WAL-MART

1987 ANNUAL REPORT

FISCAL YEAR ENDED JANUARY 31, 1987

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FINANCIAL HIGHLIGHTS
(Dollar amounts in thousands except per share data)

	January 31,	
	1987	1986
Net sales	**$11,909,076**	$8,451,489
Net income	**450,086**	327,473
Net income per share	**1.59**	1.16
Working capital	**1,012,980**	791,592
Current ratio	**1.8**	1.8
Common shareholders' equity	**1,690,493**	1,277,659
Common stock outstanding at year end	**282,182,946**	281,045,471
Stores in operation at year end:		
Wal-Mart Stores	**980**	859
Sam's Wholesale Clubs	**49**	23

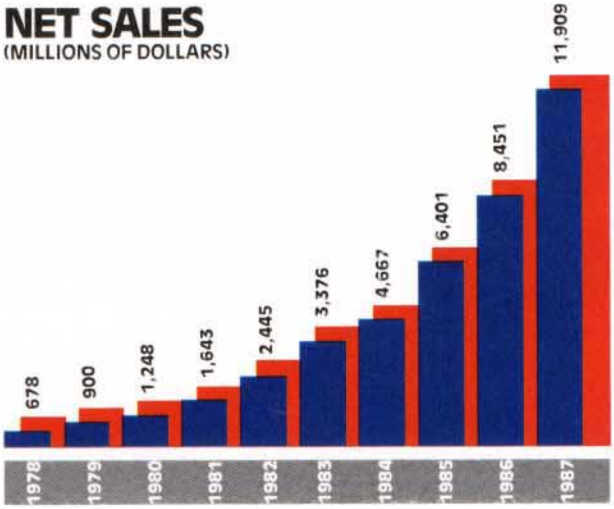
MARKET PRICE OF COMMON STOCK
Fiscal years ended January 31,

	1987		1986	
Quarter	High	Low	High	Low
April 30	$42.75	$30.00	$24.19	$21.81
July 31	53.88	39.00	28.31	22.75
October 31	47.50	39.13	27.38	23.88
January 31	53.13	43.50	33.88	26.25

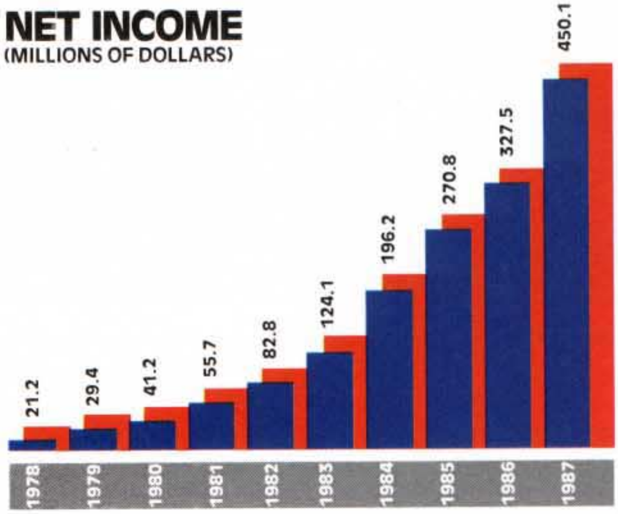
DIVIDENDS PAID PER SHARE OF COMMON STOCK
Fiscal years ended January 31,

1987		1986	
Quarterly		Quarterly	
April 11	$.0425	April 10	$.035
July 9	.0425	July 9	.035
October 3	.0425	October 4	.035
January 2	.0425	January 3	.035

NET SALES
(MILLIONS OF DOLLARS)



NET INCOME
(MILLIONS OF DOLLARS)



Executive Committee of the Board of Directors:
(From left to right) S. Robson Walton, James L. Walton, Jack Shewmaker, David D. Glass, Sam M. Walton, A.L. Johnson, Donald G. Soderquist.

TO OUR SHAREHOLDERS...Fiscal 1987 was a year of significant achievement. Our sales, led by same store sales increases of 13%, surged ahead to record levels of $11.909 billion compared with $8.451 billion a year earlier, an overall increase of 41%. Operating expenses, as a percentage of sales, declined throughout the year and have done so for the past five years, finishing the year at 16.9% compared with 17.6% a year ago. Record sales and expense control produced record net income of $450.1 million, a 37% increase over last year's previous record of $327.5 million. Net income per share rose to $1.59, up 37% from $1.16 in the prior year.

Many economists greeted 1986 with forecasts of continued sluggish growth of the overall economy and especially retail sales. The forecast was particularly bleak for approximately one-third of our stores located in the energy producing areas. The response of our associates, now 141,000 strong, was to recommit themselves to improve that portion of the economic equation they could impact, their personal and corporate endeavor for excellence. In overcoming these forecasts they improved customer service, maintained better in-stock position on the best selling items, tightened expense control, and reduced markdowns. These efforts, increasing customer acceptance of "Buy American" and competitive store closings combined to produce outstanding results. The motivational slogan with which we began 1986, "Yes We Can" may now be proudly revised to "Yes We Did".

During 1986 we expanded our retail space to 63.3 million square feet, a net increase of 12.1 million square feet, up 23.6% from last year's total of 51.2 million square feet. We opened 121 new Wal-Mart stores, 26 new Sam's Wholesale Club units and four new dot Discount Drug stores. Our store renovation and update program designed to keep all our units current and properly sized to expanding markets moved ahead with 46 relocations to larger facilities or expansions of total selling space, 27 re-models, 89 stockroom additions, and 20 facelifts and in-store refurbishings. Previously occupied buildings provided immediate accessibility to new markets within our existing trade territory for seven of these new Wal-Mart stores. Our new store growth and renovation program is planned to proceed in fiscal 1988 with the addition of 125 new Wal-Marts, 20 new Sam's, six dots and the expansion or relocation of 55 older Wal-Mart stores. These additions will propel our retail space beyond 75 million square feet, our fifth consecutive year of 20% plus increases in retail space.

One of our primary objectives has been to increase the capacity of our merchandise distribution system. Three new regional distribution centers, each in excess of 700,000 square feet, and a 640,000 square foot specialty distribution center were constructed and opened in the past 18 months. These new centers in Douglas, Georgia, Brookhaven, Mississippi, Plainview, Texas and Bentonville, Arkansas plus the addition of new space to four existing centers added a total of 2,812,992 square feet of distribution center space, an increase of 65%. These expansions will provide the base for future store growth in addition to improving existing store service levels.

The rate of growth in sales and profitability of our Special Divisions (Jewelry, Shoes, Snack Bars, Pharmacy and Automotive Centers), dots and Helen's in most instances equalled, and in some cases exceeded, that of the Wal-Mart stores. These Divisions made a strong profit contribution on sales in excess of $1 billion. The further development of our Special Divisions continues, with the goal of improving the full service one-stop shopping experience of our customers. During 1986 our Shoe Division added 261 units (of which 140 were converted from licensed operations); the Pharmacy division added 143 units; the Jewelry division added 121 units; the Automotive Centers added 49 units and the Snack Bar division added 136 units.

Sam's Wholesale Club sales were $1.678 billion, an increase of 116% from $776 million a year ago, which followed a sales increase of 250% in the preceding year. Over one-half of the 26 new Sam's units of 1986 were opened in larger metropolitan markets to complement and support existing units. We believe this market strategy of dominance and saturation within existing trade territories will contribute to the long-term profitability of these units. Sam's remains committed to serving primarily the business customer, the concept upon which its operation was founded. We believe this new vehicle offers the Company expanded growth potential for many years.

Shareholders' equity which in fiscal 1986 exceeded $1 billion ($1.278 billion) for the first time grew an additional 32% in fiscal 1987 to $1.690 billion. The sale and leaseback financing of 88 Wal-Mart store facilities and 24 Sam's facilities totalling $377 million was completed in 1986. Real estate financings and the continued internal generation of funds supplemented by short-term borrowings for seasonal inventory buildup are anticipated to be sufficient to fund currently planned growth. The Company will be positively impacted by the phased-in reduction of corporate income tax rates enacted by the Tax Reform Act of 1986. This reduction in the Company's taxes will be passed through to our customers in the form of further reductions in retail prices. In this Report we share other plans to reinforce our Everyday Low Pricing philosophy by continuing our efforts to reduce gross margins while simultaneously lowering expense levels.

In the coming year we have planned sales in excess of $15.5 billion, an increase of more than $3.5 billion over the sales of the year just completed. These aggressive plans are dependent upon the new store expansion discussed above and improved same store sales productivity. Many exciting merchandising developments and expense control activities are described elsewhere in this Report which we believe can support an improvement in our sales productivity to $200 per square foot as compared with $145 just five years ago. New retail concepts, presentations and formats will be tested. The first two Wal-Mart Super Centers, a combination food and general merchandise retailing center in excess of 220,000 square feet, is planned to open in late 1987. These Super Centers, a joint venture of the Company and Cullum Companies, Inc., are a result of our continuing interest in the experimentation with and the understanding of what we believe to be significant new retailing vehicles. The Super Centers will be a modification of the European "hypermarket" concept. Numerous groups are presently operating "hypermarket" type units but this concept's development in the U.S. remains in its infancy. The Company also plans to open two additional 150,000 square foot Super Centers independent of the Joint Venture.

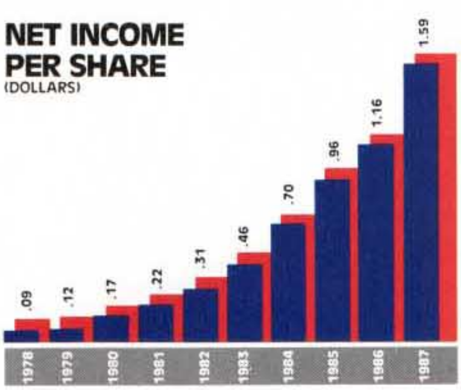
We are positive about the new year, a very special year in which we celebrate 25 years of this unique partnership which has been forged with our customers, associates, shareholders and suppliers. This partnership has been built upon our valued associates and we believe its continued success lies in their collectively capable hands.

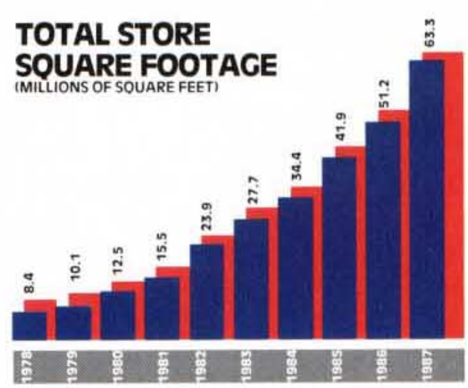
Respectfully,

Sam M. Walton
Chairman of the Board
and Chief Executive Officer

David D. Glass
President and
Chief Operating Officer

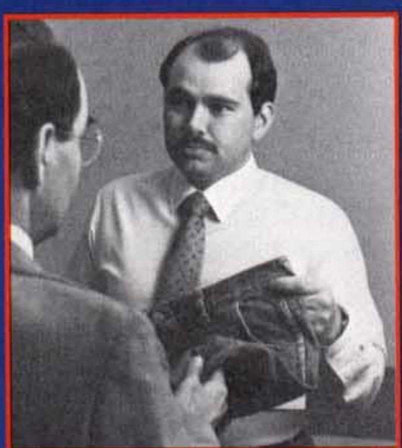
Jack Shewmaker
Vice Chairman and
Chief Financial Officer





The Wal-Mart Merchandising Division serves as the link between our customers and suppliers. Our buyers spend approximately half of their work month visiting our stores and working the suppliers' marketplace. Each Wal-Mart store determines the quantities of merchandise it receives on over 70% of the goods sold. Therefore, much of the non-travel time of our merchandisers is spent in additional listening and responding to the needs of individual stores. When visiting the marketplace, buyers review items and market trends, establish quality standards as well as negotiate price and timely delivery.

The many conversions and success stories of "Buy American" reflect the dedication and capacities of this division.



KEN WINTER
Merchandising

PLANS AND PROGRESS...

Item merchandising has long been the basis of Wal-Mart's merchandise presentation. It has been said of the retailing business that, "nothing happens until somebody sells something"; we couldn't agree more. Merchandise is the very life blood of Wal-Mart. The quick identification and development of key items and merchandise trends is important, because we believe that our volume is built one item at a time. Involvement as item-merchants of all store associates and General Office management is cultivated through the very successful Volume Producing Items ("VPI") program and competition. Each week over 750 stores submit, on the average, 3,200 VPI entries featuring a creative display technique or a recently identified "hot" item that has produced outstanding sales volume in that particular store. These items and display ideas are tabulated and then disseminated to all stores the following week to maximize sales chain wide. To assure customer satisfaction that on-

Calendar 1987 marks our fifth consecutive year of 90 plus growth in new stores. The experienced professionals of our Real Estate and Construction Division have sustained this dynamic expansion with such efficiencies and disciplines so as not to threaten overall levels of profitability and performance. Our Real Estate managers work and plan several years ahead in the development and selection of new store opportunities. Dividing our trade territories geographically these managers become specialists in commercial real estate development. Improved building design, competitive bidding and close project observation by our team of construction professionals have resulted in a continued improvement in construction quality at costs below those experienced in the industry in general.

A typical new Wal-Mart store is constructed on a seven acre site, and averages 59,000 square feet in size. The average Sam's unit occupies a 14 acre site and the building covers approximately 106,000 feet. Each site is sized to provide ample parking plus space for future building expansion.

KAY VANDEVER
Real Estate

ly comes when they find what they want, when they want it, and so that we may realize the volume sales potential offered, our goal must be to be 100% in-stock on the items our customers want to buy. In 1986 and again in 1987 we have identified those high volume items (totalling less than 5% of the item selections of a typical Wal-Mart store) that will produce approximately 15% of our total sales volume. In addition to the promotion and featuring of these items, our merchandising emphasis will also include accelerated trend identification, improved regional merchandising and further development of the apparel category.

We are committed more than ever to "Everyday Low Prices"; others may say it, but "We Stand By It"! High levels of in-stock and the development of items that represent genuine value are critical to the credibility of this Everyday Low Price ("ELP") pledge to our customers. The expanded advertisement of key items at

Promotional impact, a store environment that seems to invite shopping, is a trademark of Wal-Mart stores. The Company has limited its off-price circular advertising to only 12 major promotional events each year. Wal-Mart's in-store excitement is generated through the use of key display space to feature large quantities of items recognizable as genuine value by our customer. Many unadvertised specials, red-light specials and promotions are continuously offered our customers to make every shopping experience unique. "Price Rollbacks" on many items below their price of a year ago generated very positive sales momentum in 1986. Bright, concise signing that provides our customer the requisite information about the merchandise and our operating philosophies brings the desired promotional impact together for maximum sales results.

DAVE ORTIZ
Sales Promotion

Everyday Low Prices in our monthly circulars was successfully tested this past year. These advertised ELP features were well received by our customers and with excellent sell-through results. The success of ELP promotions is important as we plan to continue the reduction of our off-price promotional activity. As planned, gross advertising expenses declined in 1986 to .7% of sales. This decline follows four years of successive reductions in this expense classification.

"Buy American", no longer a program but a key philosophy of our buying divisions, has received overwhelming acceptance from customers and vendors. Through fiscal 1987 this effort has converted or retained $693 million in purchases, at retail, or the equivalent of 10,554 jobs for Americans, many of whom are Wal-Mart customers.

A strong contribution to our expense control efforts of this past year resulted, in part, from our continued systems development.

Wal-Mart stores now receive 77% of their merchandise through the Wal-Mart distribution system. This system is essential to volume buying and maintaining high levels of in-stock with "just-in-time" deliveries. This network, of 10 distribution centers totalling over seven million square feet of space, 750 over-the-road tractors and 5,000 trailers, services every Wal-Mart store an average of five times every week. Each distribution center, averaging 650,000 square feet, presently receives and ships in excess of 30 million cases a year, the equivalent of 96 trailer loads of merchandise every working day. Most centers operate two shifts, employ approximately 500 associates and serve about 150 Wal-Mart stores. Productivity, measured by cases of merchandise processed per man hour continues to improve.

Emphasizing safety, Wal-Mart's private fleet operated by 750 drivers and 300 maintenance and support associates drove in excess of 90 million miles this past year. For three consecutive years our fleet has been recognized as one of the safest carriers (public or private) in the nation. These associates timely deliver over 3,000 loads a week. In addition to store deliveries, these units back-haul freight to our distribution centers and thereby significantly improve the cost efficiency of this system.

DALLAS MULLEN
Distribution

This development must move forward to assure that we are providing the fastest, most complete information in the hands of those who need it. The test of a new laser scanning system that utilizes a labeling system similar to the Uniform Products Code was successfully completed this past year in the distribution center at Douglas, Georgia. Necessary modification and retrofitting of all existing centers will be completed in 1987. Stores serviced by these facilities will receive not only more accurately sorted shipments and immediate "paperless" billing but also cost efficiencies in the stores' backroom freight processing. "Automated Receiving", a check-in system designed to take full advantage of container bar code labeling, will be in the backroom of every Wal-Mart store by Summer 1987. In place, Automated Receiving will allow stocking crews with the assistance of a hand-held laser scanner to process freight onto the sales floor faster, saving as much as 60% of the

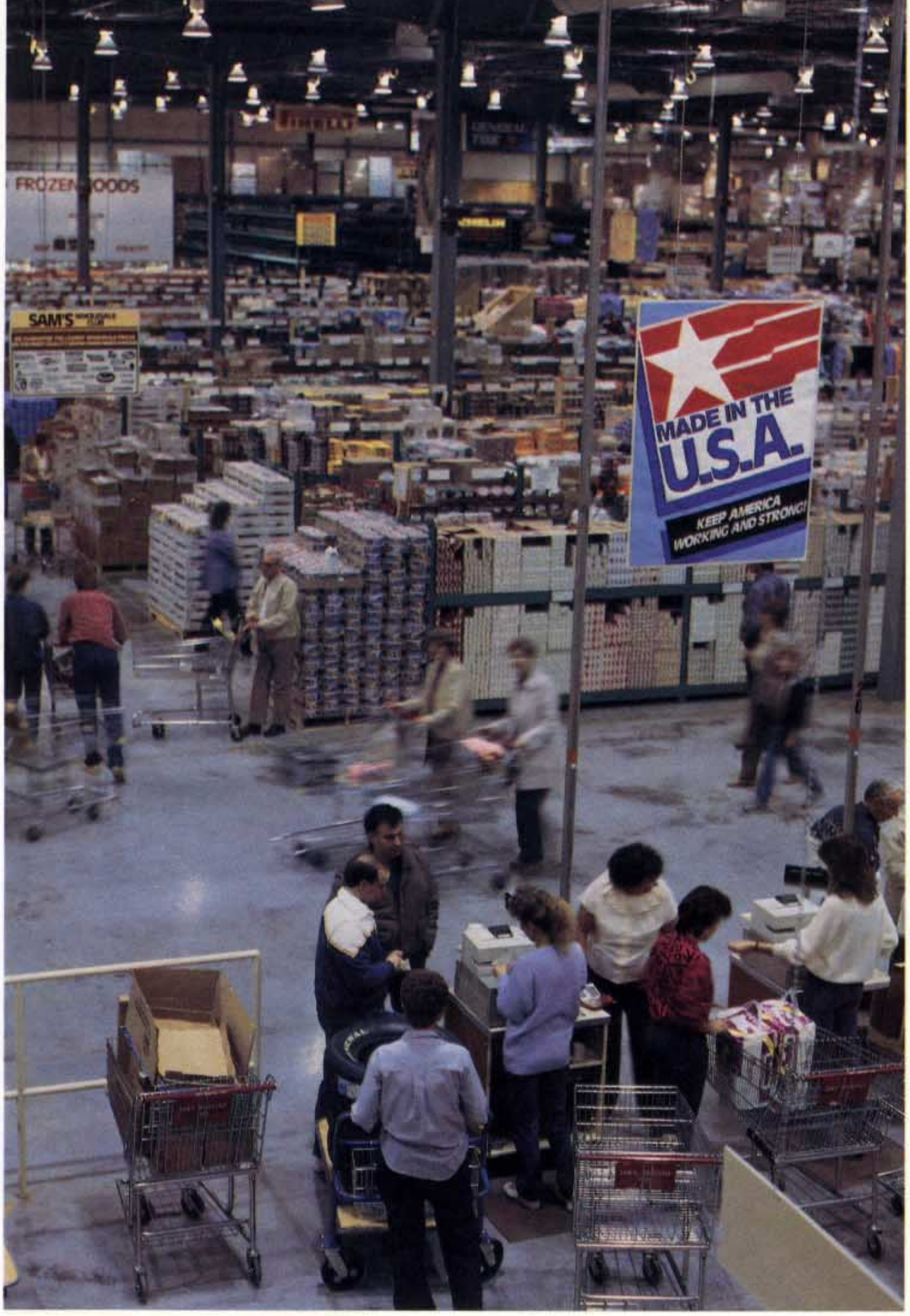
Tighter expense control and the desire to provide our customers merchandise representing real value have led us to integrate selected support businesses for our retailing operations. Store fixture and exterior sign shops which design, construct, and install the permanent roadway and exterior store signing, wood store fixtures, tables and counters are examples of these support areas. A print shop which produces substantially all of our in-store promotional and price-point signing works closely with our merchandise and sales promotion divisions to assure quality productions with less lead time and expense than is generally available from outside sources.

The maintenance of our store facilities is supported by our own heating-air conditioning installation and maintenance crews together with a waste management support group. These support arms of the Company provide fast efficient management of traditional "trouble areas" at a very competitive cost.

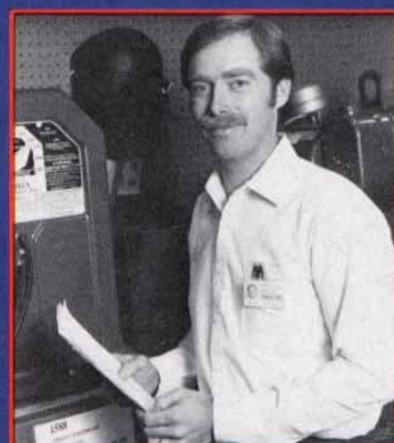
Superior quality control and better values are available to our customers in photo processing and many goods not competitively produced domestically by our two photo labs and import division.

MIKE DRUMMOND
Sign Shop

man hours required by previous freight processing methods. Prior to the merchandise leaving the backroom, the in-store Series One computer will match the receivings against shipments and process the necessary claims and "paperwork". Within moments all data is then electronically transmitted via our soon-to-be-completed satellite system to our General Offices. Total price tag removal using shelf labeling only is being tested in five stores. If successful, very significant cost savings could be experienced. The conversion of stores chainwide to point-of-sale scanning is targeted for completion by Spring 1989. At the end of fiscal 1987 scanning was in place in 566 stores with 320 more to be converted in fiscal 1988. All new stores are opened with scanning systems. Installation of the Wal-Mart Satellite Network "WSN" is scheduled for completion in the Fall of 1987. WSN will join checkout scanning, automated receiving and Telxon merchandise reordering as the foundation for



Our Sam's Wholesale Club Division has significantly contributed to the Company's growth for the past four years. From its experimental beginnings of just three units in 1983, this division has expanded to 49 clubs at year end. Sam's clubs are 106,000 square feet no-frill facilities with shelving and racks designed to handle large quantities of case-bulk displayed items. These units limit their assortments to only 3,500 name-brand items selected to produce high-volume sales. Not open to the general public, these membership-only wholesale warehouses target the small business customer. Very low initial markons require strict disciplines of operating expenses to assure profitable operations. This operation provides a new dimension to the growth potential of the Company.



MICK HEITMAN
Club Manager

future applications and systems development. The continued sharing of information and the equally important sharing of profits are key to the perpetuation of the special partnership that is Wal-Mart.

In 1972 the Company made its first contribution of $172,000 to the Wal-Mart Profit Sharing Plan. This Plan has grown from 128 participants in 1972 to over 75,000 participants today with assets totalling over $450 million. This past year's Company contribution of $51.8 million represented 7.2% of the participants' eligible wages. Each year's contribution is determined by the application of a formula based upon the Company's level of profitability.

The sharing of information when accompanied by the authority to manage and make decisions frees the creative talents of many of our associates at their individual levels of responsibility and potential. The "store within a store" emphasis, begun this past year, "MBWA", management by walking around, is not just taught but also practiced by Wal-Mart's management team. The only facet of retailing that never seems to change is the constant, progressive evolution of new ideas - change! Where better to learn of this change and to make the required decisions than on the sales floor of our stores? All associates are encouraged to communicate directly and frequently with our customers and each other. Each Monday morning our senior management team, led by 14 regional Vice Presidents, is dispatched throughout our trade territory where the week is spent in our stores and support facilities. This group re-assembles at 7:00 a.m. each Friday morning in Bentonville to exchange information and to formulate action plans for the weeks ahead. Utilizing a series of defined-purpose meetings and conference calls, the results of the week just past and opportunities for the week to follow are shared throughout the Company by noon Saturday.

SUZANNE ALLFORD
Education

reflects the Company's commitment to support, recognize and reward our associates in the management of their areas of merchandise responsibility. Department managers and assistant managers become store managers and district managers of their own "stores within the store" with sales in many instances that exceed one million dollars. This development of "intrapreneurial" talent will help grow both the Company and the associates' opportunities. Basic to sharing more responsibility is the provision of training and support. The Walton Institute, in its first full year of instruction, graduated 45 classes of 1,377 Wal-Mart management associates. This five days of intensive instruction is a joint effort that utilizes the resources of the Wal-Mart management team, the University of Arkansas faculty and guest lecturers and authors. More than 19,000 associates were involved in extensive training both in the stores and in the general office this past year through numerous seminars in-

As the Boss, our customers expect and command special treatment. At Wal-Mart our customers are the Boss and everything we do is geared to provide the service our Boss deserves. Throughout our stores, from the "people greeter" who greets every entering customer, to the central check-out lanes, our stores are designed and operated to assure our Boss a "no-hassle" shopping experience. Our stores provide wide traffic isles, courtesy rest benches and even power assisted shopping carts, all to make every Wal-Mart store visit a pleasurable one.

Large investments in scanning systems and the use of check cashing cards are just two examples of our commitment to faster and more accurate check-out. We continually seek other ways to provide better, more efficient service. Many of our improvements have been suggested by our Boss. Using "Letter to the President" comment memos provided at every store, our customers have spoken frankly and directly of both the good and bad of our service.

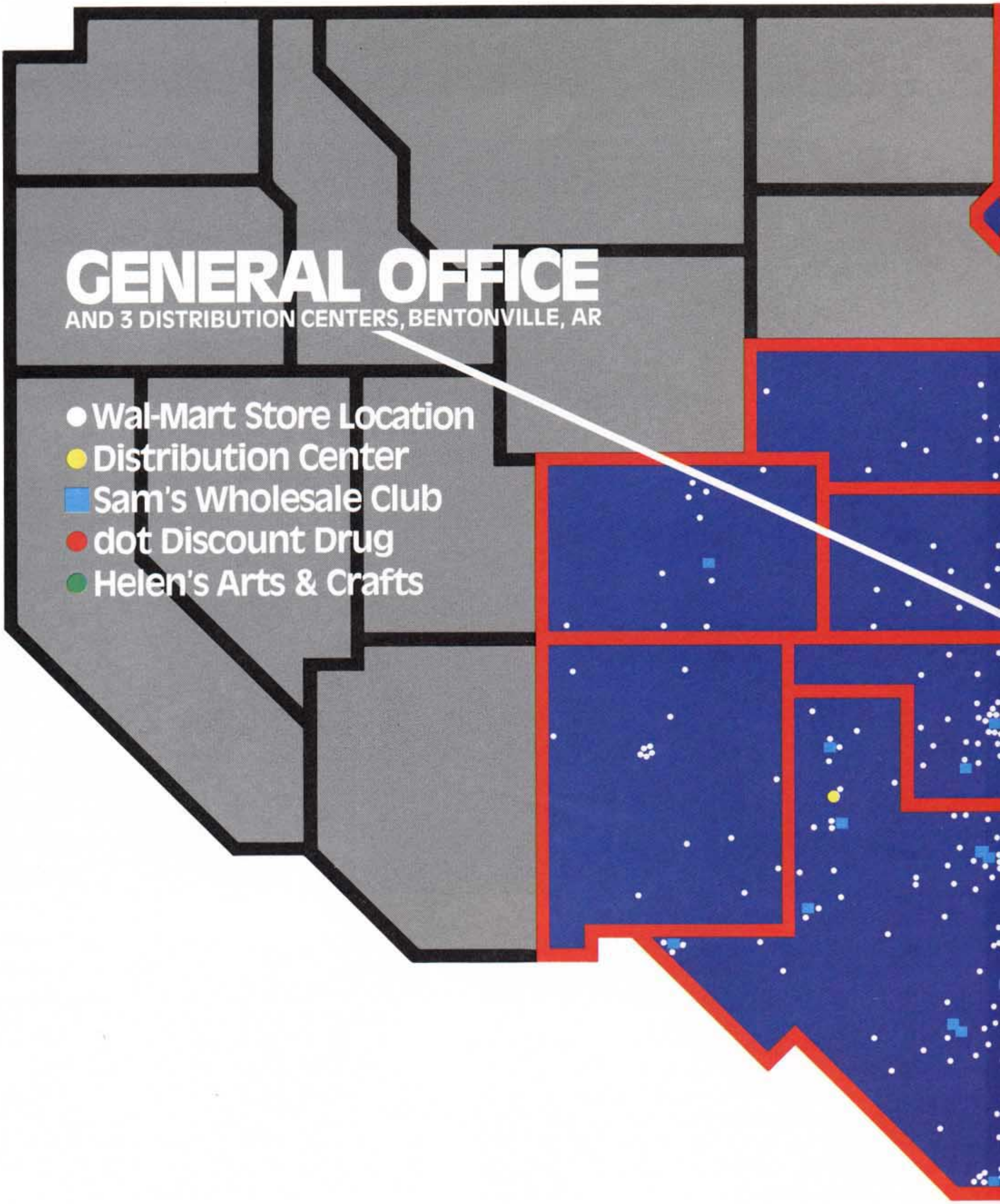
DEBBI HUGHES
Customer Service

cluding: Assistant Manager Retail Training, Product Knowledge, Sam's Operations, Scheduling and Staffing and Department Manager Training.

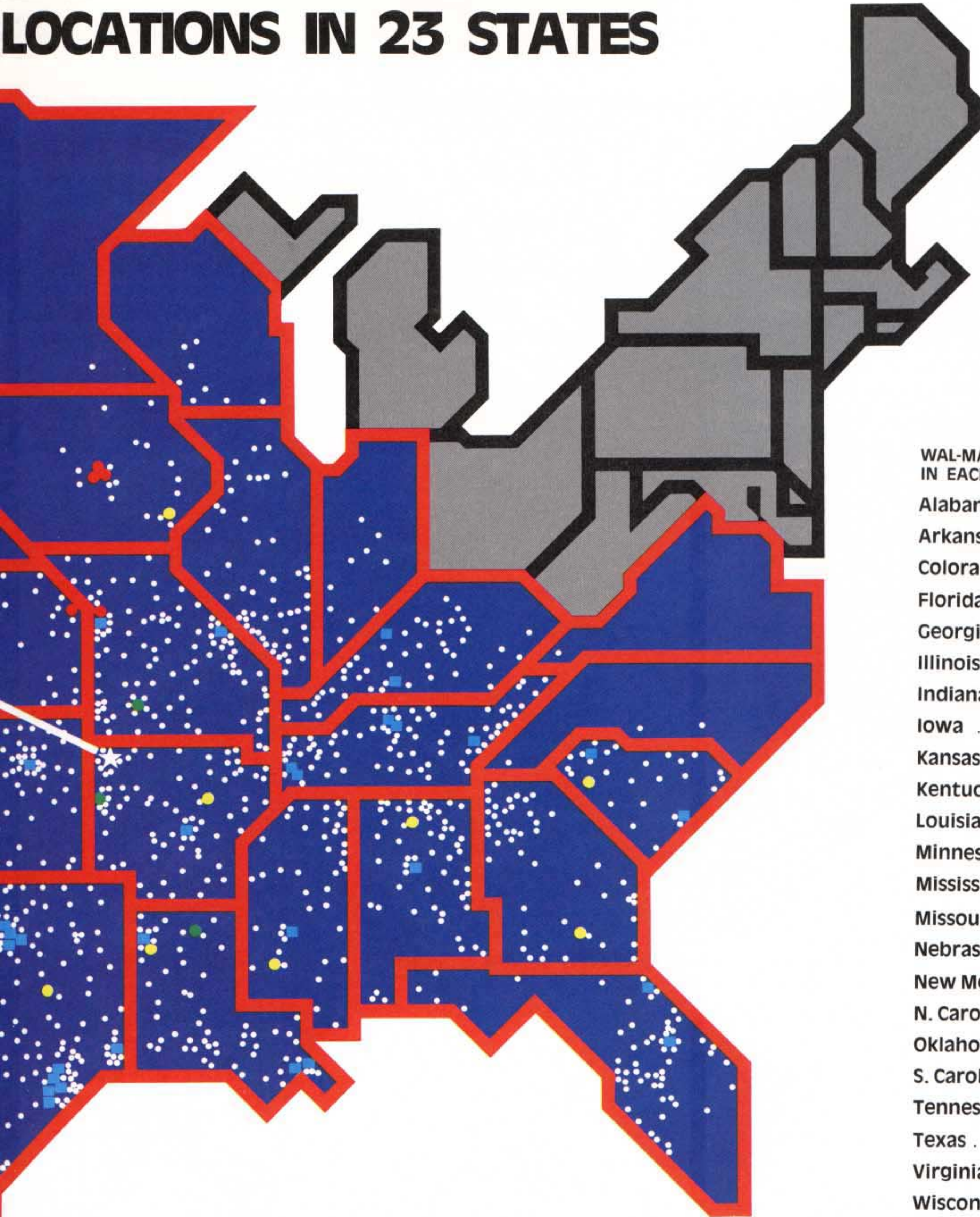
Our people not only make the difference in Wal-Mart, but they also make a difference in the communities they serve. Our Company and associates strive to help improve the quality of life by providing not only quality products at everyday low prices, but also by supporting human needs of our communities. Our helping hands work hard in community involvement projects, local scholarship programs and are extended to our neighbors and families in times of hardship and need.

February 1987 dawned the celebration of twenty-five years of this exciting retail experimentation we know as Wal-Mart. We pledge to our shareholders, customers and associates the promulgation of the basic values and philosophies as well as our bias toward action that have served us so well thus far.

980 WAL-MART STORE



LOCATIONS IN 23 STATES



WAL-MART STORES IN EACH STATE

Alabama	55
Arkansas	73
Colorado	10
Florida	57
Georgia	47
Illinois	52
Indiana	10
Iowa	17
Kansas	33
Kentucky	44
Louisiana	56
Minnesota	1
Mississippi	41
Missouri	96
Nebraska	10
New Mexico	15
N. Carolina	3
Oklahoma	75
S. Carolina	25
Tennessee	68
Texas	183
Virginia	1
Wisconsin	8

TEN-YEAR FINANCIAL SUMMARY
Wal-Mart Stores, Inc. and Subsidiaries

(Dollar amounts in thousands except per share data)	**1987**	1986
EARNINGS		
Net sales	**$11,909,076**	$8,451,489
Licensed department rentals and other income-net	**84,623**	55,127
Cost of sales	**9,053,219**	6,361,271
Operating, selling and general and administrative expenses	**2,007,645**	1,485,210
Interest costs:		
Debt	**10,442**	1,903
Capital leases	**76,367**	54,640
Taxes on income	**395,940**	276,119
Net income	**450,086**	327,473
Per share of common stock:		
Net income	**1.59**	1.16
Dividends	**.17**	.14
Stores in operation at the end of the period		
Wal-Mart Stores	**980**	859
Sam's Wholesale Clubs	**49**	23
FINANCIAL POSITION		
Current assets	**$2,353,271**	$1,784,275
Net property, plant, equipment and capital leases	**1,676,282**	1,303,450
Total assets	**4,049,092**	3,103,645
Current liabilities	**1,340,291**	992,683
Long-term debt	**179,234**	180,682
Long-term obligations under capital leases	**764,128**	595,205
Preferred stock with mandatory redemption provisions	**—**	4,902
Common shareholders' equity	**1,690,493**	1,277,659
FINANCIAL RATIOS		
Current ratio	**1.8**	1.8
Inventories/working capital	**2.0**	1.8
Return on assets*	**14.5**	14.8
Return on shareholders' equity*	**35.2**	33.3

*On beginning of year balances

1985	1984	1983	1982	1981	1980	1979	1978
$6,400,861	$4,666,909	$3,376,252	$2,444,997	$1,643,199	$1,248,176	$900,298	$678,456
52,167	36,031	22,435	17,650	12,063	10,092	9,615	7,767
4,722,440	3,418,025	2,458,235	1,787,496	1,207,802	919,305	661,062	503,825
1,181,455	892,887	677,029	495,010	331,524	251,616	182,365	134,718
5,207	4,935	20,297	16,053	5,808	4,438	3,119	2,068
42,506	29,946	18,570	15,351	10,849	8,621	6,595	4,765
230,653	160,903	100,416	65,943	43,597	33,137	27,325	19,656
270,767	196,244	124,140	82,794	55,682	41,151	29,447	21,191
.96	.70	.46	.31	.22	.17	.12	.09
.105	.07	.045	.0325	.025	.019	.014	.01
745	642	551	491	330	276	229	195
11	3						
$1,303,254	$1,005,567	$ 720,537	$ 589,161	$ 345,204	$ 266,617	$191,860	$150,986
870,309	628,151	457,509	333,026	245,942	190,562	131,403	100,550
2,205,229	1,652,254	1,187,448	937,513	592,345	457,879	324,666	251,865
688,968	502,763	347,318	339,961	177,601	170,221	98,868	74,891
41,237	40,866	106,465	104,581	30,184	24,862	25,965	21,489
449,886	339,930	222,610	154,196	134,896	97,212	72,357	59,003
5,874	6,411	6,861	7,438	—	—	—	—
984,672	737,503	488,109	323,942	248,309	164,844	127,476	96,482
1.9	2.0	2.1	1.7	1.9	1.6	1.9	2.0
1.8	1.5	1.5	2.0	1.7	2.4	1.9	1.8
16.4	16.5	13.2	14.0	12.2	12.7	11.7	12.6
36.7	40.2	38.3	33.3	33.8	32.3	30.5	32.9

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Sales for the three fiscal years ended January 31, 1987, and the respective total and comparable store percentage increases over the prior year were as follows:

Fiscal year ended January 31,	Sales	Total company increases	Comparable stores increases
1987	$11,909,076,000	41%	13%
1986	8,451,489,000	32	9
1985	6,400,861,000	37	15

Sales increases were due to the productivity of comparable stores, and the contribution of new stores (121 Wal-Mart stores and 26 Sam's units in fiscal 1987, 115 Wal-Mart stores and 12 Sam's units in fiscal 1986 and 106 Wal-Mart stores and 8 Sam's units in fiscal 1985), and inflation (estimated at 1-2% per year).

The Sam's units contributed the following sales for the periods indicated:

Fiscal year ended January 31,	Sales
1987	$1,678,334,000
1986	776,483,000
1985	221,586,000

The following table sets forth the percentage that certain items in the Company's Consolidated Statements of Income bear to net sales and the annual percentage change of such items for the period indicated.

	Percentage of sales year ended January 31,			Percentage change from prior year		
	1987	1986	1985	**1987**	1986	1985
Sales	**100.0%**	100.0%	100.0%	**40.9%**	32.0%	37.2%
Cost of Sales	**76.0**	75.3	73.8	**42.3**	34.7	38.2
Operating, selling and general and administrative cost	**16.9**	17.6	18.5	**35.2**	25.7	32.3
Interest costs	**.7**	.7	.7	**53.5**	18.5	36.8
Provision for income taxes	**3.3**	3.3	3.6	**43.4**	19.7	43.3
Net income	**3.8**	3.9	4.2	**37.4**	20.9	38.0

Cost of sales (as a percentage of sales) increased .7% and 1.5% respectively in fiscal 1987 and 1986 as compared with fiscal 1986 and 1985. The increases were due to the cost of sales in the Sam's units, which is significantly higher than in the balance of the Company (due to lower markon on purchases), the continuation of reduced initial markons supporting emphasis in the Wal-Mart stores on everyday low prices, the Company's "Price Rollback" program and higher LIFO costs in fiscal 1986 and 1985. These increases were partially offset by a lower rate of markdown and improved shrinkage results.

Operating, selling and general administrative expenses (as a percentage of sales) decreased .7% and .9% respectively in fiscal 1987 and 1986 as compared with fiscal 1986 and 1985 through continued cost control efforts, productivity improvements and the effects of Sam's units expense ratios to sales being significantly lower than in the balance of the Company.

Interest costs (as a percentage of sales) remained constant for the three fiscal years ended 1987. See NOTE 3 of Notes to Consolidated Financial Statements for additional information on interest and debt.

The effective tax rate was 46.8% in fiscal 1987, 45.7% in 1986 and 46% in 1985. The increase in fiscal 1987 was due to the tax law changes included in the Tax Reform Act of 1986 as it relates to the elimination of investment tax credits. See NOTE 4 of Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Fiscal 1987

Funds provided from current operations were a record $596,157,000 in fiscal 1987. These funds combined with the proceeds of $144,000,000 from the sale of 24 Sam's Wholesale Clubs land and buildings were used to finance capital expenditures for fixtures, equipment, leasehold improvements, 12 Wal-Mart stores in the state of Florida, one Sam's Wholesale Club unit, partial construction of two distribution centers, and to a lesser extent, to pay dividends and provide general working capital. In addition, the Company maintains $370,000,000 in lines of credit to support short-term borrowing and commercial paper sufficient to finance the seasonal buildups in merchandise inventories and interim financing requirements for store properties developed under sale/leaseback arrangements, and at January 31, 1987, the Company had $157,018,000 in short-term money market investments.

The Company opened 121 Wal-Mart stores during fiscal 1987, and financed the real estate primarily through sale/leaseback arrangements or leases from real estate developers. Capital expenditures of $403,660,000 excluding leased properties, were financed through internally generated funds, and the proceeds from the sale of Sam's Wholesale Clubs land and buildings.

The Company's debt (including obligations under capital leases)-to-equity ratio decreased to .56:1 at the end of fiscal 1987 as compared with .61:1 at the end of the preceding year.

The Tax Reform Act of 1986 reduces corporate income tax rates in future periods. The Company plans to pass the tax savings generated from the tax rate reductions to its customers in the form of reduced retail prices. The effect on the Company's cash flow will be limited if any.

Capital expenditures planned for fiscal 1988, including 125 Wal-Mart stores, 20 Sam's Wholesale clubs, two distribution centers, and 6 dot Discount Drug stores, are approximately $630,000,000. These expenditures will be financed from internally generated funds, sale/leaseback arrangements or real estate developers.

Dividends for fiscal 1988 have been increased to 24 cents per share from 17 cents per share in fiscal 1987, payable quarterly at six cents per share.

Fiscal 1986

Funds generated from operations were $435,144,000. The Company had access to $425,000,000 in unused lines of credit for short-term borrowing and issuance of commercial paper.

Additions to property, plant and equipment totaled $350,667,000, excluding leased store properties, and were financed with internally generated funds. The debt-to-equity ratio increased to .61:1 from .50:1 in fiscal 1985.

CONSOLIDATED STATEMENTS OF INCOME

Wal-Mart Stores, Inc. and Subsidiaries

(Amounts in thousands except per share data)

	Fiscal year ended January 31,		
	1987	1986	1985
Revenues:			
Net sales	**$11,909,076**	$8,451,489	$6,400,861
Rentals from licensed departments	**10,779**	13,011	13,053
Other income-net	**73,844**	42,116	39,114
	11,993,699	8,506,616	6,453,028
Costs and expenses:			
Cost of sales	**9,053,219**	6,361,271	4,722,440
Operating, selling and general and administrative expenses	**2,007,645**	1,485,210	1,181,455
Interest costs:			
Debt	**10,442**	1,903	5,207
Capital leases	**76,367**	54,640	42,506
	11,147,673	7,903,024	5,951,608
Income before income taxes	**846,026**	603,592	501,420
Provision for federal and state income taxes:			
Current	**373,508**	258,197	220,842
Deferred	**22,432**	17,922	9,811
	395,940	276,119	230,653
Net income	**$ 450,086**	$ 327,473	$ 270,767
Net income per share	**$1.59**	**$1.16**	**$.96**

See accompanying notes.

CONSOLIDATED BALANCE SHEETS

Wal-Mart Stores, Inc. and Subsidiaries

(Amounts in thousands)

	January 31, 1987	1986
ASSETS		
Current assets:		
Cash	**$ 8,527**	$ 9,250
Short-term money market investments	**157,018**	165,168
Receivables	**90,380**	57,662
Recoverable costs from sale/leaseback	**47,160**	152,410
Inventories	**2,030,972**	1,388,168
Prepaid expenses	**19,214**	11,617
TOTAL CURRENT ASSETS	**2,353,271**	1,784,275
Property, plant and equipment, at cost:		
Land	**134,351**	103,514
Buildings and improvements	**402,845**	314,325
Fixtures and equipment	**655,253**	474,769
Transportation equipment	**45,346**	44,131
	1,237,795	936,739
Less accumulated depreciation	**267,722**	192,380
Net property, plant and equipment	**970,073**	744,359
Property under capital leases	**832,337**	652,003
Less accumulated amortization	**126,128**	92,912
Net property under capital leases	**706,209**	559,091
Other assets and deferred charges	**19,539**	15,920
Total assets	**$4,049,092**	$3,103,645
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 924,654**	$ 695,439
Accrued liabilities:		
Salaries	**62,774**	49,698
Taxes, other than income	**46,496**	39,704
Other	**159,985**	107,158
Accrued federal and state income taxes	**132,833**	89,399
Long-term debt due within one year	**1,448**	1,605
Obligations under capital leases due within one year	**12,101**	9,680
TOTAL CURRENT LIABILITIES	**1,340,291**	992,683
Long-term debt	**179,234**	180,682
Long-term obligations under capital leases	**764,128**	595,205
Deferred income taxes	**74,946**	52,514
Preferred stock with mandatory redemption provisions.	**—**	4,902
Common shareholders' equity:		
Common stock (shares outstanding, 282,182 and 281,045 in 1987 and 1986)	**28,218**	28,105
Capital in excess of par value	**191,857**	181,106
Retained earnings	**1,470,418**	1,068,448
TOTAL COMMON SHAREHOLDERS' EQUITY	**1,690,493**	1,277,659
Total liabilities and shareholders' equity	**$4,049,092**	$3,103,645

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY
Wal-Mart Stores, Inc. and Subsidiaries

(Amounts in Thousands)	Number of shares	Common stock	Capital in excess of par value	Retained earnings	Total
Balance - January 31, 1984	139,916	$13,992	$183,558	$539,953	$737,503
Net income				270,767	270,767
Cash dividends:					
Common stock					
($.105 per share)				(29,419)	(29,419)
Preferred stock					
($2.00 per share)				(482)	(482)
Accretion of preferred stock					
redemption premium				(76)	(76)
Exercise of stock options	253	25	450		475
Tax benefit from stock options			5,292		5,292
Conversion of preferred stock	54	5	607		612
Balance - January 31, 1985	140,223	14,022	189,907	780,743	984,672
Net income				327,473	327,473
Cash dividends:					
Common stock					
($.14 per share)				(39,302)	(39,302)
Preferred stock					
($2.00 per share)				(396)	(396)
Accretion of preferred stock					
redemption premium				(70)	(70)
Exercise of stock options	65	7	334		341
Conversion of preferred stock	86	9	977		986
100% common stock dividend	140,374	14,038	(14,038)		—
Exercise of stock options	288	28	954		982
Tax benefit from stock options			3,352		3,352
Conversion of preferred stock	9	1	54		55
Other			(434)		(434)
Balance - January 31, 1986	281,045	28,105	181,106	1,068,448	1,277,659
Net income				450,086	450,086
Cash dividends:					
Common stock					
($.17 per share)				(47,850)	(47,850)
Preferred stock					
($1.50 per share)				(266)	(266)
Exercise of stock options	346	34	812		846
Tax benefit from stock options			5,122		5,122
Conversion of preferred stock	791	79	4,817		4,896
Balance - January 31, 1987	282,182	$28,218	$191,857	$1,470,418	$1,690,493

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

Wal-Mart Stores, Inc. and Subsidiaries

(Amounts in thousands) Fiscal years ended January 31,

	1987	1986	1985
Source of funds:			
Current operations:			
Net income	**$450,086**	$327,473	$270,767
Items not affecting working capital in current period:			
Depreciation and amortization	**123,639**	89,749	66,516
Deferred income taxes	**22,432**	17,922	9,811
Total from current operations	**596,157**	435,144	347,094
Net proceeds from exercise of options and conversion of preferred stock	**10,864**	5,282	6,379
Additions to long-term debt	**—**	141,120	10,699
Additions to long-term obligations under capital leases	**184,262**	156,453	118,407
Reduction of other assets	**1,300**	18,609	2,958
Disposal of assets	**90,920**	9,913	16,430
	883,503	766,521	501,967
Application of funds:			
Additions to property, plant and equipment	**403,660**	350,667	213,200
Additions to property under capital leases	**182,955**	181,487	111,721
Reduction in long-term debt, including changes in current maturities	**1,448**	1,675	10,328
Reduction in long-term lease obligations, including changes in current obligations	**15,339**	11,134	8,451
Preferred stock conversions	**4,902**	971	537
Dividends paid	**48,116**	39,768	29,977
Additions to other assets and deferred charges	**5,695**	3,513	16,271
	662,115	589,215	390,485
Increase in working capital	**$221,388**	$177,306	$111,482
Changes in components of working capital:			
Increase (decrease) in current assets:			
Cash	**($ 723)**	$ 7,398	($ 6,648)
Short-term money market investments	**(8,150)**	165,168	(148,360)
Receivables	**32,718**	12,084	6,783
Recoverable costs from sale/leaseback	**(105,250)**	10,021	74,744
Inventories	**642,804**	284,243	368,530
Prepaid expenses	**7,597**	2,107	2,638
	568,996	481,021	297,687
Increase (decrease) in current liabilities:			
Accounts payable and accrued liabilities	**301,910**	286,840	161,364
Accrued federal and state income taxes	**43,434**	16,040	21,813
Long-term debt due within one year	**(157)**	(1,377)	1,539
Obligations under capital leases due within one year	**2,421**	2,212	1,489
	347,608	303,715	186,205
Increase in working capital	**$221,388**	$177,306	$111,482

See accompanying notes.

Note 1 Accounting policies

Segment information—The Company and its subsidiaries are principally engaged in the operation of discount stores in a 23-state region. 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 principally at cost (last-in, first-out), which is not in excess of market, using the retail method for inventories in stores.

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

Recoverable costs from sale / leaseback—All costs of acquisition and construction of properties for which the Company has a commitment for sale / leaseback are accumulated in current assets until the properties are sold.

Interest during construction—In order that interest costs properly reflect only that relating to current operations, interest on borrowed funds during the construction of property, plant and equipment is capitalized. Interest costs capitalized (excluding amounts related to properties developed under sale / leaseback arrangements) are $3,464,000, $4,351,000 and $970,000 in 1987, 1986 and 1985 respectively.

Depreciation—Depreciation for financial statement purposes is provided on the straight-line method over the estimated useful lives of the various assets. For income tax purposes, the accelerated cost recovery system is used for assets placed in service after 1980 and accelerated depreciation is used for assets placed in service in 1980 and prior years with recognition of deferred income taxes for the resulting timing differences.

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

Income taxes—Investment tax credits are accounted for under the flow-through method.

Deferred income taxes are provided for income tax and financial reporting differences with respect to depreciation, capitalized leases and other items.

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

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.

Note 2 Inventories

Inventories at January 31, 1987, and January 31, 1986, were $2,030,972,000 and $1,388,168,000 respectively. Replacement cost would be $153,875,000 greater in 1987 and $140,181,000 greater in 1986.

Note 3 Notes payable and long-term debt

Information on short-term borrowings and interest rates follows:

	Fiscal years ended January 31,		
	1987	1986	1985
Maximum amount outstanding at month-end	$310,585,000	$161,300,000	$198,100,000
Average daily short-term borrowings	$ 62,737,000	$ 35,947,000	$ 36,216,000
Weighted average interest rate	5.9%	8.0%	10.4%

At January 31, 1987, the Company had lines of credit to support short-term borrowings and commercial paper with 9 banks in an aggregate of $330,000,000, and 30 day seasonal lines in an aggregate of $40,000,000. Short-term borrowings against these lines of credit bear interest at or below the prime rate, and require commitment fees.

Long-term debt at January 31 consists of:

		1987	1986
10⅞%	Debentures due August 2000	$100,000,000	$100,000,000
10%	Participating Mortgage Certificates due 2005	15,500,000	15,500,000
9½%	Participating Mortgage Certificates II due 2005	25,000,000	25,000,000
8⅝%	25-year secured notes, payable $244,595 quarterly (including interest) to October 2003	8,385,000	8,627,000
9¾%	Mortgage notes, due 1986 through 2000	6,060,000	6,485,000
8½%	Secured notes, payable $121,030 quarterly (including interest)	4,116,000	4,243,000
9¼%	Mortgage notes, payable $68,822 quarterly (including interest) to June 1992	1,004,000	1,176,000
Tax-exempt mortgage obligations, at an average rate of 10.3% due 1988 through 2014		15,780,000	15,795,000
Other		3,389,000	3,856,000
		$179,234,000*	$180,682,000

*Mortgage notes payable of $78,643,000 are collateralized by property with an aggregate carrying value of approximately $87,945,000.

Annual maturities on long-term debt during the next five years are:

Fiscal years ending January 31,	Annual maturity
1988	$1,448,000
1989	1,474,000
1990	1,176,000
1991	1,516,000
1992	1,314,000

Under the terms of the 10⅞% Debentures, the Company has agreed to observe certain covenants. Among these are provisions relating to secured debt and long-term leases.

The agreements relating to the 10% and the 9½% Participating Mortgage Certificates contain provisions for the interest rate to be adjusted in three years from issuance date to 9% and 8½%, respectively, and for contingent additional interest to be payable on a basis of the sales performance of the Wal-Mart stores collateralized by the issues.

The agreements relating to the 9¼% mortgage notes, which are guaranteed by Wal-Mart Stores, Inc., and the 8⅝% and 8½% secured notes of a subsidiary contain certain restrictions on the subsidiary concerning additional debt, business activities and combinations, issuance of capital stock and investments.

Note 4 Income taxes

Reconciliations of the statutory federal income tax rate to the effective tax rate, as a percent of pre-tax financial income, are as follows:

	1987	1986	1985
Statutory tax rate	46.0%	46.0%	46.0%
Investment tax credits	(.8)	(2.1)	(2.2)
State income taxes	2.2	2.1	2.0
Other	(.6)	(.3)	.2
Effective tax rate	46.8%	45.7%	46.0%

Investment tax credits resulted in reductions of the current federal income tax provisions for 1987, 1986 and 1985 of $6,447,000, $12,940,000 and $11,227,000 respectively.

Deferred tax expense results from timing differences in the recognition of revenue and expense for tax and financial reporting purposes with respect to the following:

	1987	1986	1985
Depreciation	$36,343,000	$24,029,000	$17,263,000
Capital leases	(8,793,000)	(5,959,000)	(4,936,000)
Other	(5,118,000)	(148,000)	(2,516,000)
	$22,432,000	$17,922,000	$ 9,811,000

Note 5 Preferred and common stock

A. Preferred stock with mandatory redemption provisions

Following a call for redemption during the current year, all outstanding shares of preferred stock were redeemed. There are 24,699,585 shares of $.10 par value preferred stock authorized, with no shares outstanding at January 31, 1987, and 181,229 shares outstanding at January 31, 1986.

B. Common stock

There are 325 million shares of $.10 par value common stock authorized, with 282,182,946 shares of common stock issued and outstanding at January 31, 1987, and 281,045,471 shares issued and outstanding at January 31, 1986. The common stock is listed on the New York Stock Exchange and the Pacific Stock Exchange, and at January 31, 1987, there were 32,896 shareholders of record.

At January 31, 1987, 3,499,278 shares of common stock were reserved for issuance under the 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:

		Option price (market price at date of grant)	
	Shares	Per share	Total
Shares under option			
January 31, 1986	2,188,469	$ .74-30.00	$22,042,292
Options granted	187,662	30.00-47.75	7,964,283
Options canceled	(32,408)	3.88-30.00	(448,282)
Options exercised	(363,271)	.74-30.00	(1,629,621)
January 31, 1987 (562,000 shares exercisable)	1,980,452	$ .92-47.75	$27,928,672
Shares available for option			
January 31, 1986	1,697,636		
January 31, 1987	1,518,826		

Note 6 Licensed department sales

The sales of licensed departments as reported by licensees are $116,947,000, $129,421,000 and $117,223,000 for 1987, 1986, and 1985 respectively.

Note 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 $121,229,000 in 1987, $95,088,000 in 1986, and $81,795,000 in 1985

Aggregate minimum annual rentals at January 31, 1987, under noncancelable leases are as follows:

Fiscal years	Operating leases	Capital leases
1988	$ 92,410,000	$ 97,348,000
1989	103,718,000	96,988,000
1990	103,231,000	97,410,000
1991	101,008,000	97,297,000
1992	97,499,000	96,861,000
Thereafter	1,227,371,000	1,530,749,000
Total minimum rentals	$1,725,237,000	2,016,653,000
Less estimated executory costs		25,380,000
Net minimum lease payments		1,991,273,000
Less imputed interest at rates ranging from 8.5% to 14.0%		1,215,045,000
Present value of net minimum lease payments		$ 776,228,000

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to $14,427,000 in 1987, $11,793,000 in 1986, and $10,674,000 in 1985.

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 84 future locations. The 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 would approximate $19,100,000 annually over the lease terms.

Note 8 Quarterly financial data (unaudited)

Summarized consolidated quarterly financial data for 1987 and 1986 are as follows:

	Quarters ended			
1987	April 30,	July 31,	October 31,	January 31,
Net sales	$2,344,253,000	$2,770,276,000	$2,949,008,000	$3,845,539,000
Cost of sales	1,772,892,000	2,120,904,000	2,227,946,000	2,931,477,000
Net income	73,391,000	95,864,000	96,531,000	184,300,000
Net income per share	$ .26	$ .34	$ .34	$ .65
1986				
Net sales	$1,655,661,000	$1,934,359,000	$2,087,533,000	$2,773,936,000
Cost of sales	1,240,844,000	1,457,198,000	1,561,281,000	2,101,948,000
Net income	51,690,000	71,809,000	70,917,000	133,057,000
Net income per share	$ .18	$ .25	$ .25	$ .47

ACCOUNTANTS' REPORT

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

We have examined the accompanying consolidated balance sheets of Wal-Mart Stores, Inc., and subsidiaries at January 31, 1987 and 1986, and the related consolidated statements of income, common shareholders' equity and changes in financial position for each of the three years in the period ended January 31, 1987. 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, 1987 and 1986, and the consolidated results of operations and changes in financial position for each of the three years in the period ended January 31, 1987, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

Tulsa, Oklahoma
March 23, 1987

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements and information of Wal-Mart Stores, Inc. 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. The services of certain specialists, both from within the Company and from outside the Company, have been utilized in making such estimates and judgments.

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 public accountants and the internal auditors. Management believes that the accounting and control systems provide reasonable assurance that assets are safeguarded and financial information is reliable.

The Company has adopted a Statement of Responsibility which is intended to guide our management in the continued observance of high ethical standards of honesty, integrity and fairness in the conduct of the business and in accordance with the law. Compliance with the guidelines and standards is continuously 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 public accountants and the internal auditors have free access to the Audit Committee and the Board of Directors and meet with the Committee periodically, with and without management present.

**Jack Shewmaker
Vice Chairman and
Chief Financial Officer**

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David D. Glass

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Operations

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Divisional Merchandise Manager

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Merchandise,
Sam's Wholesale Club

Wesley C. Wright
Personnel

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James A. Walker, Jr.

General Counsel and Secretary
Robert K. Rhoads

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President, Kahn & Harris, Inc.

Charles Lazarus
Chairman, Toys "R" Us, Inc.

William H. Seay
Chairman, Retired,
Southwest Life Insurance Company

Jack Shewmaker
Vice Chairman and
Chief Financial Officer
Wal-Mart Stores, Inc.

Donald G. Soderquist
Executive Vice President
Operations and Administration
Wal-Mart Stores, Inc.

Jackson T. Stephens
Chairman, Stephens Inc.

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

Sam M. Walton
Chairman and Chief Executive Officer
Wal-Mart Stores, Inc.

S. Robson Walton
Vice Chairman
Wal-Mart Stores, Inc.

COMMITTEES OF THE BOARD

Executive Committee
David D. Glass
A. L. Johnson
Jack Shewmaker
Donald G. Soderquist
James L. Walton
Sam M. Walton
S. Robson Walton

Audit Committee
James H. Jones
Robert Kahn
William H. Seay

Stock Option Committee
David D. Glass
Jack Shewmaker
Sam M. Walton

Special Stock Option Committee
John A. Cooper, Jr.
James H. Jones
Jackson T. Stephens

CORPORATE INFORMATION

REGISTRAR AND TRANSFER AGENT
Common Stock:
Centerre Trust Company of St. Louis
510 Locust Street
Post Office Box 14768
St. Louis, Missouri 63178

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

CERTIFIED PUBLIC ACCOUNTANTS
Arthur Young & Company
4300 One Williams Center
Tulsa, Oklahoma 74172

LISTINGS
New York Stock Exchange
Common Stock Symbol: WMT

Pacific Stock Exchange
Common Stock Symbol: WMT

ANNUAL MEETING
Our Annual Meeting of Shareholders will be held on Friday, June 5, 1987, at 10:00 a.m. in Barnhill 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 1987.

INVESTORS' INQUIRIES FORM 10-K REPORT
A copy of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1987, as filed with the Securities and Exchange Commission, may be obtained without charge by writing to:

Bette Hendrix
Assistant Secretary
Wal-Mart Stores, Inc.
Bentonville, AR 72716

CORPORATE OFFICES
Wal-Mart Stores, Inc
Bentonville, Arkansas 72716
Telephone: 501/273-4000


WAL-MART
Twenty Fifth
Anniversary
What's important is
YOU!
PAPER CARDBOARD ONLY IN TRASH BOXES

February 1987 dawned the celebration of twenty-five years of this exciting retail experimentation we know as Wal-Mart. We pledge to our shareholders, customers and associates the promulgation of the basic values and philosophies as well as our bias toward action that have served us so well thus far.