

WAL★MART®

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About The Cover: In every store, in every country, in every way, our focus is as it has always been – on our Customers.



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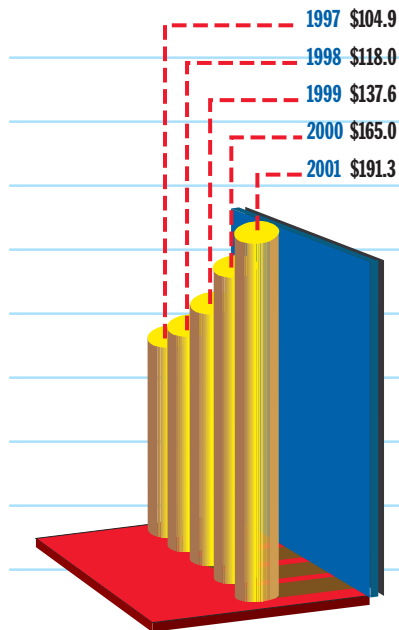
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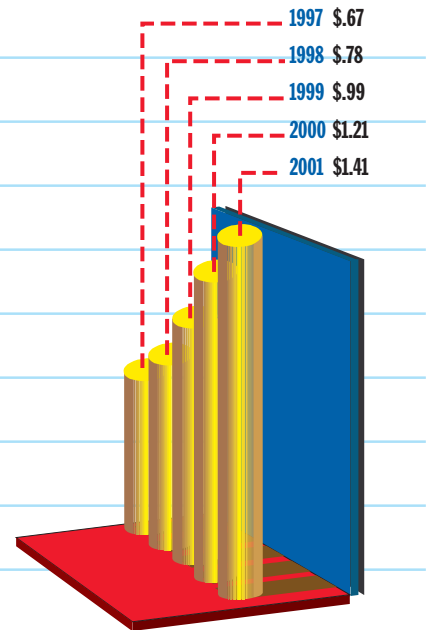
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FINANCIAL HIGHLIGHTS

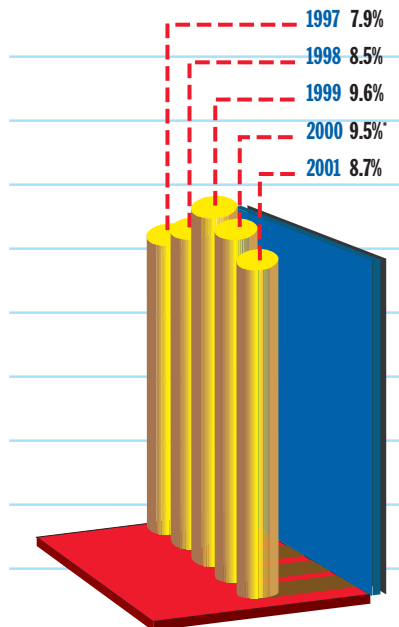
Net Sales



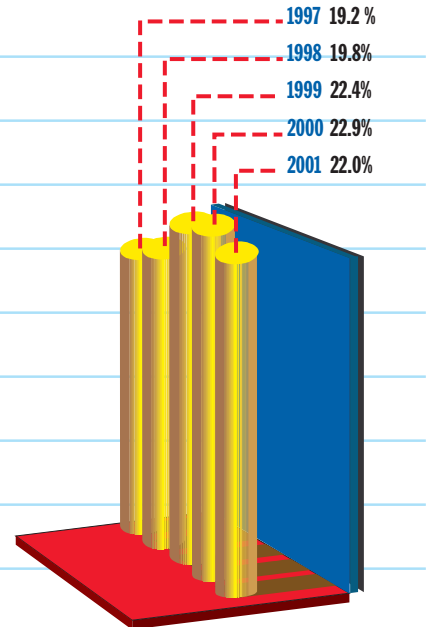
Earnings Per Share



Return on Assets



Return on Shareholder's Equity



* Calculated giving effect to the amount by which a lawsuit settlement exceeded established reserves. If this settlement was not considered, the return was 9.8%.

A LOOK AT 2001 AND BEYOND

Dear Fellow Shareholder:

It is truly an honor to serve as President and CEO of Wal-Mart Stores, Inc., and I appreciate the opportunity to share with you some thoughts from fiscal 2001 and our outlook for the future. What a year of milestones it was! But before we get into the details, I'd like to touch on a few highlights from the year.

Net sales in fiscal 2001 increased almost 16 percent to more than \$191 billion, representing a growth in revenue of more than \$26 billion. In addition, net income reached \$2 billion for the fourth quarter and almost \$6.3 billion for the year, making it our first "two-billion-dollar-income quarter" and our first "six-billion-dollar-income year."

FORTUNE magazine named Wal-Mart the third "most admired" company in America and one of the 100 best companies to work for in America. Our Company also ranked fifth on *FORTUNE*'s Global Most Admired Companies list based on characteristics such as leadership, teamwork and the way we treat our people. In addition, Americans named Wal-Mart the company they think of first in supporting local causes and issues, according to Cone, Inc., a national research firm.

Whether it's our domestic or international Associates in the stores,



clubs and distribution centers, or those in the home office, our people truly deserve the credit for all these accomplishments. Let's look a little closer at what our Associates were able to achieve this year.

Fiscal 2001 was clearly one of the strongest years in recent memory for the SAM'S CLUB division. We saw growth in both sales and earnings. Moreover, earnings growth outpaced sales growth for the year. Membership renewals reached record levels, demonstrating strong loyalty and Member acceptance, and illustrating that a SAM'S membership is the best value in the warehouse club business. In fact, one in three households in America now has a SAM'S CLUB membership. SAM'S has made great progress over the past two years in upgrading our

facilities and adding services, including pharmacy, optical, 1-Hour Photo and fuel, to offer the highest quality shopping experience to our Members. In short, our Members continue to respond favorably to SAM'S unique, high-quality merchandise at exceptional values.

The International Division had an excellent year, growing sales by 41 percent and achieving more than \$32 billion in revenues. As we travel internationally, it's exciting not only to see our stores and clubs operating at such high standards, but

also to see the Wal-Mart culture being embraced throughout the world. This just shows that treating people with respect and raising their standard of living through Every Day Low Prices knows no boundaries.

I'll highlight the exceptional performances by our three largest international operations: Canada, Mexico and the United Kingdom.

Fiscal 2001 was a great year for our Canadian business. Sales and operating profit increased for the year by more than 14 percent, continuing the customer-focused retailing traditions established in the U.S. almost 40 years ago.

Mexico also had an outstanding year, exceeding both its sales and profit goals. Our Customers there

have responded exceptionally well to the high level of customer service our Associates provide, and to the introduction of Every Day Low Prices in all our retail formats in Mexico.

In particular, I'd like to thank our ASDA Colleagues (Associates) in the United Kingdom for their exceptional performance over the last year. For the fourth straight year, ASDA was voted "Supermarket of the Year" by *Checkout* magazine. The division exceeded the objectives set at the time we acquired ASDA, and our Colleagues accomplished our ultimate goal – taking care of our Customers and providing them with an exceptional value in the marketplace.

The Wal-Mart Stores Division, by far our largest, features our Discount Store, Supercenter and Neighborhood Market formats. The year brought some truly bright spots for this division as well.

We've made exceptional strides in our food offerings through the Supercenters and Neighborhood Markets. This year, Wal-Mart became the largest retailer in the U.S. grocery industry, according to *Supermarket News*. That is truly a remarkable achievement, and I think Sam Walton would be proud. As always, we will continue to ensure that we are the *best* food retailer, not just the largest.

In July, we challenged our Associates to react to the slowing economy by reducing inventories by more than \$1 billion, the majority of which would come from the Wal-Mart Division. Despite disappointing holiday sales, our Associates not only met this goal – they exceeded it.

The division had a strong first half of the year as our Associates built on last year's phenomenal growth. But

"Sam Walton set the standard for our vision of leadership, and we are carrying it forward."

as we moved through the second half of fiscal 2001, it became evident that consumer spending was slowing and would not recover in time for the crucial holiday shopping season. Our Associates reacted appropriately, however, by continuing our focus on customer satisfaction.

Although we did not end the year the way we would have liked, the keys to our ability to manage a slowdown in the economy remain simple and effective. They are what we have built our business on since the beginning.

First, we must maintain an in-stock level unequalled in the retail world. Our commitment is unchanged: provide the products our Customers want at the moment they want to make the purchase.

Second, we must provide the level of service our Customers expect and deserve. It's not enough to provide merchandise and a safe, comfortable environment in which to shop. We must generate the excitement and enthusiasm necessary to build a relationship with the Customer and make each shopping experience better than the one before. This includes simple things like saying thank you and greeting our Customers warmly as they enter the store. Sam Walton called it "aggressive hospitality," and it still works today.

Third, we must provide our Customers with top-quality merchandise and services at Every Day Low Prices. After all, that's what the sign says, and that's our commitment to our Customers.

Finally, it is a personal priority of mine to identify and develop the next generation of Wal-Mart leaders. For years, it was enough to just develop managers. But as the business environment becomes more challenging, it takes true leadership to guide a successful business. Sam Walton set the standard for our vision of leadership, and we are carrying it forward. We are committed to growing the leaders today who will propel this Company into tomorrow. It's the right thing to do for our Customers, our Associates and our Shareholders.

On a more personal note, I would like, on behalf of all Wal-Mart Associates, to thank David Glass for his leadership over the past 25 years. David served as Chief Executive Officer for 12 years and presided over more revenue and earnings growth than any other CEO in the history of retailing. We are fortunate that David has agreed to stay on in his present role, providing advice and counsel to me and the entire Wal-Mart team.

At Wal-Mart, we're passionate about delivering value to our Customers and Shareholders. As Shareholders, you play a vital role in our success as you invest in Wal-Mart stock and shop at our Wal-Mart stores and SAM'S CLUBS. While our history is rich with success, there's no question that our best years are yet to come, and this time next year I expect to report another record year for Wal-Mart. Thank you, and I look forward to visiting with you again next year.

Lee Scott



THIS STORE IS YOUR STORE



Wal-Mart has taken individualized assortment to a new level with its Store of the Community initiative. The Store of the Community is not a new line of stores, but rather an exciting model for existing Wal-Mart discount stores and Supercenters to meet the shopping needs of local store Customers. Introduced in fiscal 2001, these stores are specifically tailored to mirror the demographic makeup of their respective communities.

“The one-size-fits-all concept simply doesn’t work anymore in the retail industry. Customers tell us what they want and it is our responsibility to meet those needs,” Tom Coughlin, President & CEO of the Wal-Mart Stores Division, said.

The Store of the Community is stocked based on a combination of consumer purchasing data, area demographics, customer preferences and input from our store Associates. Evaluating the buying patterns of Customers enables Wal-Mart buyers to determine what is selling best at each store and purchase merchandise based on each store’s data.

All store managers, including general managers and department managers, submit yearly surveys, which include information such as when little league baseball or a hunting season begins in their community. This specific data is invaluable for developing a Store of the Community. For example, a Wal-Mart store located near a hospital may need a larger pharmacy area. Stores close to recreational bodies of water stock life vests and fishing equipment not carried in most land-locked stores. Other stores offer regional sporting goods. Softball leagues in Louisiana would not know what to do with a softball that is four inches larger in diameter like those used in Chicago and other urban areas.

In addition to obvious assortment flexibility, the program also allows seasonal start and end dates to be determined by the needs of the Customers and not by a store’s particular geographic zone. For example, turkey-hunting season may extend longer in one state than in an adjacent state. The Store of the Community concept allows us to tailor the first store’s assortment so that it can display turkey hunting merchandise until the end of its season.

“Our store Associates live and work in each store’s community and interact with over 100 million Customers each week. If we utilize information from all available resources including Customers, Associates and suppliers, our store will reflect the interests of its community. We will sell merchandise the Customers want to buy, not merchandise we want to sell. By accomplishing this goal, we create happy, satisfied Customers because they can now complete all of their shopping in one location, our store,” Coughlin added.



The detailed knowledge of a community created by the Customer/Associate partnership allows each store to differentiate department size, shelf-space allocation and departmental adjacencies. The result is a more efficient distribution of inventory by stocking our stores based on customer preferences rather than standardized assortments. It also increases sales, reduces markdowns and lowers inventory investment in the system. Most of all, it keeps Customers coming back into our stores because we’re attentive to their needs.



THE WAL-MART WAY OF LIFE

Our Culture, Our Attitude, Our Commitment

The cornerstone of Wal-Mart's success has and will always be our culture. Customers shop at Wal-Mart for the best values and the greatest selection of merchandise. We believe it is our culture that allows us to meet their expectations. The roots of our culture are grounded in three fundamental principles: respect for the individual (both our Associates and Customers), the highest standard of service to our Customers and a constant drive for excellence.

Culture is the value system that directs people's thoughts, deeds and words. Our founder, Sam Walton, established the basic beliefs upon which our Company's culture has evolved, but the perpetuation of our culture is the responsibility of all Associates. Wal-Mart understands that a person cannot be forced to accept our culture. Instead, every Associate must lead by example and continue to develop the trust that makes our culture work. Managers are expected to be servant leaders who encourage their Associates to take advantage of opportunities to express and share ideas with others. This environment of respect is one of the most important aspects of our culture.

Associates are encouraged to exceed Customers' expectations, and the results are outstanding customer trust and loyalty. Mr. Sam called it "aggressive hospitality." He believed that by exceeding Customers' expectations, they will come back again and again. Wal-Mart's Ten-Foot Rule encourages Associates to speak to a Customer before that Customer can speak to them. Wal-Mart customer service is legendary, and the Ten-Foot Rule is one of the reasons why.

Wal-Mart knows the best ideas have come from our front line Associates – greeters, checkers and stockers. In fact, the idea to have a greeter at the door to welcome our Customers came from an Associate. Every Associate is not only empowered but is also driven to make a difference and strive for excellence. Our Associates – their ideas and energy – are what will determine our future success and we encourage their input. Wal-Mart's Open Door Policy allows Associates

to share suggestions, observations or concerns with any supervisor, from a store manager to the President and CEO of Wal-Mart, with no fear of retaliation.

Our culture is what makes Wal-Mart unique and will continue to make us successful. Everyone in our Company is responsible for upholding the core beliefs that help keep our culture alive and well. Our purpose as a Company is to provide our Customers and Members with the very best value and shopping experience possible. It all begins with our culture. It is the cornerstone of what our Company was founded on and it is our main focus. Always.



Fiscal 2001 End-of-Year Store Count



State	Discount Stores	Supercenters	SAM'S CLUBS	Neighborhood Markets	State	Discount Stores	Supercenters	SAM'S CLUBS	Neighborhood Markets
Alabama	41	41	8	0	Montana	6	4	1	0
Alaska	5	0	3	0	Nebraska	12	8	3	0
Arizona	26	13	9	0	Nevada	12	4	4	0
Arkansas	41	36	4	5	New Hampshire	18	4	4	0
California	117	0	26	0	New Jersey	23	0	6	0
Colorado	23	18	12	0	New Mexico	9	13	4	0
Connecticut	19	1	3	0	New York	52	13	18	0
Delaware	3	2	1	0	North Carolina	59	35	16	0
Florida	86	57	34	0	North Dakota	8	0	2	0
Georgia	51	45	16	0	Ohio	76	12	25	0
Hawaii	5	0	1	0	Oklahoma	48	32	6	8
Idaho	7	6	1	0	Oregon	25	0	0	0
Illinois	86	25	27	0	Pennsylvania	49	29	19	0
Indiana	50	33	14	0	Rhode Island	7	0	1	0
Iowa	33	18	7	0	South Carolina	27	32	9	0
Kansas	34	16	5	0	South Dakota	8	0	2	0
Kentucky	36	38	5	0	Tennessee	47	41	15	0
Louisiana	43	37	11	0	Texas	142	112	56	6
Maine	17	3	3	0	Utah	12	3	5	0
Maryland	27	3	11	0	Vermont	4	0	0	0
Massachusetts	36	1	3	0	Virginia	26	41	10	0
Michigan	55	2	21	0	Washington	26	0	2	0
Minnesota	37	2	9	0	West Virginia	8	20	3	0
Mississippi	30	31	4	0	Wisconsin	53	7	11	0
Missouri	66	46	13	0	Wyoming	5	4	2	0
					U.S. Totals	1736	888	475	19
International/Worldwide									
Argentina	0	11	0	0	Mexico	429*	32	38	0
Brazil	0	12	8	0	Puerto Rico	9	0	6	0
Canada	174	0	0	0	United Kingdom	0	241**	0	0
China	0	10	1	0	INT'l Total:	612	406	53	0
South Korea	0	6	0	0	World Wide				
Germany	0	94	0	0	Grand Total:	2348	1294	528	19

* Includes: 37 Aurreras, 80 Bodegas, 54 Suburbias, 40 Superamas, and 218 Vips.

**Includes: 238 ASDA Stores and 3 ASDA/Wal-Mart Supercentres.

“That’s Retailtainment!”

Hit Movies, Hot Stars And Hip Merchandising Keep Customers Shopping

Wal-Mart understands that today’s consumers have an incredible array of shopping choices from which to choose. Not only do they want the best value for their hard-earned dollar, but they also demand outstanding customer service. We realized early on that we must take care of Customers and that part of doing so is creating a fun, dynamic shopping environment.

At Wal-Mart, we call the concept *Retailtainment* and our goal is to add excitement to the shopping experience.

The result is a fun environment for the Customers and our Associates, but other benefits include increased customer traffic and loyalty because that Customer looks forward to their trip to Wal-Mart.

Every store is encouraged to create its own “wild and crazy” Retailtainment events specifically designed for its individual community. Local stores invite clubs and civic organizations to set up exhibits, or ask police and fire departments to conduct safety seminars and demonstrations. To raise money for local charities last year, stores engaged in everything from a ladder drive (in which Associates volunteered to sit on top of a ladder until they solicited a certain amount in donations) to Bingo for Seniors, which



raised money for the Children’s Miracle Network.

Wal-Mart also organizes system-wide Retailtainment events. Last May, all Wal-Mart discount stores and Supercenters participated in an event to support the direct-to-video release of *The Rugrats Discover America*. Kids were invited to stores to watch the new Rugrats adventure while they ate snacks. Associates then took the children on their own “Discover America” adventure through the stores. To enhance the educational value of this promotion, a group of teachers developed a complementary lesson plan, which was distributed to select schools across the United States.

The Company, through its Wal-Mart Live Concert Series, broadcast an exclusive satellite concert performance by international singing superstar Ricky Martin in the home entertainment departments of stores nationwide last year. This televised event coincided with the release of Martin’s second English-language album. Other concerts presented last year included Garth Brooks, Faith Hill and Backstreet Boys.

“The concert series has been an extremely successful Retailtainment event. It’s a

perfect example of how we provide our Customers with a fun, entertaining shopping environment. Customers can view a free concert in a comfortable atmosphere and also benefit from coinciding promotions that are only available at our stores,” Tom Coughlin, President & CEO of Wal-Mart Stores Division, said.

Retailtainment is an area that truly sets our Company apart from others, and it will continue to be an important area of focus for Wal-Mart. Customers can expect to see more events and promotions exclusive to Wal-Mart stores and their individual communities in the future. By creating a friendly, entertaining atmosphere for our Customers,

we provide a fun shopping experience that keeps them coming back.



WAL-MART AROUND

Wal-Mart is truly a global company.

The Company has proven that its culture transcends borders and translates into many different languages. "All Customers appreciate good service, low pricing and great selection and that's the foundation upon which every Wal-Mart store is built," John B. Menzer, President & CEO of Wal-Mart International, explained.

In fiscal 2001, which ended January 31, close to 17 percent of Wal-Mart's sales came from its International Division. International sales during fiscal 2001 were \$32 billion, an increase of more than 41 percent over the previous year. As international

operations continue to become a larger portion of Wal-Mart's total growth, the Company is focused on aggressive, yet strategic expansion efforts abroad.

As of January 31, 2001, there were 1,071 stores – approximately one-fourth of the Company's total – outside the United States. Over 25 percent of Wal-Mart's new stores in the current year will be in the nine countries that comprise the International Division. This expansion will be achieved through a combination of new buildings, expansions and relocations.

ARGENTINA



Wal-Mart expanded into Mendoza with the opening of a new Supercenter, bringing the total number of discount retail stores in the country to 11. The Company has become an active corporate citizen in Argentina and has established programs to address the needs of the communities in which it does business. Wal-Mart donated more than \$200,000 to communities in Argentina during the year and continues to give through merchandise donations,



sponsorships, marathons and other types of fund-raising events.

BRAZIL



Wal-Mart currently has 20 units throughout Brazil. The Company entered the Rio de Janeiro market during the year, opening two SAM'S CLUBS and one Supercenter. It also opened two additional Supercenters and one SAM'S CLUB in the country and began construction of a distribution center, which opened in April 2001. Additionally, several SAM'S CLUBS were remodeled to offer Customers an expanded fresh food selection.

PUERTO RICO



In fiscal 2001, Wal-Mart opened its first distribution center in Puerto Rico. Remodeling two of the Company's highest volume SAM'S CLUBS also highlighted the year. Of the six clubs on the island, the 106,000-square-foot SAM'S CLUB at Bayamon has consistently ranked as the top-producing club internationally since it opened in 1993. Another club at Carolina, Puerto Rico, is ranked second internationally in sales.

MEXICO



Mexico is home to Wal-Mart's oldest and most extensive international operations, with 499 units at the end of the year, featuring six different retail formats and the country's largest sit-down restaurant

chain. The Company changed the name from Cifra to Wal-Mart de Mexico and began trading its stock as WALMEX on the Bolsa, Mexico's stock market. Wal-Mart de Mexico is the country's largest retailer and commands the second largest market capitalization on the Bolsa.

Wal-Mart de Mexico opened 39 new stores in fiscal 2001 and plans to open several new stores in the current year. Wal-Mart de Mexico implemented its Every Day Low Price program in all of its retail formats, including its

UND THE WORLD

Supercenters, warehouse club and discount general merchandise stores. As a result, Wal-Mart de Mexico has experienced extensive growth and customer support.

GERMANY

Dave Ferguson, former director of Wal-Mart's Canadian operations, was named in fiscal 2001 as the new President & CEO of Wal-Mart Europe. He will continue to help the Company develop its business strategies and processes in Europe.

In fiscal 2001, Wal-Mart completed renovation of 23 of its 94 stores in Germany. Wal-Mart Germany introduced Smart Price® and Great Value® private-label items in select stores across the country, which proved quite popular with Customers. There are now more than 250 Great Value® items and over 120 Smart Price® products available in Germany. The Equate® private-label body care line was introduced in June 2000.



UNITED KINGDOM

After joining the Wal-Mart family in 1999, ASDA has proven to be a very successful international venture. With 241 stores across the United Kingdom, 100,000 Associates, or Colleagues as they are called within ASDA, and an average of 7.8 million Customers each week, ASDA is likely to become the second largest supermarket chain in Britain in the coming year.

ASDA has long been a favorite place to shop for Britons and customer loyalty continues to grow under the direction of Wal-Mart Stores, Inc. When Wal-Mart purchased ASDA in 1999, the best practices of both

companies were combined to best meet the needs of the Customer.

Primarily known as a food retailer, ASDA's profile has begun to change with the addition of the ASDA/Wal-Mart Supercentre concept to the retailing mix. There are now three ASDA/Wal-Mart

Supercentres in the country and plans call for others to be located there in the near future. ASDA continues to support the suppliers, Customers and organizations within its communities. To date, around 200 new suppliers, most of them British, have been recruited to source the new Supercentres and more will be added to meet the local tastes and demands of Customers.

CANADA

Canada has been an extremely successful and profitable international market for Wal-Mart since the Company entered the country in 1994. With 174 stores, eight of which opened during fiscal



FROM SUPERCENTER TO SUPERCENTRE



In July 2000, ASDA opened the first ASDA/Wal-Mart Supercentre in Patchway, Bristol, which instantly changed the face of U.K. retailing. With the addition of Supercentres in Havant in late October and Minworth in November, the format has become an exciting growth vehicle for our U.K. operations.

Traditionally, ASDA has been a food-oriented retailer, choosing to devote approximately 80 to 85 percent of available retail square footage to food merchandising. Currently, each ASDA/Wal-Mart Supercentre dedicates approximately 60 percent of its space for grocery items compared to the typical Supercenter in the United States which only has 30 percent allotted for groceries.

Supercentres offer Britons over 40,000 products ranging

from local Avon and Somerset cheeses and breads to sporting goods and optical services. Among other things, each store features fresh produce, a deli with more than 200 products including specialty meats, and ready-to-eat meals. The Supercentres also include an electronics department and a photo center. Among many other offerings found at ASDA/Wal-Mart Supercentres are a large number of global brands and products.

According to Wal-Mart International President & CEO, John B. Menzer, "ASDA has proven to be a good fit for Wal-Mart. The cultures of both companies mesh well and the Supercentres have been embraced by Customers who want the widest range of products at the best value with the friendliest service."

Wal-Mart is committed to continued growth in the U.K. The Company plans to open three Supercentres in fiscal 2002.

"This is an exciting time for ASDA in the United Kingdom and we are particularly excited about the strong consumer acceptance of our new ASDA/Wal-Mart Supercentres," Menzer said.



2001, Wal-Mart is now Canada's largest retailer. Canadian Wal-Mart Stores have also become leaders in terms of generating new retailing concepts and merchandising techniques, which have been adopted both in the U.S. and abroad.

CHINA

Wal-Mart began operations in the world's most populous nation in 1996, opening a Wal-Mart Supercenter and a SAM'S CLUB. China is an ideal example of how Wal-Mart synthesizes practices to adapt to the communities it serves. Wal-Mart modified its shopping bags to fit the needs of Chinese Customers who usually shop daily for products and often arrive on a motorcycle or bicycle. During fiscal 2001, Wal-Mart opened a new underground store in Dalian beneath a new soccer stadium. The subterranean format was chosen to accommodate local needs and to address citizens' aesthetic concerns.

SOUTH KOREA

With the world's 11th largest economy and a population of 47 million, South Korea holds a wealth of opportunity to introduce Customers to the Wal-Mart retailing practices of Every Day Low Prices, great value and outstanding customer service. Wal-Mart entered this new market with a Supercenter in Taegu and now has six units. The Taegu Supercenter features three floors of merchandise – two below ground and one above – and six floors of parking above the store. The Company plans to increase Wal-Mart's presence in the country during the current fiscal year.



A HISTORY OF INNOVATION

Forward-thinking is a Wal-Mart tradition.

Wal-Mart has long been an innovator. Our founder, Sam Walton, spent his life coming up with ways to better serve Customers. Mr. Sam's culture of innovation still drives Wal-Mart today during the most dynamic growth plan in our history.

Technology and logistics are among the Company's most innovative areas. Our computer system is the most powerful in the corporate world – only the U.S. government has a larger computer network. Wal-Mart's philosophy of building "people supportive" systems has given us a competitive edge that has and will be instrumental in the Company's success.

Wal-Mart believes in building a collaborative environment with our suppliers in which we work together to grow both businesses and lower retail prices for Customers. While some retailers have been reluctant to share sales or other proprietary data with suppliers, Wal-Mart has allowed suppliers this type of access since early 1991. This system evolved into a web-based product called Retail Link™. It allows the Company and

suppliers to track merchandise to study how products sell in any store by region or by individual unit. They can also review inventory levels, returns and inventory adjustments.

"We think sharing information with suppliers allows for better input from them about how to maximize sales and profits. We can then implement best practices and pass the savings on to Customers," Kevin Turner, the Company's Chief Information Officer, said.

Wal-Mart also uses its computer network to directly enhance service in specialty divisions like Tire and Lube Express. Using it, Associates can quickly identify vehicle service records, and Customers can use bar-coded cards at price scanners in the store to see when their service is completed.

Wal-Mart's sophisticated distribution system has allowed the Company to easily manage over 3,100 domestic stores in all 50 states. The Company continues to make advancements in distribution and transportation and now moves over 50 million cartons of merchandise per week to stores and clubs. This allows continued improvements in inventory turnover and merchandise in stock.

Wal-Mart works with suppliers to develop PDQ displays for stores. PDQs are self-contained displays that eliminate stocking individual merchandise on a shelf or hanger. Many times merchandise can go directly from the stockroom to the floor with little more than opening a box. One example of how PDQs save time and money is our new battery display. Before PDQs, an Associate had to hang each battery pack by hand, which was labor-intensive. Now, batteries come in prepackaged disposable trays and an Associate only has to remove plastic wrap to move it onto the sales floor.

Drive-thru pharmacy service is relatively new in retailing. All Neighborhood Markets built last year feature this service. "Customer convenience is the focus of our Neighborhood Markets and we see drive-thru pharmacies as yet another service we can offer Customers," said Ed Kolodzieski, Senior Vice President of Neighborhood Markets.

Wal-Mart loves to test new ideas and has little resistance to change. We believe the surest way to predict the future is to continue to invent it and all of our Associates are encouraged to share ideas. Their thoughts and ideas have helped establish Wal-Mart as a pacesetter in the dynamic world of retail and will continue to push us forward.



CARING IN ACTION

Wal-Mart's Associates Lead by Example

Wal-Mart Stores, Inc. is committed to strengthening and enhancing the quality of life in the communities where our Customers and Associates live and work. In fiscal 2001, over \$190 million was raised and contributed by our Associates and Customers and given back to our local communities. This is an increase of over \$32 million, all given back to those who need it most.

Associates are the lifeblood of Wal-Mart's community support. Associates direct 97 percent of Wal-Mart's community involvement initiatives. "Our Associates know best what organizations and causes are the most important in their communities, so we believe that they should be the ones who determine how their Company supports the organizations who are making a difference in the lives of our Associates and Customers,"

Tom Coughlin, President & CEO, Wal-Mart Stores Division, said.

Wal-Mart Associates are dedicated to a wide range of programs. Since the Foundation's inception in 1979, one of our primary areas of focus has been education. In 2000, our Associates raised and contributed nearly \$11 million

for their local schools. In addition, Wal-Mart awarded scholarships totaling nearly \$12 million to graduating high school seniors and other students pursuing higher education. Our commitment to education includes the Teacher of the Year awards, Students in Free Enterprise, the United Negro College Fund and the Hispanic Association of Colleges and Universities.

The Community Matching Grants program is one of Wal-Mart's largest community initiatives with over 3,000 locations participating. Last year, the Company awarded more than 50,000 grants to local organizations that held fundraisers with our Associates.

Throughout the year, Associates in the United States and Canada sponsored a variety of fundraising activities to support children's hospitals across North America through the Children's Miracle Network. Our Associates' hard work will help over 14 million children receive the best medical care possible as well as address overall health care in our communities. Last year, our Associates and Customers raised and contributed around \$31 million dollars for their children's hospitals. One hundred percent of the funds remain with the children's hospital to fund medical research, provide medical treatment to local children and supply money for hospitals to purchase new equipment.

On June 6th, Associates and World War II veterans presented a gift of almost \$14.8 million to Senator Bob Dole, Chairman of the National World War II Memorial Campaign, during a special ceremony in Washington, D.C. The donation was the largest gift given toward the construction of the memorial. There are approximately 1,900 World War II veterans who are Wal-Mart Associates. The memorial will honor the 16 million Americans who served in uniform during the war, the more than 400,000 who gave their lives and the millions who supported the war effort from home.

One of Wal-Mart's fastest growing programs is Volunteerism Always Pays, or V.A.P. This program donates funds to local non-profit organizations where Associates volunteer at least 15 hours a quarter. According to Jay Allen, Vice President of Wal-Mart Corporate Affairs, Wal-Mart Associates give back to their communities 80 work years in volunteer hours annually. In addition to the Associates' valuable contribution of time, Wal-Mart donated \$1,500,000 to various local charitable organizations across the United States in honor of our Associates.

Wal-Mart's corporate citizenship extends well beyond U.S. borders and into every country in which the Company operates. For example, Associates and suppliers in China donated time and provided financial assistance last year to senior



REUNITING FAMILIES

Wal-Mart's Missing Children's Network

Every day, thousands of children are reported missing from their families, according to the National Center for Missing and Exploited Children (NCMEC). Thanks to Wal-Mart and SAM'S CLUB Customers and Associates, 20 children – a record number – were reunited last year as a direct result of recognizing and responding to the pictures on our Missing Children's Network bulletin boards.

In 1996, Wal-Mart teamed with NCMEC to begin the Missing Children's Network bulletin boards, which include photos of missing children, relevant personal data about each child and the toll-free NCMEC hotline. The boards are posted in Wal-Mart stores, SAM'S CLUBS and Neighborhood Markets across the country.

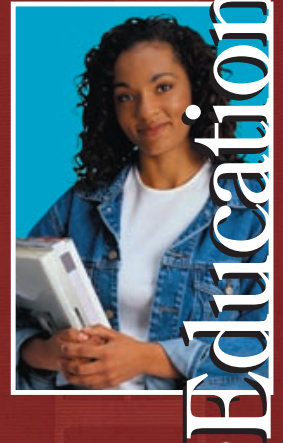
Since the program began, 3,400 children have been featured on our boards and more than 2,100 have been recovered. There have been more than 50 recoveries as a direct result of our Customers or Associates recognizing one of the photos and reporting it to the NCMEC hotline.

"The Missing Children's Network is a program that our Associates and Customers feel strongly about. Every parent can empathize with the heartache a family must feel each and every day their child is missing. I really have to give credit to our Customers and Associates for the tremendous success of this program," H. Lee Scott, President & CEO of Wal-Mart Stores, Inc., said.

citizens and orphans. Wal-Mart Germany Associates raised money to fight Duchenne Muscular Dystrophy (DMD), a debilitating disease for which there is no cure. In South Korea, Wal-Mart's Incheon store donated glasses to needy children and provided scholarships for students in their local communities. Wal-Mart de Mexico, along with the National Vaccine Center, organized three national weeks throughout the year when people were given free vaccinations in stores across the country.

These are just a few of the many ways in which Wal-Mart Associates are making a difference in their communities. Their generous donation of time, talent and money has made corporate citizenship an

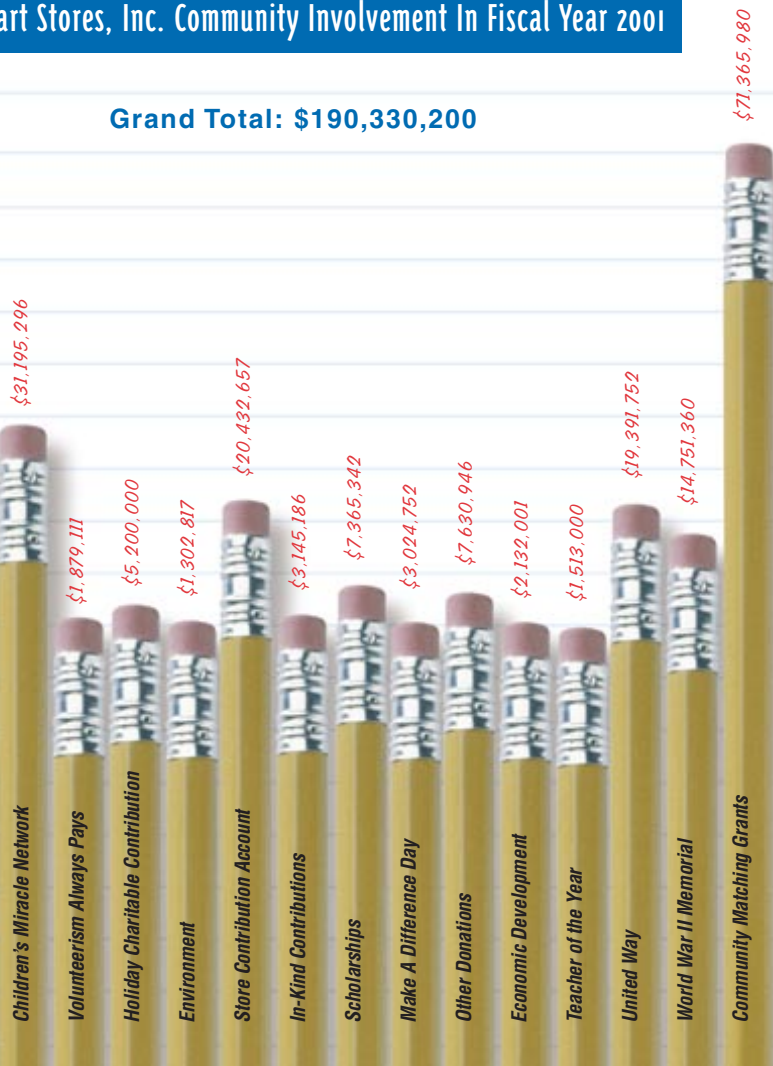
integral way of life at Wal-Mart. Our pledge is that we will never lose sight of the responsibilities of good corporate citizenship, and that Wal-Mart will continue to support worthy programs through financial grants, in-kind donations, and most importantly, through the leadership and volunteer efforts of our caring Associates.



WAL-MART
good WORKS.

Wal-Mart Stores, Inc. Community Involvement In Fiscal Year 2001

Grand Total: \$190,330,200





A FRESH LOOK AT FOOD.

Growing food sales is a major emphasis as Wal-Mart seeks to offer Customers exceptional value and quality in food. Wal-Mart understands

Customers want to purchase all their food and general merchandise in one location.

Our goal is to provide them with the freshest, most well rounded assortment at the lowest possible prices.

According to *Supermarket News*, Wal-Mart became the largest domestic food retailer during fiscal 2001. Sales in Supercenters now routinely exceed those achieved by discount stores. This accomplishment alone demonstrates the great Customer acceptance of our food offering.

Supercenters have been the Company's natural vehicle for expanded food sales. Customers look to Supercenters to provide one-stop shopping, and a larger food selection addresses their need for convenience, selection and Every Day Low Prices. "Customers told us what they want – a wider selection of fresh bakery items, meat and produce. We're simply meeting their needs by providing the items

they look for every day," Doug Degn, Executive Vice President of Food Merchandising, said.

Freshness in food is a strategic advantage at Wal-Mart and is a key element to our growth. Wal-Mart buys products from all over the world to ensure Customers have the best each season offers. Our logistics team quickly moves the merchandise through the distribution network. Turning merchandise quickly is key to all fresh food areas. Associates ensure food is stocked immediately after it arrives. Last year, Wal-Mart opened six new food distribution centers to support the growth of Supercenters, SAM'S CLUBS and Neighborhood Markets.

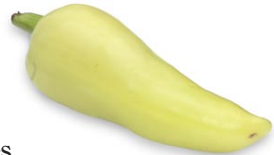
"Freshness is the most important indicator of value and quality. Price is meaningless if products do not meet or exceed Customers' expectations of freshness because Customers lose confidence and trust," Degn said. One initiative to enhance the fresh food concept is "Fresh and Alive at Five." This program emphasizes rotation, presentation and efficient distribution of fresh items when Customers are most likely to be shopping – after work and on weekends. In this way, Wal-Mart can provide Customers with the freshest assortment possible.

In addition to national brands, Wal-Mart has also

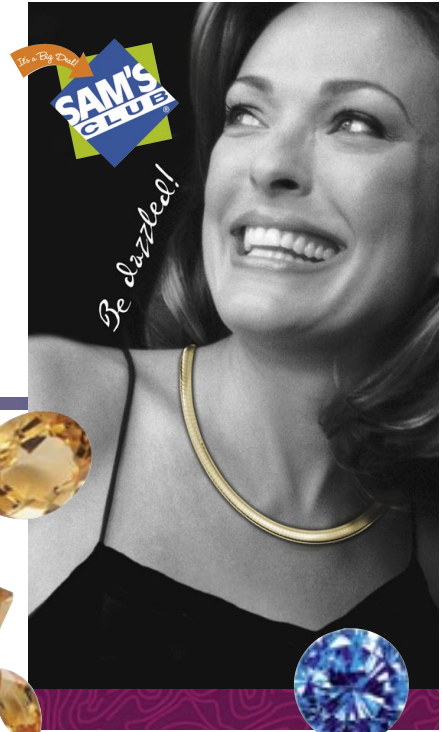
focused on expanding its private-label items. The Great Value® line offers Every Day Low Price alternatives to brand names, while maintaining quality equal to or better than competing name brands. The Sam's Choice® line offers products with unique and innovative features demonstrating the highest quality available at Wal-Mart. Our private label products are very well received by Customers and continue to grow as an important part of our business.

Wal-Mart's growth in food translates into unique job opportunities for Associates. Our success in food will be led by Associates who are willing to try new approaches and are committed to providing Customers the outstanding service and value they expect. "Our Associates are dedicated, driven people and we encourage them to seek any opportunities that arise within the Company. Our food operations allow them another avenue for career advancement," Tom Coughlin, President & CEO of Wal-Mart Stores Division, said.

"We are bringing Wal-Mart's traditional philosophy of great quality at the lowest price to food. We understand the differences involved in food retailing and we strive to provide Customers with the freshest product at the lowest price, Always! In return, they come back and allow us to serve them again. That's what it's all about," Degn said.



SAM'S SPARKLES!



SAM'S CLUB has dynamically redesigned its jewelry program and now features a wider array of high-quality jewelry, crystal and designer fragrances. SAM'S CLUB Jewelry departments are no longer leased but are now operated solely by our SAM'S Associates, enabling clubs

to deliver exceptional items to our Members at extraordinary values. Members can find an impressive selection of items from such well-known designers as Waterford, Versace, Cartier and Mont Blanc, for a fraction of jewelry-store prices.



The transition started with almost 30 clubs in select test markets and rapidly expanded to include every SAM'S CLUB in the nation. Jewelry selections vary by location, but every club offers International Gemological Institute (IGI)-certified diamond solitaires, three-stone rings and diamond stud earrings. IGI is the world's most recognizable standard for determining the values of precious stones and assures Members they are receiving the highest quality and value.

Other jewelry selections at SAM'S CLUB include gold merchandise, cultured and fresh water pearls and seasonal merchandise, such as diamond heart-shaped pendants. In addition, SAM'S CLUB offers a variety of quality diamond engagement rings, anniversary bands, earrings and pendants.

The Company's buyers carefully select diamonds to ensure Members receive top-quality jewelry

merchandise at the best possible prices. In every area, SAM'S CLUB jewelry ranks as high or higher than other retail chain jewelry stores.

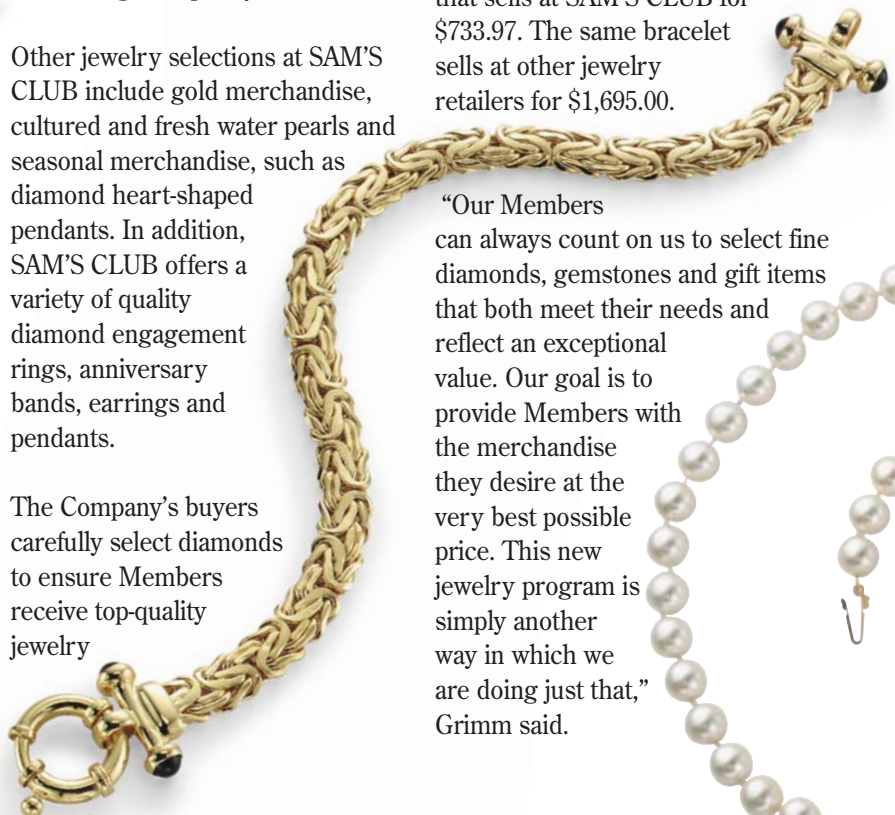
Just one example of the outstanding value provided through this program is a 14k yellow gold oval sapphire (8.60ctw) and diamond (.96ctw) bracelet that sells at SAM'S CLUB for \$733.97. The same bracelet sells at other jewelry retailers for \$1,695.00.

"Our Members can always count on us to select fine diamonds, gemstones and gift items that both meet their needs and reflect an exceptional value. Our goal is to provide Members with the merchandise they desire at the very best possible price. This new jewelry program is simply another way in which we are doing just that," Grimm said.



"By bringing the SAM'S CLUB jewelry operations in-house, we can now bring better jewelry and luxury gifts to

our Members. The quality and pricing of our fine jewelry items offer amazing value, and we are excited to be able to pass these savings on to our Members," Tom Grimm, President & CEO of SAM'S CLUB, said.



Corporate Information

Registrar and Transfer Agent:

EquiServe Trust Company, N.A.
525 Washington Blvd.
Jersey City, New Jersey 07310
1-800-438-6278 (GET-MART)
TDD for hearing impaired inside the U.S.: 1-201-222-4955
Internet: <http://www.equiserve.com>
Dividend Reinvestment and Direct Stock Purchase Available

Listings – Stock Symbol: WMT

New York Stock Exchange
Pacific Stock Exchange

Annual Meeting:

Our Annual Meeting of Shareholders will be held on Friday, June 1, 2001, at 9:00 a.m. in Bud Walton Arena on the University of Arkansas campus, Fayetteville, Arkansas.

Communication with Shareholders:

Wal-Mart Stores, Inc. periodically communicates with its Shareholders and other members of the investment community about our operations. For further information regarding those communications, please refer to our Form 8-K filing with the SEC dated October 20, 2000.

Market Price of Common Stock

Quarter Ended	Fiscal years ended January 31,			
	2001		2000	
	Hi	Low	Hi	Low
April 30	\$63.56	\$44.50	\$52.44	\$40.47
July 31	\$62.00	\$51.00	\$49.19	\$41.13
October 31	\$57.63	\$43.25	\$57.06	\$40.19
January 31	\$58.44	\$43.69	\$69.44	\$54.75

Trustees

5.75%, 5 7/8%, 5.955%,
6.15%, 6 3/8%, 6 1/2%,
6.55%, 6 3/4%, 6.875%,
7 1/4%, 7 1/2%, 7.55%,
8.0%, 8 1/2%, 8 5/8%
**Notes, MarksSM, 13 month
Floating Rate Notes:**
Bank One Trust Company, N.A.
(Formerly known as The First
National Bank of Chicago)
Attn: Global Corp. Trust Services
1 Bank One Plaza Suite IL 1-0126
Chicago, Illinois 60670-0126

Pass Through Certificates 1992-A-2-8.07%

First Security Trust
Company of Nevada
79 South Main Street
3rd Floor
Salt Lake City, Utah 84151

Sale/Leaseback Transaction
Series A - 8.25%
Series B - 8.75%
Series C - 8.875%
Bank One Trust Company, N.A.
(Formerly known as The First
National Bank of Chicago)
Attn: Global Corp. Trust Services
1 Bank One Plaza Suite IL 1-0126
Chicago, Illinois 60670-0126

Pass Through Certificates

1994-A-1-8.57%
1994-A-2-8.85%
1994-B-1-8.45%
1994-B-2-8.62%
Bank One Trust Company, N.A.
(Formerly known as The First
National Bank of Chicago)
Attn: Global Corp. Trust Services
1 Bank One Plaza Suite IL 1-0126
Chicago, Illinois 60670-0126

Sale/Leaseback Transaction
WMS I Series B - 8.01%
WMS I Series C - 8.72%
WMS II Series A - 7.39%
WMS II Series B - 8.27%
Bank One Trust Company, N.A.
(Formerly known as The First
National Bank of Chicago)
Attn: Global Corp. Trust Services
1 Bank One Plaza Suite IL 1-0126
Chicago, Illinois 60670-0126

**Pass Through Certificates
(Wal-Mart Retail Trust IV, V):
1994-B-3-8.80%**
Bank One Trust Company, N.A.
(Formerly known as The First
National Bank of Chicago)
Attn: Global Corp. Trust Services
1 Bank One Plaza Suite IL 1-0126
Chicago, Illinois 60670-0126

**Sale/Leaseback Transaction
(Wal-Mart Retail Trust I, II, III):**
State Street Bank and Trust
Company of Connecticut, N.A.
C/O State Street Corporation
Global Investor Services Group
Corporate Trust
P.O. Box 778
Boston, Massachusetts 02102-0778

Pass Through Certificates

1992-A-1-7.49%
First Security Bank, N.A.
Company of Nevada
79 South Main Street
3rd Floor
Salt Lake City, Utah 84111

6 3/4% Eurobonds:

Bank One, N.A.
1 Triton Square
London, England NW13FN

Independent Auditors:

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

Corporate Address:

Wal-Mart Stores, Inc.
Bentonville, Arkansas 72716
Telephone: 501-273-4000
Retail Internet Site: <http://www.wal-mart.com>
Corporate Internet Site: <http://www.walmartstores.com>

The following reports are available upon request by writing the Company or by calling 501-273-8446.

Annual Report on Form 10-K*
Quarterly Financial Information on Form 10-Q*
Current Press Releases*
Current Sales and Earnings Releases*
Copy of Proxy Statement*
Diversity Programs Report
Vendor Standards Report

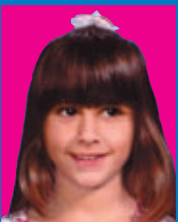
* These reports are also available via fax or corporate website.

Dividends Paid Per Share

Quarterly	Fiscal years ended January 31,			
	2000		1999	
	Hi	Low	Hi	Low
April 10	\$0.0600		April 19	\$0.0500
July 10	\$0.0600		July 12	\$0.0500
October 10	\$0.0600		October 12	\$0.0500
January 8	\$0.0600		January 10	\$0.0500

Picture Them Home . . . Where They Belong

When Wal-Mart teamed up with the National Center for Missing & Exploited Children in 1996, there were high hopes of a happy reunion. If we could help find even one child featured on our missing children's boards, all involved would have considered the effort a resounding success. With the help of our Customers and Associates more than 50 missing children have been reunited with their families. All of us at Wal-Mart, SAM'S CLUB, and the National Center for Missing & Exploited Children applaud you for making this dream a reality.



Nadia Dabbagh
DOB: 2/3/90
Missing Date: 12/25/92
Age Now: 11
Missing From:
Medina, OH



Fred Wright
DOB: 2/4/85
Missing Date: 12/6/98
Age Now: 16
Missing From:
Tuskegee, AL



Rachel Mellon
DOB: 10/13/82
Missing Date: 1/31/96
Age Now: 18
Missing From:
Bolingbrook, IL



Manuel Mendez
DOB: 11/15/84
Missing Date: 12/22/96
Age Now: 16
Missing From:
Modesto, CA



Crystal Marler
DOB: 11/28/82
Missing Date: 10/8/98
Age Now: 19
Missing From:
Whitley City, KY



Uchechi Anyanwu
DOB: 6/1/85
Missing Date: 7/15/97
Age Now: 15
Missing From:
Boonton, NJ



Joshua Adams
DOB: 3/14/91
Missing Date: 12/26/95
Age Now: 10
Missing From:
Houston, TX

If you recognize one of these children, please

Call 1-800-THE-LOST