

# WAL-MART®

Annual Report 1995

## The Customer



## The Associate



## The Shareholder



*Always.*<sup>SM</sup>



**JAMES L. "BUD" WALTON**  
CO-FOUNDER

1921-1995

*"Of course, my number-one retail partner has been my brother, Bud. Bud's wise counsel and guidance kept us from many a mistake. Often, Bud would advise taking a different direction or maybe changing the timing. I soon learned to listen to him because he has exceptional judgment and a great deal of common sense."*

— Sam Walton

WE COULDN'T SAY IT BETTER THAN SAM. THE ENTIRE WAL-MART FAMILY WISHES TO DEDICATE THIS REPORT TO THE MAN WE KNEW SIMPLY AS MR. BUD, WHO WILL CONTINUE TO INSPIRE ALL ASSOCIATES WITH THE MEMORY OF HIS HIGH SPIRIT AND SELFLESS DEDICATION.

## FINANCIAL HIGHLIGHTS

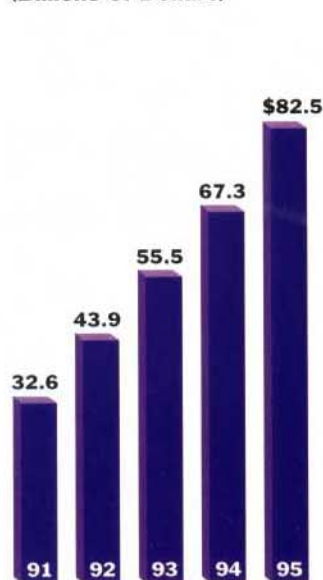
(Amounts in millions, except per share data.)

January 31,	1995	1994
Net sales	\$82,494	\$67,344
Net income	\$ 2,681	\$ 2,333
Net income per share	\$ 1.17	\$ 1.02
Shareholders' equity	\$12,726	\$10,753
Return on beginning shareholders' equity	24.9%	26.6%
Common stock outstanding at year end	2,297	2,299

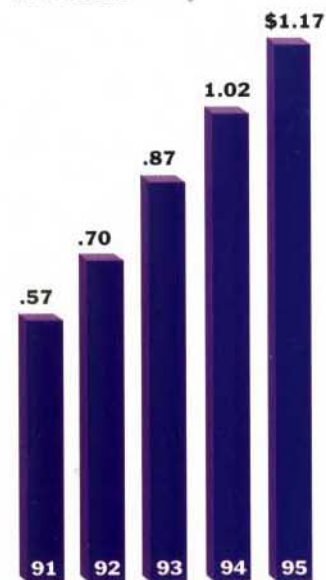
Stores in operation at year end:

	1995	1994
Wal-Mart Stores	1,990	1,953
Supercenters	143	68
Sam's Clubs	428	419
Wal-Mart Canada	123	—

**Net Sales**  
(Billions of Dollars)



**Earnings**  
Per Share



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THE PART OF OUR JOB WE LIKE BEST AT WAL-MART IS SATISFYING OUR CUSTOMERS.

WE'RE ALWAYS LISTENING TO OUR CUSTOMERS TO DECIDE

WHICH MERCHANDISE TO OFFER, HOW TO PRICE IT,

WHERE TO PUT IT IN OUR STORES AND HOW TO GET IT THERE EFFICIENTLY.

GIVING OUR CUSTOMERS THE BEST SHOPPING EXPERIENCE IS WAL-MART'S WAY.

AT OUR STORES, WE MAKE SURE

WE GREET OUR CUSTOMERS AS THEY WALK IN THE DOOR,

AND SO, TO THE READERS OF OUR ANNUAL REPORT,

# "Welcome."



**Coenen**

*...making sure  
you know you  
are Wal-Mart's  
most important  
customer.*

# OPERATING



# UNITS

### Wal-Mart Stores

Wal-Mart leads the discount store industry with value pricing and customer-focused merchandising in 1,990 stores in 49 states, with 90 to 100 units planned to open in fiscal 1996.

### Supercenters

Adding groceries to general merchandise, Supercenters are the company's fastest-growing concept, more than doubling to 143 units in fiscal 1995 and set to add 90 to 100 this year.

### Sam's Clubs

More than 425 units make Sam's the leader in the U.S. warehouse club industry, with growth occurring from the renewed emphasis on business customers as well as individuals.

	Wal-Mart Stores	Supercenters	Sam's Clubs	Distribution Centers	McLane's		Wal-Mart Stores	Supercenters	Sam's Clubs	Distribution Centers	McLane's
Alabama	69	6	8	1		North Dakota	8		2		
Alaska	3		3			Ohio	61		23	1	
Arizona	31		6	1	2	Oklahoma	65	13	6		
Arkansas	60	17	4	6		Oregon	17				
California	78		26	2	2	Pennsylvania	44	1	12	2	
Colorado	34	1	9	1	1	Puerto Rico	5		2		
Connecticut	4		3			Rhode Island	3		1		
Delaware	2		1			South Carolina	50		6	2	
Florida	120	8	34	1	1	South Dakota	8		1		
Georgia	81	3	15	1	1	Tennessee	79	7	9		
Hawaii	1		1			Texas	198	39	51	4	3
Idaho	7		1			Utah	11		5	1	2
Illinois	102	2	24		1	Virginia	41	1	9	1	2
Indiana	67	3	14	2		Washington	9		2		1
Iowa	45		5	1		West Virginia	12		3		
Kansas	43	1	5			Wisconsin	50		11	1	
Kentucky	65	3	5			Wyoming	9		2		
Louisiana	67	8	9			<b>Total U.S.A.</b>	<b>1,990</b>	<b>143</b>	<b>428</b>	<b>30</b>	<b>19</b>
Maine	18		3			Hong Kong(Value Clubs)			3		
Maryland	15		10			Mexico	63*	11	22		1
Massachusetts	16		5			Ontario	42				
Michigan	36		22			New Brunswick	4				
Minnesota	31		9			Newfoundland	7				
Mississippi	49	8	4	1	1	Nova Scotia	6				
Missouri	88	19	11		1	Manitoba	9				
Montana	5		1			Saskatchewan	8				
Nebraska	15	2	3			Alberta	14				
Nevada	7		2			NW Territory	1				
New Hampshire	14		4			British Columbia	12				
New Jersey	11		5			Quebec	20				
New Mexico	19		3			Total Canada	123				
New York	37	1	16	1	1	<b>Grand Total</b>	<b>2,176</b>	<b>154</b>	<b>453</b>	<b>30</b>	<b>20</b>
North Carolina	80		12			*Includes 3 Superamas, 23 Bodegas, 4 Aurreras, 29 Vips restaurants and 4 Suburbias					

# SUPPORT



# DIVISIONS

### Distribution Centers

Thirty regional or food distribution centers and other specialized facilities provide cost-effective deliveries. In aggregate, they shipped about 980 million cases of merchandise in fiscal 1995.

### McLane Company

With over 36,000 customers, McLane is the nation's largest distributor of food and merchandise to convenience stores and serves selected Wal-Marts, Sam's Clubs and Supercenters.

### International

Wal-Mart's value pricing and quality emphasis transcend borders. There are 123 Wal-Mart stores in Canada, 96 units in Mexico and three clubs in Hong Kong, with units set to open in Argentina, Brazil and China in fiscal 1996.



*Nearly 20,000 friends assemble at Wal-Mart's annual meeting of shareholders. Like this annual report, it's an opportunity to share information with shareholders, Associates—most of whom also are shareholders—and others who care about Wal-Mart.*

# Dear Friends,

Fiscal 1995 represented another impressive year of strong double-digit growth in sales, net income and earnings per share, as our 622,000 Associates responded admirably to a highly competitive retail environment.

During the year we committed almost \$4.5 billion to capital spending, which will position us for continued growth not only in sales, but more importantly in profits. This strong commitment included:

- Opening 111 new Wal-Mart discount stores, and relocating or expanding 60 additional stores, enhancing our premier retail position in the U.S.;
- Completing the conversion of 99 Pace stores to Sam's Clubs and opening 22 new Sam's, further strengthening our industry leadership position;
- Converting 122 Woolco stores to Wal-Mart discount stores in Canada and opening one new store, marking a successful entry into that attractive North American market;

- Opening 75 Supercenters, more than doubling the total to 143 at year end;
- Expanding selectively into international markets, including 24 Clubs and Supercenters in Mexico and three "Value Clubs" in Hong Kong.

## **Net Income Up 15 Percent**

Earnings for fiscal 1995 rose 15 percent to \$2.68 billion, or \$1.17 per share, from \$2.33 billion, or \$1.02 per share, the year before. Sales climbed 22 percent to \$82.5 billion from \$67.3 billion. The fourth quarter was particularly noteworthy since it marked the first time a retailer had earned \$1 billion in a three-month reporting period, as well as the 96th consecutive quarter of improved profits since we went public in 1970.

During those 24 years, net income growth usually approximated sales growth. This was not the case in fiscal 1995 because of our recent investments in Pace, operations in Canada and Mexico, and other international ventures, which should start contributing in fiscal 1996.

Reflecting its confidence in our company's prospects and the underlying value of our stock, the board of directors in January approved spending up to \$100 million to repurchase our common

*"During the year we committed almost \$4.5 billion to capital spending, which will position us for continued growth not only in sales, but more importantly in profits."*

stock. Additionally, in March the directors increased the quarterly dividend 18 percent to \$0.05 per share, the 22nd consecutive year of higher payouts.

### **Wal-Mart Store Gains**

Despite a myriad of obstacles, including intense competition, lackluster consumer demand for apparel, and a deflationary environment, the Wal-Mart discount stores achieved an impressive 10 percent same-store sales growth for fiscal 1995.

Other areas such as international expansion and Supercenter growth attract much attention and interest, and we remain optimistic about the long-term benefits of these opportunities. However, it is important to note that our core discount store business is the primary contributor to profits.

One of Wal-Mart's key strengths is our ability to satisfy the needs of the customer. For instance, while the majority of goods is the same at all Wal-Marts, local managers have responsibility to adapt the merchandise mix to their specific markets.

We have grouped our smaller discount stores into our new Hometown U.S.A. program. In this way we can give special attention to our customers in smaller markets and rural America, which represent our roots.

### **Supercenter Progress**

Our Supercenter concept, which combines groceries and general merchandise, continues to be enthusiastically accepted by customers who clearly like our brand of one-stop shopping. We plan to accelerate our Supercenter growth, opening 90 to 100 more in each of the next two years.

Operating results continue to exceed our expectations, with double-digit same-store sales gains and acceptable returns.

Not surprisingly, Supercenters have drawn the attention of customers and the

investment community alike. In fact, one securities analyst terms it "the hottest retail concept of the 1990s." We intend to lead the industry in the development of the Supercenter concept in the U.S.

### **Positioning Sam's Clubs**

During fiscal 1995 our Sam's Clubs made significant progress for continued growth in sales and, more importantly, improved profits. Not only were the Pace units assimilated into the organization, but also great strides were made in improving sales productivity and mitigating the negative impact on profitability.

On a broader scale, Sam's continued to refocus its efforts on the wholesale roots of the club industry. Merchandising and marketing efforts were refined to better meet the needs of business members while enhancing both value and the "treasure hunt" attraction of shopping at Sam's for individuals.

Clearly we recognize that certain warehouse club markets were saturated. However, consolidation occurred and our competitive posture strengthened. We con-

tinue to believe that significant growth remains possible in the warehouse club industry. While results in fiscal 1995 were not up to our ambitious goals, Sam's is solidly profitable. To paraphrase Mark Twain, "Reports of the death of the warehouse club industry are greatly exaggerated."

### **International Growth**

We are encouraged by our Canadian stores' results. The 122 former Woolco stores were "Wal-Martized" and the new Associates there readily embraced our corporate culture. The flavor of these stores is Canadian as evidenced by our "Buy Canadian" program, which mirrors our highly successful "Buy American" efforts, and the existence of a separate and distinct Canadian buying group. While not profitable for the entire year, the Canadian operations reported a small operating profit in the fourth quarter. We are confident our Associates can increase substantially the sales per square foot of these stores because of productivity gains and customer acceptance, which are exceeding our expectations.

Despite the recent economic difficulties in Mexico, we continue to believe that the long-term benefits of international development offset the earnings volatility and short-term risks. Due to the current environment in Mexico, we slowed new store openings but continue to identify new locations for development when economic conditions improve. Together with our partner, CIFRA, we intend to be the leading retailer in Mexico.

We continue to carefully explore other global opportunities. This year we will enter Argentina, Brazil and China.

### **Commitment to Diversity**

We are committed to equal employment opportunity for all qualified persons, regardless of race, color, religion, sex, national origin, age or disabil-

*"We are encouraged by our Canadian stores' results. The 122 former Woolco stores were 'Wal-Martized' and the new Associates there readily embraced our corporate culture."*

ity. In addition to communication and education within the corporation, we have implemented a number of diversity initiatives to increase the recruitment and promotion of women and minorities.

These initiatives include:

- A mentoring program encompassing more than 750 women and minority managers;
- A women's leadership group, in partnership with Herman Miller and ServiceMaster, to develop opportunities for high-potential female managers;
- A corporate internship program for high-caliber college students interested in retailing as a career, with more than 53 percent being women or minorities;
- Store internships during the summer for college students between their junior and senior years, with 70 percent being women or minorities.

#### Environmental Efforts

Likewise, caring for the environment has been a long-time corporate commitment. Throughout our system, each manager has access to Wal-Mart Foundation funds for projects such as local recycling efforts.

We will construct in Moore,

*“Sales should approximate \$97 billion in fiscal 1996... More importantly, we expect sales and earnings percentage gains for the year to track each other.”*

Oklahoma, a second environmental demonstration store, teaming with OG&E Electric Services to assure that energy systems and building design squeeze the maximum use from every energy dollar.

Energy savings are projected to exceed \$100,000, making this new Supercenter 30 percent more energy efficient than typical stores. Features will include: natural lighting via skylights; totally automated lavatories; countertops made

from recycled paper bonded with soybean protein, and an environmental education center. Our first “evergreen” store, in Lawrence, Kansas, provided valuable experience that we will incorporate in future new stores.

#### Fiscal 1996 Outlook

In fiscal 1996 we expect to reach 100 consecutive quarters of record sales and earnings. Sales should approximate \$97 billion in fiscal 1996. (Only three Fortune 500 companies, General Motors, Ford Motor and Exxon, have higher sales.)

More importantly, we expect sales and earnings percentage gains for the year to track each other. Our projection is based upon several key factors: continued gains for the Wal-Mart stores, an increase in operating earnings at Sam's Clubs and a meaningful contribution to profits from the Canadian stores.

We salute the hard work, dedication and commitment of all our Associates and the support and cooperation of our vendor-partners. All of us will continue to exceed the expectations of the customer. We are confident that these efforts will bring increased value for shareholders.

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



*David D. Glass*

David D. Glass  
President and Chief Executive Officer



*S. Robson Walton*

S. Robson Walton  
Chairman of the Board



*Donald G. Soderquist*

Donald G. Soderquist  
Vice Chairman and Chief Operating Officer

WHEN OUR CUSTOMERS WALK INTO A WAL-MART OR SUPERCENTER OR SAM'S CLUB,  
THEY EXPECT TO FIND THE MERCHANDISE THEY WANT AT PRICES THAT DELIVER VALUE.

THAT CONCEPT WORKS AS WELL IN ALASKA AND ALBERTA AS IN ARKANSAS.

# We Work For You.

WE THINK OF OURSELVES AS BUYERS FOR OUR CUSTOMERS,  
AND WE APPLY OUR CONSIDERABLE STRENGTHS TO GET THE BEST VALUE FOR YOU.

WE'VE BUILT WAL-MART BY ACTING ON BEHALF OF OUR CUSTOMERS,

AND THAT CONCEPT CONTINUES TO PROPEL US.

WE'RE WORKING HARD TO MAKE OUR CUSTOMERS' SHOPPING EASY.



**Brittany, Audrey,  
Floyd and Martel**

*Families with many  
demands on their  
time and wallets  
appreciate Wal-Mart  
for convenience,  
quality merchandise  
and low prices.*



In Pella, Iowa, along with the name-brand goods at value prices for which Wal-Mart is known, shoppers at Store #751 are likely to find special tulips and Dutch lace, befitting the community's heritage. In Mililani, Hawaii, cookware for oriental specialties and



snorkeling equipment occupy shelf space at Store #2126 Wintertime in Minot, North Dakota, finds Wal-Mart Associates at Store #1636 helping cus-

tomers crank up snow blowers and strap on skis.

In Chanute, Kansas, dairy farmers find their knee-high black boots alongside gates and panels for cattle pens at Store #111.



Each Wal-Mart, Supercenter and Sam's Club is planned for the people who shop there. That merchandising philosophy is the foundation on which Wal-Mart was built and continues to grow.

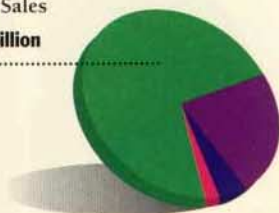
At Wal-Mart, **merchandising** is more than a process of stocking products customers buy. Very simply, throughout the Wal-Mart organization, we believe that our job is to **buy for our customers**, not just sell to them.

*"'Watch for Falling Prices' isn't just a slogan. It's a commitment to our customers."*

*Store signs call attention to price cuts brought about by aggressive buying and smart distribution.*

## "WAL-MART AT WORK"

Wal-Mart Discount Stores & Supercenters  
Total Sales  
**\$58 Billion**



**Number of Associates**  
405,000

**Operating Units**  
1990

**Planned Fiscal 1996 Openings**  
90-100

**Total Square Footage**  
174 million

**Average Number of Items**  
65,000-70,000

**Divisional Operating Profit**  
8.2% of Sales\*

**"Our core business is to focus on customers. If we do that well, they will continue to support us."**

\*Before interest and unallocated corporate overhead; includes Supercenters

**Bill Fields**  
President and Chief Executive Officer  
Wal-Mart Stores Division



Nothing fancy — but nothing short of extraordinary when it takes effect throughout our organization. Most importantly, it is evident in how our Associates view their relationship with their customers.



Having the customer as our boss means



that we understand the priorities and deliver satisfaction, not just service. We seek out the best possible prices and move merchandise

into the stores in the **most efficient manner** so that we can pass the savings along to our customers.



Because we're focused on the customer

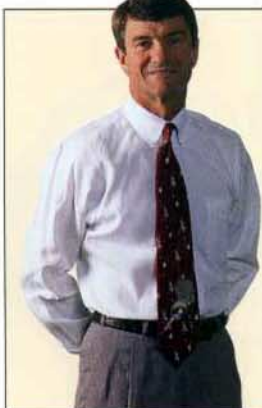
experience, everything else supports getting the job done for our customers and making sure they have a good time at their Wal-Mart, Supercenter and Sam's Club. Customers set our **priorities**. Respecting their expectations gives us our vitality.

In St. Robert, Missouri, near the Ft. Leonard Wood Army base, Store #21 joined the Committee of Fifty, local businesses helping young soldiers and their families adjust

*"Exceed your customers' expectations"*

*With groceries plus a full gamut of general merchandise, Supercenters make one-stop shopping a reality.*

"SUPERCENTERS AT WORK"



**Nick White**  
Executive Vice President of the Supercenter Division

**"Supercenters apply everyday low pricing to food shopping, a welcome advantage for customers."**

**Number of Associates**  
75,000

**Operating Units**  
143

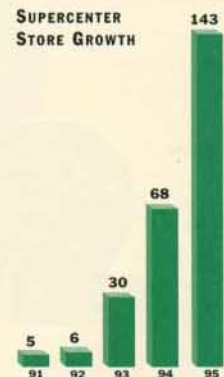
**Planned Fiscal 1996 Openings**  
90-100

**Total Square Footage**  
26 Million

**Geographic Coverage**  
19 states

**Food Distribution Centers**  
2

**SUPERCENTER STORE GROWTH**



to the military lifestyle. The store stocks lots of small and medium-sized garments for the physically fit soldiers and a large selection of housewares useful to young families setting up households nearby.

To be an effective **agent for the customer**, we have to know what the customer wants. That information helps us determine the roughly 85 percent of the merchandise that is common to all the stores and the 15 percent that reflects local preferences.

We're fairly direct about asking for our customers' opinions. Our best research is often what Associates learn when they ask the customers whether they are finding what they want, whether we're treating them

well and how we can serve them better.

On a regular basis our buyers assume the roles of store Associate and department manager. We think there's no better way to truly function as the customer's agent than to have the people who procure their merchandise be in **direct contact** with them. Senior managers and executives



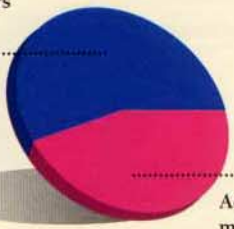

similarly spend many of their working hours in the stores, meeting with Associates and customers.

No other retailer matches Wal-Mart's

*"The customer comes ahead of everything else"*

*Listening to members helped refocus Sam's Clubs on the small business and wholesale markets.*

**"SAM'S CLUBS AT WORK"**

<p>Business members <b>55%</b></p>  <p>Advantage members <b>45%</b></p>	<p><b>Number of Associates</b> 68,000</p> <p><b>Planned Fiscal 1996 Openings</b> 9</p> <p><b>Total Square Footage</b> 52 Million</p>	<p><b>Total Sales</b> \$19 Billion</p> <p><b>Divisional Operating Profit</b> 3.9% of Sales*</p> <p><b>Average Number of Items</b> 3,500-4,000</p>	<p><b>"Our renewed emphasis on small businesses along with individual customers is fueling strong growth."</b></p>	 <p><b>Dean Sanders</b> President and Chief Executive Officer Sam's Clubs</p>
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\*Before interest and unallocated corporate overhead

Associates take orders by phone, and arrange for the merchandise to be flown to remote communities.

As agents for our customers, we expect to do more than serve them well; our guarantee is customer satisfaction — nothing less.

Associates at Store #1147 in Flippin, Arkansas, stayed after normal closing to accommodate a customer who had come to buy a card for his wife. He didn't make it into the store on time only because he went to the assistance of another customer who was installing her newly purchased battery in her car.

Achieving **customer satisfaction** is the focus of all Associates at Wal-Mart. It is apparent in the interaction between Associates and

customers. It is equally important in support activities like distribution, inventory tracking and coordination of promotional programs. Because Associates consider themselves the customer's agent, they make sure the merchandise is in the store when the customer wants it, at an attractive price, in a

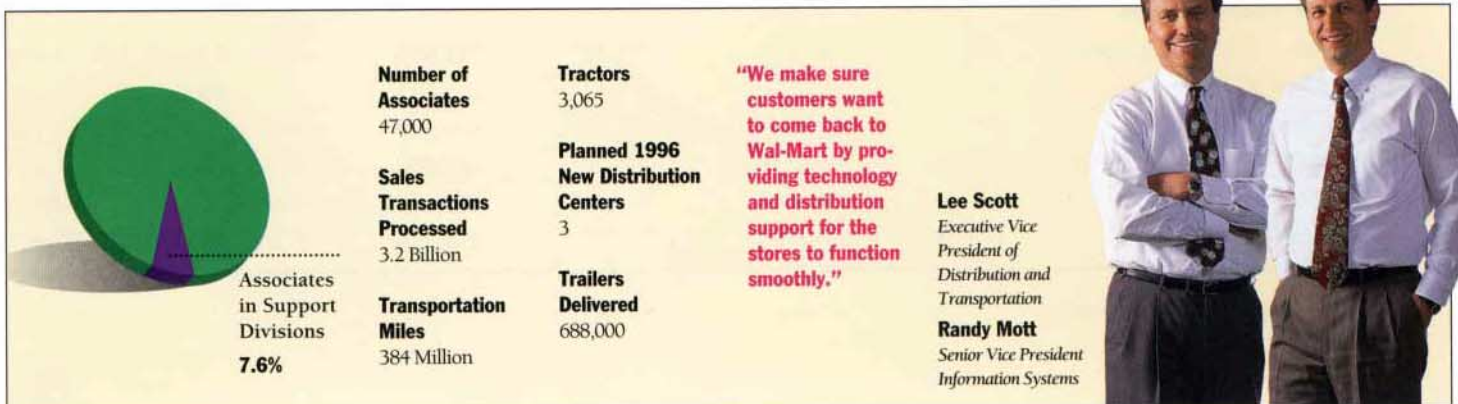


setting that makes it **easy** for the customer to buy. That's the foundation of customer satisfaction. For Wal-Mart Associates, that's just business as usual.

*"Our total objective is to serve our customers every time they are in our store."*

*Technology saves time for the customer and expedites merchandise handling from the warehouse through the register.*

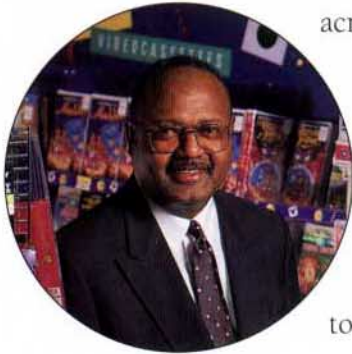
## "SUPPORT DIVISIONS AT WORK"



364 days a year in the field. Once a month, every month, we recap what customers are telling us and look for opportunities to put their comments into practice.



From community to community in the U.S. and



across national boundaries, customers' expectations are fairly consistent. They tell us they want shopping to be easy. They want quality

merchandise. They want **low prices**. In the store, they want to be treated well. And they prefer getting most of what they want in one stop.



That desire underlies the Supercenter concept.

These stores bring a new dimension to **convenience** by adding a fully stocked grocery store to the broad general merchandise selection. It's the same for Sam's Clubs, which bring convenience to small businesses

and individuals who buy in large quantities.

For Wal-Mart customers in Alaska, the convenience of one-stop shopping may mean a two-step process at Store #2074 in Wasilla.

*"The most important contact ever made is between the Associate and the customer."*

*Appreciation for value, service, quality and low prices knows no geographic boundaries.*

## "INTERNATIONAL INITIATIVES AT WORK"



**Bobby Martin**  
President and  
Chief Executive Officer  
Wal-Mart International  
Division

**"The Wal-Mart format is readily exportable because shoppers everywhere seek out value."**

**Number of Associates**  
27,000

**Operating Units**  
222

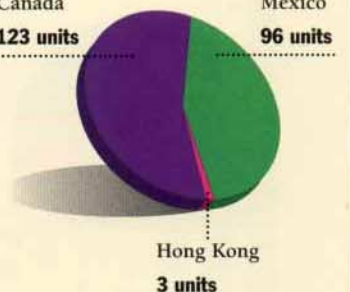
**Planned Fiscal 1996 Openings**  
20-25

**Number of Countries**  
3

**Planned New Markets**  
Argentina, Brazil and China

Canada  
**123 units**

Mexico  
**96 units**



# 11-Year Financial Summary

(Dollar amounts in millions except per share data.)	1995	1994	1993
<b>Operating Results</b>			
Net sales	\$82,494	\$67,344	\$55,484
Net sales increase	22%	21%	26%
Comparative store sales increase	7%	6%	11%
Other income — net	918	641	501
Cost of sales	65,586	53,444	44,175
Operating, selling, and general and administrative expenses	12,858	10,333	8,321
Interest costs:			
Debt	520	331	143
Capital leases	186	186	180
Provision for federal and state income taxes	1,581	1,358	1,171
Net income	2,681	2,333	1,995
Per share of common stock:			
Net income	1.17	1.02	.87
Dividends	.17	.13	.11
<b>Financial Position</b>			
Current assets	\$15,338	\$12,114	\$10,198
Inventories at replacement cost	14,415	11,483	9,780
Less LIFO reserve	351	469	512
Inventories at LIFO cost	14,064	11,014	9,268
Net property, plant, and equipment and capital leases	15,874	13,176	9,793
Total assets	32,819	26,441	20,565
Current liabilities	9,973	7,406	6,754
Long-term debt	7,871	6,156	3,073
Long-term obligations under capital leases	1,838	1,804	1,772
Preferred stock with mandatory redemption provisions	—	—	—
Shareholders' equity	12,726	10,753	8,759
<b>Financial Ratios</b>			
Current ratio	1.5	1.6	1.5
Inventories/working capital	2.6	2.3	2.7
Return on assets*	10.1%	11.3%	12.9%
Return on shareholders' equity*	24.9%	26.6%	28.5%
<b>Other Year-End Data</b>			
Number of Wal-Mart Stores	1,990	1,953	1,850
Number of Supercenters	143	68	30
Number of Sam's Clubs	428	419	256
Average Wal-Mart Store Size	87,600	83,900	79,800
Number of Associates	622,000	528,000	434,000
Number of Shareholders	259,286	257,946	180,584

\*On beginning of year balances.

1992	1991	1990	1989	1988	1987	1986	1985
\$43,887	\$32,602	\$25,811	\$20,649	\$15,959	\$11,909	\$8,451	\$6,401
35%	26%	25%	29%	34%	41%	32%	37%
10%	10%	11%	12%	11%	13%	9%	15%
403	262	175	137	105	85	55	52
34,786	25,500	20,070	16,057	12,282	9,053	6,361	4,722
6,684	5,152	4,070	3,268	2,599	2,008	1,485	1,181
113	43	20	36	25	10	2	5
153	126	118	99	89	76	55	43
945	752	632	488	441	396	276	231
1,609	1,291	1,076	838	628	451	327	271
.70	.57	.48	.37	.28	.20	.15	.12
.09	.07	.06	.04	.03	.02	.02	.01
\$ 8,575	\$ 6,415	\$ 4,713	\$ 3,631	\$ 2,905	\$ 2,353	\$1,784	\$1,303
7,857	6,207	4,751	3,642	2,855	2,185	1,528	1,227
473	399	323	291	203	154	140	123
7,384	5,808	4,428	3,351	2,652	2,031	1,388	1,104
6,434	4,712	3,430	2,662	2,145	1,676	1,303	870
15,443	11,389	8,198	6,360	5,132	4,049	3,104	2,205
5,004	3,990	2,845	2,066	1,744	1,340	993	689
1,722	740	185	184	186	179	181	41
1,556	1,159	1,087	1,009	867	764	595	450
—	—	—	—	—	—	5	6
6,990	5,366	3,966	3,008	2,257	1,690	1,278	985
1.7	1.6	1.7	1.8	1.7	1.8	1.8	1.9
2.1	2.4	2.4	2.1	2.3	2.0	1.8	1.8
14.1%	15.7%	16.9%	16.3%	15.5%	14.5%	14.8%	16.4%
30.0%	32.6%	35.8%	37.1%	37.1%	35.2%	33.3%	36.7%
1,714	1,568	1,399	1,259	1,114	980	859	745
6	5	3	—	—	—	—	—
208	148	123	105	84	49	23	11
74,700	70,700	66,400	63,500	61,500	59,000	57,000	55,000
371,000	328,000	271,000	223,000	183,000	141,000	104,000	81,000
150,242	122,414	79,929	80,270	79,777	32,896	21,828	14,799

# Management's Discussion and Analysis

## Results of Operations

### Revenues

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

Fiscal Year	Sales (in millions)	Total Company Increases	Comparable Store Increases
1995	\$82,494	22%	7%
1994	67,344	21%	6%
1993	55,484	26%	11%

The sales increase of 22% in fiscal 1995 compared with fiscal 1994 was attributable to 111 new stores, 6 new Supercenters, and 22 new Sam's Clubs; sales from the relocation or expansion of 69 existing Wal-Mart stores into Supercenters; comparative store sales increases of 7%; and the entry into the Canadian market through the purchase of 122 stores from Woolworth Canada, Inc., a subsidiary of Woolworth Corporation. Sam's Clubs sales as a percentage of total sales increased by 1.1%, part of which is attributable to the PACE units acquired in the fourth quarter of fiscal 1994. Supercenter sales as a percentage of total sales

increased by .5% and Canada store sales accounted for 1.5% of total sales.

The sales increase of 21% in fiscal 1994 compared with fiscal 1993 was attributable to 142 new stores, 1 new Supercenter, and 65 new Sam's Clubs; sales from the relocation or expansion of 37 existing Wal-Mart stores into Supercenters; comparative store sales increases of 6%; a 37% growth in the sales of the McLane Company, and the acquisition of 99 PACE Clubs in the fourth quarter. Sam's Clubs sales as a percentage of total sales decreased by .3% while the McLane Company sales as a percentage of total sales increased by .7%.

New Wal-Mart Stores and Sam's Clubs	1995	1994	1993
New Wal-Mart stores	111	142	161
New Supercenters	6	1	
Wal-Mart stores relocated or expanded to Supercenters	69	37	24
New Sam's Clubs	22	65	48
Acquired PACE clubs		99	
Acquired Canada Woolco stores	122		
New Canada stores	1		



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**Costs and Expenses**

Cost of sales as a percentage of sales increased .1% in fiscal 1995 as compared with fiscal 1994 and decreased .3% in fiscal 1994 as compared with fiscal 1993. The increase in fiscal 1995 is primarily due to a larger percentage of consolidated sales attributable to Sam's Clubs resulting in part from the addition of the PACE Clubs. The cost of sales in Sam's Clubs is significantly higher as a percentage of sales than in Wal-Mart stores due to a lower markup on purchases. The decrease in fiscal 1994 as compared with fiscal 1993 was due to a larger percentage of consolidated sales attributed to departments within Wal-Mart stores which have higher markon percents and increases in markon percents in Sam's Clubs and McLane Company.

Operating, selling, and general and administrative expenses as a percentage of sales increased .2% and .3%, respectively, in each of the last two fiscal years when compared with the previous year. The increase in fiscal 1995 was primarily attributable to the acquisition of the Canada stores and higher payroll and payroll-related benefit costs. The increase in fiscal 1994 was due principally to higher payroll and payroll-related benefit cost, depreciation costs

and certain occupancy costs in part attributable to the Company's expansion program.

**Interest Cost**

Interest cost increased in fiscal 1995 and 1994 due primarily to increased indebtedness in each of the years, which is attributable to the expansion program. The cost of short-term borrowing increased as average short-term borrowing rates increased approximately 1.4% in fiscal 1995 compared with fiscal 1994. Interest cost will increase in fiscal 1996 with the additional borrowing required to finance the expansion program. The Company may use short-term borrowing arrangements to take advantage of the most favorable financing rates. See Note 2 of Notes to Consolidated Financial Statements for additional information on interest and debt.

**Income Taxes**

The effective income tax rate was 37.1% and 36.8% in fiscal 1995 and 1994 respectively. See Note 4 of Notes to Consolidated Financial Statements for additional information on income taxes.

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**Liquidity and Capital Resources****Cash Flow Information**

Cash flow provided from operations was \$2.9 billion in fiscal 1995. These funds, combined with long-term borrowings of \$1.3 billion and proceeds from sale/leaseback transactions of \$.5 billion, were used to finance capital expenditures of \$3.7 billion, acquire the assets of 122 Canada Woolco stores, invest in international operations, pay dividends, provide working capital, and fund the operations of subsidiaries.

**Borrowing Information**

The Company had committed lines of credit of \$1,175 million with 11 banks and informal lines with various banks totaling an additional \$1,050 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 interim financing requirements for stores

developed with sale/leaseback or other long-term financing objectives.

The Company has aggressively expanded during the past three years. Even though interest rates increased throughout fiscal 1995, the Company has taken advantage of interest rates in the past three years which have been substantially lower than those available in recent history. These favorable debt market conditions, combined with the Company's ability to generate significant cash flows from operations, have allowed it to continue this expansion and position itself to continue as the world's largest retailer. These increased borrowings to support the expansion programs have caused the Company's debt (including obligations under capital leases) to equity ratios to increase to .77:1 at the end of fiscal 1995, as compared with .75:1 and .56:1 at the end of fiscal 1994 and 1993, respectively. In view of the Company's significant working capital, its consistent ability to generate working capital from operations and the availability of external financing, the Company foresees no difficulty in providing funds necessary to fulfill its working capital needs and to finance its expansion plans.

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**Foreign Currency Translation**

The Company has operations in Mexico through a joint venture with CIFRA, Mexico's largest retailer. In fiscal 1995 the value of the peso dropped significantly in relation to the dollar, and accordingly the Company's investment and shareholders' equity were reduced due to a foreign currency translation adjustment of approximately \$235 million related to the joint venture in Mexico. The Company also had a foreign currency translation reduction of approximately \$21 million related to its Canadian operation.

The Company is evaluating strategies to reduce the risk of currency devaluation. Although the Company is currently exposed to this risk, any further devaluation of the peso or other currencies should not significantly impact the Company's consolidated operations or financial position.

**Expansion**

The Company plans to continue to enhance its position as the world's largest retailer through expansion in fiscal 1996. Expansion plans include 90 to 100 new Wal-Mart stores, 12 new Supercenters and 9 new Sam's Clubs along with the expansion or relocation of approximately 70 Wal-Mart stores and 4 Sam's Clubs, and the conversion of approximately 80 Wal-Mart stores into Supercenters.

The Company will continue to develop its interests in Hong Kong, China, Argentina, Brazil and Canada with the planned addition of 20 to 25 new units. With the recent devaluation of the peso, the Company has slowed its planned expansion program in Mexico and will continue to evaluate future opportunities.

Also included in expansion plans for fiscal 1996 are three distribution centers. Total planned capital expenditures for 1996 approximate \$4 billion. The Company may sell \$1,051 million of public debt utilizing shelf registration statements previously filed with the Securities and Exchange Commission. Long-term and short-term borrowings along with cash provided from operations should provide adequate funding for the Company's fiscal 1996 expansion program.

# Consolidated Statements of Income

(Amounts in millions except per share data.)

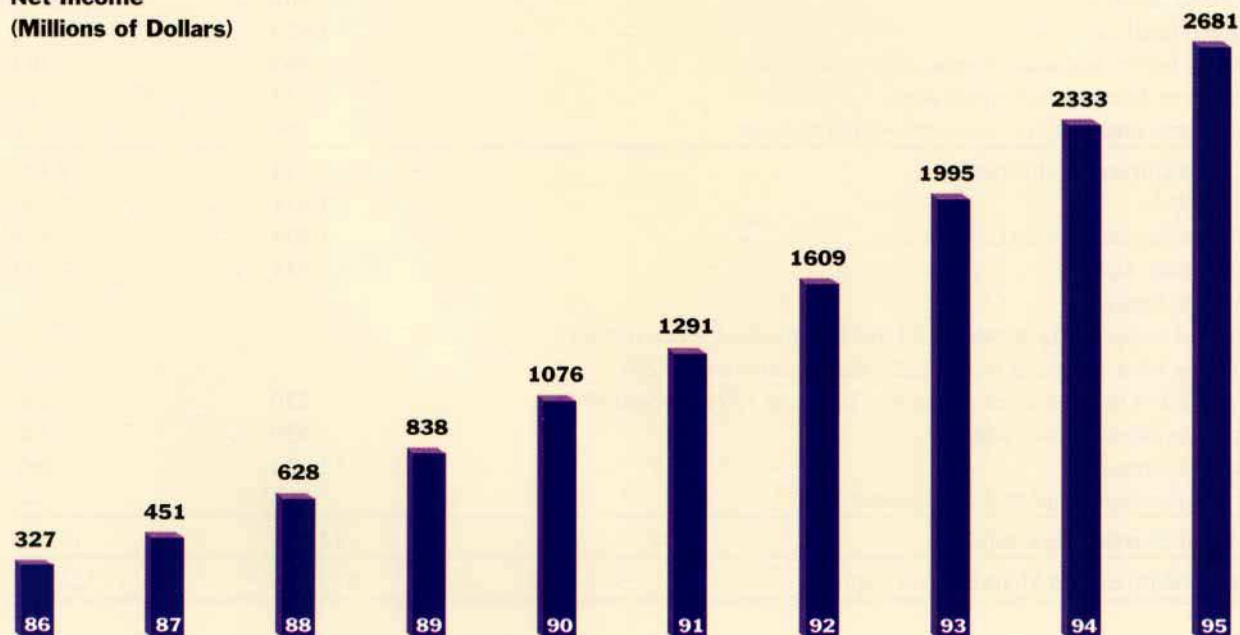
Fiscal years ended January 31,

	1995	1994	1993
<b>Revenues:</b>			
Net sales	\$82,494	\$67,344	\$55,484
Other income—net	918	641	501
	83,412	67,985	55,985
<b>Costs and Expenses:</b>			
Cost of sales	65,586	53,444	44,175
Operating, selling, and general and administrative expenses	12,858	10,333	8,321
<b>Interest Costs:</b>			
Debt	520	331	143
Capital leases	186	186	180
	79,150	64,294	52,819
<b>Income Before Income Taxes</b>	4,262	3,691	3,166
<b>Provision for Income Taxes:</b>			
Current	1,572	1,325	1,137
Deferred	9	33	34
	1,581	1,358	1,171
<b>Net Income</b>	\$ 2,681	\$ 2,333	\$ 1,995
<b>Net Income Per Share</b>	\$ 1.17	\$ 1.02	\$ .87

See accompanying notes.

## Net Income

(Millions of Dollars)



# Consolidated Balance Sheets

(Amounts in millions.)		
January 31,	1995	1994
<b>Assets</b>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 45	\$ 20
Receivables	700	690
Recoverable costs from sale/leaseback	200	208
Inventories:		
At replacement cost	14,415	11,483
Less LIFO reserve	351	469
Inventories at LIFO cost	14,064	11,014
Prepaid expenses and other	329	182
<b>Total Current Assets</b>	<b>15,338</b>	<b>12,114</b>
<i>Property, Plant, and Equipment, at Cost:</i>		
Land	3,036	2,741
Buildings and improvements	8,973	6,818
Fixtures and equipment	4,768	3,981
Transportation equipment	313	260
	17,090	13,800
Less accumulated depreciation	2,782	2,173
Net property, plant, and equipment	14,308	11,627
Property under capital leases	2,147	2,059
Less accumulated amortization	581	510
Net property under capital leases	1,566	1,549
<i>Other Assets and Deferred Charges</i>	1,607	1,151
<b>Total Assets</b>	<b>\$32,819</b>	<b>\$26,441</b>
<b>Liabilities and Shareholders' Equity</b>		
<i>Current Liabilities:</i>		
Commercial paper	\$ 1,795	\$ 1,575
Accounts payable	5,907	4,104
Accrued liabilities	1,819	1,473
Accrued federal and state income taxes	365	183
Long-term debt due within one year	23	20
Obligations under capital leases due within one year	64	51
<b>Total Current Liabilities</b>	<b>9,973</b>	<b>7,406</b>
<i>Long-Term Debt</i>	7,871	6,156
<i>Long-Term Obligations Under Capital Leases</i>	1,838	1,804
<i>Deferred Income Taxes</i>	411	322
<i>Shareholders' Equity:</i>		
Preferred stock (\$.10 par value; 100 shares authorized, none issued)		
Common stock (\$.10 par value; 5,500 shares authorized, 2,297 and 2,299 issued and outstanding in 1995 and 1994, respectively)	230	230
Capital in excess of par value	539	536
Retained earnings	12,213	9,987
Foreign currency translation adjustment	(256)	—
<b>Total Shareholders' Equity</b>	<b>12,726</b>	<b>10,753</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$32,819</b>	<b>\$26,441</b>

See accompanying notes.

# 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
<b>Balance — January 31, 1992</b>	1,149	\$115	\$626	\$ 6,249	\$ —	\$ 6,990
Net Income				1,995		1,995
Cash dividends (\$.11 per share)				(241)		(241)
Two-for-one stock split	1,150	115	(115)			—
Other	1		16			16
<b>Balance — January 31, 1993</b>	2,300	230	527	8,003	—	8,760
Net Income				2,333		2,333
Cash dividends (\$.13 per share)				(299)		(299)
Other	(1)		9	(50)		(41)
<b>Balance — January 31, 1994</b>	2,299	230	536	9,987	—	10,753
Net Income				2,681		2,681
Cash dividends (\$.17 per share)				(391)		(391)
Foreign currency translation adjustment					(256)	(256)
Other	(2)		3	(64)		(61)
<b>Balance — January 31, 1995</b>	2,297	\$230	\$539	\$12,213	\$(256)	\$12,726

See accompanying notes.

# Consolidated Statements of Cash Flows

(Amounts in millions.)

Fiscal years ended January 31,	1995	1994	1993
<b>Cash flows from operating activities:</b>			
Net income	\$2,681	\$2,333	\$1,995
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,070	849	649
Increase in accounts receivable	(84)	(165)	(106)
Increase in inventories	(3,053)	(1,324)	(1,884)
Increase in accounts payable	1,914	230	420
Increase in accrued liabilities	496	327	176
Other	(118)	(55)	28
Net cash provided by operating activities	2,906	2,195	1,278
<b>Cash flows from investing activities:</b>			
Payments for property, plant, and equipment	(3,734)	(3,644)	(3,756)
Acquisition of assets from PACE Membership Warehouses, Inc.	—	(830)	—
Acquisition of assets from Woolworth Canada, Inc.	(352)	—	—
Sale/leaseback arrangements and other property sales	502	272	416
Investment in international operations	(434)	(198)	(106)
Other investing activities	226	(86)	(60)
Net cash used in investing activities	(3,792)	(4,486)	(3,506)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in commercial paper	220	(14)	1,135
Proceeds from issuance of long-term debt	1,250	3,108	1,367
Dividends paid	(391)	(299)	(241)
Payment of long-term debt	(37)	(19)	(8)
Payment of capital lease obligations	(70)	(437)	(60)
Other financing activities	(61)	(40)	16
Net cash provided by financing activities	911	2,299	2,209
Net increase (decrease) in cash and cash equivalents	25	8	(19)
Cash and cash equivalents at beginning of year	20	12	31
Cash and cash equivalents at end of year	\$ 45	\$ 20	\$ 12
<b>Supplemental disclosure of cash flow information:</b>			
Income tax paid	\$1,390	\$1,366	\$1,173
Interest paid	658	450	317
Capital lease obligations incurred	193	162	286

See accompanying notes.

# Notes to Consolidated Financial Statements

## **I Summary of Significant Accounting Policies**

### **Segment information**

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

### **Consolidation**

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

### **Cash and cash equivalents**

The Company considers investments with a maturity of three months or less when purchased to be "cash equivalents."

### **Inventories**

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

### **Pre-opening costs**

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

### **Recoverable costs from sale/leaseback**

All costs of acquisition and construction of properties for which the Company plans to sell and leaseback within one year are accumulated in current assets until properties are sold.

### **Interest during construction**

In order that interest costs properly reflect only that portion relating to current operations, interest on borrowed funds during the construction of property, plant, and equipment is capitalized. Interest costs capitalized were \$70 million, \$65 million and \$80 million in 1995, 1994, and 1993, respectively.

### **Depreciation and Amortization**

Depreciation and amortization for financial statement purposes is provided on the straight-line method over the

estimated useful lives of the various assets. For income tax purposes, accelerated methods are used with recognition of deferred income taxes for the resulting temporary differences.

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

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

### **Income taxes**

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

### **Net income per share**

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

### **Stock options**

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

## 2 Commercial Paper and Long-term Debt

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

Fiscal year ended January 31,	1995	1994	1993
Maximum amount outstanding at month-end	\$2,729	\$2,395	\$2,315
Average daily short-term borrowings	1,693	1,247	1,184
Weighted average interest rate	4.4%	3.0%	3.5%

At January 31, 1995, the Company had committed lines of credit of \$1,175 million with 11 banks and informal lines of credit with various banks totaling an additional \$1,050 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):

	1995	1994
8¼% Notes due April 2001	\$ 750	\$ 750
5½% Notes due October 2005	750	750
9½% Notes due July 2000	500	500
5½% Notes due September 1997	500	500
6½% Notes due October 1999	500	500
5½% Notes due March 1998	500	500
6½% Notes due June 2003	500	500
7¼% Notes due June 2013	500	500
7¼% Notes due May 2004	500	—
7½%-8¼% Obligations from sale/leaseback transactions due 2014	484	—
7%-8% Obligations from sale/leaseback transactions due 2013	322	335
8% Notes due May 1996	250	250
6½% Notes due March 2003	250	250
6¼% Notes due October 2023	250	250
8% Notes due September 2006	250	—
8½% Notes due September 2024	250	—
6½% Eurobond due June 1999	250	—
5½% Eurobond due October 1998	250	250
10½% Debentures due August 2000	100	100
Other	215	221
	<b>\$7,871</b>	<b>\$6,156</b>

Long-term debt is unsecured except for \$220 million which is collateralized by property with an aggregate carrying value of approximately \$358 million. Annual maturities on long-term debt during the next five years are (in millions):

Fiscal years ending January 31,	Annual maturity
1996	\$ 23
1997	268
1998	523
1999	774
2000	806
Thereafter	5,500

The Company observes certain covenants under the terms of its note and debenture 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, 1995 are (in millions):

Fiscal years ending January 31,	Minimum Rentals
1996	\$ 81
1997	72
1998	76
1999	76
2000	104
Thereafter	1,109

The fair value of the Company's long-term debt approximates \$7,530 million based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying amount of the short-term borrowings approximates fair value.



At January 31, 1995 and 1994, the Company had letters of credit outstanding totaling \$580 and \$808 million, respectively. These letters of credit were issued primarily for the purchase of inventory.

The Company has guaranteed the indebtedness of a joint venture for the development of real estate in

Puerto Rico. At January 31, 1995, the amount guaranteed was approximately \$54 million. The Company does not anticipate any joint venture defaults.

Under shelf registration statements previously filed with the Securities and Exchange Commission, the Company may issue debt securities aggregating \$1,051 million.

### 3 Defined Contribution Plan

The Company maintains a profit sharing plan under which most full and many part-time Associates become participants following one year of employment. Annual contributions, based on the profitability of the Company, are made

at the sole discretion of the Company. Contributions were \$175 million, \$166 million, and \$166 million in 1995, 1994, and 1993, respectively.

### 4 Income Taxes

The Company prospectively adopted SFAS 109 as a change in accounting principle effective February 1, 1993; consequently, prior years' financial statements have not been restated. Due to the nature of the predominant cumulative differences in the Company's book and tax bases of assets and liabilities, which relate to items that were both timing

differences under Accounting Principles Board Opinion 11, "Accounting for Income Taxes" (APB 11), and temporary differences under SFAS 109, the cumulative impact of adoption was insignificant.

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

	1995	1994	1993
Current:			
Federal	\$1,394	\$1,193	\$1,002
State and local	178	132	135
Total current tax provision	1,572	1,325	1,137
Deferred:			
Federal	7	30	31
State and local	2	3	3
Total deferred tax provision	9	33	34
Total provision for income taxes	\$1,581	\$1,358	\$1,171

Deferred income taxes under SFAS 109 reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting pur-

poses and the amounts used for income tax purposes. Items that give rise to significant portions of the deferred tax accounts at January 31 are as follows (in millions):

	1995	1994
Deferred tax liabilities:		
Property, plant, and equipment	\$518	\$408
Inventory	88	38
Other	8	9
Total deferred tax liabilities	614	455
Deferred tax assets:		
Amounts accrued for financial reporting purposes not yet deductible for tax purposes	230	114
Capital leases	114	95
Other	33	18
Total deferred tax assets	377	227
Net deferred tax liabilities	\$237	\$228

The components of the provision for deferred income taxes under APB 11 for the years ended January 31, 1993 are (in millions):

	1993
Depreciation	\$ 68
Capital leases	(21)
Other	(12)
	<u>\$ 35</u>

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

	1995	1994	1993
Statutory tax rate	35.0%	35.0%	34.0%
State income taxes, net of federal income tax benefit	2.7%	2.4%	2.9%
Other	(0.6%)	(0.6%)	0.1%
Effective tax rate	<u>37.1%</u>	<u>36.8%</u>	<u>37.0%</u>

## 5 Acquisitions

In two unrelated cash transactions during fiscal 1994, the Company acquired selected assets of PACE Membership Warehouses, Inc., including the right to operate 107 of PACE's former locations, for \$830 million, recording \$336 million of goodwill which is being amortized over 25 years.

In fiscal 1995, the Company acquired selected assets related to 122 Woolco stores in Canada from Woolworth Canada, Inc., a subsidiary of Woolworth Corporation, for

approximately \$352 million, recording \$221 million of leasehold and location value which is being amortized over 20 years. These transactions have been accounted for as purchases, and the results of operations for the acquired units since the dates of their acquisitions have been included in the Company's results. Pro forma results of operations are not presented due to insignificant differences from the historical results.

## 6 Stock Option Plans

At January 31, 1995, 76 million shares of common stock were reserved for issuance under stock option plans. The options granted under the stock option plans expire

10 years from date of grant and may be exercised in nine annual installments. Further information concerning the options is as follows:

	Shares	Option price per share	Total
Shares under option			
January 31, 1992	13,618,000	\$ .67-27.25	\$142,763,000
Options Granted	4,072,000	\$25.75-30.82	118,430,000
Options Cancelled	(1,134,000)	\$ .67-30.82	(13,560,000)
Options Exercised	(2,092,000)	\$ .67-27.25	(12,773,000)
January 31, 1993	14,464,000	\$ 1.43-30.82	234,860,000
Options Granted	3,550,000	\$25.00-27.25	90,377,000
Options Cancelled	(803,000)	\$ 1.43-30.82	(17,325,000)
Options Exercised	(1,335,000)	\$ 1.43-30.82	(9,664,000)
January 31, 1994	15,867,000	\$ 1.43-30.82	298,248,000
Options Granted	4,125,000	\$21.63-26.75	95,689,000
Options Cancelled	(1,013,000)	\$ 1.43-30.82	(23,127,000)
Options Exercised	(1,019,000)	\$ 2.08-27.25	(7,829,000)
January 31, 1995 (4,223,000 shares exercisable)	17,969,000	\$ 2.78-30.82	\$362,981,000
Shares available for option:			
January 31, 1994	11,502,000		
January 31, 1995	58,107,000		

## 7 Long-term Lease Obligations

The Company and certain of its subsidiaries have long-term leases for stores and equipment. Rentals (including, for certain leases, amounts applicable to taxes, insurance, maintenance, other operating expenses, and contingent rentals)

under all operating leases were \$479 million in 1995, \$361 million in 1994, and \$313 million in 1993. Aggregate minimum annual rentals at January 31, 1995, under non-cancelable leases are as follows (in millions):

Fiscal years	Operating leases	Capital leases
1996	\$ 386	\$ 252
1997	403	251
1998	386	251
1999	334	249
2000	318	247
Thereafter	3,155	2,785
Total minimum rentals	<u>\$4,982</u>	<u>4,035</u>
Less estimated executory costs		80
Net minimum lease payments		3,955
Less imputed interest at rates ranging from 6.1% to 14.0%		2,053
Present value of net minimum lease payments		<u>\$1,902</u>

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to \$42 million, \$27 million, and \$30 million in 1995, 1994, and 1993, respectively. Substantially all of the store leases have renewal options for additional terms from five to 25 years at the same or lower minimum rentals.

The Company has entered into lease commitments for land and buildings for 62 future locations. These lease commitments with real estate developers or through sale/leaseback arrangements provide for minimum rentals for 20 to 25 years, excluding renewal options, which, if consummated based on current cost estimates, will approximate \$58 million annually over the lease terms.

## 8 Quarterly Financial Data (Unaudited)

Amounts in millions (except per share information)	Quarters ended			
	April 30,	July 31,	October 31,	January 31,
1995				
Net sales	\$17,686	\$19,942	\$20,418	\$24,448
Cost of sales	14,063	15,960	16,201	19,362
Net income	498	565	588	1,030
Net income per share	\$ .22	\$ .25	\$ .26	\$ .45
1994				
Net sales	\$13,920	\$16,237	\$16,827	\$20,360
Cost of sales	11,017	12,963	13,308	16,156
Net income	451	496	519	867
Net income per share	\$ .20	\$ .22	\$ .23	\$ .38

# Report of Independent Auditors

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

**W**e have audited the accompanying consolidated - balance sheets of Wal-Mart Stores, Inc., and Subsidiaries as of January 31, 1995 and 1994, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended January 31, 1995. 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, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 1995, in conformity with generally accepted accounting principles.

*Ernst + Young LLP*

Tulsa, Oklahoma  
March 24, 1995

# Responsibility for Financial Statements

**T**he financial statements and information of Wal-Mart Stores, Inc., and Subsidiaries presented in this Report have been prepared by management which has responsibility for their integrity and objectivity. These financial statements have been prepared in conformity with generally accepted accounting principles, applying certain estimates and judgments based upon currently available information and management's view of current conditions and circumstances.

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

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

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

*Paul R. Carter*

Paul R. Carter  
Executive Vice President and Chief Financial Officer

# Corporate Information

## Registrar and Transfer Agent

Boatmen's Trust Company  
510 Locust Street  
Post Office Box 14768  
St. Louis, Missouri 63178  
800/456-9852

## Independent Auditors

Ernst & Young LLP  
3900 One Williams Center  
Tulsa, Oklahoma 74172

## Listings

New York Stock Exchange  
Stock Symbol: WMT

Pacific Stock Exchange  
Stock Symbol: WMT

Toronto Stock Exchange  
Stock Symbol: WMT

## Corporate Address

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

Telephone:  
501/273-4000

## Form 10-K and Other Reports

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995, as filed with the Securities and Exchange Commission, may be obtained without charge by writing to:

## 10-K Report

Wal-Mart Stores, Inc.  
Bentonville, Arkansas  
72716-8611  
or by calling:  
501/273-8446

## Quarterly Reports

Beginning May 1, 1995, you may obtain the most recent quarterly financial data and current press releases via fax (or mail) by calling 800/WAL-MART.

## Diversity Report

A report on diversity programs may be obtained by writing the Company.

## Annual Meeting

Our Annual Meeting of Shareholders will be held on Friday, June 2, 1995, at 10:00 a.m. in Bud Walton Arena on the University of Arkansas campus, Fayetteville, Arkansas. You are cordially invited to attend. A proxy statement, including a request for proxies, will be mailed to shareholders in early May 1995.

## Market Price Of Common Stock

Quarter	Fiscal years ended January 31,			
	1995		1994	
	High	Low	High	Low
April 30	\$29.13	\$24.00	\$34.00	\$26.38
July 31	25.88	22.75	28.50	24.88
October 31	26.00	22.75	27.25	23.50
January 31	24.13	20.88	29.88	24.38

## Dividends Paid Per Share

Quarter	Fiscal years ended January 31,			
	1995		1994	
	High	Low	High	Low
April 14	\$0.0425		April 9	\$0.0325
July 8	0.0425		July 9	0.0325
October 3	0.0425		October 4	0.0325
January 5	0.0425		January 5	0.0325

## Trustees

5½%, 5½%, 5½%, 6½%, 6½%, 6½%, 6½%, 7¼%, 7½%, 8%, 8%, 8½%, 8½%  
Notes, and \$107,000,000 of the Mortgage Notes:  
First National Bank of Chicago  
One First National Plaza  
Suite 126  
Chicago, Illinois 60670

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

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

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

6½% Eurobonds:  
First National Bank of Chicago  
First Chicago House  
90 Long Acre  
London, England WC2E9RB  
United Kingdom

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

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

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

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

Pass Through Certificates 1994-A-1-8.57%  
1994-A-2-8.85%  
1994-B-1-8.45%  
1994-B-2-8.62%  
First National Bank of Chicago  
One First National Plaza  
Suite 126  
Chicago, Illinois 60670

# Servant Leaders

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## Board of Directors

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

**Paul R. Carter**  
Executive Vice President and  
CFO  
Wal-Mart Stores, Inc.

**John A. Cooper, Jr.**  
Chairman of the Board  
Cooper Communities, Inc.

**Robert H. Dedman**  
Chairman of the Board  
Club Corporation  
International

**David D. Glass**  
President and CEO  
Wal-Mart Stores, Inc.

**Frederick S. Humphries**  
President  
Florida A & M University

**F. Kenneth Iverson**  
Chairman of the Board  
and CEO  
Nucor Corporation

**Elizabeth A. Sanders**  
The Sanders Partnership

**Jack C. Shewmaker**  
Retired Vice Chairman,  
Wal-Mart Stores, Inc.  
Consultant

**Donald G. Soderquist**  
Vice Chairman and COO  
Wal-Mart Stores, Inc.

**John T. Walton**  
Chairman of the Board  
SATLOC, Inc.

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

## Committees of the Board

### EXECUTIVE COMMITTEE

Paul R. Carter  
David D. Glass  
Donald G. Soderquist  
S. Robson Walton

### AUDIT COMMITTEE

David R. Banks  
F. Kenneth Iverson  
Elizabeth A. Sanders

### STOCK OPTION COMMITTEE

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

### COMPENSATION COMMITTEE

John A. Cooper, Jr.  
Robert H. Dedman

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## Corporate Officers

**Samuel M. Walton** (1918-1992)  
Founder

**David D. Glass**  
President and  
Chief Executive Officer

**S. Robson Walton**  
Chairman of the Board

**Donald G. Soderquist**  
Vice Chairman and  
Chief Operating Officer

### EXECUTIVE VICE PRESIDENTS

**Paul R. Carter**  
Chief Financial Officer

**William R. Fields**  
President and CEO,  
Wal-Mart Stores Division

**Bobby L. Martin**  
President and CEO,  
International Division

**Dean L. Sanders**  
President and CEO,  
Sam's Club Division

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

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

**Nick White**  
Supercenter Division

### SENIOR VICE PRESIDENTS

**James L. Walton** (1921-1995)  
Co-Founder

**Randall Mott**  
Information Systems

**Ed Nagy**  
Store Planning

**Coleman Peterson**  
Human Resources

**Charles Rateliff**  
Benefits Administration

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

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

### VICE PRESIDENTS

**Walter Anderson**  
**Rick Dalzell**  
**Kevin Turner**  
Information Systems

**Dave Burghart**  
Store Planning

**John Bell**  
Distribution Personnel

**Jimmy M. Wright**  
Distribution

**Wayne Cox**  
Construction

**Larry Duff**  
Transportation

**J. J. Fitzsimmons**  
Finance

**Martin G. Gilbert**  
Assistant General Counsel and  
Assistant Secretary

**Ronald A. Williams**  
Assistant General Counsel

**David H. Gorman**  
Loss Prevention

**Paul V. Higham**  
Marketing and Sales  
Promotion

**Robert J. Murphey**  
International Construction and  
Facility Maintenance

**William E. Newberg**  
Risk Management

**Carl Ownbey**  
Real Estate

**Don E. Shinkle**  
Corporate Affairs

### OTHER CORPORATE OFFICERS

**Terri Bertschy**  
Treasurer

**Sally Stroud Varner**  
Assistant General Counsel

# Servant Leaders

## Wal-Mart Stores

### EXECUTIVE VICE PRESIDENT

*Chief Operating Officer – Operations*  
Joe Hardin

### SENIOR VICE PRESIDENTS

*Merchandising*  
David Dible  
J. R. Campbell  
Vanessa Castagna  
Lewis Ray Hobbs  
John Lupo

*Operations*  
David Jackson  
Mel Redman  
Kendall Schwindt  
Larry E. Williams  
Wesley C. Wright

### VICE PRESIDENTS

*Merchandising*  
Greg Bailey  
Stephen M. Bailey  
Brent Berry  
Mike Bratcher  
William DuBose  
Ken Eaton  
Don S. Harris  
Chuck Kerby  
Debbie Kocks  
Bill Long  
Terry Price  
Beth Schommer  
Mike Smith  
Carl L. White  
Jim Woodruff

*Operations*  
Donald C. Bland  
Mike Cockrell  
Lawrence E. Fennell  
Edwin Fountain  
Robert L. Hart  
Milburn E. Hudnall  
Mike Huffaker  
Todd Libbra  
Joe Mains  
Marianne McDonough  
Duane G. Naccarato  
Thomas R. Putnam  
Rick Russell  
Don Swann  
Andrew H. Wilson  
William Wulfers  
Eric Zorn

*P.O.S. Replenishment*  
Bryan Banks

*Inventory Management*  
Robert T. Bruce

*Merchandise Planning*  
Chris Callahan

*Personnel, Training and Development*  
Maxie Carpenter

## Sam's Clubs

### SENIOR VICE PRESIDENTS

*Marketing and Administration*  
Suzanne Allford

*Operations*  
Jim H. Haworth

### VICE PRESIDENTS

*Merchandising*  
John Cowgur  
Adam DaCosta  
Richard L. Jones  
John Kuzniewski  
Bradley W. Link  
Brad Thomson  
Jerry Duane Wilson

*Operations*  
Randy Edwards  
Kenny Folk  
Don Hitt  
Gary Nebinger  
David Simpson  
Steve Tiernan

*Marketing*  
Barbara Brown

*Membership*  
Jim McGrath

*People Division*  
Celia Swanson

## International

### SENIOR VICE PRESIDENTS

*Chief Operating Officer*  
Millard Barron

*Chief Operating Officer - China/Hong Kong*  
Joe Hatfield

### VICE PRESIDENTS

*Chief Operating Officer - South America*  
Arthur Emmanuel

*Sam's International*  
Eddie Frail

*General Merchandise Manager*  
Roger Gildehaus

*Information Systems*  
Doyle Graham

*Food Merchandising*  
Pete Netzel

*Development*  
Mark Schmidt

*International Logistics*  
Lee Stucky

*Chief Administrative Officer*  
Bill Woodard

## Supercenter Division

### SENIOR VICE PRESIDENT

*Operations*  
Mark Schwartz

### VICE PRESIDENTS

*Merchandising*  
Donald Cannon  
Harold Miller

*Operations*  
Robert Erickson  
Leroy Schuetts  
Joseph J. Tapper

## Specialty Division

*Senior Vice President*  
Thomas M. Coughlin

*Vice Presidents, Pharmacy*  
Clarence Archer  
Doug Degn

*Operations*  
Jim Martin

*Vice President, Jewelry & Shoes*  
*Operations*  
David York

*Vice President, Jewelry*  
Richard Blickstead

*Chairman and Chief Executive Officer, Shoes*  
William Hutcheson

*Vice President and General Merchandise Manager, Shoes*  
Joe Delacruz

*Vice President, Tire Lube Express*  
Mike Bennett

*Vice President, Optical*  
Ron Hoyt

## McLane

### PRESIDENT AND CHIEF EXECUTIVE OFFICER

William G. Rosier

### SENIOR VICE PRESIDENTS

*Administration*  
Neil W. McCarty

*Grocery Operations*  
Terry McElroy

*Logistics and Special Divisions*  
James L. Kent

### VICE PRESIDENTS

*Inland Region*  
Gary Bittner

*Merchandising*  
Bill Fendrick

*Finance and Accounting, Treasurer*  
R. D. Harger

*Construction and Design*  
Ronald G. King

*Governmental Affairs and Taxation*  
Kevin J. Koch

*New Market Development*  
James Leonard

*Marketing*  
Roger Grogman

*Sales*  
Jerry Rose

*Coastal Region*  
Jim Sanders

*Human Resources*  
Francesca Souza

*General Counsel*  
Michael P. Puryear

## Wal-Mart Canada Inc.

*President and Chief Executive Officer*  
R. Bruce West

*Vice Presidents*  
John Berrington  
Anne Calder  
Mario Pillozzi

*Vice President, Operations*  
Jim Dawdy



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50% total recovered fiber  
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# Giving Back to the Community



Community service is part of the mindset of Wal-Mart Associates. They are people who want to be involved in their communities, who take the idea of customer service beyond the store into community life.

The Wal-Mart Planting Crew from Store #1815 in Fresno, California, landscapes public areas and plants trees along city streets and highways. At Store #752 in Pasadena, Texas, Associates gathered one weekend to clean up a three-mile stretch of the parkway in front of their store. The event led to a commitment to take part in the area's adopt-a-highway program each year. Local playgrounds are the clean-up target for the "Trash Force" task force at Store #826 in

Farmington, New Mexico.

In Milford, Delaware, Store #1741 raised money for boys' and girls' clubs with an afternoon of \$5 haircuts. The seven Wal-Marts and Sam's Clubs in Connecticut joined forces to raise money for the summer 1995 Special Olympics.

Sam's Club #6682 and Wal-Mart #1699 led Layton,



Utah, in a celebration for a three-year-old with a terminal congenital heart condition. The party came complete with clowns and face painters and led to a ride on the local fire truck, fulfilling the child's fondest wish. Associates at Store #1856 in Bangor, Maine, held a horseback ride-a-thon for Operation Liftoff, which grants wishes for children with terminal illnesses. In Bathurst, New Brunswick, Associates held bake sales, auctions, car

washes and rock-a-thons to raise money for the Children's Wish Foundation and the pediatric wing of the local hospital. The next project for Store #3003 is an up-to-date playground for the local elementary school.

Diabetes research was the focus of a "jail and bail" fund-raiser at Store #1793 in Amherst, New Hampshire.

A parking lot carnival at Store #1474 in Yuma, Arizona, raised money for the Hospice of Yuma and its programs helping terminally ill patients and families.

Wherever we live, Associates are bringing customer service to higher levels as we reach beyond the stores and into the communities we call home.

