

# WAL MART STORES INC

## FORM 10-K (Annual Report)

Filed 04/23/98 for the Period Ending 01/31/98

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

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Filed 4/23/1998 For Period Ending 1/31/1998

Address	702 SOUTHWEST 8TH ST BENTONVILLE, Arkansas 72716
Telephone	501-273-4000
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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, 1998, 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, 1998, was \$67,141,204,191. For the purposes of this disclosure only, the registrant has assumed that its directors, executive officers and beneficial owners of 5% or more of the registrant's common stock are the affiliates of the registrant.

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The registrant had 2,239,826,615 shares of Common Stock outstanding as of March 31, 1998.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's Annual Report to Shareholders for the fiscal year ended January 31, 1998, are incorporated by reference into Parts I and II of this Form 10-K.

Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held June 5, 1998, are incorporated by reference into

## 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, interest rate fluctuations and other capital market 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.

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**WAL-MART STORES, INC.  
FORM 10-K ANNUAL REPORT  
FOR THE YEAR ENDED JANUARY 31, 1998**

**PART I**

**ITEM 1. BUSINESS**

Wal-Mart Stores, Inc. (together with its subsidiaries hereinafter referred to as the "Company") is the United States' largest retailer measured by total revenues. During the fiscal year ended January 31, 1998, the Company had net sales of \$117,958,000,000.

(a) Historical Development of Business

Domestically, at January 31, 1998, the Company operated 1,921 discount stores and 441 Supercenters, and 443 Sam's Clubs. A table summarizing information concerning additions of units and square footage for domestic discount stores, Supercenters and Sam's Clubs since January 31, 1993, is included as Schedule A to Item I found on page 11 of this annual report.

During fiscal 1998, a merger of the Mexican joint venture companies owned by the Company 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. The Company then acquired 593,100,000 shares of the Series "A" Common Shares and Series "B" Common Shares of Cifra in a cash tender offer. As a result of the merger and tender offer, the Company holds approximately 51% of the outstanding voting shares of Cifra. The results of operations for Cifra since the effective merger date are included in the Company's results. Prior to the merger, the joint venture units controlled by the Company were consolidated while those units controlled by Cifra were accounted for under the equity method. See Note 6 of Notes to Consolidated Financial Statements incorporated by reference in Item 8 of Part II found on page 16 of this annual report for additional information regarding our acquisitions. At January 31, 1998, Cifra operated 28 warehouse clubs, 27 Supercenters, 36 Superamas (traditional supermarkets), 62 Bodegas (discount stores), 33 Aurreras (combination stores including both general merchandise and grocery), 38 Suburbias (specialty department stores) and 178 Vips (restaurants) throughout Mexico.

In fiscal 1998, the Company's subsidiary, Wal-Mart Brasil Participacoes S.A. acquired the 40% interest of its minority joint venture partner, Lojas Americanas S.A.(Lojas). On the same day that the minority interest was acquired, a 5% minority interest was sold to Carlos Alberto Sicupira, a principal in Banco de Investimentos Garantia S.A., which indirectly controls Lojas, at the same price per share at which Lojas sold its minority interest. Because the transaction closed on December 30, 1997, which was the joint venture's fiscal year end, the Company's results of operations for fiscal 1998 include only the financial results of the joint venture attributable to the Company's original ownership percentage. See Note 6 of Notes to Consolidated Financial Statements incorporated by

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reference in Item 8 of Part II found on page 16 of this annual report for additional information regarding our acquisitions.

In fiscal 1998, the Company along with joint-venture partner, Dongguan Donghu Industrial Corporation, added one unit in the People's Republic of China. With the addition of this unit, at January 31, 1998, we operated three units under various joint venture agreements in the People's Republic of China.

In fiscal 1998, the Company acquired the Wertkauf hypermarket chain in Germany, as well as certain real estate. The 21 acquired 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 closed on December 30, 1997, Wertkauf's fiscal year end. Therefore, the acquired assets are included in the January 31, 1998, consolidated balance sheet and the results of operations will be included beginning in fiscal 1999. See Note 6 of Notes to Consolidated Financial Statements incorporated by reference in Item 8 of Part II found on page 16 of this annual report for additional information regarding our acquisitions. At January 31, 1998, the Company operated 21 hypermarkets in Germany.

Internationally, at January 31, 1998, we operated nine units in Argentina, eight units in Brazil, 144 units in Canada, three units in China, 21 units in Germany, 402 units in Mexico and 14 units in Puerto Rico. A table summarizing information concerning additions of units and square footage for international units operated since fiscal 1993 is included as Schedule B to Item 1 found on page 12 of this annual report.

(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.

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information," which the Company has adopted in the current year. We identify our 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, 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 16 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,

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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. Our international presence has continued to expand and at January 31, 1998, we had operations in six 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 \$83,820,000,000, \$74,840,000,000 and \$66,271,000,000 for the three years ended January 31, 1998, 1997, and 1996, 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 16 of this annual report for additional information regarding our segments.

General. We operate Wal-Mart discount stores in all 50 states. The average size of a discount store is approximately 93,400 square feet. Wal-Mart Supercenters are located in 28 states and the average size of a Supercenter is 182,200 square feet. Our Supercenter prototypes range in size from 110,000 square feet to 234,000 square feet.

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", "Better Homes & Gardens", "Popular Mechanics", "Catalina", "McKids", "Basic Equipment" and "House Beautiful".

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During the fiscal year ended January 31, 1998, sales in discount stores and Supercenters (which are subject to seasonal variance) by product category were as follows:

CATEGORY	PERCENTAGE OF SALES
Hardgoods.....	23
Softgoods/domestics.....	21
Grocery, candy and tobacco.....	14
Pharmaceuticals.....	9
Records and electronics.....	9
Sporting goods and toys.....	8
Health and beauty aids.....	7
Stationery .....	5
Shoes.....	2
Jewelry.....	2
	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 volume of sales occurs in the fourth fiscal quarter and the lowest volume occurs during the first fiscal quarter.

Competition. Our discount stores compete with other discount, department, drug, variety and specialty stores, many of which are national chains. The Wal-Mart Supercenters compete with other supercenter-type stores, discount stores, supermarkets and specialty stores, many of which are national or regional chains. As of January 31, 1998, 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 "Buy America" 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 1998 fiscal year, approximately 83% of the Wal-Mart discount stores' and Supercenters' purchases were shipped from

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Wal-Mart's 38 distribution centers, seven of which are grocery distribution centers. The balance of merchandise purchased was shipped directly to the stores from suppliers. The 38 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, Indiana, Mississippi and New York; and one in each of Alabama, Colorado, Georgia, Iowa, Illinois, Kansas, Kentucky, New Hampshire, North Carolina, Ohio, Pennsylvania, Tennessee, Utah, Virginia and Wisconsin. Each distribution center serves the distribution needs of approximately 80 to 100 stores, depending on the size of the center. The size of these distribution centers ranges from approximately 600,000 to 1,700,000 square feet.

**SAM'S CLUB OPERATING SEGMENT**

The Sam's Club segment which includes the warehouse membership clubs in the United States had sales of \$20,668,000,000, \$19,785,000,000 and \$19,068,000,000 for the three years ended January 31, 1998, 1997, and 1996, 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 16 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 120,900 square feet, and club sizes generally range between 90,000 and 150,000 square feet of building area.

**Merchandise.** Sam's offers bulk displays of name brand hardgood merchandise, some softgoods and institutional size grocery items. Each Sam's 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.

**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 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 1998, both business and individual members paid an annual membership fee of \$25 for the primary membership card with a spouse card available for an additional \$10. Beginning in fiscal 1999, the annual membership fee for a business member increased to \$30 for the primary membership card with a spouse card

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available at no additional cost. The annual membership fee for an individual member increased to \$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 store sites. As of January 31, 1998, based on net sales, the Sam's Club segment ranked second among all warehouse clubs.

**Distribution.** During fiscal 1998, approximately 60% of the Sam's Club purchases were shipped from distribution facilities, eight of which are food distribution facilities. The balance was shipped directly to the clubs from suppliers. A combination of Company owned and operated facilities and third-party facilities comprises the overall distribution structure.

## **INTERNATIONAL OPERATING SEGMENT**

The International Segment includes operations of the Company's wholly-owned subsidiaries in Argentina, Canada, Germany and Puerto Rico, joint ventures in China and majority-owned subsidiaries in Brazil and Mexico. Sales for the three years ended January 31, 1998, 1997, and 1996 were \$7,517,000,000, \$5,002,000,000 and \$3,712,000,000, 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 16 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, Mexico and under joint venture agreements in China; Sam's Clubs in Argentina, Brazil, Mexico, Puerto Rico and under joint venture agreements in China; Hypermarkets in Germany and Superamas, Bodegas, Aurreras, Suburbias and Vips 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

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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 everyday low prices on quality merchandise that offers exceptional value. In Supercenters, our ability to 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 Miami, 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 1998, approximately 70% 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 16 of this annual report result from sales to third parties by McLane Company, Inc. (McLane). McLane is a wholesale distributor that sells its merchandise to a variety of retailers, primarily to the convenience store industry and it also services Wal-Mart discount stores, Supercenters and Sam's Clubs. Sales to third parties for the three years ended January 31, 1998, 1997, and 1996 were \$5,953,000,000, \$5,232,000,000 and \$4,576,000,000 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,

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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, 1998, the Company employed approximately 825,000 associates worldwide, with approximately 720,000 in the United States and 105,000 internationally. Most associates participate in incentive programs which provide the opportunity to receive additional compensation based upon the Company's productivity or profitability.

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WAL-MART STORES, INC. AND SUBSIDIARIES  
SCHEDULE A TO ITEM 1 - DOMESTIC STORE COUNT AND NET SQUARE FOOTAGE GROWTH  
YEARS ENDED JANUARY 31, 1993 THROUGH 1998

STORE COUNT

Fiscal Year Ended	Wal-Mart				Wal-Mart		Sam's Clubs			Total		
	Discount Stores	Opened	Closed	Conversions*1)	Opened	Total	Opened	Closed	Total	Opened*2)	Closed	Ending Balance
Jan 31, Balance Forward				1,714	10	208						1,932
1993	159	1	24	1,848	24	34	48	0	256	207	1	2,138
1994	141	2	37	1,950	38	72	162	1	417	304	3	2,439
1995	109	5	69	1,985	75	147	21	12	426	136	17	2,558
1996	92	2	80	1,995	92	239	9	2	433	113	4	2,667
1997	59	2	92	1,960	105	344	9	6	436	81	8	2,740

1998 37 1 75 1,921 97 441 8 1 443 67 2 2,805

NET SQUARE FOOTAGE

Fiscal Year Ended Jan 31,	Wal-Mart Discount Stores		Wal-Mart Supercenters		Sam's Clubs		Total		Sales Per Sq.Ft.*3)
	Net Additions	Total	Net Additions	Total	Net Additions	Total	Net Additions	Sq. Ft.	
Balance Forward		128,115,368		1,914,246		23,259,348		153,288,962	
1993	19,251,060	147,366,428	4,037,493	5,951,739	7,444,530	30,703,878	30,733,083	184,022,045	325.86
1994	16,185,442	163,551,870	6,762,080	12,713,819	19,670,804	50,374,682	42,618,326	226,640,371	324.42
1995	10,109,978	173,661,848	14,087,725	26,801,544	1,335,742	51,710,424	25,533,445	252,173,816	336.10
1996	8,188,223	181,850,071	16,791,559	43,593,103	825,020	52,535,444	25,804,802	277,978,618	335.13
1997	( 103,486)	181,746,585	19,661,948	63,255,051	298,692	52,834,136	19,857,154	297,835,772	337.35
1998	(2,411,149)	179,335,436	17,076,582	80,331,633	716,150	53,550,286	15,381,583	313,217,355	348.49

[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.

<F3> \*3) Includes only stores and clubs that were open at least twelve months as of January 31 of the previous year.

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WAL-MART STORES, INC. AND SUBSIDIARIES  
 SCHEDULE B TO ITEM 1 - INTERNATIONAL STORE COUNT AND NET SQUARE FOOTAGE GROWTH  
 YEARS ENDED JANUARY 31, 1993 THROUGH 1998

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	
1993	0	0	0	0	0	0	0	0	0	0	
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	

Fiscal Year Ended	GERMANY		MEXICO			PUERTO RICO		
	Hypermarkets	Wal-Mart Supercenters	Sam's Clubs	Other*	Total	Wal-Mart Supercenters	Sam's Clubs	Total
1993	0	0	3	0	3	2	0	2
1994	0	2	7	0	9	3	2	5
1995	0	11	22	0	33	5	2	7
1996	0	13	28	0	41	7	4	11
1997	0	18	28	0	46	7	4	11
1998	21	27	28	347	402	9	5	14

NET SQUARE FOOTAGE

Fiscal Year Ended	ARGENTINA		BRAZIL		CANADA		CHINA	
	Net Additions	Total	Net Additions	Total	Net Additions	Total	Net Additions	Total
1993	0	0	0	0	0	0	0	0
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

Fiscal Year Ended	GERMANY		MEXICO		PUERTO RICO	
	Net Additions	Total	Net Additions	Total	Net Additions	Total
1993	0	0	143,000	305,535	229,647	229,647
1994	0	0	946,028	1,251,563	339,260	568,907
1995	0	0	3,718,910	4,970,473	266,279	835,186
1996	0	0	1,012,734	5,983,207	470,266	1,305,452
1997	0	0	1,032,603	7,015,810	0	1,305,452
1998	2,449,369	2,449,369	10,766,004*	17,781,814	342,888	1,648,340

[FN]

\* "Other" includes 33 Aurreras (combination stores), 62 Bodegas (discount stores), 38 Suburbias (specialty department stores), 36 Superamas (traditional supermarkets), and 178 Vips (restaurants).

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## ITEM 2. PROPERTIES

The number and location of domestic Wal-Mart discount stores, Supercenters and Sam's Clubs is incorporated by reference to the table under the caption "Fiscal 1998 End of Year Store Counts" on Page 15 of the Annual Report to Shareholders for the year ended January 31, 1998.

The Company owns 1,318 properties on which domestic discount stores and Supercenters are located and 288 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 38 Wal-Mart distribution facilities and 19 McLane distribution facilities at January 31, 1998. 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.

The number and location of international Wal-Mart discount stores, Supercenters and Sam's Clubs is incorporated by reference to the table under the caption "Fiscal 1998 End of Year Store Counts" on Page 15 of the Annual Report to Shareholders for the year ended January 31, 1998.

The Company owns properties on which all operating units in Argentina and Brazil are located. In Canada, China, Germany, Mexico and Puerto Rico, the Company has a combination of owned and leased properties in which the operating units are located. The Company owns three properties in Canada, one property in China, 18 properties in Germany, 167 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

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pending legal proceeding, other than routine litigation incidental to its business.

## 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, 1998.

## 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	62
S. Robson Walton	Chairman of the Board.	1992	53
Donald G. Soderquist	Vice Chairman of the Board and Chief Operating Officer.	1988	64
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	57
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	54

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Thomas M. Coughlin	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.	1998	49
David Dible	Executive Vice President Specialty Divisions. Prior to 1995, he served as Senior Vice President - Merchandising.	1995	50
Mark S. Hansen	Executive Vice President and President and Chief Executive Officer of Sam's Club Division. Prior to June 1997, he served as President and Chief Executive Officer of Phoenix-based PETSMART, Inc.	1997	43
Bob L. Martin	Executive Vice President and President and Chief Executive Officer of Wal-Mart International Division.	1993	49
John B. Menzer	Executive Vice President and Chief Financial Officer since September 1995. Prior to September 1995, he served as President and Chief Operating Officer of Ben Franklin Retail Stores, Inc.	1995	47
H. Lee Scott, Jr.	Executive Vice President and President and Chief Executive Officer of Wal-Mart Stores Division. Prior to January 1998, he served as Executive Vice President -	1998	49

Merchandising. Prior to October 1995, he served as Executive Vice President Logistics. Prior to that, he served as Senior Vice President - Logistics.

Nicholas J. White	Executive Vice President - Food Division.	1989	53
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James A. Walker, Jr. Senior Vice President and 1995 51 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 of the information "Number of Shareholders" under the caption "11- Year Financial Summary" on Pages 20 and 21, 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, 1998.

### ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference of all information under the caption "11-Year Financial Summary" on Pages 20 and 21 of the Annual Report to Shareholders for the year ended January 31, 1998.

### 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 of all information under the caption "Management's Discussion and Analysis" on Pages 22 through 25 of the Annual Report to Shareholders for the year ended January 31, 1998.

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is furnished by incorporation by reference of 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, 1998.

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

None.

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## 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 of all information under the captions entitled "Item 1:Election of Directors" on Pages 1 and 2 and "Section 16(a) Beneficial Ownership Reporting Compliance" on Page 7 of the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on Friday, June 5, 1998 (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 of all information under the caption entitled "Executive Compensation", subcaptions "Summary Compensation Table", "Option Grants for Fiscal Year Ended January 31, 1998", and "Option Exercises

and Fiscal Year End Option Values" on Pages 3 and 4, "Compensation and Nominating Committee Report on Executive Compensation" on page 5 and 6, "Compensation Committee Interlocks and Insider Participation" and "Compensation of Directors" on Page 6 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 of all information under the caption "Amount and Nature of Beneficial Ownership" and "Holdings of Officers and Directors" and "Amount and Nature of Beneficial Ownership of Wal-Mart Stock" on Pages 7 and 8 of the Proxy Statement.

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

The information required by this item is furnished by incorporation by reference of all information under the caption "Interest of Management in Certain Transactions" on Pages 6 and 7 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.

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#### 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 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

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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) A written description of a consulting agreement by and between Wal-Mart Stores, Inc. and Jack C. Shewmaker, is incorporated herein by reference to the description contained in the second paragraph under the caption "Compensation of Directors" on Page 6 in the Company's definitive Proxy Statement to be filed in connection with the Annual Meeting of the Shareholders to be held on June 5, 1998.

+10(h) 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).

+10(i) 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(j) 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.

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\*+10(k) 1996 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994 is filed herewith as an Exhibit to this Form 10-K.

\*+10(l) 1997 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994 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, 1998.

**\*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, 1998.

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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, 1998	26
Consolidated Balance Sheets at January 31, 1998 and 1997	27
Consolidated Statements of Shareholders' Equity for each of the three years in the period ended January 31, 1998	28
Consolidated Statements of Cash Flows for each of the three years in the period ended	

**January 31, 1998 29**

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

Not Covered by Report of Independent  
Auditors:

**Note 10 - Quarterly Financial Data**  
(Unaudited) 37

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.

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**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 16, 1998

BY: /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 16, 1998

/s/ S. Robson Walton  
S. Robson Walton  
Chairman of the Board

DATE: April 16, 1998

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

DATE: April 16, 1998 /s/Donald G. Soderquist  
Donald G. Soderquist  
Vice Chairman of the Board,  
Chief Operating Officer  
and Director

DATE: April 16, 1998 /s/Paul R. Carter  
Paul R. Carter  
Executive Vice President,  
President - Wal-Mart Realty  
Company and Director

DATE: April 16, 1998 /s/John B. Menzer  
John B. Menzer  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

DATE: April 16, 1998 /s/James A. Walker, Jr.  
James A. Walker, Jr.  
Senior Vice President and  
Controller  
(Principal Accounting Officer)

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Date: April 16, 1998 /s/Jeronimo Arango  
Jeronimo Arango  
Chairman of the Board of Cifra,  
S. A. de C.V. and Director

DATE: April 16, 1998 /s/John A. Cooper, Jr.  
John A. Cooper, Jr.  
Director

DATE: April 16, 1998 /s/Stephen Friedman  
Stephen Friedman  
Director

DATE: April 16, 1998 /s/Stanley C. Gault  
Stanley C. Gault  
Director

DATE: April 16, 1998 /s/Frederick S. Humphries  
Frederick S. Humphries  
Director

DATE: April 16, 1998 /s/E. Stanley Kroenke  
E. Stanley Kroenke  
Director

DATE: April 16, 1998 /s/Elizabeth A. Sanders  
Elizabeth A. Sanders  
Director

DATE: April 16, 1998 /s/Jack C. Shewmaker  
Jack C. Shewmaker  
Director

DATE: April 16, 1998 /s/Paula Stern  
Paula Stern  
Director

DATE: April 16, 1998 /s/John T. Walton  
John T. Walton



## **1996 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994**

The last Paragraph of Section 2 of the Stock Option Plan of 1994 is hereby stricken from the Stock Option Plan of 1994.

The following language is hereby inserted as the last Paragraph of Section 2 of the Stock Option Plan of 1994:

Notwithstanding anything in this Paragraph 2 to the contrary, this Plan shall be administered, as to those officers and key employees otherwise eligible pursuant to Paragraph 4 hereof who, in their relationship to the Company, are described in subsection 16(a) of the Securities Exchange Act of 1934, as amended, and the rules issued thereunder, and/or who are "covered employees" as such term is defined at Section 162(m) of the Code, by the Compensation Committee of the Board (the "Compensation Committee") consisting of not less than two members of the Board, all of whom shall be both (1) "non-employee directors" within the meaning of the applicable rules and regulations promulgated by the Securities and Exchange Commission and (2) "outside directors" within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder. The Compensation Committee shall be appointed, governed, indemnified and authorized as is the Committee hereinabove described. However, such Compensation Committee shall have absolute discretion as to all matters concerning those officers and key employees described above, subject to the express provisions of the Plan. The term "Committee" shall refer herein to the Committee or the Compensation Committee.

## 1997 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994

The language of Section 10 of the Stock Option Plan is hereby stricken and the following language is hereby inserted:

**STOCK OPTION GRANTS:** Records maintained by the Stock option Department and the minutes of the Stock Option Committee and the minutes of the Compensation and Nominating Committee for Section 16 officers shall be conclusive evidence of the grant of stock options. Individual written stock option agreements shall not be necessary.

The following {bracketed} language is hereby inserted in the first Paragraph of Section 8:

**EXERCISE OF OPTION RIGHTS UPON TERMINATION OF {OR ADMINISTRATIVE SUSPENSION FROM} EMPLOYMENT OR CESSATION AS A FULL-TIME OFFICER OR ELIGIBLE KEY EMPLOYEE:** If an Optionee (i) whose employment with the Company and/or one of its Subsidiaries is terminated for any reason other than death, or (ii) ceases for any reason to be a full-time officer or eligible key employee as determined by Committee in its discretion, then such Optionee may exercise his or her option, to the extent exercisable as of the date the Optionee's employment is terminated or such Optionee ceases to be a full-time officer or an eligible key employee, whichever is earlier, at any time within three months after the earlier of such dates, but in no event may an option be exercised after the expiration of the term of the option; provided, however, that if the Optionee's employment shall be terminated for cause, said option shall terminate immediately. As used herein, "cause" shall mean the commission of any act deemed inimical to the best interest of the Company as determined at the sole discretion of the Committee. {During a period of administrative suspension, the Optionee's right to exercise options is suspended and will terminate if the Optionee is terminated for cause.}

## Wal-Mart Stores, Inc. Annual Report - Page 15

Fiscal 1998 End of Year Store Counts	Discount Stores	Supercenters	Sam's Club
Alabama	50	27	8
Alaska	3	0	3
Arizona	34	0	7
Arkansas	50	27	4
California	100	0	24
Colorado	31	5	10
Connecticut	14	0	3
Delaware	2	1	1
Florida	102	33	31
Georgia	62	25	16
Hawaii	5	0	1
Idaho	9	0	1
Illinois	95	11	24
Indiana	60	15	14
Iowa	43	2	7
Kansas	40	8	5
Kentucky	45	23	5
Louisiana	56	19	9
Maine	19	0	3
Maryland	22	1	10
Massachusetts	27	0	3
Michigan	45	0	21
Minnesota	34	0	9
Mississippi	42	14	4
Missouri	79	30	12
Montana	9	0	1
Nebraska	13	5	3
Nevada	13	0	2
New Hampshire	17	0	4
New Jersey	16	0	6
New Mexico	16	3	3
New York	51	5	18
North Carolina	78	8	14
North Dakota	8	0	2
Ohio	77	4	23
Oklahoma	57	21	6
Oregon	23	0	0
Pennsylvania	49	12	18
Rhode Island	6	0	1
South Carolina	41	12	9
South Dakota	8	0	2
Tennessee	57	30	11
Texas	169	72	52
Utah	14	0	5
Vermont	3	0	0
Virginia	31	21	10
Washington	20	0	2
West Virginia	12	6	3
Wisconsin	55	1	11
Wyoming	9	0	2
U.S. TOTAL	1,921	441	443
Alberta	16	0	0
British Columbia	12	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	52	0	0
Quebec	28	0	0
Saskatchewan	8	0	0
CANADA TOTAL	144	0	0
Argentina	0	6	3
Brazil	0	5	3
Mexico	347*	27	28
Puerto Rico	9	0	5
China	0	2	1
Germany	0	21	0
INT'L. TOTAL	500	61	40
GRAND TOTAL	2,421	502	483

[FN]

\*Includes 36 Superamas, 62 Bodegas, 33 Aurreras, 178 Vips and 38 Suburbias

**Wal-Mart Stores, Inc. Annual Report - Pages 20 and 21**

11-YEAR FINANCIAL SUMMARY

(Dollar amounts in millions except per share data)

	1998	1997	1996	1995	1994
Net sales	\$117,958	\$104,859	\$ 93,627	\$ 82,494	\$ 67,344
Net sales increase	12%	12%	13%	22%	21%
Comparative store sales increase	6%	5%	4%	7%	6%
Other income-net	1,341	1,319	1,146	914	645
Cost of sales	93,438	83,510	74,505	65,586	53,444
Operating, selling and general and administrative expenses	19,358	16,946	15,021	12,858	10,333
Interest costs:					
Debt	555	629	692	520	331
Capital leases	229	216	196	186	186
Provision for income taxes	2,115	1,794	1,606	1,581	1,358
Minority interest and equity in unconsolidated subsidiaries	(78)	(27)	(13)	4	(4)
Net income	3,526	3,056	2,740	2,681	2,333
Per share of common stock:					
Net income - Basic and Dilutive	\$1.56	1.33	1.19	1.17	1.02
Dividends	0.27	0.21	.20	.17	.13
Financial Position					
Current assets	\$ 19,352	\$ 17,993	\$ 17,331	\$ 15,338	\$ 12,114
Inventories at replacement cost	16,845	16,193	16,300	14,415	11,483
Less LIFO reserve	348	296	311	351	469
Inventories at LIFO cost	16,497	15,897	15,989	14,064	11,014
Net property, plant and equipment and capital leases	23,606	20,324	18,894	15,874	13,176
Total assets	45,384	39,604	37,541	32,819	26,441
Current liabilities	14,460	10,957	11,454	9,973	7,406
Long-term debt	7,191	7,709	8,508	7,871	6,156
Long-term obligations under capital leases	2,483	2,307	2,092	1,838	1,804
Shareholders' equity	18,503	17,143	14,756	12,726	10,753
Financial Ratios					
Current ratio	1.3	1.6	1.5	1.5	1.6
Inventories/working capital	3.4	2.3	2.7	2.6	2.3
Return on assets*	8.5%	7.9%	7.8%	9.0%	9.9%
Return on shareholders' equity**	19.8%	19.2%	19.9%	22.8%	23.9%
Other Year-End Data					
Number of domestic Wal-Mart stores	1,921	1,960	1,995	1,985	1,950
Number of domestic Supercenters	441	344	239	147	72
Number of domestic SAM'S Club units	443	436	433	426	417
International units	601	314	276	226	24
Number of associates	825,000	728,000	675,000	622,000	528,000
Number of shareholders	245,884	257,215	244,483	259,286	257,946

[FN]

<F1>

\* Net income before minority interest and equity in unconsolidated subsidiaries/average assets <F2> \*\* Net income/average shareholders' equity

11-YEAR FINANCIAL SUMMARY

(Dollar amounts in millions except per share data)

	1993	1992	1991	1990	1989	1988
Net sales	\$ 55,484	\$ 43,887	\$ 32,602	\$ 25,811	\$ 20,649	\$ 15,959
Net sales increase	26%	35%	26%	25%	29%	34%
Comparative store sales increase	11%	10%	10%	11%	12%	11%
Other income-net	497	404	262	175	137	105
Cost of sales	44,175	34,786	25,500	20,070	16,057	12,282
Operating, selling and general and administrative expenses	8,321	6,684	5,152	4,070	3,268	2,599
Interest costs:						
Debt	143	113	43	20	36	25
Capital leases	180	153	126	118	99	89
Provision for income taxes	1,171	945	752	632	488	441
Minority interest and equity in unconsolidated subsidiaries	4	(1)				
Net income	1,995	1,609	1,291	1,076	838	628
Per share of common stock:						
Net income - Basic and Dilutive	.87	.70	.57	.48	.37	.28
Dividends	.11	.09	.07	.06	.04	.03
<b>Financial Position</b>						
Current assets	\$ 10,198	\$ 8,575	\$ 6,415	\$ 4,713	\$ 3,631	\$ 2,905
Inventories at replacement cost	9,780	7,857	6,207	4,751	3,642	2,855
Less LIFO reserve	512	473	399	323	291	203
Inventories at LIFO cost	9,268	7,384	5,808	4,428	3,351	2,652
Net property, plant and equipment and capital leases	9,793	6,434	4,712	3,430	2,662	2,145
Total assets	20,565	15,443	11,389	8,198	6,360	5,132
Current liabilities	6,754	5,004	3,990	2,845	2,066	1,744
Long-term debt	3,073	1,722	740	185	184	186
Long-term obligations under capital leases	1,772	1,556	1,159	1,087	1,009	867
Shareholders' equity	8,759	6,990	5,366	3,966	3,008	2,257
<b>Financial Ratios</b>						
Current ratio	1.5	1.7	1.6	1.7	1.8	1.7
Inventories/working capital	2.7	2.1	2.4	2.4	2.1	2.3
Return on assets*	11.1%	12.0%	13.2%	14.8%	14.6%	13.7%
Return on shareholders' equity**	25.3%	26.0%	27.7%	30.9%	31.8%	31.8%
<b>Other Year-End Data</b>						
Number of domestic Wal-Mart stores	1,848	1,714	1,568	1,399	1,259	1,114
Number of domestic Supercenters	34	10	9	6	3	2
Number of domestic SAM'S Club units	256	208	148	123	105	84
International units	10					
Number of associates	434,000	371,000	328,000	271,000	223,000	183,000
Number of shareholders	180,584	150,242	122,414	79,929	80,270	79,777

[FN]

<F1>

\* Net income before minority interest and equity in unconsolidated subsidiaries/average assets <F2> \*\* Net income/average shareholders' equity

MANAGEMENT'S DISCUSSION AND ANALYSIS

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
1998	\$83,820	\$20,668	\$7,517	\$5,953	\$117,958	12%
1997	74,840	19,785	5,002	5,232	104,859	12%
1996	66,271	19,068	3,712	4,576	93,627	13%

The Company sales growth 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 Wal-Mart stores), eight SAM'S Club units and the opening or acquisition of 289 international units. International sales accounted for approximately 6.4% of total sales in fiscal 1998 compared with 4.8% in fiscal 1997. The growth in International is partially due to the acquisition of controlling interest in Cifra, S.A de C.V. during the third quarter. See Note 6 of Notes to Consolidated Financial Statements for additional information on our acquisitions. SAM'S Club sales, as a percentage of total sales, decreased from 18.9% in fiscal 1997 to 17.5% in fiscal 1998.

The sales increase in fiscal 1997 when compared to fiscal 1996 was attributable to our expansion program and comparative store sales increases of 5%. Expansion for fiscal 1997 included the opening of 59 Wal-Mart stores, 105 Supercenters (including the conversion of 92 Wal-Mart stores), nine SAM'S Club units and 38 international units. The majority of the sales increase resulted from Wal-Mart stores and Supercenters while international sales grew to approximately 4.8% of the total sales in fiscal 1997 from 4.0% in fiscal 1996. SAM'S Club sales, as a percentage of total sales, decreased from 20.4% in fiscal 1996 to 18.9% in fiscal 1997.

### Costs and Expenses

Cost of sales, as a percentage of sales, decreased .4% in fiscal 1998 when compared to fiscal 1997 and increased .1% in fiscal 1997, when compared with fiscal 1996. The decrease in fiscal 1998 resulted from improvements in the mix of merchandise sold and from better inventory management. Operating efficiencies and the strong emphasis placed on inventory management has reduced markdowns and shrinkage. Approximately .1% of the decrease in cost of sales was a result of the sales contribution of SAM'S Club. As its sales became a smaller percentage of total Company sales, the cost of sales is positively impacted since their gross margin contribution is lower than the stores. The increase in fiscal 1997 when compared to fiscal 1996 is due in part to one-time markdowns in the third quarter resulting from a strategic decision to reduce the merchandise assortment in selected categories. Cost of sales also increased approximately .3% due to a larger percentage of consolidated sales from departments within Wal-Mart stores which have lower markon percents, and to our continuing commitment of always providing low prices. These increases were offset by approximately .2% because SAM'S Club comprised a lower percentage of consolidated sales in 1997 at a lower contribution to gross margin than Wal-Mart stores.

Operating, selling, general and administrative expenses increased .3%, as a percentage of sales, in fiscal 1998 when compared with fiscal 1997, and were flat in fiscal 1997 when compared to fiscal 1996. 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 is a charge of \$50 million for closing the majority of the Bud's Discount City stores during the second quarter of fiscal 1998. This charge was reflected in operating income due to its immateriality to our results of operations and because we continue to operate eight Bud's Discount City stores. In fiscal 1997, operating, selling, general and administrative expenses increased approximately .1% due to a lower expense to sales percentage at SAM'S Club compared to Wal-Mart Stores. This increase was offset through expense control in all of the operating formats.

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 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 initiated a project to address the year 2000 compliance issue for technology hardware, software and equipment. The assessment phase of our project is substantially complete. The majority of the compliance is expected to be performed by Company associates. Approximately 67% of the required conversions have occurred. We anticipate completing all remaining conversions during fiscal 1999. The total estimated cost of the conversion is \$12 million, which is being expensed as incurred. 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. In addition, communications are ongoing with other companies with which our systems interface or rely on to determine the extent to which those companies are addressing their year 2000 compliance.

### Interest Costs

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. Interest costs decreased in fiscal 1997 compared to fiscal 1996 due to lower average daily short-term borrowings and through retirement of maturing debt. See Note 2 of Notes to Consolidated Financial Statements for additional information on interest and debt.

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### Market Risk

Market risks relating to the Company's operations result primarily from changes in interest rates and changes in foreign exchange rates. We enter into interest rate swaps to minimize the risk and costs associated with our financial activities. The swap agreements are contracts to exchange fixed or variable rates for floating interest rate payments periodically over the life of the instruments.

The following table provides information about our 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 average interest rates by

contractual maturity dates. For variable rate instruments, we have indicated the applicable floating rate index.

Interest Rate Sensitivity Principal (Notional) Amount by Expected Maturity Average Interest (Swap) Rate								Fair value
(Amounts in millions)	1999	2000	2001	2002	2003	Thereafter	Total	1/31/98
<b>Liabilities</b>								
Long-term debt Including current portion								
Fixed rate debt	\$1,039	\$815	\$2,018	\$52	\$559	\$3,747	\$8,230	\$8,639
Average interest rate	7.1%	7.2%	7.2%	7.1%	6.9%	7.2%	7.2%	
Long-term obligation related to real estate investment trust								
Fixed rate obligation	36	39	43	46	50	382	596	560
Average interest rate	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swaps								
Pay variable/receive fixed	-	500	-	-	-	-	500	-
Average pay rate - 30-day commercial paper non-financial plus .134%								
Average receive rate	-	5.7%	-	-	-	-	5.7%	-
Interest Rate Derivative Financial Instruments Related to Real Estate Investment Trust Obligation								
Interest rate swaps								
Pay variable/receive fixed	35	37	41	45	49	378	585	17
Average pay rate - 30-day commercial paper non-financial								
Average receive rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
Interest Rate Derivative Financial Instrument on Currency Swap								
German Deutschmarks								
Pay variable/receive variable	-	-	-	-	1,101	-	1,101	(1)
Average Pay Rate - 3-month Deutschmark LIBOR minus .0676%								
Average receive rate - 30-day commercial paper non-financial								

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The Company routinely enters into forward currency exchange contracts in the regular course of business to manage its exposure against foreign currency fluctuations on inventory purchases denominated in foreign currencies. These contracts are for short durations, generally less than six months. In addition, we have entered into a foreign currency swap to hedge our investment in Germany. Under the agreement, the Company will pay 1,960 million in German Deutschmarks in 2003 and will receive \$1,101 million in United States Dollars.

The following table provides information about the Company's derivative financial instruments, including foreign currency forward exchange agreements and currency swap agreements by functional currency and presents the information in U.S. dollar equivalents. For foreign currency forward exchange agreements, the table presents the notional amounts and average exchange rates by contractual maturity dates.

Foreign Currency Exchange Rate Sensitivity Principal (Notional) Amount by Expected Maturity								Fair value
(Amounts in millions)	1999	2000	2001	2002	2003	Thereafter	Total	1/31/98
Forward Contracts to Sell Foreign Currencies for US \$								
Canadian Dollars								
Notional amount	24	-	-	-	-	-	24	-
Average contract rate	1.4	-	-	-	-	-	1.4	-
German Deutschmarks								
Notional amount	2	-	-	-	-	-	2	-
Average contract rate	1.8	-	-	-	-	-	1.8	-
Forward Contracts to Sell Foreign Currencies for Hong Kong \$								
German Deutschmarks (DEM)								
Notional amount	1	-	-	-	-	-	1	-
Average contract rate	0.2	-	-	-	-	-	0.2	-
Average currency exchange rate (DEM to US\$)								
	1.8	-	-	-	-	-	1.8	-
Currency Swap Agreements								
Payment of German Deutschmarks								
Notional amount	-	-	-	-	1,101	-	1,101	30

### International Operations

A portion of our operations consists of sales activities in foreign jurisdictions. We operate wholly owned operations in Argentina, Canada, Germany and Puerto Rico, through joint ventures in China and through majority-owned subsidiaries in Brazil and Mexico. As a result, our 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 we do business. We minimize the exposure to the risk of devaluation of foreign currencies by operating in local currencies and through buying forward contracts, where feasible, on known transactions.

All foreign operations are measured in their local currencies with the exception of Brazil and Mexico, which operate in highly-inflationary economies and report operations using U.S. Dollars. Beginning in fiscal 1999, Brazil will no longer be considered a highly-inflationary economy and will begin reporting its operations in its local currency. In fiscal 1998, the foreign currency translation adjustment increased by \$73 million to \$473 million primarily due to the exchange rate in Canada. In fiscal 1997, the foreign currency translation adjustment decreased by \$12 million to \$400 million primarily due to a favorable exchange rate in Canada. The cumulative foreign currency translation adjustment of \$412 million in fiscal 1996 was due primarily to operations in Mexico.

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### Liquidity and Capital Resources

#### Cash Flows Information

Cash flows from operating activities were \$7,123 million in fiscal 1998, up from \$5,930 million in fiscal 1997. In fiscal 1998, the Company invested \$2,636 million in capital assets and paid dividends of \$611 million and had a net cash outlay of \$1,865 million for acquisitions.

Acquisitions include the Wertkauf hypermarket chain in Germany, a controlling interest in Cifra, S.A. de C. V.

(Cifra) and the minority interest in our Brazilian joint venture from Lojas Americanas. See Note 6 of Notes to Consolidated Financial Statements for additional information on our acquisitions.

**Company Stock Purchase and Common Stock Dividends** In fiscal 1998, the Company repurchased over 47 million shares of its common stock for \$1.6 billion. Subsequent to January 31, 1998, the Company announced plans to repurchase up to \$2 billion of its common stock over the next 12 to 18 months. Additionally, the Company increased the dividend 15% to \$.31 per share for fiscal 1999.

#### Borrowing Information

The Company had committed lines of credit with 77 banks, aggregating \$1,873 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 will be sufficient to finance the seasonal buildups in merchandise inventories and for other cash requirements. We anticipate generating sufficient operating cash flow to fund all capital expenditures and our Company stock repurchase program. Accordingly, we do not plan to finance future capital expenditures with debt. However, we do plan 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. We anticipate no difficulty in obtaining long-term financing in view of our excellent credit rating and favorable experiences in the debt market in the recent past. In addition to the available credit lines mentioned above, we may sell up to \$251 million of public debt under shelf registration statements on file with the Securities and Exchange Commission.

#### Expansion

Domestically, we plan to open approximately 50 new Wal-Mart stores and between 120 and 125 new Supercenters. Approximately 90 of the Supercenters will come from relocations or expansions of existing Wal-Mart stores. Also planned for next fiscal year are ten new SAM'S Club units and three distribution centers. Internationally, plans are to develop 50 to 60 new retail units. These stores are planned in Argentina, Brazil, Canada, China, Germany, Mexico and Puerto Rico. Total planned growth represents approximately 26 million square feet of additional retail space.

Total planned capital expenditures for fiscal 1999 approximate \$4 billion. We plan to finance our expansion primarily with operating cash flows.

#### Forward-Looking Statements

Certain statements contained in Management's Discussion and Analysis, and elsewhere in this annual report, are forward-looking statements. These statements discuss, among other things, expected growth, future revenues and future performance. The forward-looking statements are subject to risks and uncertainties, including, but not limited to, competitive pressures, inflation, consumer debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, capital market conditions and other risks indicated in our filings with the Securities and Exchange Commission. Actual results may materially differ from anticipated results described in these statements.

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### CONSOLIDATED STATEMENTS OF INCOME

(Amounts in millions except per share data)

Fiscal years ended January 31,	1998	1997	1996
Revenues:			
Net sales	\$117,958	\$104,859	\$93,627
Other income-net	1,341	1,319	1,146
	119,299	106,178	94,773

Costs and Expenses:			
Cost of sales	93,438	83,510	74,505
Operating, selling and general and administrative expenses	19,358	16,946	15,021
Interest Costs:			
Debt	555	629	692
Capital leases	229	216	196
	113,580	101,301	90,414
Income Before Income Taxes, Minority Interest and Equity in Unconsolidated Subsidiaries			
	5,719	4,877	4,359
Provision for Income Taxes			
Current	2,095	1,974	1,530
Deferred	20	(180)	76
	2,115	1,794	1,606
Income Before Minority Interest and Equity in Unconsolidated Subsidiaries			
	3,604	3,083	2,753
Minority Interest and Equity in Unconsolidated Subsidiaries			
	(78)	(27)	(13)
Net Income	\$ 3,526	\$ 3,056	\$ 2,740
Net Income Per Share - Basic and Dilutive			
	\$1.56	\$1.33	\$1.19

See accompanying notes.

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#### CONSOLIDATED BALANCE SHEETS

(Amounts in millions)

January 31,	1998	1997
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,447	\$ 883
Receivables	976	845
Inventories		
At replacement cost	16,845	16,193
Less LIFO reserve	348	296
Inventories at LIFO cost	16,497	15,897
Prepaid expenses and other	432	368
Total Current Assets	19,352	17,993
Property, Plant and Equipment, at Cost:		
Land	4,691	3,689
Building and improvements	14,646	12,724
Fixtures and equipment	7,636	6,390
Transportation equipment	403	379
	27,376	23,182
Less accumulated depreciation	5,907	4,849
Net property, plant and equipment	21,469	18,333
Property Under Capital Lease:		
Property under capital lease	3,040	2,782
Less accumulated amortization	903	791
Net property under capital leases	2,137	1,991
Other Assets and Deferred Charges	2,426	1,287
Total Assets	\$45,384	\$39,604
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 9,126	\$ 7,628
Accrued liabilities	3,628	2,413
Accrued income taxes	565	298
Long-term debt due within one year	1,039	523
Obligations under capital leases due within one year	102	95
Total Current Liabilities	14,460	10,957
Long-Term Debt	7,191	7,709
Long-Term Obligations Under Capital Leases	2,483	2,307
Deferred Income Taxes and Other	809	463
Minority Interest	1,938	1,025
Shareholders' Equity		
Preferred stock (\$.10 par value; 100 shares authorized, none issued)		
Common stock (\$.10 par value; 5,500 shares authorized, 2,241 and 2,285 issued and outstanding in 1998 and 1997, respectively)	224	228
Capital in excess of par value	585	547
Retained earnings	18,167	16,768
Foreign currency translation adjustment	(473)	(400)

Total Shareholders' Equity	18,503	17,143
Total Liabilities and Shareholders' Equity	\$45,384	\$39,604

See accompanying notes.

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#### 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	Foreign currency translation adjustment	Total
Balance - January 31, 1995	2,297	\$ 230	\$ 539	\$12,213	(\$ 256)	\$12,726
Net income				2,740		2,740
Cash dividends (\$.20 per share)				(458)		(458)
Purchase of Company stock	(5)		(4)	(101)		(105)
Foreign currency translation adjustment					(156)	(156)
Stock options exercised and other	1	(1)	10			9
Balance - January 31, 1996	2,293	229	545	14,394	(412)	14,756
Net income				3,056		3,056
Cash dividends (\$.21 per share)				(481)		(481)
Purchase of Company stock	(8)		(7)	(201)		(208)
Foreign currency translation adjustment					12	12
Stock options exercised and other		(1)	9			8
Balance - January 31, 1997	2,285	228	547	16,768	(400)	17,143
Net income				3,526		3,526
Cash dividends (\$.27 per share)				(611)		(611)
Purchase of Company stock	(47)	(5)	(48)	(1,516)		(1,569)
Foreign currency translation adjustment					(73)	(73)
Stock options exercised and other	3	1	86			87
Balance - January 31, 1998	2,241	\$224	\$585	\$18,167	(\$ 473)	\$18,503

See accompanying notes.

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#### CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in millions)	1998	1997	1996
Fiscal years ended January 31,			
Cash flows from operating activities			
Net Income	\$ 3,526	\$ 3,056	\$ 2,740
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,634	1,463	1,304
Increase in accounts receivable	(78)	(58)	(61)
(Increase)/decrease in inventories	(365)	99	(1,850)
Increase in accounts payable	1,048	1,208	448
Increase in accrued liabilities	1,329	430	29
Deferred income taxes	20	(180)	76
Other	9	(88)	(303)
Net cash provided by operating activities	7,123	5,930	2,383
Cash flows from investing activities			
Payments for property, plant and equipment	(2,636)	(2,643)	(3,566)
Proceeds from sale of photo finishing plants		464	
Acquisitions	(1,865)		
Other investing activities	80	111	234
Net cash used in investing activities	(4,421)	(2,068)	(3,332)
Cash flows from financing activities			
(Decrease)/increase in commercial paper		(2,458)	660
Proceeds from issuance of long-term debt	547		1,004
Net proceeds from formation of Real Estate Investment Trust (REIT)		632	
Purchase of Company stock	(1,569)	(208)	(105)
Dividends paid	(611)	(481)	(458)
Payment of long-term debt	(554)	(541)	(126)
Payment of capital lease obligations	(94)	(74)	(81)
Other financing activities	143	68	93
Net cash (used in)/provided by financing activities	(2,138)	(3,062)	987
Net increase in cash and cash equivalents	564	800	38
Cash and cash equivalents at beginning of year	883	83	45
Cash and cash equivalents at end of year	\$ 1,447	\$ 883	\$ 83
Supplemental disclosure of cash flow information			
Income tax paid	\$ 1,971	\$ 1,791	\$ 1,785
Interest paid	796	851	866
Capital lease obligations incurred	309	326	365
Investment in unconsolidated subsidiary exchanged in acquisition	226		

## 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

Costs associated with the opening of stores are expensed during the first full month of operations. The costs are carried as prepaid expenses prior to the store opening. If the Company had expensed these costs as incurred, net income would have been reduced by \$2 million, \$9 million and \$2 million in fiscal 1998, 1997 and 1996, respectively.

#### 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 \$33 million, \$44 million and \$50 million in 1998, 1997 and 1996, 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 financial and global operating activities. 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. Gains or losses resulting from market movements are not recognized. Contracts that effectively meet risk reduction and correlation criteria are recorded using hedge accounting. Hedges of firm commitments or anticipated transactions are deferred and recognized when the hedged transaction occurs.

#### Advertising costs

Advertising costs are expensed as incurred and were \$292 million, \$249 million and \$219 million in 1998, 1997 and 1996, 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 are 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	20-40 years

#### Long-lived assets

In fiscal 1997, the Company adopted Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. The statement requires entities to review long-lived assets and certain intangible assets in certain circumstances, and if the value of the assets is impaired, an impairment loss shall be recognized. Due to the Company's previous accounting policies, this pronouncement had no material effect on the Company's financial position or results of operations.

#### Comprehensive income

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 130, "Reporting Comprehensive Income," which is effective for fiscal years beginning after December 15, 1997. This statement establishes standards for reporting and display of comprehensive income and its components. The Company anticipates adopting this Statement in fiscal 1999. Since this Statement requires only additional disclosure, there will be no effect on the Company's results of operations or financial position.

## Net income per share

In fiscal 1998, the Company adopted Statement of Financial Accounting Standards No. 128, Earnings Per Share. Statement 128 replaces primary and fully dilutive earnings per share with basic and dilutive earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effect of options. Basic earnings per share for all periods presented are the same as previously reported. 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 effect of stock options.

The shares used in the computations for basic and dilutive net income per share are as follows (in millions):

	1998	1997	1996
Basic	2,258	2,292	2,296
Dilutive	2,267	2,296	2,299

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### Foreign currency translation

The assets and liabilities of most foreign subsidiaries are translated at current exchange rates and any related translation adjustments are recorded in Consolidated Shareholders' Equity. Operations in Brazil and Mexico operate in highly inflationary economies and certain assets are translated at historical exchange rates and all translation adjustments are reflected in the Consolidated Income Statements.

### 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 presentation.

## 2 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,	1998	1997	1996
Maximum amount outstanding at month-end	\$ 1,530	\$ 2,209	\$ 3,686
Average daily short-term borrowings	212	1,091	2,106
Weighted average interest rate	5.6%	5.3%	5.9%

At January 31, 1998 and 1997, there were no short-term borrowings outstanding. At January 31, 1998, the Company had committed lines of credit of \$1,873 million with 77 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):

		1998	1997
8.625%	Notes due April 2001	\$ 750	\$ 750
5.875%	Notes due October 2005	597	597
5.614%	Notes due February 2010 with biannual put options	500	-
7.500%	Notes due May 2004	500	500
9.100%	Notes due July 2000	500	500
6.125%	Notes due October 1999	500	500
7.800% - 8.250%	Obligations from sale/leaseback transactions due 2014	458	466
6.500%	Notes due June 2003	454	454
7.250%	Notes due June 2013	445	445
7.000% - 8.000%	Obligations from sale/leaseback transactions due 2013	306	314
6.750%	Notes due May 2002	300	300
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
6.875%	Eurobond due June 1999	250	250
6.375%	Notes due March 2003	228	228
6.750%	Eurobond due May 2002	200	200
5.500%	Notes due March 1998	-	500
5.125%	Eurobond due October 1998	-	250
7.000%	Eurobond due April 1998	-	250
	Other	203	205
		\$7,191	\$7,709

In fiscal 1998, the Company borrowed \$500 million due in 2010 with put options imbedded. Beginning in 2000, and every second year, thereafter until 2010, the holders of the debt may require the Company to repurchase the debt at face value. Long-term debt is unsecured except for \$202 million, which is collateralized by property with an aggregate carrying value of approximately \$349 million. Annual maturities of long-term debt during the next five years are (in millions):

Fiscal year ending	Annual
January 31,	maturity
1999	\$ 1,039
2000	815
2001	2,018
2002	52
2003	559
Thereafter	3,747

The Company has agreed to observe certain covenants under the terms of its note agreements, the most restrictive of which, relates 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, 1998, are (in millions):

Fiscal years ending	Minimum
January 31,	rentals
1999	\$ 76
2000	104
2001	100
2002	94
2003	98
Thereafter	817

At January 31, 1998 and 1997, the Company had letters of credit outstanding totaling \$673 million and \$811 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 \$251 million.

### 3 Financial Instruments:

#### Interest rate instruments

The Company enters into interest rate swaps to minimize the risks and costs associated with its financial activities. The swap agreements are contracts to exchange fixed or variable rates for floating 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 to credit loss. The rates paid on these swaps range from 3-month Deutschmark LIBOR minus .0676% to 30-day Commercial Paper Non-Financial plus .134%. These instruments are not recorded on the balance sheet, and as of January 31, 1998 and 1997, are as follows:

January 31, 1998	Maturity	Rate	Fair
Notional amount		received	value
(in millions)			
\$ 585	2006	6.97%	\$17
\$ 500	2000	5.65%	-
\$1,101	2003	30-day commercial	(\$1)
		paper non-financial	

January 31, 1997	Maturity	Rate
Notional amount		received
(in millions)		>C>
\$630	2006	6.97%

#### Foreign exchange instruments

The Company has entered into a foreign currency swap to hedge its investment in Germany. Under the agreement, the Company will pay \$1,960 million in German Deutschmarks in 2003 and will receive \$1,101 million in United States Dollars. At January 31, 1998, the fair value of this swap was \$30 million.

The Company enters routinely into forward currency exchange contracts in the regular course of business to manage its exposure against foreign currency fluctuations on inventory purchases denominated in foreign currencies. These contracts are for short durations (six months or less) and are insignificant to the Company's operations or financial position. (There were approximately \$27 million outstanding at January 31,

1998.)

#### Fair value of financial instruments

Cash and cash equivalents: The carrying 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 \$8,639 million at January 31, 1998 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 brokers.

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

#### 4 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. In fiscal 1998, the Company added 401(k) plans 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 \$321 million, \$247 million and \$204 million in 1998, 1997 and 1996, respectively.

#### 5 Income Taxes

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

	1998	1997	1996
Current			
Federal	\$1,891	\$1,769	\$1,342
State and local	186	201	188
International	18	4	
Total current tax provision	2,095	1,974	1,530
Deferred			
Federal	(5)	(97)	119
State and local	(2)	(9)	15
International	27	(74)	(58)
Total deferred tax provision	20	(180)	76
Total provision for income taxes	\$2,115	\$1,794	\$1,606

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

	1998	1997	1996
Deferred tax liabilities:			
Property, plant and equipment	\$ 797	\$ 721	\$ 617
Inventory	275	145	135
International, principally asset basis differences	387	83	62
Other	33	45	19
Total deferred tax liabilities	1,492	994	833
Deferred tax assets:			
Amounts accrued for financial reporting purposes not yet deductible for tax purposes	441	295	204
International, asset basis and loss carryforwards	258	314	163
Capital leases	190	169	147
Deferred revenue	89	113	
Other	108	68	49
Total deferred tax assets	1,086	959	563
Net deferred tax liabilities	\$ 406	\$ 35	\$ 270

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

	1998	1997	1996
Statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	2.1%	2.2%	3.1%
International	(0.3%)	(1.5%)	(1.0%)
Other	0.2%	1.1%	(0.3%)
	37.0%	36.8%	36.8%

## 6 Acquisitions

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. No gain or loss was recognized on the exchange of the joint venture interest. The Company then acquired 593,100,000 shares of the Series "A" Common Shares and Series "B" Common Shares of Cifra, in a cash tender offer. 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 approximately 51% 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 will be included beginning in fiscal 1999.

In December 1997, the Company acquired the 40% minority interest in its Brazilian joint venture from Lojas Americanas, and then sold a 5% 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):

Cash and cash equivalents	\$ 500
Receivables	97
Inventories	266
Net property, plant and equipment	2,105
Goodwill	1,213
Accounts payable	(431)
Accrued liabilities	(132)
Deferred income taxes	(353)
Minority interest	(705)
Other	31
	2,591
Investment in unconsolidated Mexican subsidiary exchanged	(226)
Total cash purchase price	\$ 2,365

## 7 Stock Option Plans

At January 31, 1998, 70 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. 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," 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 Statement 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 5.6%, dividend yields between 0.7% and 1.0%, volatility factors between .23 and .27, 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 valuation model, the weighted average grant date value of options granted during the year ended January 31, 1998, was \$13 per option.

The effect of applying the fair value method of Statement 123 to the Company's option plan 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)

	1998	1997	1996
Pro forma net income	\$3,504	\$3,042	\$2,737
Pro forma earnings per share - basic	\$ 1.55	\$ 1.33	\$ 1.19
Pro forma earnings per share - dilutive	\$ 1.55	\$ 1.32	\$ 1.19

Further information concerning the options is as follows:

	Shares	Option price per share	Weighted average per share	Total
January 31, 1995	17,969,000	\$ 2.78-30.62	\$20.20	\$362,981,000
Options granted	7,114,000	23.50-24.75	23.61	167,959,000
Options canceled	(1,953,000)	3.75-30.82	22.46	(43,873,000)
Options exercised	(1,101,000)	2.78-25.38	8.79	(9,678,000)
January 31, 1996 (5,011,000 shares exercisable)	22,029,000	4.94-30.82	21.67	477,389,000
Options granted	11,466,000	22.25-25.25	23.19	265,931,000
Options canceled	(2,110,000)	5.78-30.82	23.27	(49,109,000)
Options exercised	(999,000)	4.94-25.75	10.34	(10,327,000)
January 31, 1997 (6,448,000 shares exercisable)	30,386,000	6.50-30.82	22.51	683,884,000
Options granted	5,263,000	24.88-39.94	37.87	199,309,000
Options canceled	(1,802,000)	6.50-35.06	23.45	(42,251,000)
Options exercised	(3,519,000)	6.50-30.82	19.25	(67,729,000)
January 31, 1998 (6,731,000 shares exercisable)	30,328,000	\$ 7.19-39.94	\$25.50	\$773,213,000

The weighted average remaining life of options outstanding as of January 31, 1998 was 7.5 years.

Shares available for option grants:

January 31, 1997	43,590,000
January 31, 1998	40,129,000

The following table summarizes information about stock options outstanding as of January 31, 1998.

Range of Exercise Prices	Number of Options	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
\$ 7.19 to 10.66	1,593,000	1.8	\$10.23	1,233,000	\$10.13
13.25 to 17.69	898,000	2.9	14.44	550,000	14.46
20.00 to 24.88	17,998,000	8.0	23.29	3,000,000	23.32
25.00 to 29.75	4,513,000	5.4	27.25	1,887,000	27.62
30.82 to 39.94	5,326,000	9.8	37.89	61,000	30.82
	30,328,000			6,731,000	

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### 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 \$596 million, \$561 million and \$531 million in 1998, 1997 and 1996, respectively. Aggregate minimum annual rentals at January 31, 1998, under non-cancelable leases are as follows (in millions):

Fiscal year	Operating leases	Capital leases
1999	\$ 404	\$ 347
2000	384	345
2001	347	344
2002	332	343
2002	315	340
Thereafter	2,642	3,404
Total minimum rentals	\$ 4,424	5,123
Less estimated executory costs		73
Net minimum lease payments		5,050

Less imputed interest at rates ranging from 6.1% to 14.0%	2,465
Present value of minimum lease payments	\$ 2,585

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to \$46 million, \$51 million and \$41 million in 1998, 1997 and 1996, 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 38 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 \$38 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, Brazil, Canada, Germany, Mexico and Puerto Rico, and through joint ventures in China.

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information," which the Company has adopted in the current year.

The Company identifies such 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 and China are consolidated using a December fiscal year end, generally due to statutory reporting requirements. 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, 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	\$ 22,002	\$ 3,864	\$ 7,390	\$ 12,128	\$ 45,384

### Wal-Mart Stores, Inc. Annual Report - Page 37

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	\$ 20,905	\$ 3,927	\$ 2,887	\$ 11,885	\$ 39,604

Fiscal year ended January 31, 1996	Wal-Mart Stores	SAM'S Club	International	Other	Consolidated
Revenues from external customers	\$ 66,271	\$ 19,068	\$ 3,712	\$ 4,576	\$ 93,627
Intercompany real estate charge (income)	1,075	339		(1,414)	
Depreciation and amortization	561	95	52	596	1,304
Operating income	4,562	480	(16)	221	5,247
Interest expense					888
Income before income taxes and minority interest					4,359
Total assets	\$ 19,292	\$ 3,875	\$ 2,305	\$ 12,069	\$ 37,541

International long-lived assets excluding goodwill are \$3,537 million, \$1,199 million and \$952 million in 1998, 1997 and 1996, respectively. Additions to international long-lived assets are \$2,401 million, \$317 million and \$747 million in 1998, 1997 and 1996, 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. 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)	Quarters ended			
	April 30, 1998	July 31,	October 31,	January 31,
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	\$.29	\$.35	\$.35	\$.57
1997				
Net sales	\$22,772	\$25,587	\$25,644	\$30,856
Cost of sales	18,032	20,336	20,416	24,726
Net income	571	706	684	1,095
Net income per share, basic and dilutive	\$.25	\$.31	\$.30	\$.48

## Wal-Mart Stores, Inc. Annual Report - Page 38

### REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated balance sheets of Wal-Mart Stores, Inc. and Subsidiaries as of January 31, 1998 and 1997, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended January 31, 1998. 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, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 1998, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP  
Ernst & Young LLP

Tulsa, Oklahoma  
March 24, 1998

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

Quarter Ended	Market Price of Common Stock			
	Fiscal years ended January 31,			
	1998		1997	
	Hi	Low	Hi	Low
April 30	\$29.88	\$23.13	\$24.50	\$20.88
July 31	\$38.56	\$28.25	\$26.25	\$22.88
October 31	\$38.75	\$32.19	\$28.13	\$24.50
January 31	\$41.75	\$36.06	\$27.00	\$22.13

Dividends Paid Per Share

Fiscal years ended January 31,  
Quarterly

	1998		1997
April 9	\$0.0675	April 8	\$0.0525
July 14	\$0.0675	July 8	\$0.0525
October 14	\$0.0675	October 7	\$0.0525
January 12	\$0.0675	January 17	\$0.0525

**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	51%	

## 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, 1998, included in the 1998 Annual Report to Shareholders of Wal-Mart Stores, Inc.

We also consent to the incorporation by reference of our report dated March 24, 1998, 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, 1998, in the following registration statements and related prospectuses.

Associate Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 2-64662
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

/s/ Ernst & Young LLP  
Ernst & Young LLP

Tulsa, Oklahoma  
April 21, 1998

## ARTICLE 5

PERIOD TYPE	YEAR
FISCAL YEAR END	JAN 31 1998
PERIOD END	JAN 31 1998
CASH	1,447
SECURITIES	0
RECEIVABLES	976
ALLOWANCES	0
INVENTORY	16,497
CURRENT ASSETS	19,352
PP&E	27,376
DEPRECIATION	5,907
TOTAL ASSETS	45,384
CURRENT LIABILITIES	14,460
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	224
OTHER SE	18,279
TOTAL LIABILITY AND EQUITY	45,384
SALES	117,958
TOTAL REVENUES	119,299
CGS	93,438
TOTAL COSTS	113,580
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	784
INCOME PRETAX	5,719
INCOME TAX	2,115
INCOME CONTINUING	3,526
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	3,526
EPS PRIMARY	1.56
EPS DILUTED	1.56

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