section 162(m) and regulations thereunder for any Fiscal Year in which the MIP is intended to provide "qualified performance-based compensation."
- 1.4. MIP Not Funded. Incentive Plan Awards shall be made solely from the general assets of Wal-Mart Stores, Inc. or a Related Affiliate, to the extent such payments or benefits are attributable to services with a Related Affiliate participating in the MIP. To the extent any person acquires a right to receive payments from Wal-Mart Stores, Inc. or a Related Affiliate under the MIP, the right is no greater than the right of any other unsecured general creditor.

**DEFINITIONS**

- 2.1. "Board" means the Board of Directors of Wal-Mart Stores, Inc.
- 2.2. "Committee" means the Compensation and Nominating Committee of the Board, or such other committee designated by the Board as the "Committee" under the MIP. The Board may appoint different Committees with respect to Covered Employees and non-Covered Employees. With respect to Covered Employees, any such Committee must consist of two or more persons each of whom are "outside directors" within the meaning of Code Section 162(m).
- 2.3. "Company" means Wal-Mart Stores, Inc. and each Related Affiliate designated by the Committee as a participating employer in the MIP.
- 2.4. "Covered Employee" has the meaning of such term under Code Section 162(m)(3).

Wal-Mart Stores, Inc. Exhibit 10(m) - Page 2

- 2.5. "Incentive Percentage" means the pre-established award formula established by the Committee for each Fiscal Year which specifies a percentage of a Participant's rate of salary in effect for the last full payroll period of the Fiscal Year to be paid as an Incentive Plan Award. The Committee may establish different Incentive Percentages for individual Participants or different classes of Participants, and/or the achievement levels of the Performance Goals. Solely with respect to Covered Employees, for any Fiscal Year for which the MIP is intended to provide "qualified performance-based compensation," the Incentive Percentages applicable to the Covered Employees must be established by the Committee no later than 90 days after the beginning of the Fiscal Year for which the Incentive Plan Award pertains.
- 2.6. "Incentive Plan Award" means the annual incentive compensation award granted under the MIP which is contingent and based upon the attainment of the Performance Goals with respect to a Fiscal Year.
- 2.7. "Participant" means an associate of the Company participating in the Plan as provided in the "Participation" section of the MIP.
- 2.8. "Performance Goals" means the pre-established objective performance goals established by the Committee for each Fiscal Year. Solely with respect to Covered Employees, for any Fiscal Year for which the MIP is intended to provide "qualified performance-based compensation," Performance Goals applicable to the Covered Employees must be established by the Committee no later than 90 days after the beginning of the Fiscal Year to which the Performance Goals pertain. The Performance Goals may be based upon the performance of the Company or any Related Company, or division thereof, using one or more of the following operating performance measures selected by the Committee: (a) earnings; (b) revenue; (c) operating or net cash flows; (d) financial return ratios; (e) total shareholder return; (f) market share; or (g) pre-tax profits. Separate Performance Goals may be established by the Committee for the Company or a Related Affiliate, or division thereof. The Performance Goals shall include a threshold Performance Goal under which no Incentive Plan Awards shall be paid if the threshold goal is not achieved. With respect to Participants who are not Covered Employees, the Committee may establish such other subjective or objective goals, including individual Performance Goals, which it deems appropriate. The preceding sentence shall also apply to Covered Employees with

respect to any Incentive Plan Award not intended at time of grant to be "qualified performance-based compensation." Performance Goals may be set at a specific level, or may be expressed as a relative percentage to the comparable measure at comparison companies or a defined index.

2.9. "Fiscal Year" means the 12-month period beginning on each February 1 and ending on the following January 31.

2.10. "Related Affiliate" means a business or entity that is, directly or indirectly, controlled by Wal-Mart Stores, Inc.

### **Wal-Mart Stores, Inc. Exhibit 10(m) - Page 3**

#### **PARTICIPATION**

3.1. Eligibility. Associates eligible to participate in the MIP shall consist of officers and other key management associates of the Company whom the Committee determines have the potential to contribute significantly to the success of the Company and its Related Affiliates. For each Fiscal Year the Committee shall determine which of such officers and other key management associates shall participate in the MIP. For any Fiscal Year for which "qualified performance-based compensation" is to be provided, the Committee shall designate the individual or classes of Covered Employees for such compensation no later than the 90th day of such Fiscal Year.

Unless determined otherwise by the Committee, Company associates shall not be eligible to participate in the MIP for any period they are participating in any other incentive program maintained by the Company or any other Related Affiliate. At any time, including during a Fiscal Year, the Committee may add additional classes or delete classes of associates for participation in the Plan as it deems appropriate, except that no such change may be made to the extent it would result in a loss of deductibility under Code Section 162(m) for any "qualified performance-based compensation."

#### **INCENTIVE PLAN AWARDS**

4.1. Determination of Incentive Plan Awards.

(a) The Committee shall, promptly after the date on which the necessary financial, individual or other information for a particular Fiscal Year becomes available, certify: (i) the degree to which each of the Performance Goals have been attained; and (ii) with respect to each qualifying Participant who is a Covered Employee, the amount of the Incentive Plan Award, if any, payable to such Participant. The Committee or its designee shall likewise certify the amount of the Incentive Plan Award, if any, payable with respect to a qualifying Participant who is not a Covered Employee. Any such determination by the Committee or its designee shall be final and conclusive on all parties, but shall be based on such objective information or financial data as is relevant to the Performance Goal. Performance Goals shall, to the extent applicable, be based upon generally accepted accounting principles. The Committee may rely conclusively on any such information provided by the Company's certified public accountant.

(b) Unless the Committee provides otherwise when establishing the Performance Goal, if the Company fails to achieve its threshold Performance Goal, no Incentive Plan Award shall be paid even if any applicable threshold division Performance Goal has been achieved. Similarly, unless provided otherwise by the Committee when establishing the Performance Goal, if the Company fails to achieve its threshold Performance Goal, no Incentive Plan Award shall be paid even if any individual Performance Goal has been satisfied. Participants whose Incentive Plan Award is based the attainment of Company Performance Goals and division/individual Performance Goals shall earn the Company portion of the Incentive Plan Award if the Company attains its Performance Goals, even if the division/individual Performance Goals are not achieved.

### **Wal-Mart Stores, Inc. Exhibit 10(m) - Page 4**

4.2. Eligibility and Amount of Incentive Plan Award.

(a) To be eligible for payment of any Incentive Plan Award, the Participant must: (i) be employed by the Company on the last day of the Fiscal Year to which the award pertains, unless termination is due to the Participant's death; (ii) have performed the Participant's duties to the satisfaction of the Committee; (iii) have not engaged in any act deemed by the Committee to be inimical to the best interest of the Company or a Related Affiliate; and (iv) otherwise complied with Company policies at all times prior to the date the Incentive Plan Award is actually paid. No Incentive Plan Award shall be paid to any Participant who does not satisfy each of the above.

(b) The Incentive Plan Award shall be determined by multiplying the Incentive Percentage applicable to the Participant by the Participant's rate of base salary in effect for the last full payroll period of the Fiscal Year to which the Incentive Plan Award pertains. In no event, however, will an Incentive Plan Award for a Covered Employee exceed two-tenths of one percent (0.20%) of the Company's net income for the Fiscal Year. In the event of a Participant's death, the Incentive Plan Award shall be prorated based upon the number of full payroll periods worked in a MIP position for such Fiscal Year. The Committee shall have the discretion and authority to make adjustments to any Incentive Plan Award in circumstances where:

(i) a Participant leaves the Company and is rehired as a Participant; (ii) a Participant is hired, promoted or transferred into a position eligible for MIP participation; (iii) a Participant transfers between eligible MIP positions with different Incentive Percentages or Performance Goals; (iv) a Participant transfers to a position not eligible to participate in the MIP; (v) a Participant becomes eligible for an incentive from another incentive plan maintained by the Company or Related Affiliate; (vi) a Participant is on a leave of absence; and (vii) such similar circumstances

deemed appropriate by the Committee, consistent with the purpose and terms of the MIP.

4.3. Payment of Award. Incentive Plan Awards will be paid in cash by April 15 following the applicable Fiscal Year to which the award pertains. If, however, the Participant is on administrative suspension at the time payment would otherwise be made, payment shall be delayed until the matter is resolved by the Company. No payment in that event shall be made if the Committee determines the qualification requirements of Section 4.2.(a) have not been satisfied by the Participant.

## **ADMINISTRATION**

5.1. Administration. The MIP shall be administered by the Committee. Subject to the provisions of the MIP, the Committee shall have full discretionary authority to administer and interpret the MIP, to exercise all powers either specifically granted to it under the MIP or as are necessary or advisable in the administration of the MIP, to prescribe, amend and rescind rules and regulations relating to the MIP, and to make all other determinations necessary or advisable for the administration of the MIP, all of which shall be binding on all persons, including the Company, the Participants (or any person claiming any rights under the MIP from or through any Participant), and any stockholder of the Company. A majority of the Committee shall constitute a quorum, and the Committee shall act pursuant to a

### **Wal-Mart Stores, Inc. Exhibit 10(m) - Page 5**

majority vote or by unanimous written consent. No member of the Board or the Committee shall be liable for any action taken or determination made in good faith with respect to the MIP or any Incentive Plan Award paid hereunder.

5.2. Delegation. The Committee may delegate its responsibilities for administering the MIP to one or more persons as the Committee deems necessary. However, the Committee may not delegate its responsibilities under the Plan relating to any Covered Employee where such delegation is prohibited under Code Section 162(m) pertaining to "qualified performance-based compensation."

## **MISCELLANEOUS**

6.1. Amendment and Termination. The Board reserves the right to alter, amend, suspend or terminate the MIP in whole or in part at any time. With respect to Covered Employees, any such amendment shall comply with Code Section 162(m).

6.2. No Guarantee. While a discretionary Incentive Plan Award may have been paid in the past, whether such payments will be made in the future will depend upon various factors, such as the Company's financial condition and performance. There is no guarantee that the Company will pay any such incentive. The Committee may, in its sole discretion, reduce, eliminate or increase, any Incentive Plan Award, except that the amount of any Incentive Plan Award intended to be "qualified performance-based compensation" may not be increased above the amount established for the Performance Goal and Incentive Percentage. The Company may withhold an Incentive Plan Award, or portions thereof, for any reason including gross misconduct (e.g., theft, dishonesty/compromised integrity, fraud, harassment, etc.) or any actions deemed to be inimical to the best interests of the Company by the Committee.

6.3. Tax Withholding. The Company shall have the right to deduct from all payments made under the MIP any federal, state or local taxes required by law to be withheld with respect to such payments.

6.4. Governing Law. The Plan and all rights to an Incentive Plan Award hereunder shall be construed in accordance with and governed by the laws of the State of Arkansas, except that any matters relating to the internal governance of Wal-Mart shall be governed by the general corporate laws of the State of Delaware.

6.5. Assignment or Pledge. No rights under the MIP, contingent or otherwise, shall be assignable or subject to any encumbrance, pledge or charge of any nature.

6.6. Employment. Neither the adoption of the MIP nor its operation shall in any way affect the rights and power of the Company or any Related Affiliate to dismiss or discharge any Participants.

6.7. Death. In the event of a Participant's death prior to the payment of any Incentive Plan Award to which the Participant is otherwise entitled, payment shall be made to the Participant's

### **Wal-Mart Stores, Inc. Exhibit 10(m) - Page 6**

then-effective beneficiary or beneficiaries under the Company- paid group term life arrangement.

6.8. Rights to Payments. No absolute right to any Incentive Plan Award shall be considered as having accrued to any Participant prior to the close of the Fiscal Year with respect to which the award is made. No Participant shall have any enforceable right to receive any Incentive Plan Award made with respect to a Fiscal Year or to retain any payment made with respect thereto if for any reason the requirements of Section 4.2.(a) are not satisfied.

6.9. Prior Plans. The MIP supercedes and replaces the Wal- Mart Stores, Inc. Home Office Management Incentive Plans effective February 1, 1998.

## Wal-Mart Stores, Inc. Annual Report - Page 17

Fiscal 1999 End of Year Store Counts	Discount Stores	Supercenters	SAM'S Club
Alabama	48	30	8
Alaska	3	0	3
Arizona	34	0	7
Arkansas	49	27	4
California	106	0	24
Colorado	28	10	11
Connecticut	14	0	3
Delaware	2	1	1
Florida	93	44	35
Georgia	62	28	16
Hawaii	5	0	1
Idaho	9	0	1
Illinois	89	17	24
Indiana	58	17	14
Iowa	42	3	7
Kansas	38	10	5
Kentucky	44	27	5
Louisiana	52	23	9
Maine	20	0	3
Maryland	23	1	10
Massachusetts	31	0	3
Michigan	52	0	21
Minnesota	35	0	9
Mississippi	38	18	4
Missouri	72	38	12
Montana	9	0	1
Nebraska	13	5	3
Nevada	13	0	2
New Hampshire	18	2	4
New Jersey	18	0	6
New Mexico	10	11	3
New York	52	7	18
North Carolina	75	12	16
North Dakota	8	0	2
Ohio	74	9	23
Oklahoma	54	24	6
Oregon	23	0	0
Pennsylvania	50	19	18
Rhode Island	6	0	1
South Carolina	35	20	9
South Dakota	8	0	2
Tennessee	52	35	12
Texas	163	82	52
Utah	14	0	5
Vermont	4	0	0
Virginia	27	30	10
Washington	22	0	2
West Virginia	10	11	3
Wisconsin	55	3	11
Wyoming	9	0	2
U.S. TOTAL	1,869	564	451
Alberta	19	0	0
British Columbia	13	0	0
Manitoba	9	0	0
New Brunswick	4	0	0
Newfoundland	7	0	0
Nova Scotia	7	0	0
NW Territories	1	0	0
Ontario	57	0	0
Quebec	28	0	0
Saskatchewan	8	0	0
CANADA TOTAL	153	0	0
Argentina	0	10	3
Brazil	0	9	5
Korea	0	4	0
Mexico	358*	27	31
Puerto Rico	9	0	6
China	0	4	1
Germany	0	95	0
INT'L. TOTAL	520	149	46
GRAND TOTAL	2,389	713	497

[FN]  
<F1>

\*Includes 36 Superamas, 63 Bodegas, 33 Aurreras, 183 Vips and 43 Suburbias

### Wal-Mart Stores, Inc. Annual Report - Pages 18 and 19

11-YEAR FINANCIAL SUMMARY					
(Dollar amounts in millions except per share data)					
	1999	1998	1997	1996	1995
Net sales	\$137,634	\$117,958	\$104,859	\$93,627	\$82,494
Net sales increase	17%	12%	12%	13%	22%
Comparative store sales increase	9%	6%	5%	4%	7%
Other income-net	1,574	1,341	1,319	1,146	914
Cost of sales	108,725	93,438	83,510	74,505	65,586
Operating, selling and general and administrative expenses	22,363	19,358	16,946	15,021	12,858
Interest costs:					
Debt	529	555	629	692	520
Capital leases	268	229	216	196	186
Provision for income taxes	2,740	2,115	1,794	1,606	1,581
Minority interest and equity in unconsolidated subsidiaries	(153)	(78)	(27)	(13)	4
Net income	4,430	3,526	3,056	2,740	2,681
Per share of common stock*:					
Net income - Basic and Dilutive	0.99	0.78	0.67	0.60	0.59
Dividends	0.16	0.14	0.11	0.10	0.09
Financial Position					
Current assets	\$21,132	\$19,352	\$ 17,993	\$17,331	\$15,338
Inventories at replacement cost	17,549	16,845	16,193	16,300	14,415
Less LIFO reserve	473	348	296	311	351
Inventories at LIFO cost	17,076	16,497	15,897	15,989	14,064
Net property, plant and equipment and capital leases	25,973	23,606	20,324	18,894	15,874
Total assets	49,996	45,384	39,604	37,541	32,819
Current liabilities	16,762	14,460	10,957	11,454	9,973
Long-term debt	6,908	7,191	7,709	8,508	7,871
Long-term obligations under capital leases	2,699	2,483	2,307	2,092	1,838
Shareholders' equity	21,112	18,503	17,143	14,756	12,726
Financial Ratios					
Current ratio	1.3	1.3	1.6	1.5	1.5
Inventories/working capital	3.9	3.4	2.3	2.7	2.6
Return on assets**	9.6%	8.5%	7.9%	7.8%	9.0%
Return on shareholders' equity***	22.4%	19.8%	19.2%	19.9%	22.8%
Other Year-End Data					
Number of domestic Wal-Mart stores	1,869	1,921	1,960	1,995	1,985
Number of domestic Supercenters	564	441	344	239	147
Number of domestic SAM'S Club units	451	443	436	433	426
International units	715	601	314	276	226
Number of Associates	910,000	825,000	728,000	675,000	622,000
Number of Shareholders	261,170	245,884	257,215	244,483	259,286

[FN]  
<F1>

\* Restated to reflect the two-for-one stock split announced March 4, 1999, with date of record of March 19, 1999. The stock split is payable on April 19, 1999. <F2> \*\* Net income before minority interest and equity in unconsolidated subsidiaries/average assets  
<F3> \*\*\* Net income/average shareholders' equity

**Wal-Mart Stores, Inc. Annual Report - Pages 18 and 19**

11-YEAR FINANCIAL SUMMARY

(Dollar amounts in millions except per share data)

	1994	1993	1992	1991	1990	1989
Net sales	\$67,344	\$55,484	\$43,887	\$32,602	\$25,811	\$20,649
Net sales increase	21%	26%	35%	26%	25%	29%
Comparative store sales increase	6%	11%	10%	10%	11%	12%
Other income-net	645	497	404	262	175	137
Cost of sales	53,444	44,175	34,786	25,500	20,070	16,057
Operating, selling and general and administrative expenses	10,333	8,321	6,684	5,152	4,070	3,268
Interest costs:						
Debt	331	143	113	43	20	36
Capital leases	186	180	153	126	118	99
Provision for income taxes	1,358	1,171	945	752	632	488
Minority interest and equity in unconsolidated subsidiaries	(4)	4	(1)	-	-	-
Net income	2,333	1,995	1,609	1,291	1,076	838
Per share of common stock*:						
Net income - Basic and Dilutive	0.51	0.44	0.35	0.28	0.24	0.19
Dividends	0.07	0.05	0.04	0.04	0.03	0.02
Financial Position						
Current assets	\$12,114	\$10,198	\$8,575	\$6,415	\$4,713	\$3,631
Inventories at replacement cost	11,483	9,780	7,857	6,207	4,751	3,642
Less LIFO reserve	469	512	473	399	323	291
Inventories at LIFO cost	11,014	9,268	7,384	5,808	4,428	3,351
Net property, plant and equipment and capital leases	13,176	9,793	6,434	4,712	3,430	2,662
Total assets	26,441	20,565	15,443	11,389	8,198	6,360
Current liabilities	7,406	6,754	5,004	3,990	2,845	2,066
Long-term debt	6,156	3,073	1,722	740	185	184
Long-term obligations under capital leases	1,804	1,772	1,556	1,159	1,087	1,009
Shareholders' equity	10,753	8,759	6,990	5,366	3,966	3,008
Financial Ratios						
Current ratio	1.6	1.5	1.7	1.6	1.7	1.8
Inventories/working capital	2.3	2.7	2.1	2.4	2.4	2.1
Return on assets**	9.9%	11.1%	12.0%	13.2%	14.8%	14.6%
Return on shareholders' equity***	23.9%	25.3%	26.0%	27.7%	30.9%	31.8%
Other Year-End Data						
Number of domestic Wal-Mart stores	1,950	1,848	1,714	1,568	1,399	1,259
Number of domestic Supercenters	72	34	10	9	6	3
Number of domestic SAM'S Club units	417	256	208	148	123	105
International units	24	10	-	-	-	-
Number of Associates	528,000	434,000	371,000	328,000	271,000	223,000
Number of Shareholders	257,946	180,584	150,242	122,414	79,929	80,270

[FN]

<F1>

\* Restated to reflect the two-for-one stock split announced March 4, 1999, with date of record of March 19, 1999. The stock split is payable on April 19, 1999. <F2> \*\* Net income before minority interest and equity in unconsolidated subsidiaries/average assets

<F3> \*\*\* Net income/average shareholders' equity

## Net Sales

Sales (in millions) by operating segment for the three fiscal years ended January 31, are as follows:

Fiscal Year	Wal-Mart Stores	SAM'S Club	International	Other (McLane)	Total Company	Total Company Increase
1999	\$95,395	\$22,881	\$12,247	\$7,111	\$137,634	17%
1998	83,820	20,668	7,517	5,953	117,958	12%
1997	74,840	19,785	5,002	5,232	104,859	12%

The Company's sales growth of 17% in fiscal 1999, when compared to fiscal 1998, was attributable to our expansion program and a domestic comparative store sales increase of 9%. Expansion for fiscal 1999 included the opening of 37 Wal-Mart stores, 123 Supercenters (including the conversion of 88 existing Wal-Mart stores), eight SAM'S Club units, and the opening or acquisition of 114 international units. International sales accounted for approximately 8.9% of total Company sales in fiscal 1999 compared with 6.4% in fiscal 1998. The growth in International is partially due to acquisitions during 1999 and 1998. In the third quarter of fiscal 1998, the Company acquired a controlling interest of Cifra, S.A de C.V. (Cifra) which at acquisition date included 250 units in varying formats including Aurreras, Bodegas, Suburbias, Superamas, and Vips. In the fourth quarter of fiscal 1998, the Company acquired the 21 units of the Wertkauf hypermarket chain in Germany. In fiscal 1999, the Company acquired four units in South Korea which were previously operated by Korea Makro. See Note 6 of Notes to Consolidated Financial Statements for additional information on acquisitions. SAM'S Club sales, as a percentage of total Company sales, decreased from 17.5% in fiscal 1998 to 16.6% in fiscal 1999.

The sales increase of 12% in fiscal 1998 when compared to fiscal 1997 was attributable to our expansion program and comparative store sales increases of 6%. Expansion for fiscal 1998 included the opening of 37 Wal-Mart stores, 97 Supercenters (including the conversion of 75 existing Wal-Mart stores), eight SAM'S Clubs, and the opening or acquisition of 289 international units, including the various Cifra formats. International sales accounted for approximately 6.4% of total Company sales in fiscal 1998 compared with 4.8% in fiscal 1997. The growth in International is partially due to the acquisition of controlling interest of Cifra during the third quarter. SAM'S Club sales, as a percentage of total Company sales, decreased from 18.9% in fiscal 1997 to 17.5% in fiscal 1998.

## Costs and Expenses

Cost of sales, as a percentage of sales, decreased, resulting in increases in gross margin of .2% and .4% in fiscal 1999 and fiscal 1998, respectively. These improvements in gross margin occurred even with continued price rollbacks and our continuing commitment to always providing low prices. Lower inventory levels resulted in reduced markdowns and decreased shrink and generated a sustainable improvement in profitability without raising prices. The improvement in gross margin also occurred despite higher food department and International sales, which generally have lower gross margins than domestic general merchandise. This effect is partially offset by the slower growth of SAM'S Club, which is our lowest gross margin retail operation.

Operating, selling, general and administrative expenses decreased .2% as a percentage of sales in fiscal 1999 when compared with fiscal 1998. The strong sales increase along with lower inventory levels combined to reduce expenses as a percentage of sales. The expense leverage was mitigated in the consolidated results due to the percentage of the total volume decreasing in the SAM'S Club segment, which has lower expenses as a percentage of sales, while the percentage of total volume increased in the International segment, which has higher expenses as a percentage of sales than the other operating segments. Every operating segment was flat or down in expenses as a percent of sales in fiscal 1999 when compared with fiscal 1998.

Operating, selling, general and administrative expenses increased .3% as a percentage of sales in fiscal 1998 when compared with fiscal 1997. Approximately .2% of the increase in fiscal 1998 was due to increases in payroll and related benefit costs. Additionally, a contributing factor in the increase for the year was the one-time pre-tax charge of \$50 million for closing the majority of the Bud's Discount City stores during the second quarter of fiscal 1998.

## Interest Costs

Interest costs decreased .1% as a percentage of sales in fiscal 1999 when compared with fiscal 1998. This marks the third consecutive year that interest costs relating to debt have declined. The Company was able to meet cash requirements without short-term borrowings throughout most of fiscal 1999 due to enhanced operating cash flows. The interest on the Company's capital leases increased over fiscal 1998 due to continuing expansion. Interest costs decreased in fiscal 1998 compared to fiscal 1997 due primarily to lower short-term borrowings. Enhanced operating cash flows and lower capital spending enabled the Company to meet cash requirements without short-term borrowings throughout most of fiscal 1998. See Note 3 of Notes to Consolidated Financial Statements for additional information on interest and debt.

## Market Risk

Market risks relating to the Company's operations result primarily from changes in interest rates and changes in foreign exchange rates.

The Company enters into interest rate swaps to minimize the risk and costs associated with financing activities. The swap agreements are contracts to exchange fixed or variable rates for variable or fixed interest rate payments periodically over the life of the instruments. The



following tables provide information about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted- average interest rates by expected maturity dates. For interest rate swaps, the table presents notional amounts and interest rates by contractual maturity dates. The applicable floating rate index is included for variable rate instruments. All amounts are stated in United States dollar equivalents.

**Wal-Mart Stores, Inc. Annual Report - Page 21**

Interest Rate Sensitivity  
As of January 31, 1999  
Principal (Notional) Amount by Expected Maturity  
Average Interest (Swap) Rate

(Amounts in millions)	2000	2001	2002	2003	2004	Thereafter	Total	Fair value 1/31/99
<b>Liabilities</b>								
Long-term debt including								
current portion								
Fixed rate debt	\$ 900	\$1,284	\$801	\$558	\$285	\$3,980	\$7,808	\$8,323
Average interest rate								
- U.S.\$ rate	7.1%	7.2%	7.1%	6.9%	7.0%	7.2%	7.2%	
Long-term obligation related to								
real estate investment trust								
Fixed rate obligation	39	43	46	50	55	327	560	641
Fixed interest rate								
- U.S.\$ rate	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
<b>Interest Rate Derivative Financial Instruments Related to Debt</b>								
Interest rate swap								
Pay variable/receive fixed	-	500	-	-	-	-	500	10
Average rate paid - 30-day								
U.S. commercial paper								
non-financial plus .134%								
Fixed rate received								
- U.S.\$ rate	-	5.7%	-	-	-	-	5.7%	
Interest rate swap								
Pay variable/receive fixed	-	500	-	-	-	-	500	5
Average rate paid - 30-day								
U.S. commercial paper								
non-financial plus .245%								
Fixed rate received								
- U.S.\$ rate	-	5.9%	-	-	-	-	5.9%	
<b>Interest Rate Derivative Financial Instruments Related to Real Estate Investment Trust Obligation</b>								
Interest rate swap								
Pay variable/receive fixed	38	41	45	49	54	324	551	44
Average rate paid - 30-day								
U.S. commercial paper								
non-financial								
Fixed rate received								
- U.S.\$ rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
Interest rate swap								
Pay variable/receive fixed	-	-	-	-	-	230	230	30
Average rate paid - 6-month								
U.S. LIBOR								
Fixed rate received								
- U.S.\$ rate	-	-	-	-	-	7.0%	7.0%	
<b>Interest Rate Derivative Financial Instrument Related to Currency Swaps</b>								
Currency swap - German Deutschemarks								
Pay variable/receive variable	-	-	-	1,101	-	-	1,101	(43)
Average rate paid - 3-month								
German Deutschemark LIBOR								
minus .0676%								
Average rate received - 30-day								
U.S. commercial paper								
non-financial								
Interest rate swap								
- German Deutschemarks								
Pay fixed/receive variable	-	-	-	1,101	-	-	1,101	(58)
Fixed rate paid - German								
Deutschemark rate	-	-	-	4.5%	-	-	4.5%	
Average rate received - 3-month								
German Deutschemark LIBOR								
minus .0676%								
Interest rate swap - U.S. Dollars								





Notional amount	-	-	-	-	1,101	-	1,101	(1)
Average contract rate	-	-	-	-	1.8	-	1.8	

## Wal-Mart Stores, Inc. Annual Report - Page 24

### International Operations

The Company's foreign operations are comprised of wholly-owned operations in Argentina, Canada, Germany and Puerto Rico; joint ventures in China and Korea; and majority-owned subsidiaries in Brazil and Mexico. As a result, the Company's financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which the Company does business. The Company minimizes exposure to the risk of devaluation of foreign currencies by operating in local currencies and through buying forward contracts, where feasible, for known transactions.

All foreign operations are measured in their local currencies with the exception of Mexico, which operates in a highly-inflationary economy and reports operations using United States dollars. Beginning in fiscal 2000, Mexico will no longer be considered a highly-inflationary economy and will begin reporting its operations in its local currency. The Company does not anticipate there will be a material impact on the consolidated or International segment's results of operations or financial position as a result of the change. In fiscal 1999, the foreign currency translation adjustment increased by \$36 million to \$509 million primarily due to the exchange rates in Brazil and Canada, and in fiscal 1998, the foreign currency translation adjustment increased by \$73 million to \$473 million primarily due to the exchange rate in Canada.

The International segment's operating profit increased from \$262 million in fiscal 1998 to \$551 million in fiscal 1999. As noted above, the results for fiscal 1999 include the operating profit of Cifra and Wertkauf. Because the acquisitions occurred during the last half of fiscal 1998, the additional operating profit resulting from these acquisitions accounts for a part of the increase in the International segment's operating profit.

### Liquidity and Capital Resources

#### Cash Flows Information

Cash flows from operating activities were \$7,580 million in fiscal 1999, up from \$7,123 million in fiscal 1998. In fiscal 1999, the Company invested \$3,734 million in capital assets, paid dividends of \$693 million, and had a net cash outlay of \$855 million for acquisitions. Acquisitions include the purchase of six undeveloped sites and four units in Korea which had been operated by Korea Makro, and 74 Interspar hypermarkets in Germany from Spar Handels AG. See Note 6 of Notes to Consolidated Financial Statements for additional information on acquisitions.

### Company Stock Purchase and Common Stock Dividends

In fiscal 1999, the Company repurchased over 21 million shares of its common stock for \$1,202 million. In March of 1999 the Company announced plans to increase the existing common stock repurchase program by \$1.2 billion, resulting in a total outstanding authorization of \$2 billion. Additionally, the Company increased the dividend 29% to \$.20 per share (after the two-for-one common stock split, which was also announced in March of 1999) for fiscal 2000. This marks the 27th consecutive yearly increase in dividends.

### Borrowing Information

The Company had committed lines of credit with 78 banks, aggregating \$1,872 million and informal lines of credit with various other banks, totaling an additional \$1,950 million, which were used to support short-term borrowing and commercial paper. These lines of credit and their anticipated cyclical increases were sufficient to finance the seasonal buildups in merchandise inventories and other cash requirements.

The Company anticipates generating sufficient operating cash flow to pay the increased dividend and to fund all capital expenditures. Accordingly, management does not plan to finance future capital expenditures with debt. However, the Company plans to refinance existing long-term debt as it matures and may desire to obtain additional long-term financing for other uses of cash or for strategic reasons. The Company anticipates no difficulty in obtaining long-term financing in view of an excellent credit rating and favorable experiences in the debt market in the recent past. In addition to the available credit lines mentioned above, the Company may sell up to \$501 million of public debt under shelf registration statements previously filed with the United States Securities and Exchange Commission.

### Expansion

Domestically, the Company plans to open approximately 40 new Wal-Mart stores and approximately 150 new Supercenters. Relocations or expansions of existing discount stores will account for 90 of the Supercenters, while approximately 60 will be new locations. Due to the positive customer feedback on the Neighborhood Market concept, which is being tested in four locations, the Company plans to expand the test to additional areas. Also planned for fiscal 2000 are ten to fifteen new SAM'S Clubs, including six relocations. In addition, the Company will remodel approximately 140 of the existing SAM'S Clubs and expand one unit. In order to serve these and future developments, the Company will begin shipping from three new distribution centers in the next fiscal year. Internationally, plans are to develop 75 to 80 new retail units. These stores are planned in Argentina, Brazil, Canada, China, Korea, Mexico, and Puerto Rico. Total planned growth represents approximately 34 million square feet of net additional retail space.

Total planned capital expenditures for fiscal 2000 approximate \$4.9 billion. We plan to finance our expansion primarily with operating cash flows.

## **Year 2000 Issue State of Readiness**

Historically, computer software has been programmed to make assumptions about the century when given a date that only uses two digits to represent the year. Although these assumptions have been perfectly acceptable the past few decades, they are a potential cause for concern for software used in the year 2000 and beyond. Specifically, this abbreviated date format makes it difficult for an application or computer user to distinguish between dates starting with 19xx and 20xx. The Company has been evaluating and adjusting all of its known date-sensitive systems and equipment for Year 2000 compliance, including those systems and equipment which support the Company's International segment. The assessment phase of the Year 2000 project is substantially complete and

### **Wal-Mart Stores, Inc. Annual Report - Page 25**

included both information technology, such as point-of-sale computer systems, as well as non-information technology equipment, such as warehouse conveyor systems. All internal coding conversions are complete. Some third-party applications representing less than 1% of the total application inventory remain to be converted, these applications are dependent on vendor upgrade availability and will be completed by October 1999. Virtually all the conversions were performed or are expected to be performed by Company associates.

The next phase of the Company's Year 2000 project, complete system testing, began during the second quarter of fiscal 1999. The first phase of testing has been completed on critical systems. Thus far, no significant issues have been detected in the testing. A second, more comprehensive phase of testing, is scheduled for the March 1999 to July 1999 timeframe. A final test cycle is planned for October 1999 to ensure all version levels, upgrades, new releases and enhancements are Year 2000 compliant.

The total incremental estimated cost directly related to the Year 2000 remedy is \$27 million. Approximately \$17.5 million of the cost is related to reprogramming, replacement, extensive testing and validation of software, which is being expensed as incurred, while approximately \$9.5 million is related to acquisition of hardware. Approximately \$8 million of the \$27 million cost of conversion has been incurred as of the end of the fourth quarter of fiscal 1999. The majority of the remaining costs include future testing of the systems and the purchase of additional equipment. All of these costs are being funded through operating cash flows. These costs are not a significant component of the Company's overall information technology budget. The Company's Information Systems Division did not defer any information technology projects last year to address the Year 2000 issue. During fiscal 2000 the Company still plans to complete and implement over half of the normal project load in priority sequence.

In addition to internal Year 2000 implementation activities, the Company is communicating with other companies with which our systems interface or on which it relies to determine the extent to which those companies are addressing their Year 2000 compliance. Testing began during the third quarter of fiscal year 1999 and will be substantially complete by October 31, 1999. Thus far, no significant issues have been detected in the testing process. There can be no assurance that there will not be an adverse effect on the Company if third parties, such as utility companies or merchandise suppliers, do not convert their systems in a timely manner and in a way that is compatible with the Company's systems. However, management believes that ongoing communication with and assessment of these third parties should minimize these risks.

The Company anticipates minimal business disruption will occur as a result of Year 2000 issues; however, possible consequences include, but are not limited to, loss of communications links with certain store locations, loss of electric power, inability to process transactions, send purchase orders, or engage in similar normal business activities. In addition, since there is no uniform definition of Year 2000 compliance and not all customer situations can be anticipated, the Company may experience an increase in sales returns of merchandise that may contain hardware or software components. If returns of merchandise increase, such returns are not expected to be material to the Company's financial condition.

Although the Company has not finalized its contingency plans for possible Year 2000 issues, initial analysis and planning is underway. Where needed, the Company will establish contingency plans based on its actual testing experience with its supplier base and assessment of outside risks. The Company anticipates the majority of its contingency plans to be in place by October 31, 1999.

The cost of the conversions and the completion dates are based on management's best estimates and may be updated as additional information becomes available. Readers are referred to the next section of this report, which addresses forward-looking statements made by the Company.

## **Forward-Looking Statements**

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. Certain statements contained in Management's Discussion and Analysis and in other Company filings are forward-looking statements. These statements discuss, among other things, expected growth, future revenues, future cash flows and future performance. The forward-looking statements are subject to risks and uncertainties including but not limited to the cost of goods, competitive pressures, inflation, consumer debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, Year 2000 issues, interest rate fluctuations and other capital market conditions, and other risks indicated in the Company's filings with the United States Securities and Exchange Commission. Actual results may materially differ from anticipated results described in these statements.

**Wal-Mart Stores, Inc. Annual Report - Page 26**

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in millions except per share data)

Fiscal years ended January 31,	1999	1998	1997
<b>Revenues:</b>			
Net sales	\$137,634	\$117,958	\$104,859
Other income-net	1,574	1,341	1,319
	139,208	119,299	106,178
<b>Costs and Expenses:</b>			
Cost of sales	108,725	93,438	83,510
Operating, selling and general and administrative expenses	22,363	19,358	16,946
<b>Interest Costs:</b>			
Debt	529	555	629
Capital leases	268	229	216
	131,885	113,580	101,301
<b>Income Before Income Taxes, Minority Interest and Equity in Unconsolidated Subsidiaries</b>			
	7,323	5,719	4,877
<b>Provision for Income Taxes</b>			
Current	3,380	2,095	1,974
Deferred	(640)	20	(180)
	2,740	2,115	1,794
<b>Income Before Minority Interest and Equity in Unconsolidated Subsidiaries</b>			
	4,583	3,604	3,083
<b>Minority Interest and Equity in Unconsolidated Subsidiaries</b>			
	(153)	(78)	(27)
<b>Net Income</b>	<b>\$ 4,430</b>	<b>\$ 3,526</b>	<b>\$ 3,056</b>
<b>Net Income Per Share - Basic and Dilutive</b>			
	\$0.99	\$0.78	\$0.67
<b>Average Number of Common Shares:</b>			
Basic	4,464	4,516	4,585
Dilutive	4,485	4,533	4,592

See accompanying notes.

**Wal-Mart Stores, Inc. Annual Report - Page 27**

CONSOLIDATED BALANCE SHEETS

(Amounts in millions)

January 31,	1999	1998
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,879	\$1,447
Receivables	1,118	976
Inventories		
At replacement cost	17,549	16,845
Less LIFO reserve	473	348
Inventories at LIFO cost	17,076	16,497
Prepaid expenses and other	1,059	432
<b>Total Current Assets</b>	<b>21,132</b>	<b>19,352</b>
<b>Property, Plant and Equipment, at Cost:</b>		
Land	5,219	4,691
Building and improvements	16,061	14,646
Fixtures and equipment	9,296	7,636
Transportation equipment	553	403
	31,129	27,376
Less accumulated depreciation	7,455	5,907
<b>Net property, plant and equipment</b>	<b>23,674</b>	<b>21,469</b>
<b>Property Under Capital Lease:</b>		
Property under capital lease	3,335	3,040
Less accumulated amortization	1,036	903
<b>Net property under capital leases</b>	<b>2,299</b>	<b>2,137</b>
Other Assets and Deferred Charges	2,891	2,426
<b>Total Assets</b>	<b>\$49,996</b>	<b>\$45,384</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 10,257	\$ 9,126

Accrued liabilities	4,998	3,628
Accrued income taxes	501	565
Long-term debt due within one year	900	1,039
Obligations under capital leases due within one year	106	102
Total Current Liabilities	16,762	14,460
Long-Term Debt	6,908	7,191
Long-Term Obligations Under Capital Leases	2,699	2,483
Deferred Income Taxes and Other	716	809
Minority Interest	1,799	1,938
Shareholders' Equity		
Preferred stock (\$.10 par value; 100 shares authorized, none issued)		
Common stock (\$.10 par value; 5,500 shares authorized, 4,448 and 2,241 issued and outstanding in 1999 and 1998, respectively)	445	224
Capital in excess of par value	435	585
Retained earnings	20,741	18,167
Other accumulated comprehensive income	(509)	(473)
Total Shareholders' Equity	21,112	18,503
Total Liabilities and Shareholders' Equity	\$49,996	\$45,384

See accompanying notes.

### Wal-Mart Stores, Inc. Annual Report - Page 28

#### CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Amounts in millions except per share data)	Number of shares	Common stock	Capital in excess of par value	Retained earnings	Other accumulated comprehensive income	Total
Balance - January 31, 1996	2,293	\$ 229	\$ 545	\$ 14,394	(\$ 412)	\$ 14,756
Comprehensive Income						
Net income				3,056		3,056
Other accumulated comprehensive income						
Foreign currency translation adjustment					12	12
Total Comprehensive income						\$ 3,068
Cash dividends (\$.11 per share)				(481)		(481)
Purchase of Company stock	(8)		(7)	(201)		(208)
Stock options exercised and other		(1)	9			8
Balance - January 31, 1997	2,285	228	547	16,768	(400)	17,143
Comprehensive Income						
Net income				3,526		3,526
Other accumulated comprehensive income						
Foreign currency translation adjustment					(73)	(73)
Total Comprehensive income						\$ 3,453
Cash dividends (\$.14 per share)				(611)		(611)
Purchase of Company stock	(47)	(5)	(48)	(1,516)		(1,569)
Stock options exercised and other	3	1	86			87
Balance - January 31, 1998	2,241	224	585	18,167	(473)	18,503
Comprehensive Income						
Net income				4,430		4,430
Other accumulated comprehensive income						
Foreign currency translation adjustment					(36)	(36)
Total Comprehensive income						\$ 4,394
Cash dividends (\$.16 per share)				(693)		(693)
Purchase of Company stock	(21)	(2)	(37)	(1,163)		(1,202)
Two-for-one stock split (announced March 4, 1999)	2,224	223	(223)			
Stock options exercised and other	4		110			110
Balance - January 31, 1999	4,448	\$445	\$435	\$20,741	(\$ 509)	\$ 21,112

See accompanying notes.

### Wal-Mart Stores, Inc. Annual Report - Page 29

#### CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in millions)			
Fiscal years ended January 31,	1999	1998	1997
Cash flows from operating activities			

Net Income	\$4,430	\$3,526	\$3,056
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,872	1,634	1,463
Increase in accounts receivable	(148)	(78)	(58)
(Increase)/decrease in inventories	(379)	(365)	99
Increase in accounts payable	1,108	1,048	1,208
Increase in accrued liabilities	1,259	1,329	430
Deferred income taxes	(640)	20	(180)
Other	78	9	(88)
Net cash provided by operating activities	7,580	7,123	5,930
Cash flows from investing activities			
Payments for property, plant and equipment	(3,734)	(2,636)	(2,643)
Proceeds from sale of photo finishing plants	-	-	464
Acquisitions	(855)	(1,865)	-
Other investing activities	171	80	111
Net cash used in investing activities	(4,418)	(4,421)	(2,068)
Cash flows from financing activities			
Decrease in commercial paper	-	-	(2,458)
Proceeds from issuance of long-term debt	536	547	-
Net proceeds from formation of Real Estate Investment Trust	-	-	632
Purchase of Company stock	(1,202)	(1,569)	(208)
Dividends paid	(693)	(611)	(481)
Payment of long-term debt	(1,075)	(554)	(541)
Payment of capital lease obligations	(101)	(94)	(74)
Other financing activities	(195)	143	68
Net cash used in financing activities	(2,730)	(2,138)	(3,062)
Net increase in cash and cash equivalents	432	564	800
Cash and cash equivalents at beginning of year	1,447	883	83
Cash and cash equivalents at end of year	\$1,879	\$1,447	\$883
Supplemental disclosure of cash flow information			
Income tax paid	\$3,458	\$1,971	\$1,791
Interest paid	805	796	851
Capital lease obligations incurred	347	309	326
Investment in unconsolidated subsidiary exchanged in acquisition	-	226	-

See accompanying notes.

## Wal-Mart Stores, Inc. Annual Report - Page 30

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1 Summary of Significant Accounting Policies

##### Consolidation

The consolidated financial statements include the accounts of 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

The Company uses the retail last in first out (LIFO) method for domestic Wal-Mart discount stores and Supercenters and cost LIFO for SAM'S Clubs. International inventories are on other cost methods. Inventories are not in excess of market value.

##### Pre-opening costs

During fiscal 1999, the Company adopted Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities." The SOP requires



that the costs of start-up activities, including organization costs, be expensed as incurred. The impact of the adoption of SOP 98-5 was \$8 million net of taxes. Due to the immateriality to the Company's results of operations, the initial application was not reported as a cumulative effect of a change in an accounting principle. The impact of the change did not have a material effect on any of the years presented.

#### 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 \$41 million, \$33 million and \$44 million in 1999, 1998 and 1997, respectively.

#### Financial instruments

The Company uses derivative financial instruments for purposes other than trading to reduce its exposure to fluctuations in foreign currencies and to minimize the risk and cost associated with financing and global operating activities. Contracts that effectively meet risk reduction and correlation criteria are recorded using hedge accounting. Unrealized gains and losses resulting from market movements are not recognized. Hedges of firm commitments are deferred and recognized when the hedged transaction occurs.

#### Goodwill and other acquired intangible assets

Goodwill and other acquired intangible assets are amortized on a straight-line basis over the periods that expected economic benefits will be provided. Management estimates such periods of economic benefits using factors such as entry barriers in certain countries, operating rights and estimated lives of other operating assets acquired. The realizability of goodwill and other intangibles is evaluated periodically when events or circumstances indicate a possible inability to recover the carrying amount. Such evaluation is based on cash flow and profitability projections that incorporate the impact of existing Company businesses. The analyses necessarily involve significant management judgment to evaluate the capacity of an acquired business to perform within projections. Historically, the Company has generated sufficient returns from acquired businesses to recover the cost of the goodwill and other intangible assets. Goodwill and other acquired intangible assets, net of accumulated amortization, included in the consolidated balance sheets is \$2,538 million and \$1,887 million in 1999 and 1998, respectively.

#### Long-lived assets

The Company periodically reviews long-lived assets and certain intangible assets when indicators of impairments exist and if the value of the assets is impaired, an impairment loss would be recognized.

#### Comprehensive income

In fiscal 1999, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components. The Company has reclassified all years presented to reflect comprehensive income and its components in the consolidated statements of shareholders' equity.

#### Stock split

On March 4, 1999, the Company announced a two-for-one stock split issued in the form of a 100% stock dividend. The date of record is March 19, 1999, and it will be distributed April 19, 1999. Consequently, the stock option data and per share data have been restated to reflect the stock split.

#### Advertising costs

Advertising costs are expensed as incurred and were \$405 million, \$292 million and \$249 million in 1999, 1998 and 1997, respectively.

#### Operating, selling and general and administrative expenses

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

#### Depreciation and amortization

Depreciation and amortization 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 temporary differences. Estimated useful lives are as follows:

Building and improvements	5-33 years
Fixtures and equipment	5-12 years
Transportation equipment	2-5 years
Goodwill and other acquired intangible assets	20-40 years

## Costs of computer software

In March 1998, the Accounting Standards Executive Committee issued Statement of Position (SOP) 98-1, "Accounting For the Costs of Computer Software Developed For or Obtained For Internal Use." The SOP will be effective for the Company beginning February 1, 1999. The SOP will require the capitalization of certain costs incurred in connection with developing or obtaining software for internal use. Currently, costs related to developing internal-use software are expensed as incurred. The Company does not anticipate there will be a material impact on the results of operations or financial position after SOP 98-1 is adopted.

## Wal-Mart Stores, Inc. Annual Report - Page 31

## Accounting for derivative instruments and hedging activities

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement will be effective for the Company beginning February 1, 2000. The new Statement requires all derivatives to be recorded on the balance sheet at fair value and establishes accounting treatment for three types of hedges: hedges of changes in the fair value of assets, liabilities, or firm commitments; hedges of the variable cash flows of forecasted transactions; and hedges of foreign currency exposures of net investments in foreign operations. The Company is analyzing the implementation requirements and currently does not anticipate there will be a material impact on the results of operations or financial position after the adoption of Statement No. 133.

## Net income per share

Basic net income per share is based on the weighted average outstanding common shares. Dilutive net income per share is based on the weighted average outstanding shares reduced by the dilutive effect of stock options.

## Foreign currency translation

The assets and liabilities of most foreign subsidiaries are translated at current exchange rates and any related translation adjustments are recorded as a component of accumulated comprehensive income. Operations in Mexico operate in highly inflationary economies and certain assets are translated at historical exchange rates and all translation adjustments are reflected in the Consolidated Statements of Income. Beginning in fiscal 2000, Mexico will no longer be considered highly inflationary and will begin reporting operations in local currency.

## Estimates and assumptions

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Reclassifications

Certain reclassifications have been made to prior periods to conform to current presentations.

## 2 Defined Contribution Plans

The Company maintains profit sharing plans under which most full-time and many part-time associates become participants following one year of employment and a 401(k) plan in which the same associates may elect to contribute up to 10% of their earnings.

The Company will make annual contributions to these plans on behalf of all eligible associates, including those who have not elected to contribute to the 401(k) plan.

Annual Company contributions are made at the sole discretion of the Company, and were \$388 million, \$321 million and \$247 million in 1999, 1998 and 1997, respectively.

## 3 Commercial Paper and Long-term Debt

Information on short-term borrowings and interest rates is as follows (dollar amounts in millions):

Fiscal years ended January 31,	1999	1998	1997
Maximum amount outstanding at month-end	\$1,976	\$1,530	\$2,209
Average daily short-term borrowings	256	212	1,091
Weighted average interest rate	5.1%	5.6%	5.3%

At January 31, 1999 and 1998, there were no short-term borrowings outstanding. At January 31, 1999, the Company had committed lines of credit of \$1,872 million with 78 banks and informal lines of credit with various banks totaling an additional \$1,950 million, 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 (amounts in millions):

**Wal-Mart Stores, Inc. Annual Report - Page 32**

Fiscal years ended January 31,		1999	1998
8.625%	Notes due April 2001	\$750	\$750
5.875%	Notes due October 2005	597	597
5.850%	Notes due June 2018 with biannual put options	500	-
5.650%	Notes due February 2010 with biannual put options	500	500
7.500%	Notes due May 2004	500	500
9.100%	Notes due July 2000	500	500
6.500%	Notes due June 2003	454	454
7.250%	Notes due June 2013	445	445
7.800% - 8.250%	Obligations from sale/leaseback transactions due 2014	427	458
6.750%	Notes due May 2002	300	300
7.000% - 8.000%	Obligations from sale/leaseback transactions due 2013	292	306
8.500%	Notes due September 2024	250	250
6.750%	Notes due October 2023	250	250
8.000%	Notes due September 2006	250	250
6.125%	Eurobond due November 2000	250	250
6.375%	Notes due March 2003	228	228
6.750%	Eurobond due May 2002	200	200
6.875%	Eurobond due June 1999	-	250
6.125%	Notes due October 1999	-	500
	Other	215	203
		\$6,908	\$7,191

The Company has \$1 billion of outstanding debt with imbedded put options. Beginning in fiscal 2001, and every second year thereafter the holders of the debt may require the Company to repurchase the debt at face value.

Long-term debt is unsecured except for \$182 million which is collateralized by property with an aggregate carrying value of approximately \$347 million. Annual maturities of long-term debt during the next five years are (in millions):

Fiscal years ended	Annual
January 31,	maturity
2000	\$ 900
2001	1,284
2002	801
2003	558
2004	285
Thereafter	3,980

The Company has agreed to observe certain covenants under the terms of its note agreements, the most restrictive of which relate to amounts of additional secured debt and long-term leases.

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 and the annual maturities schedules above. The resulting obligations are amortized over the lease terms. Future minimum lease payments for each of the five succeeding years as of January 31, 1999, are (in millions):

Fiscal years ended	Minimum
January 31,	rentals
2000	\$104
2001	100
2002	94
2003	98
2004	93
Thereafter	724

At January 31, 1999 and 1998, the Company had letters of credit outstanding totaling \$767 million and \$673 million, respectively. These letters of credit were issued primarily for the purchase of inventory.

Under shelf registration statements previously filed with the Securities and Exchange Commission, the Company may issue debt securities aggregating \$501 million.

#### 4 Financial Instruments

##### Interest rate instruments

The Company enters into interest rate swaps to minimize the risks and costs associated with its financing activities. The swap agreements are contracts to exchange fixed or variable rate interest for fixed or variable interest rate payments periodically over the life of the instruments. The notional amounts are used to measure interest to be paid or received and do not represent the exposure due to credit loss. Settlements of interest rate swaps are accounted for by recording the net interest received or paid as an adjustment to interest expense on a current basis. These instruments are not recorded on the balance sheet, and as of January 31, 1999 and 1998, are as follows:

#### Wal-Mart Stores, Inc. Annual Report - Page 33

Notional amount (in millions) January 31, 1999	Maturity date	Rate received	Rate paid	Fair value
\$ 551	2007	7.0%	30-day U.S. commercial paper non-financial	\$44
500	2001	5.9%	30-day U.S. commercial paper non-financial plus .245%	5
500	2001	5.7%	30-day U.S. commercial paper non-financial plus .134%	10
1,101	2003	5.8%	30-day U.S. commercial paper non-financial	28
1,101	2003	30-day U.S. commercial paper non-financial	3-month German DEM LIBOR minus .0676%	(43)
1,101	2003	3-month German DEM LIBOR minus .0676%	4.5% - DEM rate	(58)
809	2004	5.2%	30-day U.S. commercial paper non-financial	1
809	2004	30-day U.S. commercial paper non-financial	3-month German DEM LIBOR minus .055%	18
809	2004	3-month German DEM LIBOR minus .055%	3.4% - DEM rate	3
230	2027	7.0%	6-month U.S. LIBOR	30
January 31, 1998				
\$ 585	2007	7.0%	30-day U.S. commercial paper non-financial	\$17
500	2001	5.7%	30-day U.S. commercial paper non-financial plus .134%	-
1,101	2003	30-day U.S. commercial paper non-financial	3-month German DEM LIBOR minus .0676%	(1)
230	2027	7.0%	6-month U.S. LIBOR	20

##### Foreign exchange instruments

The Company has entered into two foreign currency swap agreements to hedge its net investment in Germany. In fiscal 1998, the Company entered into a foreign currency swap where it will pay 1,960 million in German Deutschmarks in 2003 and will receive \$1,101 million in United States Dollars. In fiscal 1999, the Company entered into a foreign currency swap where it will pay 1,360 million in German Deutschmarks in 2004 and will receive \$809 million in United States Dollars.

The Company routinely enters into forward currency exchange contracts in the regular course of business to manage its exposure against foreign currency fluctuations on cross-border purchases of inventory. These contracts are generally for short durations of six months or less and are insignificant to the Company's operations or financial position. There were approximately \$46 million notional outstanding at January 31, 1999.

##### Fair value of financial instruments

Cash and cash equivalents: The carry amount approximates fair value due to the short maturity of these instruments.

Long-term debt: The fair value of the Company's long-term debt, including current maturities, approximates \$8,323 million at January 31, 1999 and is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements.

Interest rate instruments: The fair values are estimated amounts the Company would receive or pay to terminate the agreements as of the reporting dates.

Foreign currency contracts: The fair value of foreign currency contracts are estimated by obtaining quotes from external sources.

#### 5 Income Taxes

The income tax provision consists of the following (in millions):

Fiscal years ended January 31,	1999	1998	1997
Current			
Federal	\$ 3,043	\$ 1,891	\$ 1,769
State and local	254	186	201
International	83	18	4
Total current tax provision	3,380	2,095	1,974
Deferred			
Federal	(655)	(5)	(97)
State and local	(28)	(2)	(9)
International	43	27	(74)
Total deferred tax provision	(640)	20	(180)
Total provision for income taxes	\$ 2,740	\$ 2,115	\$ 1,794

### Wal-Mart Stores, Inc. Annual Report - Page 34

Items that give rise to significant portions of the deferred tax accounts at January 31, are as follows (in millions):

Fiscal years ended January 31,	1999	1998	1997
Deferred tax liabilities:			
Property, plant and equipment	\$ 695	\$ 797	\$ 721
Inventory	286	275	145
International, principally asset basis differences	272	387	83
Other	36	33	45
Total deferred tax liabilities	1,289	1,492	994
Deferred tax assets:			
Amounts accrued for financial reporting purposes not yet deductible for tax purposes	985	441	295
Capital leases	188	190	169
International, asset basis and loss carryforwards	143	258	314
Deferred revenue	66	89	113
Other	184	108	68
Total deferred tax assets	1,566	1,086	959
Net deferred tax (assets) liabilities	\$ (277)	\$ 406	\$ 35

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

Fiscal years ended January 31,	1999	1998	1997
Statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	2.0%	2.1%	2.2%
International	(0.5%)	(0.3%)	(1.5%)
Other	0.9%	0.2%	1.1%
	37.4%	37.0%	36.8%

## 6 Acquisitions

On January 1, 1999, the Company took possession of 74 units from the Interspar hypermarket chain in Germany. The units were acquired from Spar Handels AG, a German company that owns multiple retail formats and wholesale operations throughout Germany. The transaction closed on December 29, 1998; therefore, the assets are included in the Company's consolidated balance sheet and the results of operations will be included beginning in fiscal 2000. The transaction has been recorded as a purchase. The net assets and liabilities acquired are recorded at fair value. Resulting goodwill is being amortized over 40 years.

In July 1998, the Company extended its presence in Asia with an investment in Korea. The Company acquired a majority interest in four units as well as six undeveloped sites. The four units were previously operated by Korea Makro. The transaction has been accounted for as a purchase. The new assets and liabilities acquired are recorded at fair value. The goodwill is being amortized over 40 years. The results of operations since the effective date of the acquisition have been included in the Company's results.

A merger of the Mexican joint venture companies owned by Wal-Mart Stores, Inc. and Cifra, S.A. de C.V. (Cifra) with, and into Cifra, was consummated with an effective merger date of September 1, 1997. The Company received voting shares of Cifra equaling approximately 33.5% of the outstanding voting shares of Cifra in exchange for the Company's joint venture interests having a net book value of approximately \$644 million.

The Company then acquired 593,100,000 shares of the Series "A" Common Shares and Series "B" Common Shares of Cifra, for approximately \$1.2 billion. The transaction has been accounted for as a purchase. The net assets and liabilities acquired are recorded at fair value. Resulting goodwill is being amortized over 40 years. As a result of the merger and tender offer, Wal-Mart holds a majority interest of the outstanding voting shares of Cifra. The results of operations for Cifra, since the effective merger date, have been included in the Company's results.

In December 1997, the Company acquired the Wertkauf hypermarket chain in Germany, as well as certain real estate. The 21 hypermarkets are one-stop shopping centers that offer a broad assortment of high quality general merchandise and food and are similar to the Wal-Mart Supercenter format in the United States. The transaction has been accounted for as a purchase. Net assets and liabilities of Wertkauf and the real estate are recorded at fair value. The goodwill is being amortized over 40 years. The transaction closed on December 30, 1997; therefore, the assets are included in the January 31, 1998 consolidated balance sheet and the results of operations are included in fiscal 1999.

### Wal-Mart Stores, Inc. Annual Report - Page 35

In December 1997, the Company acquired the minority interest in its Brazilian joint venture from Lojas Americanas, and then sold a lesser share to an individual. The purchase price of the minority interest approximated book value. Because the transaction closed on December 30, 1997, the results of operations for fiscal 1998 include the Company's original ownership percentage of the joint venture.

Pro forma results of operations are not presented due to the insignificant differences from historical results, both individually and in the aggregate. The fair value of the assets and liabilities recorded as a result of these transactions is as follows (in millions):

	1999	1998
Cash and cash equivalents	\$137	\$ 500
Receivables	-	97
Inventories	200	266
Net property, plant and equipment	219	2,105
Goodwill and other acquired		
intangible assets	576	1,213
Accounts payable	(112)	(431)
Accrued liabilities	(60)	(132)
Deferred income taxes	32	(353)
Minority interest	(22)	(705)
Other	22	31
	992	2,591
Investment in unconsolidated		
Mexican subsidiary exchanged	-	(226)
Total cash purchase price	\$992	\$ 2,365

## 7 Stock Option Plans

At January 31, 1999, 131 million shares of common stock were reserved for issuance under stock option plans. The options granted under the stock option plans expire ten years from the date of grant. Options granted prior to November 17, 1995, may be exercised in nine annual installments. Generally, options granted on or after November 17, 1995, may be exercised in seven annual installments. The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options because the alternative fair value accounting provided under FASB Statement 123, "Accounting for Stock-Based Compensation," (FAS No. 123) requires the use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized.

Pro forma information, regarding net income and income per share, is required by FAS No. 123 and has been determined as if the Company had accounted for its associate stock option plans under the fair value method of that statement. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumption ranges: risk-free interest rates between 7.2% and 4.4%, dividend yields between 0.4% and 1.2%, volatility factors between .23 and .29, and an expected life of the option of 7.4 years for the options issued prior to November 17, 1995, and 5.8 years for options issued thereafter.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferrable. In addition, option valuation methods require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's associate stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its associate stock options. Using the Black-Scholes option evaluation model, the weighted average value of options granted during the years ending January 31, 1999, 1998 and 1997, were \$14, \$7 and \$4 per option, respectively.

The effect of applying the fair value method of FAS No. 123 to the stock option grants subsequent to February 1, 1995, does not result in net income and net income per share that are materially different from the amounts reported in the Company's consolidated financial statements as demonstrated below: (Amounts in millions except per share data)

	1999	1998	1997
Pro forma net income	\$ 4,397	\$ 3,504	\$ 3,042
Pro forma earnings			
per share - basic	\$ 0.98	\$ 0.78	\$ 0.66
- dilutive	\$ 0.98	\$ 0.77	\$ 0.66

The following table summarizes information about stock options outstanding as of January 31, 1999.

Range of exercise prices	Number of outstanding options	Weighted average remaining life (Years)	Weighted average exercise price of outstanding options	Number of exercisable options	Weighted average exercise price of exercisable options
\$ 4.39 to 5.33	1,544,000	1.0	\$ 5.30	1,538,000	\$ 5.30
6.63 to 8.84	1,155,000	1.9	7.25	831,000	7.25
10.00 to 14.88	35,277,000	6.5	12.03	8,869,000	12.37
15.41 to 19.97	11,726,000	9.0	19.30	1,113,000	19.13
20.88 to 34.53	716,000	9.5	28.79	6,000	20.88
39.88 to 43.00	5,740,000	10.0	39.90	-	-
\$ 4.39 to 43.00	56,158,000	7.2	\$16.32	12,357,000	\$12.78

### Wal-Mart Stores, Inc. Annual Report - Page 36

Further information concerning the options is as follows:

	Shares	Option price per share	Weighted average price per share	Total
January 31, 1996 (10,022,000 shares exercisable)	44,058,000	\$2.47-15.41	\$ 10.84	\$ 477,389,000
Options granted	22,932,000	11.13-12.63	11.60	265,931,000
Options canceled	(4,220,000)	2.89-15.41	11.64	(49,109,000)
Options exercised	(1,998,000)	2.47-12.88	5.17	(10,327,000)
January 31, 1997 (12,896,000 shares exercisable)	60,772,000	3.25-15.41	11.26	683,884,000
Options granted	10,526,000	12.44-19.97	18.93	199,309,000
Options canceled	(3,604,000)	3.25-17.53	11.72	(42,251,000)
Options exercised	(7,038,000)	3.25-15.41	9.62	(67,729,000)
January 31, 1998 (13,462,000 shares exercisable)	60,656,000	3.60-19.97	12.75	773,213,000
Options granted	9,256,000	12.63-43.00	33.02	305,646,000
Options canceled	(4,254,000)	4.39-39.88	13.74	(58,436,000)
Options exercised	(9,500,000)	3.59-19.09	10.92	(103,748,000)
January 31, 1999 (12,357,000 shares exercisable)	56,158,000	\$4.39-43.00	\$ 16.32	\$916,675,000
Shares available for option:				
January 31, 1998	80,258,000			
January 31, 1999	75,256,000			

### 8 Long-term Lease Obligations

The Company and certain of its subsidiaries have long-term leases for stores and equipment. Rentals (including, for certain leases, amounts applicable to taxes, insurance, maintenance, other operating expenses and contingent rentals) under all operating leases were \$654 million, \$596 million and \$561 million in 1999, 1998 and 1997, respectively. Aggregate minimum annual rentals at January 31, 1999, under non-cancelable leases are as follows (in millions):

Fiscal year	Operating leases	Capital leases
1999	\$ 394	\$ 349
2000	371	370
2001	358	370
2002	337	366
2003	324	365
Thereafter	2,745	3,504
Total minimum rentals	\$ 4,529	5,324
Less estimated executory costs		69
Net minimum lease payments		5,255
Less imputed interest at rates ranging from 6.1% to 14.0%		2,450
Present value of minimum lease payments		\$ 2,805

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to \$49 million, \$46 million and \$51 million in 1999, 1998 and 1997, respectively. Substantially all of the store leases have renewal options for additional terms from five to 25 years at comparable rentals.

The Company has entered into lease commitments for land and buildings for 47 future locations. These lease commitments with real estate developers provide for minimum rentals for 20 to 25 years, excluding renewal options, which if consummated based on current cost estimates, will approximate \$49 million annually over the lease terms.

## 9 Segments

The Company and its subsidiaries are principally engaged in the operation of mass merchandising stores located in all 50 states, Argentina, Canada, Germany, and Puerto Rico, and through joint ventures in China and Korea, and through majority-owned subsidiaries in Brazil and Mexico.

The Company identifies segments based on management responsibility within the United States and geographically for all international units. The Wal-Mart Stores segment includes the Company's discount stores and Supercenters in the United States. The SAM'S Club segment includes the warehouse membership clubs in the United States. The Company's operations in Argentina, Brazil, Germany, Mexico, China and Korea are consolidated using a December 31 fiscal year end, generally due to statutory reporting requirements. The Company's operations in Canada and Puerto Rico are consolidated using a January 31 fiscal year end. There were no significant intervening events which materially affected the financial statements. The Company measures segment profit as operating profit, which is defined as income before interest expense, income taxes and minority interest. Information on segments and a reconciliation to income, before income taxes and minority interest, are as follows (in millions):

Fiscal year ended January 31, 1999					
	Wal-Mart Stores	SAM'S Club	International	Other	Consolidated
Revenues from external customers	\$ 95,395	\$ 22,881	\$ 12,247	\$ 7,111	\$ 137,634
Intercompany real estate charge (income)	1,502	355		(1,857)	
Depreciation and amortization	716	111	252	793	1,872
Operating income	7,075	707	551	(213)	8,120
Interest expense					797
Income before income taxes and minority interest					7,323
Total assets	\$ 16,950	\$ 2,834	\$ 9,537	\$ 20,675	\$ 49,996
Fiscal year ended January 31, 1998					
	Wal-Mart Stores	SAM'S Club	International	Other	Consolidated
Revenues from external customers	\$ 83,820	\$ 20,668	\$ 7,517	\$ 5,953	\$ 117,958
Intercompany real estate charge (income)	1,375	349		(1,724)	
Depreciation and amortization	674	104	118	738	1,634
Operating income	5,833	616	262	(208)	6,503
Interest expense					784
Income before income taxes and minority interest					5,719
Total assets	\$ 16,229	\$ 2,933	\$ 7,390	\$ 18,832	\$ 45,384
Fiscal year ended January 31, 1997					
	Wal-Mart Stores	SAM'S Club	International	Other	Consolidated
Revenues from external customers	\$ 74,840	\$ 19,785	\$ 5,002	\$ 5,232	\$ 104,859
Intercompany real estate charge (income)	1,250	346		(1,596)	
Depreciation and amortization	628	99	70	666	1,463
Operating income	5,033	557	24	108	5,722
Interest expense					845
Income before income taxes and minority interest					4,877
Total assets	\$ 15,387	\$ 3,115	\$ 2,887	\$ 18,215	\$ 39,604

International long-lived assets excluding goodwill are \$4,044 million, \$3,537 million and \$1,199 million in 1999, 1998 and 1997, respectively. Additions to international long-lived assets are \$732 million, \$2,401 million and \$317 million in 1999, 1998 and 1997, respectively. The International segment includes all international real estate. All of the real estate in the United States is included in the "Other" category and is leased to Wal-Mart Stores and SAM'S Club. The revenues in the "Other" category result from sales to third parties by McLane Company, Inc., a wholesale distributor.

McLane offers a wide variety of grocery and non-grocery products, which it sells to a variety of retailers including the Company's Wal-Mart Stores and SAM'S Club segments. McLane is not a significant segment and therefore, results are not presented separately.



## 10 Quarterly Financial Data (unaudited)

Amounts in millions (except per share information) 1999	Quarters ended			
	April 30,	July 31,	October 31,	January 31,
Net sales	\$29,819	\$33,521	\$33,509	\$40,785
Cost of sales	23,526	26,422	26,380	32,397
Net income	828	1,034	1,009	1,559
Net income per share, basic and dilutive	\$.18	\$.23	\$.23	\$.35
1998				
Net sales	\$25,409	\$28,386	\$28,777	\$35,386
Cost of sales	20,127	22,478	22,680	28,153
Net income	652	795	792	1,287
Net income per share, basic and dilutive	\$.14	\$.18	\$.17	\$.29

## 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. as of January 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended January 31, 1999. 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, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 1999, in conformity with generally accepted accounting principles.

/s/Ernst & Young LLP  
Ernst & Young LLP

Tulsa, Oklahoma  
March 24, 1999

## Wal-Mart Stores, Inc. Annual Report - Page 39

Listings- Stock Symbol: WMT  
New York Stock Exchange  
Pacific Stock Exchange

Quarter Ended	Market Price of Common Stock **			
	Fiscal years ended January 31,			
	1999		1998	
	Hi	Low	Hi	Low
April 30	\$26.94	\$20.41	\$14.94	\$11.56
July 31	\$34.50	\$24.97	\$19.28	\$14.13
October 31	\$34.53	\$26.56	\$19.38	\$16.09
January 31	\$43.00	\$33.44	\$20.88	\$18.03

	Dividends Paid Per Share **			
	Fiscal years ended January 31,			
	1999		1998	
	Quarterly			
April 6	\$0.0388	April 9	\$0.0338	
July 13	\$0.0388	July 14	\$0.0338	
October 12	\$0.0388	October 14	\$0.0338	
January 11	\$0.0388	January 12	\$0.0338	

[FN]

<F1> \*\* Restated to reflect the two-for-one stock split announced March 4, 1999, with date of record of March 19, 1999. The stock split is

payable on April 19, 1999.

**EXHIBIT 21**  
**SUBSIDIARIES OF WAL-MART STORES, INC.**

SUBSIDIARY	ORGANIZED OR INCORPORATED	PERCENT OF EQUITY SECURITIES OWNED	NAME UNDER WHICH DOING BUSINESS OTHER THAN SUBSIDIARY'S
Wal-Mart Stores East, Inc.	Delaware, U. S.	100%	Wal-Mart
Sam's West, Inc.	Delaware, U. S.	100%	Sam's Club
Sam's East, Inc.	Delaware, U. S.	100%	Sam's Club
Wal-Mart Property Company	Delaware, U. S.	100%	NA
Sam's Property Company	Delaware, U. S.	100%	NA
McLane Company, Inc., and its subsidiaries	Texas, U. S.	100%	Wal-Mart
Cifra, S.A. de C.V.	Mexico	53%	

## EXHIBIT 23

### CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Wal-Mart Stores, Inc. of our report dated March 24, 1999, included in the 1999 Annual Report to Shareholders of Wal-Mart Stores, Inc.

We also consent to the incorporation by reference of our report dated March 24, 1999, with respect to the consolidated financial statements of Wal-Mart Stores, Inc. incorporated by reference in this Annual Report (Form 10-K) for the year ended January 31, 1999, in the following registration statements and related prospectuses.

Stock Option Plan of 1984 of Wal-Mart Stores, Inc., as amended	Form S-8	File No. 2-94358 and 33-43315
Stock Option Plan of 1994 of Wal-Mart Stores, Inc., as amended	Form S-8	File No. 33-55325
Debt Securities and Pass-Through Certificates of Wal-Mart Stores, Inc.	Form S-3	File No. 33-55725
Director Compensation Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-24259
Debt Securities of Wal-Mart Stores, Inc.	Form S-3	File No. 33-53125
Dividend Reinvestment and Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-3	File No. 333-2089
401(k) Retirement Savings Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-29847
401(k) Retirement Savings Plan of Wal-Mart Puerto Rico, Inc.	Form S-8	File No. 33-44659
Form S-3 Registration Statement Covering 14,710,000 Shares	Form S-3	File No. 333-56993
Associate Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-62965
Stock Incentive Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-60329

/s/ Ernst & Young LLP  
Ernst & Young LLP

Tulsa, Oklahoma  
April 15, 1999

## ARTICLE 5

PERIOD TYPE	YEAR
FISCAL YEAR END	JAN 31 1999
PERIOD END	JAN 31 1999
CASH	1,879
SECURITIES	0
RECEIVABLES	1,118
ALLOWANCES	0
INVENTORY	17,076
CURRENT ASSETS	21,132
PP&E	31,129
DEPRECIATION	7,455
TOTAL ASSETS	49,996
CURRENT LIABILITIES	16,762
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	445
OTHER SE	20,667
TOTAL LIABILITY AND EQUITY	49,996
SALES	137,634
TOTAL REVENUES	139,208
CGS	108,725
TOTAL COSTS	131,885
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	797
INCOME PRETAX	7,323
INCOME TAX	2,740
INCOME CONTINUING	4,430
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	4,430
EPS PRIMARY	0.99
EPS DILUTED	0.99

---

**End of Filing**

Powered By **EDGAR**  
Online

© 2005 | EDGAR Online, Inc.