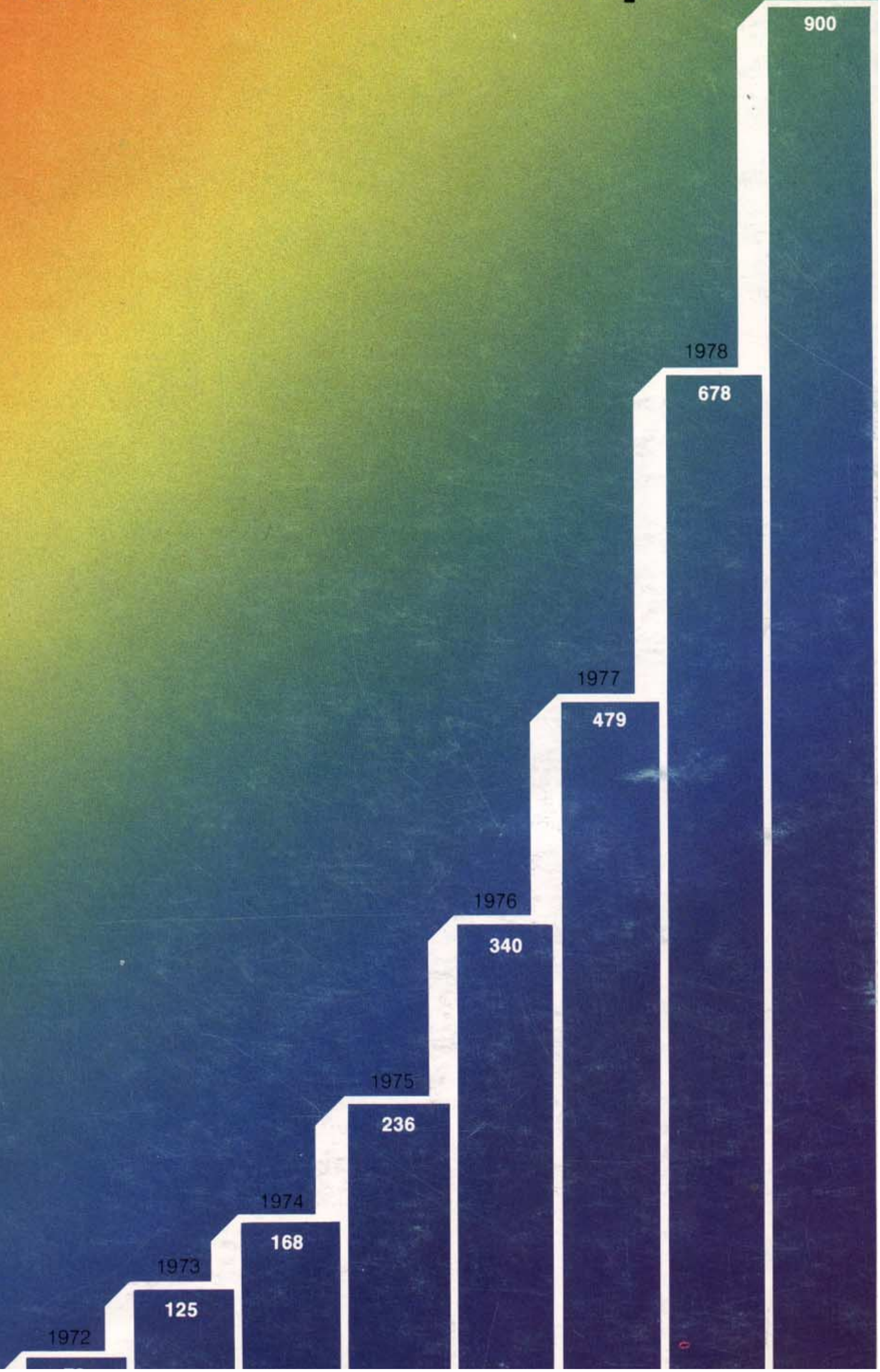
Wal-Mart Stores, Inc. Annual Report 1979

NET SALES
In millions of dollars



FINANCIAL HIGHLIGHTS

TWO-YEAR COMPARISON

	1979	1978*	Percentage Change
Current assets	**$191,860,000**	$150,986,000	+ 27.1
Current liabilities	**98,868,000**	74,891,000	+ 32.0
Working capital	**92,992,000**	76,095,000	+ 22.2
Current ratio	**1.94**	2.02	
Stockholders' equity	**$127,476,000**	$ 96,482,000	
Number of shares outstanding	**15,079,383**	14,867,711	

FIVE-YEAR FINANCIAL REVIEW

	1979	1978*	1977*	1976*	1975*
Net sales	**$900,298,000**	$678,456,000	$478,807,000	$340,331,000	$236,209,000
Income before income taxes	**56,772,000**	40,847,000	30,857,000	22,057,000	11,521,000
Net income	**29,447,000**	21,191,000	16,039,000	11,132,000	5,995,000
Net income per share:					
Primary	**$1.93**	$1.48	$1.15	$ .80	$ .45
Fully diluted	**1.93**	1.41	1.08	.77	.45
Number of stores in operation at the end of the period	**229**	195	153	125	104

*All financial information has been restated to reflect the retroactive application of Statement of Financial Accounting Standards No. 13.

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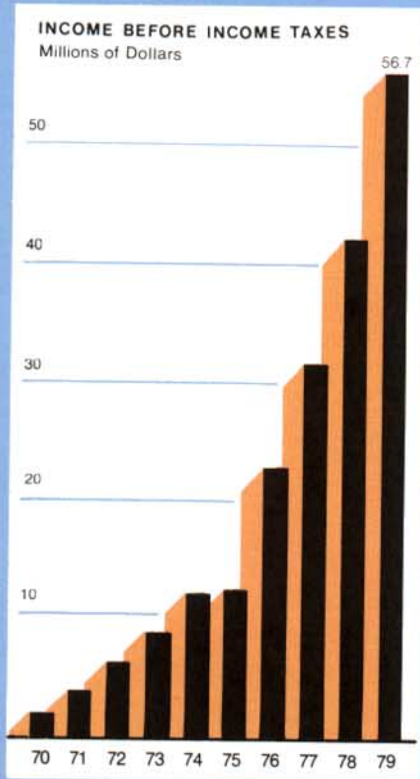
Wal-Mart Stores, Inc.

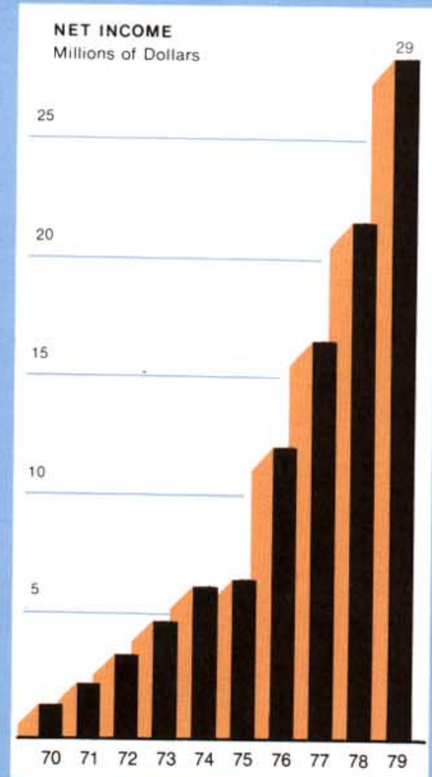
is a progressive chain of discount department stores operating regionally in ten central and southern states. Headquarters is Bentonville, Arkansas, and the 229 stores are located primarily in small communities like Bentonville.

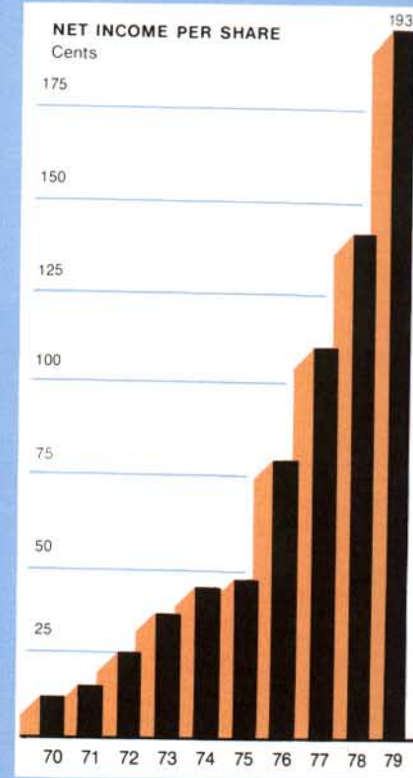
Every Wal-Mart Discount City sells a large selection of quality merchandise at low prices, and customer satisfaction is guaranteed. Softline products account for 30 percent of sales and hardline goods 70 percent. Each store features 36 departments including automotive, housewares, family apparel, hardware, pharmaceuticals, sporting goods, toys, garden supplies and electronics. The stores vary in size from 30,000 to 83,000 square feet. The common stock of Wal-Mart Stores, Inc. has been publicly traded since October, 1970. The Company's stock (WMT) is traded on the New York Stock Exchange.

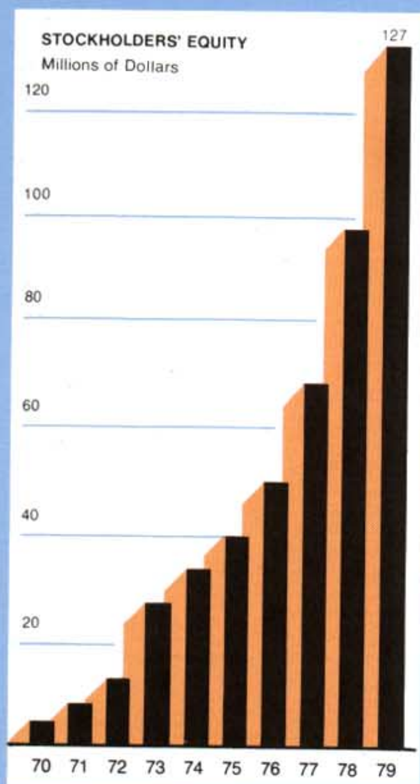
WAL-MART ENDS YEAR WITH 229 STORES

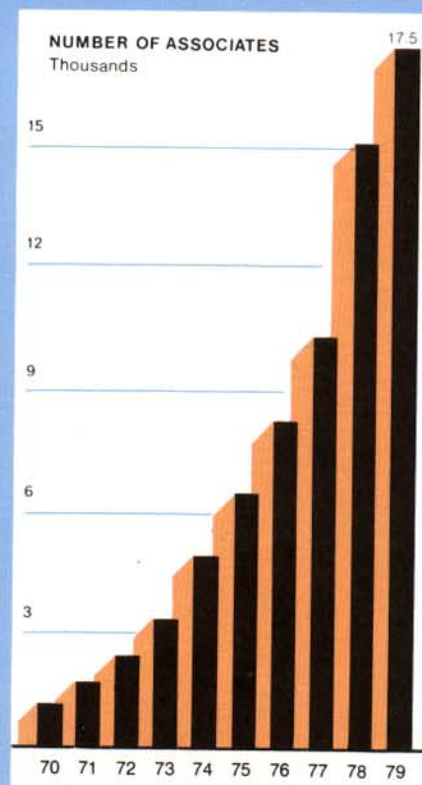
GRAPHIC HIGHLIGHTS

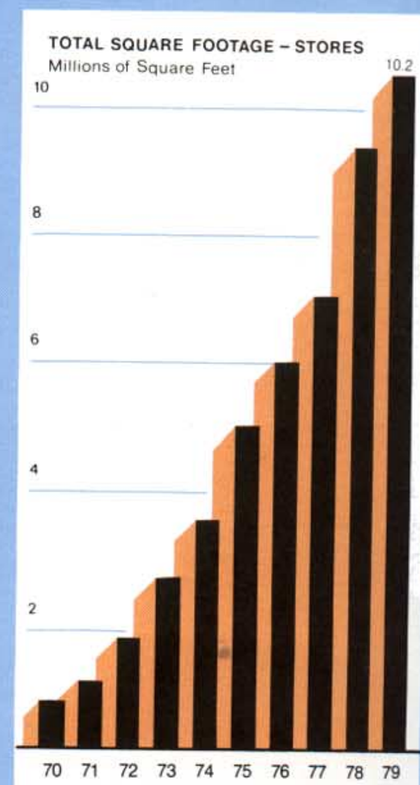












TO OUR SHAREHOLDERS

Your Company, again, achieved record-breaking sales and earnings for fiscal 1979. Since 1970, earnings have improved each year at a compound annual rate of 45 percent.

Sales for the year increased to \$900,300,000, or 33 percent, over the \$678,500,000 reported for fiscal 1978. Net earnings after taxes increased 39 percent — from \$21.2 million to \$29.4 million. On a fully diluted basis, net earnings amounted to \$1.93 per share, compared with \$1.41 per share last year which has been restated to reflect the application of Statement of Financial Accounting Standards No. 13 which requires capitalization of certain leases.

Subsequent to year end, at the board meeting in March, the Company's Directors increased the annual dividend rate 36 percent to 30 cents per share, compared with 22 cents previously paid. The Company's policy is to increase its stockholders' participation in profits through increases in the common stock dividend. The remainder of our profits is employed to internally finance your Company's continued expansion program. This approach has created a return on stockholders' equity of 30 percent for the last five years, far above the industry average.

The Company's financial condition is stronger than at any time in our history. Net worth passed the 100 million dollar mark, increasing from 96.5 million to a very solid 127.5 million dollars. Your management believes that our Company's assets are properly distributed and place the Company in an excellent position to attain management's goals for the coming year.

During fiscal 1979, most of management's goals were achieved. Some of our accomplishments were as follows:

Jack C. Shewmaker Sam M. Walton David Glass

- Opened 35 new stores and enlarged or relocated eight stores, adding 1,600,000 square feet of new retail space and increasing our total square footage to 10,200,000. The one remaining Sav-Co Home Improvement Center in Mountain Home, Arkansas was closed during the year, which resulted in a net increase of stores from 195 to 229 as of January 31, 1979.
- Acquired our primary shoe lessee effective October 1, 1978, for 134,258 Wal-Mart common shares. This fully-owned, but separately-operated division, contributed \$11,773,000 to sales (for the period owned) and \$546,000 to pretax profits.
- Constructed and began operation of a new 390,000 square foot distribution center in Searcy, Arkansas. Currently, this facility processes and distributes the merchandise for over 40 percent of our stores.
- Established a fully-owned, separate division for distributing hobby and crafts merchandise. This division improved stores' in-stock position and direct-operating profits while also contributing additional internal profits.
- Started a fully-owned and operated in-store Pharmacy Division with seven units.
- Developed and implemented a test program on Auto Service TBA

Centers (Tires, Batteries and Accessories) with two centers in operation. These two installations and a limited number of future units will be incorporated into the basic store's configuration.

- Established and effectively operated a central Claims Center, where all defective merchandise is processed for savings in handling and freight costs.
- Implemented a comprehensive management training and development program on our Company's merchandising concepts and procedures.
- Increased comparable stores' sales by 10.5 percent while reducing average inventory investment.
- Established a fully-owned and operated Jewelry Division which began operation in 48 stores and made a significant contribution to total Company profitability.

Midyear, a significant change was announced in our management structure. Mr. Ferold G. Arend, formerly President and Chief Operating Officer, became Vice Chairman and a consultant to the Company while retaining his position as a Director. In this capacity, Mr. Arend will continue to serve on the Executive Committee. Even though he is not expected to devote full time to his present responsibilities, Mr. Arend will provide invaluable consultation to all areas of our Company's operation.

Concurrently, Mr. Jack C. Shewmaker, formerly Executive Vice President, Merchandise, Operations and Personnel, was elected President and Chief Operating Officer.

During the year, Mr. S. Robson Walton joined our Company on a full-time basis as Senior Vice President, Director, Secretary and General Counsel. Mr. Sidney A. McKnight, retired President of Montgomery Ward & Co., Incorporated, was elected to our Board of Directors.

Your Company's management has established goals for fiscal 1980 which will continue our aggressive, well-planned program of growth. Included in these goals are the following individual objectives:

- Add 40 new stores, and relocate, expand or remodel 15 existing stores which will increase our Company's total retail space by over two million square feet.
- Build and equip an additional 390,000 square foot distribution center in Bentonville, Arkansas that will begin operation in early 1980.
- Increase the amount of space devoted to quality-control checking and price-marking of softlines from its present 45,000 square feet to over 140,000 square feet.
- Construct a new 16,000 square foot facility that will accommodate the latest technological advancements in data processing equipment.
- Further expand our comprehensive management training and development program that will prepare over 300 associates for increased management responsibilities.
- Further improve the presentation of our ready-to-wear merchandise in order to increase the sales and profits of this important part of our merchandising program.

The year 1979 will present many challenges to our Company. Your management is very concerned about inflation and its overall effect on our nation's economy. As in the past, we are developing programs designed to resist cost increases and to control operational expense areas with specific emphasis on energy conservation, in-store productivity, more efficient distribution systems and a total concern for waste control. We are planning our inventories and expense structure for continued growth in existing store sales and to accommodate our stated new store objectives. We believe that these controls will help to minimize any adverse effect on the Company.

In 1979 (fiscal 1980) our Company will exceed one billion dollars in sales. This will be achieved in keeping with our five-year plan announced in early 1975. For the most part, our growth has been funded through internal profitability. This will continue. Your Company's programs, management team and overall marketing position are in excellent condition. We, your Company's management, have every reason to expect continued improvement in the four very important areas of Return on Equity, Return on Capital, Sales Growth and Earnings Growth.

We extend sincere thanks to our shareholders, customers, vendors and associates who have contributed significantly to this highly successful year. With your continued support and dedication, we feel confident that we can achieve the challenging goals we have set for the current year.

Sam M. Walton
Chairman and Chief Executive Officer

Jack C. Shewmaker
President and Chief Operating Officer

David Glass
Executive Vice President, Finance

WAL-MART STORES, INC.

Company Profile

Wal-Mart Stores, Inc. is a rapidly expanding regional chain of retail discount department stores that had 229 stores as of January 31, 1979, operating in a ten-state area: 54 in Arkansas, 11 in Illinois, 9 in Kansas, 3 in Kentucky, 6 in Louisiana, 13 in Mississippi, 61 in Missouri, 42 in Oklahoma, 10 in Tennessee, and 20 in Texas. The General Office is located in Bentonville, Arkansas.

While Wal-Mart stores are located primarily in small communities with the majority having populations ranging from 5,000 to 25,000, the Company does operate stores in Little Rock, Arkansas, and Springfield, Missouri, and has a few stores located close to the metropolitan areas of Dallas, Kansas City, Oklahoma City, Memphis, Tulsa and St. Louis.

Wal-Mart is proud of its growth and achievements since its first discount store opened 17 years ago, but even prouder that the Company has never altered its original business principles of low everyday prices and guaranteed customer satisfaction. In 1945, Sam Walton opened his first variety store, under the Ben Franklin franchise, in Newport, Arkansas. One year later, Mr. Walton was joined by his brother, J. L. (Bud) Walton, now Senior Vice President, who later opened a similar store in Versailles, Missouri. The brothers went on to assemble a group of 15 Ben Franklin stores between 1946 and 1962, and subsequently developed the concept of larger discount department stores in smaller communities. This concept led to the opening of the first Wal-Mart Discount City in Rogers, Arkansas, in 1962. Wal-Mart Stores, Inc. has been publicly-owned since October, 1970, and the Company's stock (WMT) is traded on the New York Stock Exchange.

In 1978, thirty-five new Wal-Mart stores celebrated Grand Openings.

Aerial photograph shows expansion of Wal-Mart's General Office and two Distribution Centers located in Bentonville, Arkansas.

Store Expansion Program

An unprecedented achievement in growth occurred during the fiscal year ended January 31, 1979. Thirty-five new stores were opened, five stores were expanded, three stores were relocated, and one store — the only remaining Sav-Co Home Improvement Center in Mountain Home, Arkansas — was closed on March 24, 1978. The 229 stores in operation at year-end totaled 10,200,000 square feet — an increase of 1,600,000 square feet of new store space during 1978. The stores range in size from 30,000 to 83,000 square feet, with the average size being 45,000 square feet. The Company adjusts its merchandise flow, store design, and any specialized accounting procedures for each store regardless of size or location. This ability to adapt, depending on the size of the community, is a strong competitive advantage. No store is located further than a day's drive (450 miles) from Wal-Mart's headquarters or distribution centers, ensuring prompt delivery of merchandise and a close working relationship between the corporate staff and store management.

Wal-Mart had a grand reopening at its first "Super Store" in November, 1978, when 23,000 square feet were added to the 60,000 square foot Wal-Mart Discount City in Springdale, Arkansas. Currently, the store in Rogers, Arkansas, the home of the Company's first store, is being enlarged from 60,000 to 93,000 square feet. Upon completion, this store, like the one in Springdale, will include specialty programs such as an Auto Service TBA Center (Tires, Batteries and Accessories) and a pharmacy. These specialty departments are being considered for other selected Wal-Mart stores.

Store expansion continues to be a vital characteristic of Wal-Mart. The Company remains optimistic about its ability to expand in the present economic climate. Slowdowns in the economy, historically, have not hampered our Company's growth. With locations primarily in the popular sunbelt states, the Company expects to continue its rapid expansion program. In 1979, 40 new stores are scheduled to open — almost one a week.

Store Management

Wal-Mart management does not dictate all decisions from headquarters. Good judgment and creativity are encouraged and rewarded throughout the Company. An experienced store manager and two or more assistant managers direct operations in each store. The Company has developed a training program for managers, assistant managers, department managers, and sales associates. In addition to on-the-job training, there are audio-visual programs for each store, regular training seminars held at the General Office, and Company manuals prepared on improved methods of store operation. Wal-Mart's policy has always been to

In most communities, the Wal-Mart store is the largest retailer.

The Company's year-end meeting, held at Lake of the Ozarks in 1979, brought together store managers and assistant managers with their spouses, vendors and headquarters' management.

J. L. (Bud) Walton joins the ribbon-cutting ceremonies at the new store in Brookfield, Missouri.

promote from within the Company. Most managers have been trained by Wal-Mart.

Inside the Store

Wal-Mart stores sell a wide selection of quality merchandise at low everyday retail prices. Regardless of store size, customers will find 36 full-line departments, including automotive, housewares, family apparel, pharmaceuticals, sporting goods, garden supplies, toys and electronics. Nationally advertised merchandise accounts for the majority of hardline sales, and less than five percent of the over 35,000 SKU's (stock keeping units) carried are under the Wal-Mart private label.

Wal-Mart stores provide a "world of convenience" to shoppers ranging from flexible shopping hours to speedy checkout lanes, layaway purchase plans, *Master Charge* and *Visa* charge cards and customer check-cashing courtesy cards. The Company has uniform, low prices, and when necessary to meet any competition, it will reduce a price to maintain its policy of everyday low prices. Wal-Mart endeavors to increase consumer confidence with efficiently operated service desks where refunds, exchanges, rain checks, and complaints are quickly handled to ensure its policy of "guaranteed customer satisfaction."

Acquisitions

The 16 Mohr Value stores which were acquired in August, 1977, have been successfully integrated with the Wal-Mart store design and merchandise selections. The sales and profit performance of these stores continues to improve. Effective October 1, 1978, the Company acquired the Hutcheson Wholesale Shoe Company of Ft. Smith, Arkansas. Hutcheson operated leased departments in 190 Wal-Mart stores at that time. Wal-Mart is pleased to continue its partnership with Hutcheson and anticipates significant growth in its family shoe departments.

The Family Shoe Department is one of the Company's most popular specialty departments.

President Jack Shewmaker and Sam and Helen Walton share in the celebration of the expansion and relocation of one of the earliest Wal-Mart stores, Number 12 in Claremore, Oklahoma.

Distribution of Merchandise

The speed of our merchandise flow from manufacturer to store was greatly enhanced in July, 1978, when a mechanized warehouse and distribution complex opened in Searcy, Arkansas. The facility covers 390,000 square feet and is designed with an advanced conveyor system to expedite the flow of merchandise. This large facility now serves approximately 100 Wal-Mart stores and has increased the present distribution and warehouse space to over 900,000 square feet. As new stores open, warehouse and distribution needs continue to grow. Therefore, an additional 390,000 square foot complex is underway in Bentonville, Arkansas, similar to the facility in Searcy. It is scheduled to be in operation by the end of this fiscal year.

A crucial link in Wal-Mart's distribution system is its highly efficient trucking operation. These 120 trucks and 123 full-time drivers, regularly pulling away from one of the three distribution terminals, deliver merchandise throughout the ten-state region. Each store receives two or more deliveries a week. Dedicated drivers — who hauled over 24,500 loads of merchandise and drove over 10,750,000 miles last year with an enviable safety record — figure strongly in Wal-Mart's superior system of making sure sufficient quantities of merchandise are available to customers each day.

PERSONNEL AND TRAINING DIVISION

To sustain its growth, Wal-Mart expects to hire 300 additional management associates to begin their training program in 1979. A priority in recruiting will be to select those individuals who are qualified, trainable, and aspire to professional careers in retail management, both in store management and in other areas of retailing. Additionally, the Company's expansion program will provide immediate management opportunities to many capable, dedicated associates who have been trained and identified as capable of assuming greater responsibilities.

Wal-Mart has always provided outstanding benefits for its associates, including a Profit Sharing Plan that received over $2,900,000 as a corporate contribution this year — an increase of 41 percent over last year. All Wal-Mart associates have excellent security through competitive wage scales, pleasant working conditions, and a fine benefit program which includes comprehensive life and health insurance, sick leave, bereavement pay, paid vacations, holiday pay, discounts on purchases, and a Monthly Investment Plan.

Wal-Mart's truck dispatcher keeps the freight rolling from three Distribution Centers day and night.

The Searcy Distribution Center uses the efficient and highly mechanized Rapistan System to convey merchandise going to over 100 Wal-Mart stores.

Over 17,500 Wal-Mart associates join together in ten states to "make the difference" to our customers.

All clothing is inspected for quality and price ticketed prior to shipment to the Company's stores.

LOSS PREVENTION DIVISION

The emphasis of Wal-Mart's Loss Prevention Division has shifted and expanded during the last year. To further reduce loss in unaccounted for inventory, the Company has broadened its loss prevention programs to gain the total involvement of associates throughout the Company. Following the wise adage about an "ounce of prevention," this division set out with the cooperation of the Training Department to develop programs and procedures explaining the benefits to be gained by each associate and customer from reduced losses. Every store has formed a Loss Prevention Committee made up of associates. The Committee meets on a regular basis to bring to management's attention more effective ways of controlling losses. In fact, not only in the stores, but within every division throughout the Company, associates are actively involved and totally committed to an improved performance in loss prevention.

MERCHANDISE AND SALES DIVISION

All hallways at Wal-Mart's headquarters lead to the Merchandise and Sales Division. This diverse department — responsible for the quality and selection of merchandise found in a Wal-Mart store — made an impressive contribution to our company's 33 percent sales increase. Each of the 36 merchandise departments increased sales over last year.

At the store level, Wal-Mart's policy allows each store to order and control

Wal-Mart customers come in all sizes.

Wall-to-wall savings are found under one roof in all 229 Wal-Mart stores.

a majority of its inventory to better accommodate local customers. This flexibility also added to the total sales performance. In response to customer preferences, the Company will enlarge the selection of name-brand items and continue to sell them at the lowest possible prices. Qualified and talented associates from the stores participated in the Buyer Training Program that was initiated this year to support the experienced staff of buyers at headquarters.

Advertising and Sales Promotion Department

Wal-Mart's Advertising and Sales Promotion Department directs and monitors the individual store's advertising program and produces Seasonal Merchandise Guides to assist in better merchandising. The Company utilizes four primary advertising media: newspaper, multi-page circulars, television and radio.

The cost of advertising — a legitimate concern of customers — has always been foremost in Wal-Mart's budget considerations. With lowest possible prices everyday as the Company's promise to customers, it will not allow advertising costs to move retail prices above those of its competitors. While Wal-Mart controls advertising costs from corporate headquarters, each store has its own advertising dollars and expense budget. A percentage of this budget, which varies according to store size, is spent at the discretion of the store manager on advertising items of special interest or popularity locally, to sponsor civic programs and public events, or to reach more specialized markets. This independence and flexibility, as well as some exceptionally successful company-wide promotional contests, enhance the advertising program. Flexibility is built into the advertising program to consider the specific needs of customers from Texas to Illinois. Special promotions such as fishing and boat shows, hunting and fishing competition, and gardening contests are not unusual in Wal-Mart stores.

Last year, 13 full-color circulars were created announcing company-wide special bargains and concerted sales programs. Three and one-half million copies were printed and distributed for each event. Wal-Mart's expansion program of locating clusters of stores throughout its marketing area has not only provided a clear identity in name and value recognition, but also has resulted in a tremendous savings in advertising expense. For example, every home within a 20-mile radius of any store can be reached through one or more of the Company's advertising outlets. Wal-Mart's total market saturation is exceptional among regional retail operations.

Customers know they can depend upon Wal-Mart's policies of low everyday prices on quality merchandise and guaranteed satisfaction.

Talented artists at headquarters design and illustrate all advertising for newspapers, circulars, and television.

The Company's print shop skillfully handles printing assignments for the entire Company.

The Company recognizes the responsibility of management to provide all store associates with the most current and most vital information for good retailing. Distribution of coordinated advertising and display programs well in advance of their launching on the sales floor ensures significant advertising results. For example, Seasonal Merchandise Guides are prepared from the suggestions given by the Advertising and Sales Promotion staff, management, buyers, and store associates in order to maximize sales, improve store appearance, and aid shopper convenience.

In the area of cooperative advertising, Wal-Mart has expanded and trained a special staff to work with national manufacturers to maximize the potential in this area and to obtain the greatest available advertising allowance. The result of these efforts is another example of Wal-Mart saving money in order to save its customers money.

Fashion Distribution Center

Intricately connected with the computer communication system, Wal-Mart's Fashion Distribution Center has controlled and improved the buying and replenishing of expanded fashion departments. Utilizing a computer-programmed split-ticket system of marking, over a half million fashion tickets can be received in an average week and quickly evaluated by buyers. Items are premarked and inspected for quality before leaving the distribution center to ensure the condition of merchandise and uniform, low prices in all stores.

Buying decisions, reorders on hot-selling items, markdown percentages, and the automatic replenishment program can be calculated rapidly and more accurately. To the unpredictable world of fashion — characterized by trends and whims over size, color, and texture — this

Latest fashions for the entire family can be found in every Wal-Mart store.

sophisticated system brings immediate sales history information and stability.

CLAIMS CENTER

Wal-Mart continually looks for ways to keep its cost-of-operation low and efficient. In 1978, a central Claims Center was established. Individual stores no longer ship returns or recalls directly to a manufacturer. To streamline this large-volume operation, the Company has consolidated all returned, recalled, or damaged merchandise at a central point according to vendor line. This saves the Company and our vendors numerous expenses, gives our stores faster reimbursements, and relieves store associates of a time-consuming task to allow better store operation.

DATA PROCESSING AND COMMUNICATIONS DIVISION

Computer Communications

Under construction, adjacent to Bentonville headquarters, is a 16,000 square foot computer center scheduled to open in July, 1979. Wal-Mart's sophisticated communication network, which exchanges messages with each store in minutes and enables headquarters to have better communication with 229 stores than when there were only 40 stores, requires a controlled environment. As soon as a new store building is completed, a store computer terminal, IBM 3774, is one of the first items installed.

The stores and warehouses communicate almost around the clock. Over a half million item reactions can be handled through the General Office weekly. Data is transmitted over telephone lines. The storage capacity in each computer is mammoth: orders, company-wide payroll for over 17,500 associates, daily sales from each of the 36 departments, bank deposits, estimated sales figures, reports on hot-selling items, personnel records, warehouse inventory and the cross communication of all of these is available. The main components are two IBM 370s, Model 148.

A computer development group sets priorities on projects and studies the constant changes in computer technology. The aim of this department, in addition to rapid company communication, is to refine the information acquired and render it more useful and easier to read. Computer specialists and management con-

Wal-Mart's Pharmacy Division now includes seven company-owned and fifty-five leased pharmacies.

In the spring, Wal-Mart's Garden Centers spread to the parking lot to provide a greater variety of plants, shrubs and trees.

Self-Service Gasoline Stations are an increasingly familiar sight at Wal-Mart.

stantly evaluate programmed data for accuracy, simplicity and usefulness. As a result, outdated reports can be discontinued immediately and necessary adjustments can be made to improve existing computer programs. The financial savings and the number of personnel hours saved daily by using the computer center is incalculable — even by the computer.

Word Processing Center

Over the last five years, Wal-Mart has developed a sophisticated centralized correspondence center. A highly trained staff types, edits and proofs over 8,500 documents monthly. Utilizing the most advanced equipment: IBM Mag Card Typewriters; IBM Information Processors that can type, file, alphabetize and categorize on command; and Ink Jet Printers that can print 92 characters per second, this department makes a valuable contribution to Wal-Mart's communications network. Telephone-recording units complete the line of communications between field operations and the General Office. Any associate can dial the central line, dictate any length memorandum, have it automatically recorded by the telephone and minutes later the message is being typed for distribution. Continually expanding in technology and talent, the Word Processing Center has proven not only a cost-saver but an essential link between store operations and headquarters, in addition to serving the General Office.

Regardless of distances between stores and headquarters, the line of communication is always open.

Two IBM 370-148 computers record performance of each store daily.

TEN-YEAR SUMMARY

Wal-Mart Stores, Inc. and Subsidiaries

(Dollar amounts in thousands except for per share data)

EARNINGS	1979	1978
Net sales	**$900,298**	$678,456
Leased department rentals and other income — net	**9,615**	7,767
Cost of sales	**661,062**	503,825
Operating, selling and general and administrative expenses	**188,592**	139,278
Interest and debt expense	**3,487**	2,273
Taxes on income	**27,325**	19,656
Net income	**29,447**	21,191
Per share:		
Net income		
Primary	**$ 1.93**	$ 1.48
Fully diluted	**$ 1.93**	$ 1.41
Dividends	**.22**	.16
Stores in operation at the end of the period	**229**	195
FINANCIAL POSITION		
Current assets	**$191,860**	$150,986
Net property, plant, equipment and capital leases	**131,403**	100,550
Total assets	**324,666**	251,865
Current liabilities	**98,868**	74,891
Long-term debt	**25,965**	21,489
Long-term obligations under capital leases	**72,357**	59,003
Stockholders' equity	**127,476**	96,482
FINANCIAL RATIOS		
Current ratio	**1.9**	2.0
Inventories/ working capital	**1.9**	1.8
Return on assets**	**11.7**	12.6
Return on stockholders' equity**	**30.5**	32.9

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

**On beginning of year balances.

All financial information prior to 1979 has been restated to reflect the retroactive application of Statement of Financial Accounting Standards No. 13.

1977	976	1975	1974	1973	1972	1971	1970
$478,807	$340,331	$236,209	$167,561	$124,889	$78,015	$44,286	$30,863
5,393	3,803	2,478	1,805	1,558	846	346	222
352,669	251,473	176,591	123,339	93,090	58,592	32,825	22,866
98,783	68,846	48,775	33,440	24,143	14,478	8,504	5,932
1,891	1,758	1,800	1,099	592	415	195	108
14,818	10,925	5,526	5,534	4,183	2,570	1,489	950
16,039	11,132	5,995*	5,954	4,439	2,806	1,619	1,229
$1.15	$ .80	$ .45*	$ .45	$ .34	$ .23	$ .15	$ .10
1.08	.77	.45*	.45	.34	.23	.15	.10
.085	.065	.05	.025	—	—		
153	125	104	78	64	51	38	32
$ 99,493	$ 76,070	$ 55,860	$ 45,254	$ 32,787	$21,069	$12,150	$ 6,703
68,134	48,744	43,409	30,677	23,172	13,634	6,983	2,388
168,201	125,347	99,473	76,126	56,180	35,017	19,234	9,203
43,289	33,953	27,076	18,748	16,406	13,079	6,678	3,925
19,158	17,531	11,132	10,578	5,066	4,659	809	1,328
41,190	26,534	25,069	16,410	10,143	6,606	3,870	727
64,417	47,195	36,050	30,207	24,432	10,578	7,772	3,123
2.3	2.2	2.1	2.4	2.0	1.6	1.8	1.7
1.6	1.5	1.8	1.6	1.8	2.3	1.9	2.0
12.8	11.2	7.9	10.6	12.7	14.6	17.6	20.7
34.0	30.9	19.8	24.4	42.0	36.1	51.8	49.4

Management's Analysis of Summary of Earnings

Year ended January 31, 1979

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

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

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

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

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

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

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

Year ended January 31, 1978

During 1978, Wal-Mart continued its sales growth with an increase of 42 percent in comparison with last year. Comparable stores sales (excluding the effect of new stores) increased 17 percent compared to the same period a year ago.

Leased department sales and rentals increased in proportion to our own sales. Leased department rentals and other income were 1.1 percent of sales compared to 1.1 percent a year ago.

We continued our aggressive expansion program with the addition of 30 new Wal-Mart stores and the expansion and/or relocation of 10 others. Additionally, in late summer, we acquired a group of 16 stores. Four stores were closed during the year including two of the acquired stores, giving us 195 stores and 8,500,000 square feet of floor space in operation at year end in comparison with 153 and 6,500,000, respectively, at the same time a year ago.

Gross margin decreased for the year to 25.7 percent from 26.3 percent in 1977. Very aggressive promotional programs, particularly in the fourth quarter, created a significant increase in promotional markdowns. That, and the clearance markdowns associated with the acquired stores were the most significant factors contributing to the decline. Shrinkage increased during the year to a level slightly above historical averages.

Operating, selling, general and administrative expenses increased 41 percent and were 20.3 percent of sales as compared with 20.4 percent in 1977. Salary expenses were 11.4 percent for both years, and advertising expense remained at 1.1 percent. Our energy savings programs enabled us to reduce utilities costs by .1 percent, repairs and maintenance were down .1 percent, and rent expense (including buildings, data processing, and transportation equipment) was 2.3 percent compared to 2.4 percent last year. Supplies and other expenses increased .2 percent.

Interest and debt expense increased slightly in dollars but decreased .1 percent of sales compared to last year. Primary interest expense differences are created by the call of our 6½ percent convertible debentures offset by the addition of debt to finance the previously mentioned acquisition.

Taxes on income as a percentage of income before taxes increased slightly over those from 1977.

Consolidated Statement of Income and Retained Earnings

Wal-Mart Stores, Inc. and Subsidiaries

	Years ended January 31, 1979	1978
Number of stores in operation at the end of the year	**229**	195
Revenues:		
Net sales	**$900,298,000**	$678,456,000
Rentals from leased departments (Note 5)	**6,344,000**	4,957,000
Other income — net	**3,271,000**	2,810,000
	909,913,000	686,223,000
Costs and expenses:		
Cost of sales	**661,062,000**	503,825,000
Operating, selling and general and administrative expenses	**188,592,000**	139,278,000
Interest and debt expense	**3,487,000**	2,273,000
	853,141,000	645,376,000
Income before income taxes	**56,772,000**	40,847,000
Provision for federal and state income taxes (Note 6):		
Current	**28,047,000**	19,829,000
Deferred	**(722,000)**	(173,000)
	27,325,000	19,656,000
Net income	**29,447,000**	21,191,000
Retained earnings, beginning of year:		
Previously reported	**67,936,000**	48,269,000
Restatement of 1978 for Statement of Financial Accounting Standards No. 13 (Note 7)	**(2,461,000)**	(1,766,000)
Restated	**65,475,000**	46,503,000
Dividends paid (1979 — $.22 per share; 1978 — $.16 per share)	**(3,276,000)**	(2,219,000)
Retained earnings, end of year (Note 3)	**$ 91,646,000**	$ 65,475,000
Net income per share (Note 4):		
Primary	**$1.93**	$1.48
Fully diluted	**1.93**	1.41

See accompanying notes.

Consolidated Balance Sheet

Wal-Mart Stores, Inc. and Subsidiaries

ASSETS

	January 31, 1979	January 31, 1978
Current assets:		
Cash	**$ 10,964,000**	$ 7,072,000
Short-term money market investments	**893,000**	1,084,000
Receivables	**5,398,000**	5,449,000
Inventories (Note 2)	**172,640,000**	135,845,000
Prepaid expenses	**1,965,000**	1,536,000
TOTAL CURRENT ASSETS	**191,860,000**	150,986,000
Property, plant and equipment, at cost (Note 3):		
Land	**8,926,000**	4,602,000
Buildings and improvements	**27,572,000**	17,152,000
Fixtures and equipment	**40,873,000**	32,535,000
Transportation equipment	**2,827,000**	2,571,000
	80,198,000	56,860,000
Less accumulated depreciation	**17,435,000**	12,393,000
Net property, plant and equipment	**62,763,000**	44,467,000
Property under capital leases (Note 7)	**83,225,000**	66,577,000
Less accumulated amortization	**14,585,000**	10,494,000
Net property under capital leases	**68,640,000**	56,083,000
Other assets and deferred charges	**655,000**	303,000
Deferred income taxes	**748,000**	26,000
	$324,666,000	$251,865,000

See accompanying notes.

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31,	
Current liabilities:	**1979**	1978
Notes payable (Note 3)	**$ 550,000**	$ 5,788,000
Accounts payable	**65,001,000**	45,427,000
Accrued liabilities:		
Salaries	**7,759,000**	5,556,000
Taxes, other than income	**4,719,000**	3,337,000
Other	**6,933,000**	5,382,000
Accrued federal and state income taxes (Note 6)	**9,729,000**	6,746,000
Long-term debt due within one year (Note 3)	**1,700,000**	341,000
Obligations under capital leases due within one year (Note 7)	**2,477,000**	2,314,000
TOTAL CURRENT LIABILITIES	**98,868,000**	74,891,000
Long-term debt (Note 3)	**25,965,000**	21,489,000
Long-term obligations under capital leases (Note 7)	**72,357,000**	59,003,000
Stockholders' equity (Notes 3 and 4):		
Preferred stock	**—**	—
Common stock	**1,508,000**	1,487,000
Capital in excess of par value	**34,322,000**	29,520,000
Retained earnings	**91,646,000**	65,475,000
TOTAL STOCKHOLDERS' EQUITY	**127,476,000**	96,482,000
	$324,666,000	$251,865,000

Consolidated Statement of Changes in Financial Position

Wal-Mart Stores, Inc. and Subsidiaries

	Years ended January 31, 1979	1978
Source of funds:		
Current operations:		
Net income	**$29,447,000**	$21,191,000
Items not affecting working capital in the current period:		
Depreciation	**9,293,000**	7,212,000
Amortization of deferred charges	**111,000**	405,000
Deferred income tax	**(722,000)**	(173,000)
Total from current operations	**38,129,000**	28,635,000
Retirement of property, plant and equipment	**1,044,000**	86,000
Property sold under sale and leaseback arrangements	**862,000**	608,000
Disposal of capital lease property	**98,000**	47,000
Net proceeds from exercise of options for common stock and conversion of debentures	**1,134,000**	13,093,000
Common stock issued in acquisition of Hutcheson Wholesale Shoe Company	**3,689,000**	—
Additions to long-term debt	**6,411,000**	18,861,000
Additions to long-term obligations under capital leases	**16,011,000**	20,526,000
	67,378,000	81,856,000
Application of funds:		
Additions to property, plant and equipment	**23,844,000**	18,898,000
Additions to property under capital leases	**13,965,000**	20,526,000
Property additions acquired, subject to sale and leaseback arrangements	**4,341,000**	945,000
Reductions in long-term debt, including changes in current maturities and conversion of debentures (in 1978)	**1,935,000**	16,530,000
Reductions in long-term lease obligations, including changes in current obligations	**2,657,000**	2,713,000
Dividends paid	**3,276,000**	2,219,000
Additions to other assets and deferred charges	**463,000**	134,000
	50,481,000	61,965,000
Increase in working capital	**$16,897,000**	$19,891,000
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash	**$ 3,892,000**	$ 978,000
Short-term money market investments	**(191,000)**	15,000
Receivables	**(51,000)**	2,741,000
Inventories	**36,795,000**	47,030,000
Prepaid expenses	**429,000**	729,000
	40,874,000	51,493,000
Increase (decrease) in current liabilities:		
Notes and accounts payable and accrued liabilities	**19,472,000**	28,782,000
Accrued federal and state income taxes	**2,983,000**	2,405,000
Long-term debt due within one year	**1,359,000**	(124,000)
Obligations under capital leases	**163,000**	539,000
	23,977,000	31,602,000
Increase in working capital	**$16,897,000**	$19,891,000

See accompanying notes.

Notes to Consolidated Financial Statements

Wal-Mart Stores, Inc. and Subsidiaries

January 31, 1979 and 1978

Note 1 — Accounting policies

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

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

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

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

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

Depreciation — Depreciation for financial statement purposes is provided on the straight-line method over the estimated useful lives of the various assets. For income tax purposes, accelerated depreciation is used with recognition of deferred income taxes for the resulting timing differences.

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

Fully diluted net income per share gives effect to more dilutive market prices in calculations under the treasury stock method and further assumes in 1978, the conversion of convertible subordinated debentures as if converted at the beginning of the period after giving effect to the elimination of interest expense, less income tax effect, applicable to the debentures.

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

Stock options — Proceeds from the sale of common stock issued under stock option plans are accounted for as capital transactions and no charges or credits are made to income in connection with the plans.

Note 2 — Inventories

Inventories at January 31, 1979, and January 31, 1978, were $172,640,000 and $135,845,000 respectively. Replacement cost (FIFO vs LIFO) would be $22,271,000 greater in 1979 and $14,148,000 greater in 1978.

Note 3 — Notes payable and long-term debt

Long-term debt at January 31, consists of:

	1979	1978
Short-term notes refinanced	$ —	$ 9,812,000
8% unsecured notes, due 1980 through 1984	8,000,000	9,000,000
9¼% mortgage notes, payable $68,822 quarterly (including interest) to June 1992	2,028,000	2,111,000
8⅝% 25-year secured notes, payable $244,595 quarterly (including interest) to October 2003	9,849,000	—
8½% secured notes, payable $121,030 quarterly (including interest) to March 2003	4,886,000	—
9¾% notes, payable $180,000 annually (plus interest) to April 1979	—	149,000
Other	1,202,000	417,000
	$25,965,000	$21,489,000

Annual maturities on long-term debt during the next five years are: 1980, $1,700,000; 1981, $1,605,000; 1982, $2,623,000; 1983, $2,495,000; and 1984, $3,516,000.

The agreements relating to the 8% notes include certain restrictions on dividends, additional debt and leases, and sale of assets and contain covenants concerning working capital. The agreements relating to the 9¼% mortgage notes of a subsidiary, which are guaranteed by Wal-Mart Stores, Inc., contain certain restrictions on the subsidiary concerning additional debt, business activities, investments and issuance of its capital stock and requires rental payments by Wal-Mart Stores, Inc. on certain buildings leased from the subsidiary in amounts equal to aggregate note and interest payments.

The agreements relating to the 8⅝% and 8½% secured notes of a subsidiary contain certain restrictions on the subsidiary concerning additional debt, business activities, issuance of its capital stock, merger or consolidation with any other corporations, and require rental payments by Wal-Mart Stores, Inc. on certain buildings leased from the subsidiary in amounts equal to aggregate note and interest payments.

Under the most restrictive of the above agreements, retain earnings of $50,320,000 were restricted at January 31, 1979.

The short-term notes refinanced at January 31, 1978, were retired with proceeds from the 8½% secured notes and the 8⅝% 25-year secured notes.

Note 4 — Stockholders' equity

There are one million shares of $.10 par value preferred stock authorized and unissued. There are twenty million shares of $.10 par value common stock authorized with 15,079,383 shares issued and outstanding at January 31, 1979, and 14,867,711 shares at January 31, 1978.

At January 31, 1979, 808,820 shares of common stock were reserved for issuance under the nonqualified stock option plan. The options granted under the nonqualified stock option plan expire ten years from date of grant and may be exercised in nine annual installments. Capital in excess of par value increased during the year by $4,802,000 which includes increases of $435,000 from exercise of stock options, $691,000 relating to the tax benefit resulting from certain stock option transactions and $3,676,000 relating to acquisition of Hutcheson Wholesale Shoe Company. On October 1, 1978, the Company acquired Hutcheson Wholesale Shoe Company for 134,258 shares of Wal-Mart common stock.

Further information concerning the options is as follows:

	Shares	Option price (Market price at date of grant) Per Share	Total
Shares under option:			
January 31, 1978	583,020	$4.188 - $14.75	$4,261,051
Options granted	18,200	22.625 - 23.00	417,400
Options cancelled	(120,538)	4.188 - 14.25	(711,542)
Options exercised	(77,414)	4.188 - 14.25	(442,955)
January 31, 1979 (86,522 shares exercisable)	403,268	$4.188-$23.00	$3,523,954
Shares available for option:			
January 31, 1978	499,514		
January 31, 1979	405,552		

Note 5 — Leased department sales

The sales of leased departments as reported by lessees are $60,560,000 and $55,185,000 for 1979 and 1978, respectively. Hutcheson Wholesale Shoe Company, previously a lessee, was acquired on October 1, 1978. Its sales of $18,579,000 through September 30, 1978, are included in lease department sales and sales of $11,773,000 for the period beginning October 1, 1978, are included in Wal-Mart's sales.

Note 6 — Income taxes

The provision for income taxes consists of the following:

	1979	1978
Current:		
Federal	$25,568,000	$18,032,000
State	2,479,000	1,797,000
Deferred:		
Relating to differences in tax and financial accounting methods for:		
Depreciation	639,000	545,000
Vacation pay	(391,000)	—
Capital leases	(970,000)	(718,000)
	$27,325,000	$19,656,000

Investment tax credits are accounted for under the flow-through method and have resulted in reductions of the current federal income tax provisions for 1979 and 1978 of $1,192,000 and $1,126,000, respectively.

Note 7 — Long-term lease obligations

The Company and certain of its subsidiaries have long-term leases for stores, tractors, trailers and equipment. All leases meeting the criteria of Statement of Financial Accounting Standards No. 13, issued by the Financial Accounting Standards Board, have been capitalized retroactive to the beginning of the lease term. Rentals (including, for certain leases, amounts applicable to taxes, insurance, maintenance and other operating expenses) under all operating leases were $10,323,000 in 1979, and $6,816,000 in 1978.

Aggregate minimum annual rentals at January 31, 1979, under noncancelable leases are as follows:

	Operating Leases	Capital Leases
1980	$ 6,002,000	$ 10,600,000
1981	6,030,000	10,378,000
1982	5,707,000	10,374,000
1983	5,542,000	10,278,000
1984	5,174,000	10,116,000
Thereafter	43,422,000	118,917,000
Total minimum rentals	$71,877,000	$170,663,000
Less: estimated executory cost		15,773,000
Net minimum lease payments		154,890,000
Less: inputed interest at rates ranging from 8.5% to 13.5%		80,056,000
Present value of net minimum lease payments		$ 74,834,000

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to $1,149,000 in 1979, and $906,000 in 1978.

Substantially all of the store leases have renewal options for additional terms from five to fifteen years at the same or lower minimum rentals. In addition, the Company has entered into lease agreements for land or buildings for 26 future stores at aggregate minimum annual rentals of $2,915,000.

The retroactive capitalization of certain leases represents a change in accounting policy required by SFAS 13. Such change, including $74,000 applicable to leases previously capitalized under the provisions of the statement in 1978, resulted in a reduction of $971,000 ($.06 per share) in net income for the year ended January 31, 1979, and $769,000 ($.05 per share) in net income for the year ended January 31, 1978, and a reduction of $2,461,000 and $1,776,000, respectively, in retained earnings at January 31, 1978 and 1977.

Note 8 — Quarterly financial data (Unaudited)

Summarized quarterly financial data (thousands except per share amounts) for 1979 and 1978 (restated for capital leases during the first quarter of 1979) are as follows:

	Quarter Ended			
	April 30	July 31	Oct. 31	Jan. 31
1979				
Net sales	$167,274	$204,085	$221,982	$306,957
Cost of sales	120,640	150,192	161,295	228,935
Net income	5,103	6,189	7,233	10,922
Net income per share:				
Primary	$ .33	$ .41	$ .48	$ .71
Fully diluted	.33	.41	.48	.71
1978				
Net sales	$122,655	$152,381	$172,637	$230,783
Cost of sales	88,393	112,176	126,809	176,447
Net income	3,738	4,493	5,203	7,757
Net income per share:				
Primary	$ .27	$ .32	$ .37	$ .52
Fully diluted	.25	.30	.35	.51

Note 9 — Estimated replacement cost information (Unaudited)

The Company's annual report on Form 10-K filed with the Securities and Exchange Commission contains estimated replacement cost information regarding inventories and productive capacity at January 31, 1979 and 1978, and the approximate effect replacement cost would have on the computations of cost of sales and depreciation expense for the two years then ended. The estimated replacement cost of productive capacity and related depreciation expense and inventories exceeded corresponding historical amounts in the accompanying financial statements because of the cumulative impact of cost increases on the long-lived assets (buildings and improvements, and fixtures and equipment) and the use of the LIFO method of accounting for inventories.

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

Report of Certified Public Accountants

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

We have examined the accompanying consolidated balance sheet of Wal-Mart Stores, Inc. and subsidiaries at January 31, 1979 and 1978, and the related consolidated statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Wal-Mart Stores, Inc. and subsidiaries at January 31, 1979 and 1978, and the consolidated results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period after restatement of the consolidated financial statements to give retroactive effect to the change, with which we concur, in the method of accounting for leases as described in Note 7 of the Notes to Consolidated Financial Statements.

Tulsa, Oklahoma
April 6, 1979

Arthur Young & Company

Market Price of Common Stock

Fiscal Year ended January 31,

	1979		1978	
Quarter	High	Low	High	Low
4/30	$23.25	$17.25	$14.625	$12.00
7/31	25.875	22.00	15.625	11.625
10/31	29.375	19.50	18.50	14.50
1/31	24.75	20.25	20.50	16.375

Calendar Year ended December 31,

	1978		1977	
Quarter	High	Low	High	Low
3/31	$20.375	$17.00	$15.375	$13.125
6/30	25.875	18.00	14.875	11.625
9/30	29.375	22.50	17.00	14.00
12/31	29.25	19.50	20.50	16.375

Dividends Paid

Fiscal Year ended January 31,

Quarterly 1979		Quarterly 1978	
April 7	$.055	April 12	$.025
July 12	.055	July 13	.045
October 5	.055	October 4	.045
January 9	.055	January 3	.045

Wal-Mart Stores, Inc., Directors and Officers

***Sam M. Walton**
Director
Chairman and Chief
Executive Officer

***Jack Shewmaker**
Director
President and Chief
Operating Officer

***Ferold G. Arend**
Director
Vice Chairman

***David D. Glass**
Director
Executive Vice President
Finance

***James L. Walton**
Director
Senior Vice President

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

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

James H. Jones
Director
Banking and Investments

Jackson T. Stephens
Director
President, Stephens Inc.
Little Rock, Arkansas

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

B. D. Adams
Vice President
Region 1

Theo Ashcraft
Vice President
Leased Departments

Don M. Bailey
Vice President
Division Merchandise Manager
Hardlines

Keith R. Binkleman
Vice President
Merchandise Planning

Paul R. Carter
Vice President
Special Divisions

Thomas M. Coughlin
Vice President
Loss Prevention

Ruby Norman Davies
Assistant Controller

Daniel L. Davies
Assistant Controller

M. I. Dillard
Vice President
Merchandise Control

Larry W. Dimmit
Vice President
Division Merchandise Manager
Softlines

Billy D. Durflinger
Vice President
Division Merchandise Manager
Hardlines

Kenneth Folkerts
Vice President and
Treasurer

Glenn L. Habern
Vice President
Data Processing

Claude Harris
Senior Vice President
Marketing, Real Estate
and Construction

Robert L. Hart
Vice President
New Store Planning

Bette Hendrix
Assistant Secretary

Thomas Jefferson
Senior Vice President
Operations

A. L. Johnson
Senior Vice President
Merchandise and Sales

Richard A. Joloski
Vice President
General Merchandise Manager
Softlines

Ronald L. Loveless
Vice President
Region 5

Alton L. Miles
Vice President
Region 2

Gary D. Reinboth
Vice President
Region 4

H. G. Rountree
Vice President
Corporate and Public Affairs

Dean L. Sanders
Vice President
Fashion Distribution

Thomas P. Seay
Vice President
Real Estate

Harve Taylor
Vice President
Construction and Engineering

D. Ray Thomas
Vice President
Region 3

R. B. Thornton
Vice President
Distribution

Colon Washburn
Vice President
Division Merchandise Manager
Softlines

David Washburn
Vice President
Personnel
Administration

*Member of the Executive Committee of the Board of Directors