UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

x Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended January 31, 2003, or

o Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 1-6991.

WAL-MART STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	71-0415188 (IRS Employer Identification No.)
Bentonville, Arkansas (Address of principal executive offices)	72716 (Zip Code)

Registrant's telephone number, including area code: (479) 273-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.10 per share	New York Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act rule 12b-2. Yes x No o

As of July 31, 2002, the aggregate market value of the voting common stock of the registrant held by non-affiliates of the registrant, based on the closing price of those shares on the New York Stock Exchange on July 31, 2002, was $133,275,746,243. For the purposes of this disclosure only, the registrant has assumed that its directors, officers and beneficial owners of 5% or more of the registrant's common stock are the affiliates of the registrant.

The registrant had 4,385,693,565 shares of common stock outstanding as of March 31, 2003.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Annual Report to Shareholders for the fiscal year ended January 31, 2003, are incorporated by reference into Parts I and II of this Form 10-K.

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held June 6, 2003, are incorporated by reference into Part III and IV of this Form 10-K.

FORWARD-LOOKING STATEMENTS OR INFORMATION

This Form 10-K includes and incorporates by reference certain statements that may be deemed to be ''forward-looking statements'' within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements included or incorporated by reference in this Form 10-K address activities, events or developments that Wal-Mart Stores, Inc. (together with its subsidiaries hereinafter referred to as the "Company") expects or anticipates will or may occur in the future, including:

- future capital expenditures, including the amount and nature of those expenditures;
- expansion and other development trends of industry segments in which we and our subsidiaries are active;
- our business strategy;
- our financing strategy;
- expansion and growth of our business; and
- operations and other similar matters.

Although we believe the expectations expressed in the forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. Many of these factors have previously been identified in filings or statements made by us or on our behalf.

Our business operations are subject to factors outside our control. Any one, or a combination, of these factors could materially affect our financial performance. These factors include:

- the costs of goods;
- the cost of electricity and other energy requirements;
- competitive pressures;
- inflation;
- consumer debt levels;

- currency exchange fluctuations;
- the cost of motor fuel;
- trade restrictions;
- changes in tariff and freight rates;
- unemployment levels;
- interest rate fluctuations; and
- other capital market, economic and geo-political conditions.

Forward-looking statements that we make or that are made by others on our behalf are based on a knowledge of our business and the environment in which we operate, but because of the factors listed above, actual results may differ from those in the forward-looking statements. Consequently, these cautionary statements qualify all of the forward-looking statements we make herein. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for us or affect us, our business or our operations in the way we expect. We caution readers not to place undue reliance on these forward-looking statements, which speak only as of their dates. We assume no obligation to update any of the forward-looking statements.

WAL-MART STORES, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED JANUARY 31, 2003

PART I

ITEM 1. BUSINESS

General.

We are the world's largest retailer as measured by total revenues. During the fiscal year ended January 31, 2003, we had net sales of $244.5 billion. We maintain our principal offices at 702 S.W. 8th Street, Bentonville, Arkansas 72716.

Although Wal-Mart Stores, Inc. was incorporated in Delaware in October 1969, the businesses conducted by our predecessors began in 1945 when Sam M. Walton opened a franchise Ben Franklin variety store in Newport, Arkansas. In 1946, his brother, James L. Walton, opened a similar store in Versailles, Missouri. Until 1962, our predecessors' business was devoted entirely to the operation of variety stores. In that year, the first Wal-Mart Discount City, which was a discount store, was opened. In fiscal 1984, we opened our first three SAM's CLUBs, and in fiscal 1988, our first Wal-Mart Supercenter, a format that combines a full-line supermarket with a general merchandise discount store. We currently operate in all 50 states in the United States.

In fiscal 1992, we began our first international initiative when we entered into a joint venture in Mexico, in which we had a 50% interest, with Cifra S.A. de C.V. In fiscal 1998, we acquired the controlling interest in Cifra as described below, and in February 2000, Cifra officially changed its name to Wal-Mart de Mexico, S.A. de C.V. Since fiscal 1992, our international presence has continued to expand and at January 31, 2003, we had international operations in Argentina, Brazil, Canada, Germany, South Korea, Mexico, Puerto Rico and the United Kingdom, through joint venture agreements, in China and through a minority investment in Japan.

The Development of Our Company in Recent Years.

At January 31, 2003, we operated in the United States, 1,568 discount stores, 1,258 Supercenters, 525 SAM's CLUBs and 49 Neighborhood Markets. Internationally, at January 31, 2003, the Company operated units in Argentina (11), Brazil (22), Canada (213), Germany (94), South Korea (15), Mexico (597), Puerto Rico (52) and the United Kingdom (258), and, under joint venture agreements, in China (26). Additionally, we hold, on a fully diluted basis, a 35% interest in The Seiyu, Ltd., a Japanese retail chain.

Our growth, measured both by our net sales and net income, occurs in large measure as a result of the increase in the number of stores we have, both in the United States and internationally, and the increase from year to year of the sales in our existing stores. The following tables provide summary information concerning the additions of units and square footage for domestic discount stores, Supercenters, SAM's CLUBs, Neighborhood Markets and international units in each of our fiscal years from 1999 through 2003.

WAL-MART STORES SEGMENT STORE COUNT
YEARS ENDED JANUARY 31, 1999 THROUGH 2003

STORE COUNT

Fiscal Year Ended January 31	Wal-Mart Discount Stores				Wal-Mart Supercenters	
	Opened	Closed	Conversions (1)	Total	Opened (2)	Total
Balance Forward				1,921		441
1999	37	1	88	1,869	123	564
2000	29	1	96	1,801	157	721
2001	41	2	104	1,736	167	888
2002	33	1	121	1,647	178	1,066
2003	43	0	122	1,568	192	1,258

Fiscal Year Ended January 31	Neighborhood Markets		Total		
	Opened	Total	Opened (3)	Closed	Ending Balance
Balance Forward					2,362
1999	4	4	76	1	2,437
2000	3	7	93	1	2,529

2001	12	19	116	2	2,643
2002	12	31	102	1	2,744
2003	18	49	131	0	2,875

1. Wal-Mart discount store locations relocated and changed into Wal-Mart Supercenters or expanded and converted into Wal-Mart Supercenters.
2. Includes conversions or relocations of Wal-Mart discount stores to Wal-Mart Supercenters.
3. Total opened net of conversions and relocations of Wal-Mart discount stores to, and as Wal-Mart Supercenters.

WAL-MART STORES SEGMENT NET SQUARE FOOTAGE GROWTH
YEARS ENDED JANUARY 31, 1999 THROUGH 2003

NET SQUARE FOOTAGE				
Fiscal Year Ended January 31	**Wal-Mart Discount Stores**		**Wal-Mart Supercenters**	
	Net Additions (1)	Total	Net Additions (2)	Total
Balance Forward		179,335,436		80,331,633
1999	(3,062,418)	176,273,018	21,892,838	102,224,471
2000	(5,486,901)	170,786,117	28,488,737	130,713,208
2001	(5,411,272)	165,374,845	31,884,669	162,597,877
2002	(7,689,137)	157,685,708	34,844,470	197,442,347
2003	(5,772,647)	151,913,061	37,168,923	234,611,270

Fiscal Year Ended January 31	**Neighborhood Markets**		**Total**	
	Net Additions	Total	Net Additions	Total
Balance Forward				259,667,069
1999	176,407	176,407	19,006,827	278,673,896
2000	144,083	320,490	23,145,919	301,819,815
2001	577,662	898,152	27,051,059	328,870,874
2002	519,838	1,417,990	27,675,171	356,546,045
2003	742,843	2,160,833	32,139,119	388,685,164

(1) Includes the square footage of new discount stores opened, net of discount stores closed or converted or expanded into Supercenters or relocated and changed into Supercenters.

(2) Includes square footage of Wal-Mart Supercenters created by the conversion or relocation of Wal-Mart discount stores.

SAM'S CLUB SEGMENT CLUB COUNT
AND NET SQUARE FOOTAGE GROWTH
YEARS ENDED JANUARY 31, 1999 THROUGH 2003

CLUB COUNT			
Fiscal Year Ended January 31		**SAM'S Clubs**	
	Opened	**Closed**	**Total**
Balance Forward			443
1999	8	0	451
2000	12	1	462
2001	13	0	475
2002	25	0	500
2003	25	0	525

NET SQUARE FOOTAGE		
Fiscal Year Ended January 31	**SAM'S Clubs**	
	Net Additions	Total
Balance Forward		53,550,286
1999	1,099,144	54,649,430
2000	1,577,678	56,227,108
2001	1,773,830	58,000,938
2002	3,777,865	61,778,803
2003	3,968,149	65,746,952

INTERNATIONAL SEGMENT UNIT COUNT
YEARS ENDED JANUARY 31, 1999 THROUGH 2003

STORE COUNT

	Argentina			Brazil				Canada
Fiscal Year	Wal-Mart Supercenters	SAM'S Clubs	Total	Wal-Mart Supercenters	SAM'S Clubs	Todo Dia	Total	Wal-Mart Stores
1999	10	3	13	9	5	-	14	154
2000	10	3	13	9	5	-	14	166
2001	11	0	11	12	8	-	20	174
2002	11	0	11	12	8	2	22	196
2003	11	0	11	12	8	2	22	213

	China				Germany	South Korea
Fiscal Year	Wal-Mart Supercenters	SAM'S Clubs	Neighborhood Market	Total	Supercenters	Wal-Mart Supercenters
1999	4	1	-	5	94	4
2000	5	1	-	6	94	5
2001	10	1	-	11	93 *	6
2002	15	3	1	19	95	9
2003	20	4	2	26	94**	15

	Mexico				Puerto Rico				
Fiscal Year	Wal-Mart Supercenters	SAM'S Clubs	Other***	Total	Wal-Mart Stores	Wal-Mart Supercenters	SAM'S Clubs	Amigo Stores	Total
1999	27	31	358	416	9	-	6	-	15
2000	27	34	397	458	9	-	6	-	15
2001	32	38	429	499	9	-	6	-	15
2002	62	46	443	551	9	1	7	-	17
2003	75	50****	472	597	9	1	9	33	52

	United Kingdom		
Fiscal Year	ASDA Stores	ASDA Supercenters	Total
1999	0	0	0
2000	231	1	232
2001	238	3	241
2002	244	6	250
2003	248	10	258

* One Germany unit was damaged by fire and closed in fiscal 2001.

** Includes closure of 2 stores, and opening of 1 store in fiscal 2003.

*** At January 31, 2003, includes 118 Bodegas (discount stores), 50 Suburbias (specialty department stores), 44 Superamas (traditional supermarkets), and 260 Vips (restaurants) (including 16 Vips franchises). Also includes closures of 1 Bodega, 1 Suburbia, 1 Superama and 1 Vips.

**** Includes conversion of 1 Bodega to a SAM's CLUB in fiscal 2003.

INTERNATIONAL NET SQUARE FOOTAGE GROWTH
YEARS ENDED JANUARY 31, 1999 THROUGH 2003

NET SQUARE FOOTAGE

	Argentina		Brazil		Canada	
Fiscal Year	Net Additions	Total	Net Additions	Total	Net Additions	Total
Balance Forward		1,576,874	0	1,301,637		16,968,271
1999	663,986	2,240,860	914,618	2,216,255	981,261	17,949,532
2000	0	2,240,860	0	2,216,255	1,510,890	19,460,422
2001	(165,885)	2,074,975	818,833	3,035,088	1,019,999	20,480,421

2002	0	2,074,975	108,351	3,143,439	2,487,837	22,968,258
2003	0	2,074,975	0	3,143,439	1,774,046	24,742,304

	China		Germany		South Korea	
Fiscal Year	Net Additions	Total	Net Additions	Total	Net Additions	Total
Balance Forward	0	462,214	0	2,449,369	0	0
1999	224,827	687,041	6,845,491	9,294,860	553,683	553,683
2000	125,150	812,191	0	9,294,860	71,042	624,725
2001	836,701	1,648,892	(92,636)	9,202,224	223,425	848,150
2002	1,266,251	2,915,143	4,216,679	13,418,903	849,631	1,697,781
2003	1,109,834	4,024,977	(156,980)	13,261,923	1,193,894	2,891,675

	Mexico		Puerto Rico		United Kingdom	
Fiscal Year	Net Additions	Total	Net Additions	Total	Net Additions	Total
Balance Forward		17,308,450	0	1,648,340	0	0
1999	714,459	18,022,909	100,250	1,748,590	0	0
2000	1,696,475	19,719,384	0	1,748,590	18,825,234	18,825,234
2001	2,310,043	22,029,427	35,084	1,783,674	452,787	19,278,021
2002	6,904,068	28,933,495	320,555	2,104,229	942,165	20,220,186
2003	3,172,735	32,106,230	1,077,524*	3,181,753	720,748	20,940,934

* Includes Amigo's square footage of 821,917 in fiscal 2003.

Fiscal 2002 net additions contain an adjustment to the previously reported square footage based on a reassessment of the various foreign country totals. This adjustment has been made to state the total square footage amounts at January 31, 2002. The adjustments made on an individual country basis are: for Canada a reduction of 21,506 square feet, for China an increase of 27,849 square feet, for Germany an increase of 4,419,932 square feet, for South Korea an increase of 300,645 square feet, for Mexico an increase of 4,293,932 square feet and for the United Kingdom an increase of 134,088 square feet. No adjustments were made to the square footage previously reported in Argentina, Brazil and Puerto Rico as a result of the reassessment.

Much of our growth internationally in recent years has resulted from our acquisition of existing operations in various countries. In the third quarter of fiscal 1998, we acquired approximately 51% of the voting shares in Wal-Mart de Mexico, which was formerly known as "Cifra," by means of a tender offer pursuant to which we acquired a total of 593,100,000 shares of Wal-Mart de Mexico's voting stock and a merger of certain joint ventures between us and Wal-Mart de Mexico into Wal-Mart de Mexico. We acquired another 1,609,000,000 shares of Wal-Mart de Mexico's voting stock pursuant to that merger. We paid a total of approximately US$1.2 billion for the shares of Cifra voting stock acquired in the tender offer. In fiscal 2001, we purchased an additional 271.3 million shares of stock in Wal-Mart de Mexico from other shareholders of Wal-Mart de Mexico at a cost of approximately $587 million. As a result of that acquisition, Wal-Mart de Mexico's share repurchase program and a stock dividend paid by Wal-Mart de Mexico, we held approximately 62% of the outstanding voting shares of Wal-Mart de Mexico at the end of fiscal 2003.

In the third quarter of fiscal, 2000, we acquired all of the stock of ASDA Group PLC, the third largest retailer in the United Kingdom, for a purchase price of approximately US$11 billion. ASDA had 229 stores at the time of the acquisition. The acquisition of ASDA marked our entry into the United Kingdom.

In December 2002, the Company exercised in full the first in the series of warrants we had acquired that allow us to acquire 192,800,000 new shares in Seiyu for approximately $432 million. After this exercise, our ownership percentage in Seiyu increased to approximately 35% on a fully diluted basis. If we exercise all of the warrants we acquired at a cost of 260 billion yen or $2.1 billion at an exchange rate of 124 yen per U.S. dollar, we will own approximately 66.7% of the stock of Seiyu. Also, in December 2002, the Company completed its purchase of Supermercados Amigo, Inc. (Amigo), a supermarket chain located in Puerto Rico with 37 supermarkets at the time of the acquisition. Four of the supermarkets were subsequently sold, and two are currently in the process of being sold.

We have provided additional information regarding the accounting treatment of certain of the acquisitions discussed above in Note 6 of Notes to Consolidated Financial Statements, which appear in our Annual Report to Shareholders, are incorporated by reference herein and have been included as an exhibit to this annual report.

Our Industry Segments

Our mass merchandising operations serve our customers primarily through the operation of three segments. We identify those segments based on management responsibility within the United States and geographically for all international units. The Wal-Mart Stores segment includes our discount stores, Supercenters and Neighborhood Markets in the United States. The SAM's CLUB segment includes the warehouse membership clubs in the United States. The International segment includes all of our operations in Argentina, Brazil, Canada, China, Japan, Germany, Korea, Mexico, Puerto Rico and the United Kingdom. We do not treat the operations of our subsidiary, McLane Company, Inc. ("McLane"), as a separate operating segment as a result of the size of its operations relative to the other segments of our business, but show its results of operations under the heading "Other" in our segment financial data. McLane provides products and distribution services to retail industry and institutional food services customers. You will find information concerning the financial results of our operating segments and the total assets of each of those segments in Note 11 of the Notes to Consolidated Financial Statements and in Management's Discussion and Analysis of Results of Operations. We have incorporated our Consolidated Financial Statements as of January 31, 2003 and for the year then ended and the Notes to the Consolidated Financial Statements by reference herein to our Annual Report to our Shareholders and included them as an exhibit to this annual report, as well as Management's Discussion and Analysis of Results of Operations.

Wal-Mart Stores Operating Segment

The Wal-Mart Stores segment had net sales of $157.1 billion, $139.1 billion and $121.9 billion for the three fiscal years ended January 31, 2003, 2002, and 2001, respectively. During the most recent fiscal year, no single discount store, Supercenter or Neighborhood Market location accounted for as much as 1% of total Company sales or net income.

General We operate Wal-Mart discount stores in all 50 states. Discount stores range in size from 30,000 square feet to 219,000 square feet, with the average size of a discount store being approximately 96,883 square feet. Wal-Mart Supercenters are located in 43 states. Supercenters range in size from 90,000 square feet to 261,000 square feet, with the average size of a Supercenter being approximately 186,495 square feet. We operate Neighborhood Market stores in Alabama, Arkansas, Florida, Kansas, Kentucky, Mississippi, Oklahoma, Tennessee, Texas, and Utah. Neighborhood Market stores range in size from 40,000 square feet to 64,000 square feet, with the average size being 44,099 square feet.

Merchandise Wal-Mart discount stores and the general merchandise area of the Supercenters are generally organized into 53 departments and offer a wide variety of merchandise. Each store carries apparel for women, girls, men, boys and infants, domestics, fabrics and notions, stationery and books, shoes, housewares, hardware, electronics, home furnishings, small appliances, automotive accessories, horticulture and accessories, sporting goods, toys, pet food and accessories, cameras and supplies, health and beauty aids, pharmaceuticals, jewelry and optical. In addition, the stores offer an assortment of grocery merchandise, with the grocery assortment in Supercenters being broader and including meat, produce, deli, bakery, dairy, frozen foods and dry grocery. Neighborhood Markets are generally organized into 35 departments, and offer dry grocery, meat, produce, deli, bakery, dairy, frozen foods, pharmaceuticals, photo processing, health and beauty aids, household chemicals, paper goods and pet supplies.

Nationally advertised merchandise accounts for a majority of sales in the stores. We market lines of merchandise under store brands including "Sam's American Choice," "One Source," "Great Value," "Ol' Roy," "Puritan," "Equate," "No Boundaries," "George" and "Athletic Works." The Company also markets lines of merchandise under licensed brands, some of which include "Faded Glory," "General Electric," "White Stag," "Catalina," "Mary-Kate and Ashley" and "Starter."

During the fiscal year ended January 31, 2003, sales in discount stores and Supercenters (which are subject to seasonal variance) by product category were as follows:

CATEGORY	**PERCENTAGE OF SALES**
Grocery, candy and tobacco	24
Hardgoods	20
Softgoods/domestics	18
Pharmaceuticals	9
Electronics	9
Health and beauty aids	7
Sporting goods and toys	6
Stationery	3
One-hour photo	2
Jewelry	1
Shoes	1
	100%

Operations Hours of operation for nearly all Supercenters and an increasing number of discount stores are 24 hours each day. Hours of operation for the remaining discount stores vary by location, but generally range from 7:00 a.m. to 11:00 p.m., six days a week, and from 10:00 a.m. to 8:00 p.m. on Sundays. Wal-Mart discount stores and Supercenters maintain uniform prices, except where lower prices are necessary to meet local competition. Sales are primarily on a self-service, cash-and-carry basis with the objective of maximizing sales volume and inventory turnover while minimizing expenses. Bank credit card programs, operated without recourse to the Company, are available in all stores.

Seasonal Aspects of Operations The Wal-Mart Stores operating segment's business is seasonal to a certain extent. Generally, its highest volume of sales occurs in our fourth fiscal quarter, which includes the holiday season, and the lowest volume occurs during our first fiscal quarter.

Competition Our Wal-Mart discount stores compete with other discount, department, drug, variety and specialty stores and supermarkets, many of which are national chains. Our Wal-Mart Supercenters compete with other supercenter-type stores, discount stores, supermarkets and specialty stores, many of which are national or regional chains. We also compete with others for new store sites. As of January 31, 2003, based on net sales, the Wal-Mart Stores segment ranked first among all retail department store chains and among all discount department store chains.

Our ability to offer value and service to our customers largely determines our competitive position within the retail industry. We employ many programs designed to meet the competitive pressures within our industry. These include our "Everyday Low Price," "Store-Within-a-Store," "Price Rollbacks," and "Store of the Community" programs. Although we believe we have had a major influence in most of the retail markets in which our stores are located, we cannot assure you that this influence will continue.

Distribution During fiscal 2003, approximately 83% of the Wal-Mart discount stores' and Supercenters' purchases of merchandise were shipped from Wal-Mart's 84 distribution centers of which 33 are general merchandise distribution centers, 25 are grocery distribution centers, seven are clothing distribution centers and 15 are specialty distribution centers. The specialty distribution centers ship merchandise such as jewelry, tires, optical, product returns, and pharmaceuticals. The balance of merchandise purchased was shipped directly to the stores from suppliers. Additionally, the Company operates three import distribution centers and one distribution center for online orders placed via Wal-Mart.com. The 84 distribution centers are located throughout the continental United States. Nine distribution centers are located in each of Arkansas and Texas; eight in Georgia; five in Indiana; four in each of California and New York; three in each of Florida, Missouri, North Carolina, Ohio, and Pennsylvania; two each in Alabama, Illinois, Louisiana, Mississippi, South Carolina, Tennessee, Utah, Virginia, Wisconsin; and one in each in Arizona, Colorado, Iowa, Kansas, Kentucky, Maryland, Michigan, New Hampshire, New Mexico, Nevada, Oklahoma, and Oregon.

SAM's CLUB Operating Segment

The SAM's CLUB segment had net sales of $31.7 billion, $29.4 billion and $26.8 billion for the three fiscal years ended January 31, 2003, 2002, and 2001, respectively. During the most recent fiscal year, no single club location accounted for as much as 1% of total Company sales or net income.

General We operate SAM's CLUBs in 48 states. SAM's CLUBs facility sizes generally range between 90,000 and 160,000 square feet of building area, with the average SAM's CLUB facility being approximately 125,000 square feet.

Merchandise SAM's CLUB offers bulk displays of name-brand merchandise, including hardgoods, some softgoods, institutional-size grocery items, and selected private-label items under the "Member's Mark" brand. Generally, each SAM's CLUB also carries software, electronics, jewelry, floral, sporting goods, toys, tires, stationery and books. Most clubs have fresh departments, which include bakery, meat, produce and Sam's Cafe. Additionally, some clubs offer one-hour photo, pharmaceuticals, optical departments and gasoline stations.

During the fiscal year ended January 31, 2003, sales in the SAM's CLUBs segment, which are subject to seasonal variance, by product category were as follows:

CATEGORY

	PERCENTAGE OF SALES
Sundries	31
Food	30
Hardlines	19
Service Businesses	13
Softlines	7
	100%

Operations Operating hours vary among SAM's CLUBs, but are generally Monday through Friday from 10:00 a.m. to 8:30 p.m., Saturday from 9:30 a.m. to 8:30 p.m. and Sunday from 11:00 a.m. to 6:00 p.m. Additionally, all Club locations offer a Gold Key program that permits Business Members to shop before the Clubs regular opening hours Monday through Saturday, starting at 7:00 AM.

SAM's CLUBs are membership only, cash-and-carry operations. However, a financial service credit card program, the Discover Card, is available in all clubs and we make the "SAM'S Direct" commercial finance program and "Business Revolving Credit" available to qualifying business members. Also, we make a "Personal Credit" program available to qualifying club members. Generally, all credit extended to members under these programs is without recourse to the Company. Club members include businesses and those individuals who are members of certain qualifying organizations, such as federal and state government employees and credit union members. In fiscal 2003, business members paid an annual membership fee of $30 for the primary membership card with a spouse card available at no additional cost. The annual membership fee for an individual member is $35 for the primary membership card with a spouse card available at no additional cost. SAM'sCLUBs Elite Membership program offers additional benefits and services such as automotive extended service contracts, roadside assistance, home improvement, auto brokering, and pharmacy discounts in addition to the regular suite of benefits including SAM'S CLUB Travel Services, Boat and RV Program and Mail Order Pharmacy. The annual membership fee for an Elite Member is $100. In February 2003, the Elite Membership Program was replaced with the SAM'S CLUB Plus membership program which provides, in addition to the services mentioned above under the SAM'S CLUB Elite membership program, an extended array of new services including insurance services, credit card processing, payroll processing, dental discount networks and extended service agreements.

Seasonal Aspects of Operations The SAM'S CLUB operating segment's business is seasonal to a certain extent. Generally, its highest volume of sales occurs in our fourth fiscal quarter, which includes the holiday season, and the lowest volume occurs during our first fiscal quarter.

Competition SAM'S CLUBs compete with other warehouse clubs, as well as with discount retailers, wholesale grocers and general merchandise wholesalers and distributors. We also compete with others for new club sites. Our ability to offer low prices and quality merchandise determines our competitive position in the warehouse club industry.

Distribution During fiscal 2003, approximately 63% of the SAM's CLUB purchases were shipped from the SAM's CLUBs segment's dedicated distribution facilities. Suppliers shipped the balance of the SAM's CLUB purchases directly to the SAM's CLUBs' locations. The principal focus of our SAM's CLUBs' distribution operations is on crossdocking product, while stored inventory is minimized. A combination of seven Company owned and operated facilities and 12 third-party owned and operated facilities constitute the overall distribution structure for the SAM's CLUB segment. Two of the Company owned and operated facilities are located in Texas with one located in each of Arizona, Arkansas, Colorado, Minnesota and Indiana. Of the third party owned and operated facilities, one of each is located in each of California, Florida, Georgia, Illinois, Maryland, Michigan, Missouri, New Hampshire, North Carolina, Ohio, Pennsylvania and Washington. Additionally, the SAM's CLUB segment is serviced by 12 Wal-Mart owned freezer/cooler facilities which service both Wal-Mart stores and SAM's CLUBs, four Wal-Mart owned specialty distribution facilities which service both Wal-Mart stores and SAM's CLUBs and one third-party owned freezer/cooler facility.

International Operating Segment

Our International Segment comprises our operations through wholly-owned subsidiaries in Argentina, Canada, Germany, South Korea, Puerto Rico and the United Kingdom; our operations through majority-owned subsidiaries in Brazil and Mexico; our operations through joint ventures in China and, through a minority ownership interest, in Japan. The International segment's net sales for the three fiscal years ended January 31, 2003, 2002 and 2001, were $40.8 billion, $35.5 billion and $32.1 billion, respectively. During the most recent fiscal year, no single location accounted for as much as 1% of total Company sales or net income.

General Operating formats vary by country, but include Wal-Mart discount stores in Canada and Puerto Rico; Supercenters in Argentina, Brazil, China, Germany, South Korea, Mexico, Puerto Rico and the United Kingdom; SAM's CLUBs in Brazil, China, Mexico, and Puerto Rico; Superamas (traditional supermarket), Bodegas (discount store), Suburbias (specialty department store) and Vips (restaurant) in Mexico; Todo Dias (traditional supermarket) in Brazil; Neighborhood Markets (traditional supermarkets) in China; ASDA stores (combination grocery and apparel store) in the United Kingdom; and Amigo supermarkets in Puerto Rico.

Merchandise The merchandising strategy for the International operating segment is similar to that of domestic segments in the breadth and scope of merchandise offered for sale. While brand name merchandise accounts for a majority of sales, several store brands not found in the United States have been developed to serve customers in the different markets in which the International segment operates. In addition, steps have been taken to develop relationships with local suppliers in each country to ensure reliable sources of quality merchandise.

Operations The hours of operation for operating units in the International segment vary by country and by individual markets within countries, depending upon local and national ordinances governing hours of operation. While sales are primarily on a cash-and-carry basis, credit cards or other consumer finance programs exist in certain markets to facilitate the purchase of goods by the customer.

Seasonal Aspects of Operations The International operating segment's business is seasonal to a certain extent. Generally, the highest volume of sales occurs in our fourth fiscal quarter. The seasonality of the business varies by country due to different national and religious holidays, festivals and customs, as well as different climatic conditions.

Competition The International operating segment competes with a variety of local, national and international chains in the discount, department, drug, variety, specialty and wholesale sectors of the retail market in each of the countries in which we operate and, in Mexico, with local, national and international restaurant chains. Our ability to offer our customers low prices on quality merchandise that offers exceptional value in the international segment determines, to a large extent, our competitive position. In our international Supercenters, our ability to effectively operate the food departments has a major impact on the segment's competitive position in the markets where we operate.

Distribution The International segment operates export consolidation facilities in Los Angeles, California; Jacksonville, Florida; and Laredo, Texas in support of product flow to its Mexican, Asian, and Latin American markets. We operate a total of 43 distribution facilities that are located in Argentina, Brazil, Canada, China, Germany, Puerto Rico, the United Kingdom and Mexico. Through these facilities, we process and distribute both imported and domestic product to the operating units. During fiscal 2003, approximately 76% of the International merchandise purchases flowed through these distribution facilities. Suppliers ship the balance of the International segment's merchandise purchases directly to our stores in the various countries in which we operate. A combination of Company owned and operated facilities and third-party facilities makes up the overall distribution structure for International logistics.

Other Operations

The sales reported in the "Other" category result from sales to third parties by McLane. McLane, which is a wholly-owned subsidiary of Wal-Mart Stores, Inc., is a wholesale distributor that sells its merchandise to a variety of retailers, primarily in the convenience store and food service industries. McLane also services Wal-Mart discount stores, Supercenters, Neighborhood Markets and SAM's CLUBs. McLane offers a wide variety of grocery and non-grocery products, including perishable and non-perishable items. The non-grocery products consist primarily of tobacco products, general merchandise, health and beauty aids, toys and stationery. McLane's net sales for the three fiscal years ended January 31, 2003, 2002 and 2001 were $14.9 billion, $13.8 billion and $10.5 billion, respectively.

During fiscal 2003, McLane operated 19 grocery distribution facilities, 18 of which are owned and one of which is leased. These grocery distribution facilities are located as follows: two in each of California and Texas, and one each in Arizona, Alabama, Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Mississippi, New Hampshire, New York, North Carolina, Virginia, Minnesota, and Washington. Additionally, McLane operated 18 foodservice distribution facilities, four of which we owned and 14 of which are leased. These foodservice distribution facilities are located as follows: two in each of California and Texas and one in each of Arizona, Colorado, Florida, Georgia, Kansas, Kentucky, New Jersey, New York, North Carolina, Oregon, Tennessee, Virginia, Michigan, and Wisconsin.

Employees (Associates)

As of January 31, 2003, the Company employed approximately 1.4 million associates worldwide, with approximately 1.1million associates in the United States and approximately 300,000 associates in foreign countries. Most associates participate in incentive programs, which provide the opportunity to receive additional compensation based upon the Company's productivity or profitability.

Our Website and Availability of SEC Reports

Our corporate website is located at www.walmartstores.com. We make copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendment to those reports filed with or furnished to the SEC available to investors on or through our website free of charge as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. Our SEC filings can be found on the Investor Relations page of our website, the address of which is

http://investor.walmartstores.com/ireye/ir_site.zhtml?ticker=wmt&script=2100.

ITEM 2. PROPERTIES

The number and location of domestic and international Wal-Mart discount stores, Supercenters and SAM's CLUBs is incorporated by reference to the table under the caption "Fiscal 2003 End-of-Year Store Count" on page 7 of the Annual Report to Shareholders for the year ended January 31, 2003, which information we have included as an exhibit to this annual report.

We own 1,847 of the properties on which our domestic discount stores, Neighborhood Markets and Supercenters are located and 368 of the properties on which our domestic SAM's CLUBs are located. In some cases, we own the land associated with leased buildings in which our discount stores, Neighborhood Markets, Supercenters and SAM's CLUBs are located.

We either lease the remaining buildings in which our present domestic locations are located from a commercial property developer, or lease pursuant to a sale/leaseback arrangement or from a local governmental entity in connection with an industrial revenue bond financing arrangement. All of our leases of our stores provide for fixed annual rentals and, in many cases, the leases provide for additional rent based on sales volume.

We use independent contractors to construct the new buildings, both leased and owned, that we build.

Domestically, we operated 84 Wal-Mart distribution facilities, 19 SAM's CLUB distribution facilities and 37 McLane distribution facilities as of January 31, 2003. With the exception of the 15 leased McLane foodservice distribution facilities and the 12 leased SAM's CLUB distribution facilities, we own the remaining distribution facilities, several of which are subject to mortgages granted to secure loans obtained to finance their development. We also lease some of the distribution facilities under industrial development bond financing arrangements that provide us with the option to purchase those facilities at the end of the lease term for nominal amounts.

We own the office facilities in Bentonville, Arkansas that serve as our home office and corporate headquarters and an office facility in Temple, Texas that serves as the home office for McLane. We lease an office facility in Brisbane, California that serves as the home office for Wal-Mart.com

We operate our International segment stores and restaurants in a combination of owned and leased properties in each country in which our International segment operates. We own 9 properties in Argentina, 14 properties in Brazil, 36 properties in Canada, 21 properties in Germany, 15 properties in South Korea, 290 properties in Mexico, eight properties in Puerto Rico and 170 properties in the United Kingdom in which the operating units are located, with the remaining units in each country being leased. We utilize both owned and leased properties for office facilities in each country in which we are conducting business. Outside the United States, we utilized 43 distribution facilities as of January 31, 2003. Of these 43 distribution facilities, we owned 25 and leased 2. Third parties own the remaining 16 distribution facilities.

ITEM 3. LEGAL PROCEEDINGS

We discuss certain legal proceedings pending against us in Part II of this Annual Report on Form 10-K under the caption "Item 8. Financial Statements," in Note 8 to our financial statements, which is captioned: "Litigation," and refer you to that discussion for important information concerning those legal proceedings, including the basis for such action and relief sought.

The information presented in note 8 to our financial statements, which is captioned "Litigation," which financial statements and the notes thereto are incorporated herein by reference as described below under "Item 8. Financial Statements," and the related information presented below reflect litigation known to the Company on March 19, 2003.

WAGE AND HOUR "Off the Clock" CLASS ACTIONS: *Albrecht v. Wal-Mart ("WM"),* Superior Ct. of AZ, Maricopa County, 1/3/03; *Armijo v. WM,* 1st Judicial Dist. Ct., Rio Arriba County, NM, 9/18/00; *Bailey v. WM,* Marion County Superior Ct. IN, 8/17/00; *Barnett v. WM,* Superior Ct. of WA, King County, 9/10/01; *Basco v. WM,* US Dist. Ct. ("USDC"), Eastern Dist. of LA, 9/5/00; *Braun v. WM,* 1st Judicial Dist. Ct. Dakota County MN, 9/12/01; *Braun v. WM,* Ct. of Common Pleas, Philadelphia County, PA, 3/20/02; *Brown v. WM,* 14th Judicial Circuit Ct., Rock Island, IL, 6/20/01; *Carr v. WM,* Superior Ct. of Fulton County, GA, 8/14/01; *Carrillo v. WM,* Superior Ct. of AZ, Pima County, 11/30/01; *Carter v. WM,* Ct. of Common Pleas, Colleton County, SC, 7/31/02; *Gamble v. WM,* Supreme Ct. of the State of NY, County of Albany, 8/9/01; *Hale v. WM,* Circuit Ct., Jackson County, MO, 8/15/01; *Hall v. WM,* 8th Judicial Dist. Ct., Clark County, NV, 9/9/99; *Harrison v. WM,* Superior Ct. of Forsyth County, NC, 11/29/00; *Holcomb v. WM,* State Ct. of Chatham County, GA, 3/20/00; *Iliadis v. WM,* Superior Ct. of NJ, Middlesex County, 7/3/02; *Jackson v. WM,* USDC, Middle Dist. of AL, Northern Div., 2/24/03; *James v.*

WM, Superior Ct., Middlesex County, MA, 8/31/01; *Johnson v. WM,* Multinomah County, OR, 2/10/03; *Kuhlmann v. WM,* Circuit Ct., Milwaukee County, WI, 8/30/01; *Lerma v. WM,* Dist. Ct., Cleveland County, OK, 8/31/01; *Lopez v. WM,* 23rd Judicial Dist. Ct. of Brazoria County, TX, 6/23/00; *Michell v. WM,* USDC, Eastern Dist. of TX, Marshall Div., 9/13/02; *Mussman v. WM,* IA Dist. Ct., Clinton County, 6/5/01; *Nagy v. WM,* Circuit Ct. of Boyd County, KY, 8/29/01; *Pittman v. WM,* Circuit Ct. for Prince George's County, MD, 7/31/02; *Richards v. WM,* Circuit Ct. of Harrison County, WV, 6/26/98; *Sarda v. WM,* Circuit Ct., Washington County, FL, 9/21/01; *Savaglio v. WM,* Superior Ct. of CA, Alameda County, 2/6/01; *Scott v. WM,* Circuit Ct. of the State of MI, County of Saginaw, 9/25/01; *Thiebes v. WM,* USDC, Dist. of OR, 6/30/98; *Willey v. WM,* Dist. Ct. of Wyandotte County, KS, 9/21/01

EXEMPT STATUS CASES: *Bartlett v. Sam's West,* Superior Ct. of CA, Orange County, 10/11/02; *Freeman v. WM,* USDC, Western Dist., Fayetteville, AR, 8/26/02; *Lewis v. WM,* Superior Ct. of CA, Los Angeles County, 8/28/02; *Ramsey v. WM,* USDC, Western Dist. of MI, Northern Div., 12/23/02; *Sabedra v. Sam's West,* Superior Ct. of CA, Orange County, 1/16/03

PHARMACY EXEMPT STATUS CASES: *Culver v. WM,* Denver County Dist. Ct., CO, 12/10/96; *Presley v. WM,* USDC, Dist. of CO, 7/7/95; *Yates v. WM,* USDC, Dist. of CO, 2/7/97

DUKES v. WM: *Dukes v. WM,* USDC, Northern Dist. of CA, San Francisco Div., 6/19/01

COLI LITIGATION: *Mayo v. Hartford Life Ins. Co.,*USDC, Southern Dist. of TX, Houston Div., 6/28/01; *Waller v. AIG Life Ins. Co.,* USDC, Northern Dist. of TX, Fort Worth Div., 7/3/01; *Rice v. WM,* USDC, Dist. of NH, 7/23/02; *Miller v. WM,* USDC, Southern Dist. of TX, Houston Div., 10/22/02; *Lewis v. WM,* USDC, Northern Dist. of OK, 12/18/02

MAULDIN V. WM: *Mauldin v. WM,* USDC, Northern Dist. of GA, Atlanta Div., 10/16/01

EEOC (SMITH) v. WM: *EEOC (Smith) v. WM,* USDC, Eastern Dist. of KY, London Div., 8/31/01

ITEM PRICING LITIGATION: *Herman v. WM,* Middlesex Superior Ct., MA, 11/27/02; *Downing v. WM,* Plymouth Superior Ct., MA, 11/26/02; *Carmel v. WM,* Middlesex Superior Ct., MA, 12/5/02; *Sullivan v. WM,* Middlesex Superior Ct., MA, 12/6/02; *Cutlip v. WM,* Worcester Superior Ct., MA, 12/5/02; *Cameron v. WM,* Middlesex Superior Ct., MA, 12/20/02; *Tierney v. WM,* Essex Superior Ct., MA, 12/24/02

Item 103 of the Securities and Exchange Commission's Regulation S-K requires disclosure of any proceeding brought for the purpose of protecting the environment to which a governmental authority is a party and in which the potential monetary sanctions involved exceed $100,000. We are disclosing the following items in accordance with Item 103.

In February 1999, the Company settled claims made by the Pennsylvania Department of Environmental Protection ('PDEP') regarding a store in Honesdale, Pennsylvania. The PDEP alleged that a subcontractor's acts and omissions relating to the construction of the store led to excess erosion and sedimentation of a nearby creek. In the settlement, the Company agreed to pay a fine of $25,000 and to perform a $75,000 community environmental project in the Honesdale area. The Company is negotiating a settlement of a claim by the United States Army Corps of Engineers that the construction of the Honesdale store resulted in the filling of approximately 0.76 acres in excess of the permitted fill area of waters and wetlands at the site. The proposed settlement with the Corps of Engineers would require the Company to pay $200,000 to a non-profit corporation for the purchase of local wetlands conservation areas and easements. The contractor on the project has reimbursed the Company for the amounts paid in connection with the settlement matter.

During fiscal 2001, the State of Connecticut filed suit against the Company in the State of Connecticut Superior Court for the Judicial District of Hartford alleging various violations of state environmental laws and alleging that the Company failed to obtain the appropriate permits or failed to maintain required records relating to storm water management practices at 12 stores. The suit seeks to ensure the Company's compliance with the general permit for the discharge of stormwater associated with those stores.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of the Company's security holders during the last quarter of the fiscal year ended January 31, 2003.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The information required by this item is incorporated by reference to the information "Number of Shareholders of record" under the caption "11-Year Financial Summary" on pages 16 and 17, and all the information under the captions "Market Price of Common Stock," "Listings - Stock Symbol: WMT" and "Dividends Paid Per Share" on page 53 of the Annual Report to Shareholders for the year ended January 31, 2003. Such information is included in an exhibit to this annual report.

Information about our equity compensation plans is presented under the caption "Equity Compensation Plan Information" on page 13 of the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on Friday, June 6, 2003, which proxy statement is being filed contemporaneously with this Annual Report (the "Proxy Statement").

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference to all information under the caption "11-Year Financial Summary" on pages 16 and 17 of the Annual Report to Shareholders for the year ended January 31, 2003. Such information is included in an exhibit to this annual report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is furnished by incorporation by reference to all information under the caption "Management's Discussion and Analysis" on pages 18 through 29 of the Annual Report to Shareholders for the year ended January 31, 2003. Such information is included in an exhibit to this annual report.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The information required by this item is furnished by incorporation by reference to all information under the sub-caption "Market Risk" of the caption "Management's Discussion and Analysis" on pages 25 through 28 of the Annual Report to Shareholders for the year ended January 31, 2003. Such information is included in an exhibit to this annual report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is furnished by incorporation by reference to all information under the captions "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Auditors" on pages 30 through 51 of the Annual Report to Shareholders for the year ended January 31, 2003. Such information is included in an exhibit to this annual report.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this item with respect to the Company's directors and compliance by the Company's directors, executive officers and certain beneficial owners of the Company's Common Stock with Section 16(a) of the Securities Exchange Act of 1934 is furnished by incorporation by reference to all information under the captions entitled "Nominees for Directors" on pages 2 and 3 and "Section 16(a) Beneficial Ownership Reporting Compliance" on page 13 of the Proxy Statement.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following chart names each of the executive officers of the Company, each of whom is elected by and serves at the pleasure of the Board of Directors. The business experience shown for each officer has been his principal occupation for at least the past five years.

Name	Business Experience	Current Position Held Since	Age
S. Robson Walton	Chairman of the Board.	1992	58
David D. Glass	Chairman, Executive Committee of the Board. Prior to January 2000, he served as President and Chief Executive Officer of the Company.	2000	67
H. Lee Scott, Jr.	President and Chief Executive Officer. From January 1999 to January 2000, he served as Vice Chairman and Chief Operating Officer of the Company. From January 1998 to January 1999, he served as President and Chief Executive Officer of our Wal-Mart Stores Division. Prior to January 1998, he served as Executive Vice President - Merchandising of the Company.	2000	54
Thomas M. Coughlin	Executive Vice President and Chief Executive Officer Wal-Mart Stores and SAM's CLUB USA. From January 1999 to August 2002, he served as Executive Vice President and President and Chief Executive Officer of Wal-Mart Stores Division. From January 1998 to January 1999, he served as Executive Vice President and Chief Operating Officer of our Wal-Mart Stores Division. Prior to January 1998, he served as Executive Vice President - Store Operations of the Company.	1999	53
Michael T. Duke	Executive Vice President, Administration. From March 2000 to July 2000, he served as Executive Vice President of Logistics. From March 1996 to March 2000, he served as Senior Vice President of Logistics. Prior to March 1996, he served as Senior Vice President of Distribution.	2000	53
B. Kevin Turner	Executive Vice President and President and Chief Executive Officer of SAM's CLUB. From September 2001 to August 2002, he served as Executive Vice President and Chief Information Officer of the Information Systems Division. From February 2000 to September 2001, he served as Senior Vice President and Chief Information Officer of the Information Systems Division.	2002	37
Thomas D. Hyde	Executive Vice President, Legal and Corporate Affairs. Prior to July 2001, he served as Senior Vice President and General Counsel of Raytheon Company since 1992.	2001	54
John B. Menzer	Executive Vice President and President and Chief Executive Officer of our Wal-Mart International Division. Prior to June 1999, he served as Executive Vice President and Chief Financial Officer of the Company.	1999	52
Thomas M. Schoewe	Executive Vice President and Chief Financial Officer of the Company. From February 1997 to January 2000, he served as Senior Vice President and Chief Financial Officer of Black & Decker Corporation. Prior to February 1997, he served as Vice President and Chief Financial Officer of Black & Decker Corporation.	2000	50
Charles M. Holley, Jr.	Senior Vice President and Controller of the Company. From March 1999 to January 2003, he served as Senior Vice President, Finance and Chief Financial Officer, Wal-Mart International. From October 1996 to March 1999 he served as Vice President and Chief Financial Officer, Wal-Mart International.	2003	46

-

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is furnished by incorporation by reference to all information under the caption entitled "Compensation of Directors" on page 3, "Compensation, Nominating and Governance Committee Report on Executive Compensation" on pages 6 through 8, and "Summary Compensation," "Option Grants In Last Fiscal Year," and "Option Exercises and Fiscal Year End Option Values" on pages 9 and 10 of the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is furnished by incorporation by reference to all information under the caption entitled "Stock Ownership", subcaptions "Holdings of Major Shareholders" and "Holdings of Officers and Directors" on pages 11 and 12 of the Proxy Statement. Please refer to Part II, Item 5 for information relating to the Equity Compensation

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is furnished by incorporation by reference to all information under the caption "Related-Party Transactions with Wal-Mart" on page 5 of the Proxy Statement.

ITEM 14. CONTROLS AND PROCEDURES

We maintain a set of disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports filed by us under the Securities Exchange Act of 1934, as amended ("Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Within the 90 days prior to the date of this report, we carried out an evaluation, under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-14 of the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

There have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of their evaluation, nor were any corrective actions with regard to significant deficiencies and material weaknesses taken after that date.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. & 2. Consolidated Financial Statements

The financial statements listed in the Index to Consolidated Financial Statements, which appears on page 21 of this annual report, are incorporated by reference herein or filed as part of this Form 10-K.

3. Exhibits

The following documents are filed as exhibits to this Form 10-K:

3(a) Restated Certificate of Incorporation of the Company is incorporated herein by reference to Exhibit 3(a) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1989, the Certificate of Amendment to the Restated Certificate of Incorporation is incorporated herein by reference to Registration Statement on Form S-8 (File Number 33-43315) and the Certificate of Amendment to the Restated Certificate of Incorporation is incorporated hereby by reference to the Current Report on Form 8-K dated June 27, 1999.

3(b) By-Laws of the Company, as amended June 3, 1993, are incorporated herein by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended January 31, 1994. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.

4(a) Form of Indenture dated as of June 1, 1985, between the Company and Bank of New York, Trustee, (formerly Boatmen's Trust Company and Centerre Trust Company) is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-3 (File Number 2-97917).

4(b) Form of Indenture dated as of August 1, 1985, between the Company and Bank of New York, Trustee, (formerly Boatmen's Trust Company and Centerre Trust Company) is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-3 (File Number 2-99162).

4(c) Form of Amended and Restated Indenture, Mortgage and Deed of Trust, Assignment of Rents and Security Agreement dated as of December 1, 1986, among the First National Bank of Boston and James E. Mogavero, Owner Trustees, Rewal Corporation I, Estate for Years Holder, Rewal Corporation II, Remainderman, the Company and the First National Bank of Chicago and R.D. Manella, Indenture Trustees, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-11394).

4(d) Form of Indenture dated as of July 15, 1990, between the Company and Harris Trust and Savings Bank, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-35710).

4(e) Indenture dated as of April 1, 1991, between the Company and The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(a) to Registration Statement on Form S-3 (File Number 33-51344).

4(f)

First Supplemental Indenture dated as of September 9, 1992, to the Indenture dated as of April 1, 1991, between the Company and The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-51344).

4(g)	Indenture dated as of July 5, 2001, between the Company and Bank One Trust Company, NA, is incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-3 (File Number 333-64740)
+10(a)	Form of individual deferred compensation agreements is incorporated herein by reference to Exhibit 10(b)from the Annual Report on Form 10-K of the Company, as amended, for the year ended January 31, 1986. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.
+10(b)	Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Registration Statement on Form S-8 (File Number 2-94358).
+10(c)	1991 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Exhibit 10(h) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1992. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.
+10(d)	1993 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Exhibit 10(i) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1993. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.
+10(e)	Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-8 (File Number 33-55325).

+10(f)	Wal-Mart Stores, Inc. Director Compensation Plan is incorporated herein by reference to Exhibit 4(d) to Registration Statement on Form S-8 (File Number 333-24259).
+10(g)	Wal-Mart Stores, Inc. Officer Deferred Compensation Plan is incorporated herein by reference to Exhibit 10(i) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1996. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.
+10(h)	Wal-Mart Stores, Inc. Restricted Stock Plan is incorporated herein by reference to Exhibit 10(j) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1997.
+10(i)	1996 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 10(j) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1998.
+10(j)	1997 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 10(k) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1998.
+10(k)	Wal-Mart Stores, Inc. Stock Incentive Plan of 1998 is incorporated herein by reference to Exhibit 10(l) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1999.
+10(l)	Wal-Mart Stores, Inc. Management Incentive Plan of 1998 is incorporated herein by reference to Exhibit 10(m) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1999.
+10(m)	The Rules of the Asda Sharesave Plan 2000.
+10(n)	The Asda Colleague Share Ownership Plan 1999.
*12	Statement re computation of ratios
*13	The Annual Report to Shareholders for the year ending January 31, 2003. All information incorporated by reference in Items 1, 2, 5, 6, 7 and 8 of this Annual Report on Form 10-K from the Annual Report to Shareholders for the year ended January 31, 2001 is filed with the Commission. The balance of this information in the Annual Report to Shareholders is funished to the Commission in accordance with Item 601(13) of Regulation SK.
*21	List of the Company's Subsidiaries
*23	Consent of Independent Auditors
**99.1	Chief Executive Officer and Chief Financial Officer Section 906 Certifications

*Filed herewith as an Exhibit.

**Furnished herewith as an Exhibit.

+Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Annual Report to Shareholders (page)
Covered by Report of Independent Auditors:	

All schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements, including the notes thereto.

-

-

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Wal-Mart Stores, Inc.

DATE: April 15, 2003

By /s/ H. Lee Scott

H. Lee Scott
President and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

DATE: April 15, 2003

By /s/ H. Lee Scott

H. Lee Scott
President, Chief
Executive Officer and Director

DATE: April 15, 2003

By

S. Robson Walton
Chairman of the Board and
Director

DATE: April 15, 2003

By /s/ David D. Glass

David D. Glass
Chairman, Executive Committee
Of the Board and Director

DATE: April 15, 2003

By /s/ Thomas M. Schoewe

Thomas M. Schoewe
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

DATE: April 15, 2003

By /s/ Chalres M. Holley, Jr.

Charles M. Holley, Jr.
Senior Vice President and Controller
(Principal Accounting Officer)

DATE:	April 15, 2003	By /s/ James W. Breyer James W. Breyer Director
DATE:	April 15, 2003	By John T. Chambers Director
DATE:	April 15, 2003	By /s/ Thomas M. Coughlin Thomas M. Coughlin Director
DATE:	April 15, 2003	By /s/ Stanley C. Gault Stanley C. Gault Director
DATE:	April 15, 2003	By /s/ Roland A. Hernandez Roland A. Hernandez Director
DATE:	April 15, 2003	By /s/ Dawn G. Lepore Dawn G. Lepore Director
DATE:	April 15, 2003	By /s/ J. Paul Reason J. Paul Reason Director

DATE:	April 15, 2003	By /s/ Elizabeth A. Sanders Elizabeth A. Sanders Director
DATE:	April 15, 2003	By /s/ Jack C. Shewmaker Jack C. Shewmaker Director
DATE:	April 15, 2003	By /s/ Jose H. Villarreal Jose H. Villarreal Director
DATE:	April 15, 2003	By John T. Walton Director

CERTIFICATIONS

I, H. Lee Scott, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Wal-Mart Stores, Inc. (the "registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

    a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c. Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 15, 2003

/s/ H. Lee Scott, Jr.
H. Lee Scott, Jr.
President and
Chief Executive Officer

I, Thomas M. Schoewe, certify that:

1. I have reviewed this annual report on Form 10-K of Wal-Mart Stores, Inc. (the "registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c. Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 15, 2003

/s/ Thomas M. Schoewe
Thomas M. Schoewe
Executive Vice President
and Chief Financial Officer

THE RULES OF THE

ASDA SHARESAVE

PLAN 2000

Cover

RULES OF THE ASDA SHARESAVE PLAN 2000

CONTENTS

Contents

RULES OF THE ASDA SHARESAVE PLAN 2000

1. Definitions

1.1 In these Rules the following words and expressions shall have the meaning specified against them unless the context requires otherwise

"Acquiring Company"	means a company which obtains control of Wal-Mart in the circumstances set out in Rule 8,
"Adoption Date"	means the date of adoption of the Sharesave Plan by the Company at a board meeting,
"Announcement Date"	means any date on which the quarterly announcement of Wal-Mart's results is made,
"Any Other Share Scheme"	means any scheme (other than the Sharesave Plan) established to enable employees of the Group to acquire shares in Wal-Mart,
"Appropriate Authority"	means such body or bodies as are approved by the Board for the provision of SAYE Contracts under the Sharesave Plan,
"Associated Company"	has the meaning set out in section 187(2) of the Act,
"Auditors"	means the auditors for the time being of the Company or if there are joint auditors, such one as the Board shall select (in each case acting as experts and not as arbitrators),
"Board"	means the Board of Directors for the time being of the Company present at a duly convened meeting of the Directors, or an appropriate committee thereof, at which a

quorum is present,

"Bonus Date" means, in relation to any repayment under an SAYE Contract, the date on which the Three Year Bonus or the Five Year Bonus (as the case may be) is payable and the "relevant Bonus Date" shall be construed accordingly,

"Business Day" means a day on which the New York Stock Exchange is open for business,

"Company" means ASDA Group Limited (Number 1396513),

"Control" has the meaning set out in section 840 of the Act,

"Date of Grant" means, in relation to the commencement of any SAYE Contract, the date (specified pursuant to Rule 5.1) on which an Option is granted to an Eligible Employee,

"Director" means a Director of any member of the Group,

"Eligible Employee" means any Employee of a Participating Company who at the Date of Grant

(a) (i) is chargeable to tax under case 1 of Schedule E in respect of that employment, and

(ii) has been an Employee for a continuous period of at least six months or such longer period not exceeding five years as the Board may specify ending on or before the Date of Grant, or

(b) is any other Employee of a Participating Company who is nominated by the Board in its discretion to participate in the Scheme,

and in both cases participation in the Sharesave Plan shall not be permitted by any Employee who is excluded from participation by paragraph 8 of Schedule 9 of the Taxes Act,

"Employee" means an employee (including a full-time Director holding salaried employment or office who normally devotes to his duties 25 hours or more a week) of any member of the Group,

"Equity Share Capital" has the meaning set out in section 744 of the Companies Act 1985,

"Exercise Notice" means the notice by which an Option is exercised in accordance with Rule 10.1,

"Five Year Bonus" means, in relation to an SAYE Contract, the bonus payable on the fifth anniversary of the starting date of the SAYE Contract (subject to any postponement in accordance with the provisions of the SAYE Contract),

"Group" means the Company and its Subsidiaries for the time being or, where the context so requires, any one or more of them,

"Inland Revenue" means the Board of Inland Revenue,

"Issue or Reorganisation" means, in relation to Wal-Mart, the issue of shares by way of capitalisation of profits or reserves or by way of rights issue, sub-division, consolidation of shares or reduction of share capital,

"Market Value" has the meaning set out in section 187 of the Act,

"Maximum Monthly Savings Contribution means the maximum permitted aggregate monthly savings contribution, as specified in paragraph 24 of Schedule 9 of the Taxes Act (currently 250 Pounds Sterling a month) or, if less, such sum (being a multiple of 1 Pounds Sterling and not less than 5 Pounds Sterling) as the Board decides shall apply to every Eligible Employee in respect of any SAYE Contract entered into pursuant to an Offer,

"Minimum Monthly Savings Contribution" means the minimum permitted monthly savings contribution, as specified in paragraph 24 of Schedule 9 of the Taxes Act (currently 5 Pounds Sterling a month), or such other sum as the Board decides in accordance with that paragraph in respect of any SAYE Contract entered into pursuant to an Offer,

"Model Code" means the Model Code for Securities Transactions by Directors of Listed Companies,

"New Company" means a company being either the Acquiring Company or some other company falling within paragraphs 10(b) or (c) of Schedule 9 of the Taxes Act,

"New Option" means an option granted over New Shares under Rule 9,

"New Shares" means shares in the New Company in respect of which New Options are granted by the New Company under Rule 9 and which comply with paragraphs 10 to 14 of Schedule 9 of the Taxes Act,

"New York Stock Exchange" means the New York Stock Exchange Inc.,

"Offer" means an invitation to apply for an Option,

"Offer Date" means the date on which an Offer is made to an Eligible Employee in accordance with Rule 2.1,

"Offer Period" means the period commencing on the 5th day and ending on the 28th day after an Announcement Date or such period in the event of exceptional circumstances as the Board may determine,

"Old Option" means an Option released in exchange for a New Option under Rule 9,

"Option" means a right to acquire (by purchase or subscription) Shares granted to an Eligible Employee in pursuance of the Sharesave Plan and for the time being subsisting or, where the context so requires, a right so to be granted,

"Option Holder" means a person holding an Option,

"Option Period" means the period of 6 months after the relevant Bonus Date,

"Option Price" means, in relation to an Option, a price per Share determined by the Board being not less than the higher of -

(i) the nominal value of a Share, and

(ii) the average middle market quotation, on the New York Stock Exchange as published in the Wall Street Journal, for the 3 dealing days immediately preceding the Business Day before the Offer Date, or, if the Board so determines, a price no lower than 80 per cent of such middle market value,

"Participating Company" means any member of the Group nominated by the Board to participate in the Sharesave Plan in accordance with Rule 2.7,

"person" means, for the purposes of Rule 8, any person together with any person connected with him (as defined in section 839 of the Act) and any person acting in connection with him (which expression has the meaning set out in the City Code on Takeovers and Mergers as in force and applicable at the relevant time), and a company shall be deemed to be acting in concert with any persons who, together with their connected persons, own or control more than 20 per cent of the issued Equity Share Capital of that company,

"Receipt Date" means the date on which an Exercise Notice for an Option is received under Rule 10.3,

"Redundancy" has the meaning set out in the Employment Rights Act 1996,

"Release Date" means the date upon which an Old Option is released under Rule 9-1,

"Retirement" means reaching the Specified Age or reaching any other age at which the relevant Option Holder is bound to retire in accordance with the terms of his contract of employment,

"SAYE Contract" means a contract under the SAYE Scheme established by these Rules,

"SAYE Scheme" means a certified contractual savings related share option scheme within the meaning of section 326 of the Act which has been approved by the Inland Revenue for the purposes of Schedule 9 of the Taxes Act,

"Shares" means fully paid shares of $0.10 par value in the common stock of Wal-Mart for the time being which comply with paragraph 10 to 14 of Schedule 9 of the Taxes Act,

"Sharesave Plan" means the ASDA Sharesave Plan 2000 established by these Rules in its present form or as from time to time amended in accordance with these Rules,

"Specified Age" means the age of 63 years,

"Starting Date"	means, in relation to an SAYE Contract, the date on which the first monthly savings contribution is received by the Appropriate Authority,

"Subsidiary"	means any company which is for the time being under the Control of the Company and which is also a Subsidiary of the Company within the meaning of section 736 of the Companies Act 1985, and
"Taxes Act"	means the Income and Corporation Taxes Act 1988,
"Three Year Bonus"	means, in relation to an SAYE Contract, the bonus payable on the third anniversary of the starting date of the SAYE Contract (subject to any postponement in accordance with the provisions of the SAYE Contract),
"Wal-Mart"	means Wal-Mart Stores Inc., registered in Delaware, USA

1.2 References to any statute or statutory provision shall include any subordinate legislation made under it, any provision which it has superseded or re-enacted (whether with or without modification), any provision superseding or re-enacting it (whether with or without modification).

1.3 Unless the context requires otherwise, references to the singular only shall include the plural and vice versa, references to the masculine gender shall include the feminine and vice versa and references to actual persons shall include corporations.

1.4 References to Rules are to rules of the Scheme.

1.5 The headings of these Rules shall not affect their construction or interpretation.

2. Timing of Offers

2.1 Subject to Rules 2.2, 2.3 and 3, the Board may make an Offer to an Eligible Employee to participate in the Sharesave Plan within 21 days after any of -

(A) the Adoption Date, and

(B) receipt of notification of approval of the Sharesave Plan by the Inland Revenue;

and, thereafter, within an Offer Period.

2.2 if under any statute or applicable directors' dealing code or any similar provisions the Board is prevented from making an Offer within any Offer Period the Board may make such Offer within the period of 21 days, or such longer period as the Board considers appropriate, after such provisions cease to apply.

2.3 Invitations under Rule 2.1 shall be issued on no more than two dates in each calendar year and shall be issued to all Eligible Employees at that date.

2.4 Each Offer shall be in writing and shall specify -

(A) the Option Price of the Shares subject to the Option,

(B) the Maximum Monthly Savings Contribution,

(C) the Minimum Monthly Savings Contribution, and

(D) the date (which is between 14 and 21 days after the Offer Date) by which an application for an Option must be made by the Eligible Employee and on which the offer shall lapse.

2.5 Each Offer shall be accompanied by an SAYE Contract proposal form and an application form for the grant of an Option, requiring the Eligible Employee to state -

(A) the maximum amount which the Eligible Employee wishes to save each month under the SAYE Contract,

(B) that such monthly savings contribution, when added to the Eligible Employee's monthly savings contribution at that time under any other SAYE Scheme will not exceed the Maximum Monthly Savings Contribution,

(C) whether the SAYE Contract is to include the Five Year Bonus or the Three Year Bonus (unless the Board shall have decided that only the Three Year Bonus shall be available in respect of that Offer), and

(D) that the Board has authority to enter on the SAYE Contract proposal form such monthly savings contribution, not exceeding the maximum stated pursuant to Rule 2.5(A), as may be determined under Rule 4.

2.6 Each application pursuant to Rule 2.5 shall be deemed to be an application for the maximum whole number of Shares for which the aggregate Option Price would as nearly as possible equal (but not exceed) the total repayment due to the Option Holder at the relevant Bonus Date under the SAYE Contract.

2.7 The Board may from time to time nominate any member of the Group which it intends to participate in the Sharesave Plan (a "Participating Company").

3. Restrictions on the Grant of Options

3.1 No option shall be offered if as a result of its grant (subject to any adjustment made in accordance with Rule 11.1) the aggregate of -

(A) the number of shares of common stock which Wal-Mart may be called upon to issue under the Sharesave Plan, and

(B) the number of shares of common stock already so issued, would exceed the aggregate limit, if any, determined by the Board from time to time.

3.2 The Board may, before making an Offer, determine the maximum number of Shares which are to be made available in respect of the grant of Options pursuant to that Offer.

3.3 Any payment made by an Option Holder under an SAYE Contract shall be not less than the Minimum Monthly Savings Contribution or more than the Maximum Monthly Savings Contribution.

4. Scaling Down

4.1 If the Board receives valid applications for Options over a number of Shares which would result in the limits set out in Rule 3.1 or determined by the Board under Rule 3.2 to be exceeded the following steps shall be carried out successively to the extent necessary to eliminate the excess over the limits -

(A) the excess over 5 Pounds Sterling (or such other Minimum Monthly Savings Contribution as is specified in the Offer) of the monthly savings contribution specified in each application shall be reduced pro rata,

(B) each election for a Five Year Bonus shall be deemed to be an election for a Three Year Bonus,

(C) each election for a Five Year Bonus or a Three Year Bonus shall be deemed to be an election for no bonus.

4.2 The amount of the reduced monthly savings contribution determined in accordance with Rule 4.1 shall not be lower than the Minimum Monthly Savings Contribution.

5. Grant of Options

5.1 Subject to Rules 5.2 and 5.5, the Board shall grant or procure the grant of Options in respect of the applications made under Rule 2.5 no later than a date (the "Date of Grant") 30 days (or, if Rule 4.1 applies, 42 days) after the earliest date with reference to which the Option Price was determined.

5.2 No Option shall be granted to any person who is not at the Date of Grant an Eligible Employee.

5.3 Payments under an SAYE Contract shall be made by arrangement with the Participating Company of which the Option Holder is an Employee and such payments shall be passed forthwith to the Appropriate Authority.

5.4 Subject to the rights of the personal representatives of an Option Holder under Rule 7.2 after the Option Holder's death, each grant of an Option shall be personal to the Eligible Employee to whom it is made and will not be transferable or assignable. An Option shall not be charged, pledged or otherwise encumbered. Any breach or attempted or purported breach of the provisions of this Rule 5.4 shall render the relevant Option void and, unless the Board determines otherwise, an Option shall lapse upon the bankruptcy of the Option Holder.

5.5 No Option may be granted later than 10 years after the Adoption Date.

6. Option Certificates

The company shall in due course issue in respect of each Option granted an option certificate evidencing the Option. Option certificates shall be in such form as the Board may from time to time determine.

7. Rights to Exercise Options

7.1 Subject to the provisions of this Rule 7 an Option may be exercised in accordance with the procedure set out in Rule 10 by the Option Holder (or in the circumstances set out in Rule 7.1(B), his legal personal representatives) at any time following the earliest of the following events

(A) the relevant Bonus Date,

(B) the death of the Option Holder,

(C) the Option Holder ceasing to be an Employee by reason of his Retirement, injury, disability or Redundancy,

(D) the Option Holder ceasing to be an Employee more than 3 years after the Date of Grant other than by reason of his Retirement, injury, disability or Redundancy or by reason of gross misconduct,

(E) the Participating Company or the business or part of the business of the Participating Company by which the Option Holder is employed ceasing to be in the control of the Company, any Subsidiary or any Associated Company,

(F) the occurrence of any of the circumstances set out in Rules 8 and 12, and in each case before the earliest of the events set out in Rule 7.2.

7.2 Subject to Rule 7.3 and Rule 7.5 an Option shall lapse immediately on the earliest of the following events -

(A) save where Rule 7.2(B) applies, the expiry of the Option Period,

(B) the first anniversary of the date of the Option Holder's death or, where the death occurred during the Option Period, the first anniversary of the relevant Bonus Date,

(C) save where Rule 7.2(E) or (F) applies, the Option Holder ceasing to be an Employee otherwise than by reason of his death, Retirement, injury, disability or Redundancy,

(D) 6 months after the date on which the Option Holder ceased to be an Employee by reason of his Retirement, injury, disability or Redundancy,

(E) 6 months after the date on which the Option Holder ceased to be an Employee other than by reason of his Retirement, injury, disability or Redundancy or by reason of gross misconduct where he so ceased more than 3 years after the Date of Grant and immediately on the date of cessation of employment where he so ceased by reason of gross misconduct,

(F) 6 months after the Participating Company or the business or part of the business of the Participating Company by which the Option Holder is employed ceased to be in the Control of the Company or any Subsidiary or any Associated Company,

(G) the occurrence of either of the events set out in Rule 7.8,

(H) the Option Holder being adjudicated bankrupt, and

(I) unless its release has been effected under Rule 9, the day immediately following the date of expiry of the six month period referred to in Rule 8.

7.3 If before the relevant Bonus Date the Option Holder reaches the Specified Age but continues to be employed by the Group, the Option may be exercised within the period of 6 months after such event. Thereafter, to the extent unexercised, the Option may only be exercised after the earliest of the events set out in Rule 7.1.

7.4 An Option Holder who decides not to exercise an Option in accordance with these Rules may withdraw the aggregate amount accumulated under the relevant SAYE Contract.

7.5 For the purpose of the Rules, an Option Holder shall not be treated as ceasing to be an Employee until he ceases to hold any office or employment with the Company, any Subsidiary or any Associated Company. Therefore, if at the Bonus Date an Option Holder holds an office or employment in a company which is not a participating Company but which is an Associated Company or a Subsidiary then his option may be exercised within six months of the Bonus Date.

7.6 An Option Holder (or his personal representatives) may only exercise any Option to the extent that the aggregate Option Price paid for the Shares on such exercise will not exceed the aggregate amount (including any interest and/or the relevant bonus) of his savings under the SAYE Contract at the relevant date.

7.7 No Option may be exercised by an Option Holder (or his personal representatives) if the Option Holder is (or immediately before his death was) excluded from participation in the Sharesave Plan by virtue of paragraph 8 of Schedule 9 of the Taxes Act.

7.8 An option shall lapse in the event that the Option Holder -

(A) ceases to make monthly savings contributions under the relevant SAYE contract or under the terms of the SAYE Contract is deemed to have given notice of his intention to cease to make monthly savings contributions under the relevant SAYE Contract, or

(B) requests repayment of his monthly savings contributions from the relevant SAYE Contract from the Appropriate Authority.

7.9 Subject to Rule 7.5, if at any time an Option Holder ceases to be an Employee, otherwise than as mentioned in Rules 7.1, 7.2 and 7.3 any Option which he holds shall lapse and cease to be exercisable upon such cessation.

8. Take-overs or a disposal of the Company

Subject to the Option not having lapsed under Rule 7.2, the Option may be exercised during the period of 6 calendar months following

(i) the acquisition of Control of Wal-Mart by a person pursuant to a general offer

(a) to acquire the whole of the issued shares of Wal-Mart not already owned or agreed to be acquired by that person, such offer having been conditional upon that person obtaining Control of the Wal-Mart, or

(b) to acquire all the Shares; or

(ii) the sale of more than half of the issued share capital of the Company or the undertaking of the business of the Company to any company which is not an Associated Company of Wal--Mart.

9. Grant of New Options

9.1 If an Acquiring Company obtains Control of Wal-Mart or acquires the shares or business of the Company in the circumstances set out in Rule 8 the Option Holder may at any time within the six month period referred to in Rule 8 by agreement with the Acquiring Company release any unexercised Option ("Old Option") then held by him in consideration for the grant to him of a New Option.

9.2 A New Option shall be -

(A) for such a number of New Shares as shall have the same total Market Value immediately after the Release Date as the total Market Value of the Shares which were the subject of the Old Option immediately before the Release Date,

(B) exercisable in the same manner as the Old Option,

(C) deemed to have been granted on the Date of Grant of the corresponding Old Option, and

(D) subject to the provisions of the Sharesave Plan as it had effect immediately before the Release Date but so that (save and except for Rules 2, 3, 4, 5, 6, 14.2 and 15) references to the "Company" and "Wal-Mart" shall be construed as references to the "New Company" and references to "Options" shall be construed as references to "New Options".

9.3 The total amount payable by an Option Holder upon the exercise of the New Option shall be equal to the total amount that would have been payable by him upon the exercise of the Old Option.

10. Exercise of Options

10.1 In order to exercise an Option in whole or in part the Option Holder (or his legal personal representatives) must deliver to the Company Secretary (or the person appointed by the Board for the purpose) -

(A) a written notice ("Exercise Notice") specifying the number of Shares in respect of which the Option is being exercised,

(B) payment in full of the Option Price for each of those Shares, and

(C) the option certificate (although failure to lodge the option certificate will not invalidate the exercise of the Option).

10.2 An Option may be exercised in whole or in part provided that partial exercise shall be of not less than 10 per cent of the Shares comprised in the Option.

10.3 The date the Exercise Notice is received in accordance with Rule 10.1 shall constitute for all purposes the Receipt Date of such Option. The Company will ensure that the Option is exercised within 30 Business Days of the Receipt Date.

10.4 The Company will keep stocks of a suitable form of Exercise Notice available so that Option Holders wishing to exercise may obtain copies thereof from the Company Secretary.

10.5 If the Option becomes exercisable before the relevant Bonus Date it shall be exercisable over not more than the number of Shares the aggregate Option price of which is as nearly as possible equal to but not more than the total repayment due on the Exercise Date and the Option shall not be exercisable over any Shares in excess of that number.

10.6 All allotments and issues or transfers of Shares (as the case may be) will be made within 30 Business Days of the Exercise Date and will be subject to all (if any) necessary consents of any governmental or other authorities under enactments or regulations for the time being in force. It shall be the responsibility of the Option Holder to comply with any requirements to be fulfilled in order to obtain or obviate the necessity for any such consent. A share certificate or such other form of acknowledgement of shareholding as is then prescribed in respect of such Shares so issued or transferred shall be sent to the person exercising the Option at his risk.

10.7 If under the terms of an announcement made by Wal-Mart a dividend is to be or is proposed to be paid to the holders of Shares, the Shares to be issued on the exercise of an Option after the date of such announcement will not rank for such dividend and the Shares to be transferred on the exercise of an Option after the date of such announcement will be transferred without the right to receive any such dividend and any such right to that dividend will be retained by the transferor. Subject as aforesaid the Shares so to be issued shall be identical and rank pari passu in all respects with the fully paid registered Shares in issue on the Exercise Date.

10.8 Where the Shares are listed on the New York Stock Exchange or any other market or recognised investment exchange as defined in section 207 of the Financial Services Act 1986, the Board shall as soon as practicable apply to the New York Stock Exchange for admission of such Shares to the New York Stock Exchange or such other market or recognised investment exchange (as appropriate).

11. Adjustment of Options

11.1 Upon the occurrence of an Issue or Reorganisation the restriction on the number of Shares available for the offer of Options set out in Rule 3.1(A) and the number or nominal amount of Shares comprised in each Option and the Option Price may be adjusted in such manner as the Board may determine with the prior approval of the Inland Revenue and (other than in the event of a capitalisation issue) with the written confirmation of the Auditors that in their opinion the adjustments are fair and reasonable.

11.2 Notice of any such adjustment shall be given to the Option Holder by the Board, which may call in option certificates for endorsement or replacement.

12. Winding Up

12.1 Subject to the Option not having lapsed under Rule 7.2, if the Company convenes a general meeting for the purpose of considering a resolution for voluntary winding up, the Board shall notify Option Holders of the date of such meeting and Options may be exercised within 28 days of the passing of the resolution. To the extent unexercised, Options shall lapse upon the passing of the resolution. In the event that the resolution is not passed, any purported exercise of Options shall be invalid.

13. Administration

13.1 Any notice or other document required to be given under the Sharesave Plan to any Option Holder shall be in writing and be delivered to him by hand (including through the Company's internal delivery system) or sent by pre-paid post to him at his home address according to the records of the company by which he is employed or at such other address as may appear to the Company to be appropriate. Notices sent by post shall be deemed to have been given on the date of posting.

13.2 The Board shall have power from time to time to make or vary regulations for the administration and operation of the Sharesave Plan provided that the same are not inconsistent with the Rules of the Sharesave Plan.

14. General

14.1 The decision of the Board in any dispute or question concerning the construction or effect of the Sharesave Plan or any other question in connection with the Sharesave Plan (including the calculation of the Option Price in any particular case and the effect of an Issue or reorganisation) shall be conclusive subject to the concurrence of the Auditors whenever required under the provisions of the Sharesave plan.

14.2 The Company or the Board may at any time resolve to suspend or terminate the Sharesave Plan, in which event no further Options shall be granted but the Sharesave Plan shall continue in full force and effect in relation to Options and New Options then subsisting.

14.3 Participation in the Sharesave Plan by an Eligible Employee is a matter entirely separate from any pension right or entitlement pursuant to his terms and conditions of employment. In no circumstances shall an Option Holder ceasing to be employed by the Group be entitled to claim as against any member of the Group any compensation for, or in respect of, any consequent diminution or extinction of his rights or benefits (actual or prospective) under any Options then held by him or otherwise in connection with the Sharesave Plan.

14.4 The Board shall procure that at all times there are available a sufficient number of authorised and unissued Shares and/or ensure that it has made arrangements to procure the transfer of sufficient issued Shares to meet the subsisting rights of Option Holders under the Sharesave Plan.

14.5 The Sharesave Plan shall be governed by English law.

15. Alterations to the Sharesave Plan

15.1 The Board may at any time resolve to alter the Sharesave Plan in any manner subject to the following provisions of this Rule 15.

15.2 The Board may make such alterations to the Sharesave Plan as it may consider necessary to secure the continuing approval of the Sharesave Plan by the Inland Revenue in accordance with the Act (including alteration to the Specified Age).

15.3 After the Inland Revenue has approved the Sharesave Plan -

(A) no alteration shall take effect until approved by the inland Revenue, and

(B) no alteration shall be effective to abrogate or alter adversely any of the subsisting rights of the Option Holders except with such consent or sanction on the part of the Option Holders as would be required under the provisions of the Company's Articles of Association if the Shares the subject of the Options constituted a single class of shares.

THE ASDA COLLEAGUE SHARE OWNERSHIP PLAN 1999

Cover

CONTENTS

Contents

1. Definitions and Interpretation

1.1 In this Plan, unless the context otherwise requires:

"the Board"	means the board of directors of the Company or a committee appointed by such board of directors;
"the Company"	means ASDA Group plc (registered in England and Wales No. 1396513);
"the Grant Date"	in relation to an option means the date on which the option was granted;
"Group Member"	means a Participating Company or a body corporate which is (within the meaning of section 736 of the Companies Act 1985) the Company's holding company or a subsidiary of the Company's holding company;
"the New York Stock Exchange"	means the New York Stock Exchange, Inc.
"Participant"	means a person who holds an option granted under the Plan;
"the Parent Company"	means Wal-Mart Stores, Inc.;
"Participating Company"	means the Company or any Subsidiary;
"the Plan"	means the ASDA Colleague Share Ownership Plan 1999 as herein set out but subject to any alterations or additions made under Rule 8 below;
"Schedule 9"	means Schedule 9 to the Taxes Act 1988;
"Subsidiary"	means a body corporate which is a subsidiary of the Company within the meaning of section 736 of the Companies Act 1985 and is under the control of the Company within the meaning of section 840 of the Taxes Act 1988;
"the Taxes Act 1988"	means the Income and Corporation Taxes Act 1988;

and expressions not otherwise defined herein have the same meanings as they have in Schedule 9.

1.2 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.

2. Eligibility

2.1 Subject to sub-rule 2.3 below, a person is eligible to be granted an option under the Plan if he is a qualifying employee of a Participating Company.

2.2 For the purposes of sub-rule 2.1 above a "**qualifying employee**" is an employee of a Participating Company (other than one who is a director of a Participating Company) who has been continuously employed by a Participating Company for a period of at least 12 months (or such lesser period as the Board may determine) ending on the Grant Date.

2.3 A person is not eligible to be granted an option under the Plan at any time when he is not eligible to participate in the Plan by virtue of paragraph 8 Schedule 9 (*material interest in close company*).

3. Grant of Options

3.1 Subject to Rule 4 below, the Board may grant or procure the grant to any person who is eligible to be granted an option under the plan an option to acquire shares in the Parent Company which satisfy the requirements of paragraphs 10 to 14 of Schedule 9 (*fully paid up, unrestricted, ordinary share capital*). All options will be granted by deed.

3.2 The price at which shares may be acquired by the exercise of options granted under the Plan shall be determined by the Board before the grant thereof.

3.3 The price at which shares may be so acquired shall not be less than:

(A) if shares of the same class as those shares are listed on the New York Stock Exchange the average of the middle-market quotations of shares of that class (as published in the Wall Street Journal) on the last dealing day immediately preceding the date on which the options were granted (or such other dealing days as may be agreed with the Inland Revenue); and

(B) if paragraph (a) above cannot apply, the market value (within the meaning of Part VIII of the Taxation of Chargeable Gains Act 1992) of shares of that class, as agreed in advance for the purposes of the Plan with the Shares Valuation Division of the Inland Revenue, on the Grant Date (or such other day as may be agreed with the Inland

Revenue).

3.4 Subject to Rule 5.4 below, an option granted under the Plan to any person shall not be capable of being transferred by him and shall lapse forthwith if it is so transferred or if he is adjudged bankrupt.

4. Limit

4.1 No person shall be granted options under the Plan which would, at the time they are granted, cause the aggregate market value of the shares which he may acquire in pursuance of options granted to him under the Plan or under any other share option scheme, not being a savings-related share option scheme, approved under Schedule 9 and established by the company or by any associated company of the Company (and not exercised) to exceed or further exceed the lesser of:

(A) 30,000 Pounds Sterling; or

(B) if there were relevant emoluments for the preceding year of assessment, four times the amount of the relevant emoluments for the current or preceding year of assessment (whichever of those years gives the greater amount); or

(C) if there were no relevant emoluments for the preceding year of assessment, four times the amount of the relevant emoluments for the period of 12 months beginning with the first day during the current year of assessment in respect of which there are relevant emoluments;

and for this purpose the relevant emoluments are such of the emoluments of the office or employment by virtue of which the person is eligible to participate in the Plan and of any other office or employment held by him with a company which is a Participating Company as are liable to be paid under deduction of tax pursuant to section 203 of the Taxes Act 1988 (*PAYE*), after deducting from them amounts included by virtue of Chapter II of Part V thereof (*benefits in kind*).

4.2 For the purposes of this Rule, the market value of the shares in relation to which an option was granted:

(A) in the case of an option granted under the Plan, shall be taken to be equal to their market value or average market value on the day or days by reference to which the price at which shares may be acquired by the exercise thereof was determined in accordance with Rule 3.3 above; and

(B) in the case of an option granted under any other approved scheme, shall be calculated as at the time when it was granted or, in a case where an agreement relating to the shares has been made under paragraph 29 of Schedule 9, such earlier time or times as may be provided in the agreement.

4.3 Any option granted under the Plan shall be limited and take effect so that the above limit is complied with.

5. Exercise of Options

5.1 The exercise of any option granted under the Plan shall be effected in such form and manner as the Board may from time to time prescribe.

5.2 In this Rule and in Rule 6 below, in relation to an option.

(A) "**the exercise period**" means the period of two months immediately following the expiration of the relevant number of complete years beginning on the Grant Date (or such other period as the Board may have determined before the grant of the option); and

(B) "**the relevant fraction**" means the number of complete years in the period beginning on the Grant Date and ending immediately before the day on which the option first becomes exercisable divided by the relevant number (or such other fraction as the Board may have determined before the grant of the option);

and in this sub-rule "**the relevant number**" means such number as the Board shall have determined for this purpose before the grant of the option.

5.3 Subject to sub-rules 5.4 and 5.5 below and to Rule 6 below, an option granted under the Plan may be exercised only during the exercise period.

5.4 If any Participant dies before the end of the exercise period, then:

(A) any option granted to him under the Plan may, subject to sub-rule 5.6 below, be exercised by his personal representatives within 12 months after the date of his death, and to the extent that it is not exercised within that period shall (notwithstanding any other provision of the Plan) lapse on the expiration thereof;

(B) if the option shall not have become exercisable before his death by virtue of some other provision hereof, the number of shares in respect of which it may be exercised may not exceed the relevant fraction of the number of shares in respect of which it was granted.

5.5 If any Participant ceases to be an employee of a Group Member before the beginning of the exercise period by reason of retirement either through ill health or incapacity or on or after reaching the age at which he is bound to retire in accordance with the terms of his contract of employment, then:

(A) any option granted to him under the Plan may be exercised within the period which shall expire three months after his so ceasing, and to the extent that it is not exercised within that period shall, subject to sub-rule 5.4 above if he dies during that period, lapse on the expiration thereof;

(B) the number of the shares in respect of which the option may be so exercised may not exceed the relevant fraction of the number of shares in respect of which it was granted.

If any Participant ceases to be an employee of a Group Member otherwise than by reason of death or as mentioned in sub-rule 5.5 above, any option granted to him under the Plan which shall have become exercisable by virtue of any provision hereof may be exercised in accordance with that provision, and any other option so granted to him shall immediately lapse.

5.7 A Participant shall not be treated for the purposes of this Rule as ceasing to be an employee of a Group Member until such time as he is no longer an employee of any Group Member, and a female Participant who ceases to be such an employee by reason of pregnancy or confinement and who exercises her right to return to work under the Employment Rights Act 1996 shall be treated for those purposes as not having ceased to be such an employee.

5.8 A Participant shall not be eligible to exercise an option under the Plan at any time when he is not eligible to participate in the Plan by virtue of paragraph 8 of Schedule 9 (*material interest in close company*).

5.9 Within 30 days after an option under the Plan has been exercised by any person, the Board on behalf of the Company shall procure that the appropriate number of shares in respect of which the option has been exercised shall be either issued and allotted or transferred to the Participant (or his nominee), subject to obtaining such consents or approvals as may be required by any competent authority under regulations or enactments for the time being in force.

5.10 Shares issued pursuant to the Plan shall rank pari passu in all respects with shares of common stock of the Parent Company then in issue, save as regards any rights attaching to such shares by reference to a record date prior to the date on which they are issued and allotted.

5.11 The Company shall apply or procure that an application is made to the New York Stock Exchange for the admission to listing of all shares issued pursuant to the exercise of any Option provided that its ordinary shares are then listed on the New York Stock Exchange.

6. **Takeover, Reconstruction and Winding-up**

6.1 Sub-rule (2) below applies if, before the beginning of the exercise period,

(A) any person obtains control of the Parent Company (within the meaning of section 840 of the Taxes Act 1988) as a result of making a general offer to acquire shares in the Company, or having obtained such control makes such an offer,

(B) the Parent Company passes a resolution for voluntary winding up, or

(C) an order is made for the compulsory winding up of the Parent Company;

and for the purposes of paragraph (A) above a person shall be deemed to have obtained control of the Parent Company if he and others acting in concert with him have together obtained control of it.

6.2 Where this sub-rule applies -

(A) any option granted under the Plan may, subject to Rule 5.6 above, be exercised within one month of the event in question (or, if more than one such event occurs, the earliest such event), and to the extent that it is not exercised within that period shall, subject to Rule 5.4 above if he dies during that period, lapse on the expiration thereof;

(B) the number of the shares in respect of which the option may be so exercised may not exceed the relevant fraction of the number of shares in respect of which it was granted.

6.3 If any company ("**the acquiring company**"):

(A) obtains control of the Parent Company as a result of making -

(i) a general offer to acquire the whole of the issued shares of the Parent Company which is made on a condition such that if it is satisfied the person making the offer will have control of the Parent Company,

(ii) a general offer to acquire all the shares in the Parent Company which are of the same class as the shares which may be acquired by the exercise of options granted tinder the Plan,

any Participant may at any time within the appropriate period (which expression shall be construed in accordance with paragraph 15(2) of schedule 9), by agreement with the acquiring company, release any option granted under the Plan which has not lapsed ("**the old option**") in consideration of the grant to him of an option ("**the new option**") which (for the purposes of that paragraph) is equivalent to the old option but relates to shares in a different company (whether the acquiring company itself or some other company falling within paragraph 10(b) or (c) of Schedule 9).

6.4 The new option shall not be regarded for the purposes of sub-rule (3) above as equivalent to the old option unless the conditions set out in paragraph 15(3) of Schedule 9 are satisfied, but so that the provisions of the Plan shall for this purpose be construed as if:-

(A) the new option were an option granted under the Plan at the same time as the old option; and

(B) except for the purposes of the definitions of "**Group Member**", "**Participating Company**" and "**Subsidiary**" in Rule 1.1 above and the references to "**the Board**" in Rule 5.2 above, the expression "**the Parent Company**" were defined as "a company whose shares may be acquired by the exercise of options granted under the Plan".

7. Variaton of Capital

7.1 Subject to sub-rule 7.3 below, in the event of any increase or variation of the share capital of the Parent Company (whenever effected), the Board may make such adjustments as it considers appropriate under sub-rule 7.2 below.

7.2 An adjustment made under this sub-rule shall be to the following:

(A) the number of shares in respect of which any option granted under the Plan may be exercised;

(B) the price at which shares may be acquired by the exercise of any such option;

(C) where any such option has been exercised but no shares have been transferred pursuant to such exercise, the number of shares which may be so transferred and the price at which they may be acquired.

7.3 At a time when the Plan is approved by the Inland Revenue under Schedule 8, no adjustment under sub-rule 7.2 above shall be made without the prior approval of the Inland Revenue.

7.4 Where any adjustment is made under sub-rule 7.2 above to the number of shares in respect of which an option may be exercised or which may be transferred pursuant to its exercise, corresponding adjustments shall for the purposes of Rules 5.4(B), 5.5(B) and 6.2(B) be deemed to be made to the number of shares in respect of which the option was granted and to the number of shares (if any) in respect of which it has been exercised.

7.5 As soon as reasonably practicable after making any adjustment under sub-rule 7.2 above, the Board shall give notice in writing thereof to any Participant affected thereby.

8. Alterations

8.1 Subject to sub-rule 8.2 below, the Board may at any time alter or add to all or any of the provisions of the Plan, or the terms of any option granted under it, in any respect (having regard to the fact that, if an alteration or addition is made at a time when the Plan is approved by the Inland Revenue under Schedule 9, the approval will not thereafter have effect unless the Inland Revenue has approved the alteration or addition).

8.2 No alteration or addition to the disadvantage of any Participant shall be made under sub-rule 8.1 above unless:

(A) the Board shall have invited every relevant Participant to give an indication as to whether or not he approves the alteration or addition, and

(B) the alteration or addition is approved by a majority of those Participants who have given such an indication.

8.3 As soon as reasonably practicable after making any alteration or addition under sub-rule 8.1 above, the Board shall give notice in writing thereof to any Participant affected thereby and, if the Plan is then approved by the Inland Revenue under Schedule 9, to the Inland Revenue.

9. Miscellaneous

9.1 If any Participant appoints any person to act on his behalf for the purposes of the Plan, such person may:

(A) exercise any option granted to the Participant under the Plan;

(B) make such arrangements for funding the exercise as may be appropriate (including borrowing money on reasonable terms);

(C) sell sufficient of the shares acquired by the exercise to enable the costs of exercise (including the repayment of any loan and interest thereon) to be met out of the net proceeds of sale; and

(D) take any other action which he reasonably considers to be necessary or desirable in connection with the above.

9.2 The rights and obligations of any individual under the terms of his office or employment with any Group Member shall not be affected by his participation in the Plan or any right which he may have to participate therein, and an individual who participates therein shall waive any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to exercise any option under the Plan as a result of such termination.

9.3 In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan, the decision of the Board shall be final and binding upon all persons.

9.4 In the event that shares are transferred to a Participant in pursuance of any option granted under the Plan, the Participant shall, if so required by the person making the transfer, join that person in making a claim for relief under section 165 of the Taxation of Chargeable Gains Act 1992 in respect of the disposal made by him in effecting such transfer.

9.5 Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post, in the case of a company to its registered office, and in the case of an individual to his last known address, or, where he is an employee of a Group Member, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment.

Exhibit 12

Statement re computation of ratios

	2003	2002	2001	2000	1999
Income before income taxes	12,719	10,751	10,116	9,083	7,323
Capitalized interest	(124)	(130)	(93)	(57)	(41)
Minority interest	(193)	(183)	(129)	(170)	(153)
Adjusted profit before tax	12,402	10,438	9,894	8,856 *	7,129
Fixed Charges					
Debt interest	803	1,083	1,104	779	535
Capital lease interest	260	274	279	266	268
Capitalized interest	124	130	93	57	41
Interest component of rent	873	834	714	458	523
Amortization of Debt Issuance Cost					
Total fixed expense	2,060	2,321	2,190	1,560	1,367
Profit before taxes and fixed expenses	14,462	12,759	12,084	10,416	8,496
Fixed charge coverage	**7.02**	**5.50**	**5.52**	**6.68**	**6.22**

* Does not include the cumulative effect of accounting change recorded by the Company in Fiscal 2000

Fiscal 2003 End-of-Year Store Count

State	Discount Stores	Supercenters	SAM'S ClubS	Neighborhood Markets
Alabama	34	49	9	2
Alaska	6	0	3	0
Arizona	24	17	10	0
Arkansas	35	43	4	6
California	133	0	30	0
Colorado	17	29	14	0
Connecticut	27	2	3	0
Delaware	3	3	1	0
Florida	66	87	37	1
Georgia	42	61	20	0
Hawaii	6	0	1	0
Idaho	5	11	1	0
Illinois	81	33	27	0
Indiana	42	42	14	0
Iowa	27	24	7	0
Kansas	29	23	6	0
Kentucky	34	41	5	0
Louisiana	35	47	12	0
Maine	12	9	3	0
Maryland	32	5	13	0
Massachusetts	41	1	3	0
Michigan	48	14	22	0
Minnesota	34	9	12	0
Mississippi	21	41	5	1
Missouri	56	58	14	0
Montana	5	6	1	0
Nebraska	10	11	3	0
Nevada	11	7	5	0
New Hampshire	19	6	4	0
New Jersey	30	0	8	0
New Mexico	6	18	5	0
New York	52	22	18	0
North Carolina	47	52	17	0
North Dakota	8	0	2	0
Ohio	70	28	26	0
Oklahoma	41	40	7	12
Oregon	24	3	0	0
Pennsylvania	50	43	20	0
Rhode Island	8	0	1	0
South Carolina	22	37	9	0
South Dakota	6	4	2	0
Tennessee	33	57	15	2
Texas	117	155	68	24
Utah	6	15	7	1
Vermont	4	0	0	0
Virginia	21	52	13	0
Washington	29	6	2	0
West Virginia	8	20	3	0
Wisconsin	49	20	11	0
Wyoming	2	7	2	0
U.S. Totals:	**1,568**	**1,258**	**525**	**49**

International/Worldwide

State	Discount Stores	Supercenters	SAM'S ClubS	Neighborhood Markets

Argentina	0	11	0	0
Brazil	0	12	8	2*
Canada	213	0	0	0
China	0	20	4	2
Germany	0	94	0	0
Korea	0	15	0	0
Mexico	472†	75	50	0
Puerto Rico	9	1	9	33**
United Kingdom	248‡	10	0	0
International Totals:	**942**	**238**	**71**	**37**
Grand Totals:	**2,510**	**1,496**	**596**	**86**

* Brazil includes Todo Dias
† Mexico includes 118 Bodegas, 50 Suburbias, 44 Superamas, 260 Vips
** Puerto Rico includes 33 Amigos
‡ United Kingdom includes 248 ASDA Stores

11-Year Financial Summary

(Dollar amounts in millions except per share data)	**2003**	2002	2001
Net sales	**$ 244,524**	$ 217,799	$ 191,329
Net sales increase	**12%**	14%	16%
Domestic comparative store sales increase*	**5%**	6%	5%
Other income-net	**2,001**	1,873	1,787
Cost of sales	**191,838**	171,562	150,255
Operating, selling and general and administrative expenses	**41,043**	36,173	31,550
Interest costs:			
Debt	**803**	1,083	1,104
Capital leases	**260**	274	279
Interest income	**(138)**	(171)	(188)
Provision for income taxes	**4,487**	3,897	3,692
Minority interest and equity in unconsolidated subsidiaries	**(193)**	(183)	(129)
Cumulative effect of accounting change, net of tax	**–**	–	–
Net income	**8,039**	6,671	6,295
Per share of common stock:			
Basic net income	**1.81**	1.49	1.41
Diluted net income	**1.81**	1.49	1.40
Dividends	**0.30**	0.28	0.24
Financial Position			
Current assets	**$ 30,483**	$ 27,878	$ 26,555
Inventories at replacement cost	**25,056**	22,749	21,644
Less LIFO reserve	**165**	135	202
Inventories at LIFO cost	**24,891**	22,614	21,442
Net property, plant and equipment and capital leases	**51,904**	45,750	40,934
Total assets	**94,685**	83,527	78,130
Current liabilities	**32,617**	27,282	28,949
Long-term debt	**16,607**	15,687	12,501
Long-term obligations under capital leases	**3,001**	3,045	3,154
Shareholders' equity	**39,337**	35,102	31,343
Financial Ratios			
Current ratio	**0.9**	1.0	0.9
Inventories/working capital	**(11.7)**	38.2	(9.0)
Return on assets**	**9.2%**	8.5%	8.7%
Return on shareholders' equity***	**21.6%**	20.1%	22.0%
Other Year-End Data			
Number of domestic Wal-Mart stores	**1,568**	1,647	1,736
Number of domestic Supercenters	**1,258**	1,066	888

Number of domestic SAM'S CLUBS	**525**	500	475
Number of domestic Neighborhood Markets	**49**	31	19
International units	**1,288**	1,170	1,070
Number of Shareholders of record	**330,000**	324,000	317,000

* Comparative store sales are considered to be sales at stores that were open as of February 1 of the prior fiscal year and have not been expanded or relocated since February 1 of the prior fiscal year.

** Net income before minority interest, equity in unconsolidated subsidiaries and cumulative effect of accounting change/average assets

*** Net income/average shareholders' 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%.

2000	1999	1998	1997	1996	1995	1994	1993
$ 165,013	$ 137,634	$ 117,958	$ 104,859	$ 93,627	$ 82,494	$ 67,344	$ 55,484
20%	17%	12%	12%	13%	22%	21%	26%
8%	9%	6%	5%	4%	7%	6%	11%
1,615	1,391	1,290	1,293	1,138	904	633	490
129,664	108,725	93,438	83,510	74,505	65,586	53,444	44,175
27,040	22,363	19,358	16,946	15,021	12,858	10,333	8,321
779	535	558	629	693	520	331	143
266	268	229	216	196	186	186	180
(204)	(189)	(54)	(26)	(9)	(10)	(12)	(7)
3,338	2,740	2,115	1,794	1,606	1,581	1,358	1,171
(170)	(153)	(78)	(27)	(13)	4	(4)	4
(198)	–	–	–	–	–	–	–
5,377	4,430	3,526	3,056	2,740	2,681	2,333	1,995
1.21	0.99	0.78	0.67	0.60	0.59	0.51	0.44
1.20	0.99	0.78	0.67	0.60	0.59	0.51	0.44
0.20	0.16	0.14	0.11	0.10	0.09	0.07	0.05
$ 24,356	$ 21,132	$ 19,352	$ 17,993	$ 17,331	$ 15,338	$ 12,114	$ 10,198
20,171	17,549	16,845	16,193	16,300	14,415	11,483	9,780
378	473	348	296	311	351	469	512
19,793	17,076	16,497	15,897	15,989	14,064	11,014	9,268
35,969	25,973	23,606	20,324	18,894	15,874	13,176	9,793
70,349	49,996	45,384	39,604	37,541	32,819	26,441	20,565
25,803	16,762	14,460	10,957	11,454	9,973	7,406	6,754
13,672	6,908	7,191	7,709	8,508	7,871	6,156	3,073
3,002	2,699	2,483	2,307	2,092	1,838	1,804	1,772
25,834	21,112	18,503	17,143	14,756	12,726	10,753	8,759
0.9	1.3	1.3	1.6	1.5	1.5	1.6	1.5
(13.7)	3.9	3.4	2.3	2.7	2.6	2.3	2.7
9.5%****	9.6%	8.5%	7.9%	7.8%	9.0%	9.9%	11.1%
22.9%	22.4%	19.8%	19.2%	19.9%	22.8%	23.9%	25.3%
1,801	1,869	1,921	1,960	1,995	1,985	1,950	1,848
721	564	441	344	239	147	72	34
463	451	443	436	433	426	417	256
7	4	–	–	–	–	–	–
1,004	715	601	314	276	226	24	10
307,000	261,000	246,000	257,000	244,000	259,000	258,000	181,000

Years prior to 1998 have not been restated for the effects of the change in accounting method for SAM'S CLUB membership revenue recognition as the effects of this change would not have a material impact on this summary. Therefore, pro forma information as if the accounting change had been in effect for all years presented has not been provided.

The acquisition of the ASDA Group PLC and the Company's related debt issuance had a significant impact on the fiscal 2000 amounts in this summary.

Management's Discussion and Analysis

Wal-Mart is in the business of serving customers. In the United States, our operations are centered on operating retail stores and membership warehouse clubs. Internationally, our operations are centered on retail stores, warehouse clubs and restaurants. We have built our business by offering our customers quality merchandise at low prices. We are able to lower the cost of merchandise through our negotiations with suppliers and by efficiently managing our distribution network. The key to our success is our ability to grow our base business. In the U.S. we grow our base business by building new stores and by increasing sales in our existing stores. Internationally, we grow our business by building new stores, increasing sales in our existing stores and through acquisitions. We intend to continue to expand both domestically and internationally.

We intend for this discussion to provide you with information that will assist you in understanding our financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. The discussion also provides information about the financial results of the various segments of our business so that you may better understand how those segments and their results affect the financial condition and results of operations of the Company as a whole. This discussion should be read in conjunction with our financial statements as of January 31, 2003 and the year then ended and the notes accompanying those financial statements.

Net Sales

The Company and each of its operating segments had net sales (in millions) for the three fiscal years ended January 31, 2003 as follows:

Fiscal Year	Wal-Mart Stores	SAM'S CLUB	International	Other	Total Company	Total Company Increase from Prior Fiscal Year
2003	**$ 157,121**	**$ 31,702**	**$ 40,794**	**$ 14,907**	**$ 244,524**	**12%**
2002	139,131	29,395	35,485	13,788	217,799	14%
2001	121,889	26,798	32,100	10,542	191,329	16%

Our net sales grew by 12% in fiscal 2003 when compared with fiscal 2002. That increase resulted from our domestic and international expansion programs, and a domestic comparative store sales increase of 5% when compared with fiscal 2002. The net sales increase of 14% in fiscal 2002, when compared with fiscal 2001, resulted from our domestic and international expansion programs, and a domestic comparative store sales increase of 6%. We consider comparative stores sales to be sales at stores that were open as of February 1st of the prior fiscal year and have not been expanded or relocated since February 1st of the prior fiscal year. Stores that were expanded or relocated during that period are not included in the calculation of comparative store sales. Comparative store sales are also referred to as "same-store" sales within the retail industry. The Wal-Mart Stores and SAM'S CLUB segments include domestic units only. Wal-Mart Stores and SAM'S CLUBS located outside the United States are included in the International segment.

Costs and Expenses

For fiscal 2003, our cost of sales decreased as a percentage of total net sales when compared to fiscal 2002, resulting in an overall increase of 0.32% in the Company's gross profit as a percentage of sales (our "gross margin") from 21.23% in fiscal 2002 to a gross margin of 21.55% in fiscal 2003. This increase in gross margin occurred primarily due to lower shrinkage, reduced markdowns and improvements in the mix of product sold. Partially offsetting the overall increase in gross margin in fiscal 2003, the Company's cost of sales increased by $30 million as a result of a LIFO inventory adjustment. The balance in the LIFO reserve on the Company's balance sheet is attributable to food inventories as well as other inventories held by our subsidiary, McLane Company, Inc. We believe that these categories will remain inflationary in the near future and that future gross margins will continue to experience downward pressure from LIFO adjustments, such as that which occurred in fiscal 2003. Management also expects downward pressure on our gross margins as food sales continue to increase as a percentage of total Company sales both domestically and internationally. This trend results from the Company's program to convert many of our Wal-Mart discount stores to Supercenters, which have full-line food departments, the opening of additional Supercenters and the opening of additional Neighborhood Markets all of which result in increases in food sales as a percentage of our total net sales. Food products generally carry lower margins than general merchandise.

Our total cost of sales as a percentage of our total net sales increased for fiscal 2002 when compared to fiscal 2001, resulting in an overall decrease in gross margin of 0.24% from 21.47% for fiscal 2001 to 21.23% in fiscal 2002. This reduction in gross margin resulted primarily due to a shift in customer buying patterns to products that carry lower margins and an increase in food sales as a percent of our total sales. Partially offsetting the overall decrease in gross margin in fiscal 2002, the Company reduced cost of sales by $67 million as a result of a LIFO inventory adjustment.

Our operating, selling, general and administrative expenses ("SG&A expenses") increased 0.17% as a percentage of total net sales to 16.78% in fiscal 2003 when compared with 16.61% in fiscal 2002. This increase was primarily due to increased insurance costs, including Associate medical, property and casualty insurance, as well as increased payroll and payroll related costs. Management believes that the trend of increasing insurance costs will continue for at least the near future. The change in accounting for goodwill required by the Company's adoption of Financial Accounting Standards Board Statement No. 142, "Goodwill and Other Intangible Assets" ("FAS 142") also affected the comparison of fiscal 2003 with fiscal 2002. FAS 142 requires that companies no longer amortize goodwill. Instead, we must perform an annual review to determine if the goodwill shown on our balance sheet is impaired and should be written-down. The comparison of this fiscal year to the last fiscal year is positively impacted by this accounting change since we have not recorded any goodwill amortization expense since January 31, 2002. If our SG&A expense for fiscal 2002 were adjusted to remove the goodwill amortization recorded for fiscal 2002 (but which would not have been recorded had FAS 142 been in place during that year), our operating expenses would have been reduced by $246 million. If fiscal 2002 operating expenses were adjusted to remove that goodwill amortization, our operating expenses as a percent of sales would be 16.50% rather than the 16.61% reported above.

Our SG&A expense increased 0.12% as a percentage of total net sales to 16.61% in fiscal 2002 when compared with fiscal 2001. This increase was primarily due to increased utility and insurance costs, including Associate medical, property and casualty insurance.

Interest Costs

For fiscal 2003, interest costs on debt and capital leases, net of interest income, as a percentage of net sales decreased 0.17% when compared to fiscal 2002. These decreases resulted from lower average interest rates on our outstanding indebtedness, less need for debt financing due to our efforts to reduce our average inventory balances and the positive impact of our fixed to variable interest rate swap program. In prior years we reported the majority of interest income under the caption "miscellaneous income." In the current year interest income is netted against interest cost. Interest income in previous years has been reclassified for a consistent presentation. Both our U.S. and International operating units generate interest income; however, the largest contributor of interest income is our operation in Mexico. Interest income expressed as a percent of net sales decreased by 0.02% when comparing fiscal 2003 to fiscal 2002. This decrease was caused primarily by a decline in interest rates in Mexico. For fiscal 2002, our interest costs on debt and capital leases, net of interest income as a percentage of net sales decreased 0.08% from 0.62% in fiscal 2001 to 0.54% in fiscal 2002. This decrease resulted from lower interest rates, less need for debt financing of the Company's operations due to the Company's inventory reduction efforts and the positive impacts of the Company's fixed rate to variable rate interest rate swap program. Interest income stated as a percentage of net sales for fiscal 2002 was 0.02% less than in fiscal 2001. See the "Market Risk" section of this discussion for further detail regarding the Company's fixed to floating interest rate swaps.

Net Income

During fiscal 2003, we earned net income of $8.039 billion, a 20.5% increase over our net income for fiscal 2002. Our net income for fiscal 2003 increased at a rate in excess of that by which our total net sales grew in fiscal 2003 largely as a result of the increase in our overall gross margin and a reduction in net interest expense. Partially offsetting gross margin and net interest expense improvements were increased SG&A expenses in fiscal 2003 as discussed above. Additionally, as discussed above, the comparison of net income earned in fiscal 2003 with the net income earned in fiscal 2002 is positively impacted by an accounting change related to goodwill amortization. As the tax impact of not amortizing goodwill would have been minimal in dollars, increasing tax expense by only $11 million for fiscal 2002, our fiscal 2002 net income would have increased by $235 million and basic earnings per share would have increased by $0.06 if we had not amortized goodwill in fiscal 2002.

In fiscal 2002, we earned net income of $6.671 billion, a 6.0% increase over the aggregate net income of the Company in fiscal 2001. Our net income did not grow in fiscal 2002 by the same percentage as our total net sales grew in fiscal 2002 largely as a result of the reduction in the overall gross margin and increased costs and expenses of the Company in fiscal 2002 as discussed above.

The non-amortization provisions of FAS 142 had an overall positive impact on our effective income tax rate for fiscal 2003. Our effective income tax rate for fiscal 2003 was 35.3% compared with an effective income tax rate of 36.2% for fiscal 2002. Had the accounting standard been in place for fiscal 2002, the effective income tax rate would have been reduced by 0.7% from 36.2% to 35.5% for that fiscal year. The remainder of the reduction in the effective income tax rate resulted from a variety of factors, but predominately from the changing mix of results of operations of our subsidiaries in foreign countries, which have disparate tax rates.

In mid-October 2002 the German government proposed a number of tax law changes and spending cuts, with an expected vote in the first half of calendar 2003. We previously recorded a deferred tax asset related to our tax loss carry-forwards in Germany. The proposals include provisions which, if enacted, may limit the usage of such tax loss carry-forwards in any one year.

During July 2001, we acquired the outstanding minority interest in Wal-Mart.com, Inc. from Accel Partners and a small group of other investors. A reorganization resulting from the acquisition resulted in a charge against the earnings of the Company during fiscal 2002 of slightly less than $0.01 per share.

Wal-Mart Stores Segment

Fiscal Year	Segment Net Sales Increase from Prior Fiscal Year	Segment Operating Income (in Billions)	Segment Operating Income Increase from Prior Year	Operating Income as a Percentage of Segment Sales
2003	**12.9%**	**$ 11.9**	**16.2%**	**7.6%**
2002	14.1%	$ 10.2	6.3%	7.3%
2001	12.1%	$ 9.6	10.5%	7.9%

The Wal-Mart Stores segment net sales amounted to 64.3% of total Company net sales in fiscal 2003, which compares to 63.9% in fiscal 2002 and 63.7% in fiscal 2001.

The segment net sales increases in fiscal 2003 and fiscal 2002 from the prior fiscal years resulted from comparative store sales increases of 5.7% in fiscal 2003 and 5.9% in fiscal 2002, and our expansion program in the Wal-Mart Stores segment. Segment expansion during fiscal 2003 included the opening of 43 Wal-Mart stores, 18 Neighborhood Markets and 192 Supercenters (including the conversion of 122 existing Wal-Mart stores into Supercenters) and added 32.1 million (or 9.0%) of additional store square footage. Segment expansion during fiscal 2002 included the opening of 33 Wal-Mart stores, 12 Neighborhood Markets and 178 Supercenters (including the conversion of 121 existing Wal-Mart stores into Supercenters) and added 27.7 million (or 8.4%) of additional store square footage.

The fiscal 2003 increase in segment operating income as a percentage of segment sales resulted from a 0.20% improvement in gross margin which was partially offset by a 0.04% increase in SG&A expenses as a percentage of segment sales compared with fiscal 2002. The gross margin improvement was driven primarily by an improvement in the mix of products sold and reductions in shrinkage and markdowns. We continue to see increases in our lower-margin food sales as a percentage of total segment sales, which puts downward pressure on our gross margin. As more discount stores are converted to Supercenters and new Supercenters and Neighborhood Markets are opened, we expect to see further increases in food sales as a percentage of total segment sales. Segment expenses in fiscal 2003 as a percent of sales were higher than fiscal 2002 due primarily to increased insurance costs throughout the year and late in the fiscal year, utility costs.

A reduction in gross margin and an increase in operating expenses caused the decrease in segment operating income as a percent of segment sales in fiscal 2002 when compared to fiscal 2001. The gross margin reduction was driven primarily by an increase in lower-margin food sales as a percentage of total segment sales and a change in customer buying patterns to lower-margin merchandise. Segment expenses in fiscal 2002 as a percent of sales were higher than fiscal 2001 due primarily to increased Associate wages, utility, repairs and maintenance expenses and insurance costs.

SAM'S CLUB Segment

Fiscal Year	Segment Net Sales Increase from Prior Fiscal Year	Segment Operating Income (in Billions)	Segment Operating Income Increase from Prior Year	Operating Income as a Percentage of Segment Sales
2003	**7.8%**	**$ 1.028**	**0.0%**	**3.2%**
2002	9.7%	$ 1.028	9.1%	3.5%
2001	8.1%	$ 0.942	10.8%	3.5%

The SAM'S CLUB segment net sales amounted to 13.0% of total Company net sales in fiscal 2003, which compares to 13.5% and 14.0% in fiscal 2002 and 2001, respectively. The decrease in this segment's sales as a percent of total Company sales in fiscal 2003 and 2002 when compared to fiscal 2001 resulted from the International segment net sales and the Wal-Mart Stores segment net sales growing at a faster rate than the SAM'S CLUB segment net sales.

Growth in net sales for the SAM'S CLUB segment in fiscal 2003 and fiscal 2002 resulted from comparative club sales increases of 2.3% in fiscal 2003 and 5.7% in fiscal 2002, and our expansion program. Segment expansion during each of fiscal 2003 and 2002 consisted of the opening of 25 new clubs and added 4.0 million (or 6.5%) and 3.8 million (or 6.4%) of additional club square footage in fiscal 2003 and fiscal 2002, respectively.

Operating income as a percentage of sales decreased in fiscal 2003 when compared to fiscal 2002. Segment gross margin and other income as a percent of sales were unchanged when comparing fiscal 2003 with fiscal 2002. Segment operating expenses as a percent of sales increased by 0.26% in fiscal 2003. Expense pressures were felt by the SAM'S CLUB segment in the areas of insurance, property taxes and food distribution costs.

Segment gross margin increased slightly during fiscal 2002 when compared with fiscal 2001; however, an increase in operating expense as a percent of sales offset this margin increase, leaving segment operating income as a percent of sales unchanged from fiscal 2001. The main expense pressures in fiscal 2002 in the SAM'S CLUB segment occurred in the areas of utility and maintenance and repair costs.

International Segment

Fiscal Year	Segment Net Sales Increase from Prior Fiscal Year	Segment Operating Income (in Billions)	Segment Operating Income Increase from Prior Year	Operating Income as a Percentage of Segment Sales
2003	**15.0%**	**$ 2.033**	**55.8%**	**5.0%**
2002	10.5%	$ 1.305	37.5%	3.7%
2001	41.2%	$ 0.949	41.6%	3.0%

Our International segment is comprised of wholly-owned operations in Argentina, Canada, Germany, South Korea, Puerto Rico and the United Kingdom; operations through joint ventures in China, operations through majority-owned subsidiaries in Brazil and Mexico and through a minority investment in Japan. International sales accounted for approximately 16.7% of total Company sales in fiscal 2003 compared with 16.3% in fiscal 2002 and 16.8% in fiscal 2001.

The fiscal 2003 increase in International net sales and operating income primarily resulted from both improved operating results and our international expansion program. In fiscal 2003, excluding the units acquired in the Amigo acquisition, the International segment opened, expanded or relocated 115 units which added 8.1 million (or 8.3%) of additional unit square footage. Additionally, the impact of changes in foreign currency exchange rates positively affected the translation of International segment sales into U.S. dollars by an aggregate of $47 million in fiscal 2003.

The fiscal 2002 increase in International sales and operating income primarily resulted from both improved operating results and our international expansion program. In fiscal 2002, the International segment opened, expanded or relocated 128 units which added 8.4 million (or 9.5%) of additional unit square footage. Partially offsetting the impact of the expansion program, changes in foreign currency exchange rates negatively affected the translation of International segment sales into U.S. dollars by an aggregate of $1.1 billion in fiscal 2002.

Fiscal 2003 sales at our United Kingdom subsidiary ASDA, made up 44.5% of the International segment net sales. Sales included in the Company's consolidated income statement for ASDA during fiscal 2003, 2002 and 2001 were $18.1 billion, $15.3 billion and $14.5 billion, respectively.

The fiscal 2003 increase in segment operating income as a percentage of segment sales resulted from a 0.41% improvement in gross margin and a 0.77% reduction in operating expenses as a percentage of segment sales compared with fiscal 2002. The adoption of FAS 142 affected the comparison of operating income between fiscal 2003 and fiscal 2002 because, in accordance with FAS 142, we did not record any goodwill amortization expenses during fiscal 2003. If the International segments expenses for the fiscal 2002 were adjusted to remove the goodwill amortization expense recorded for that period (but which would not have been recorded if FAS 142 had been in place in the prior year), the reduction of operating expenses stated as a percentage of segment sales for fiscal 2003 compared with fiscal 2002 would have changed from the 0.77% reduction discussed above to a 0.16% reduction and the International segment's operating income in fiscal 2002 would have increased $216 million to $1,521 million for fiscal 2002. If FAS 142 had been effective in fiscal 2002, the segment's operating income increase from the prior fiscal year would have been reduced from 55.8% to 33.7%.

The fiscal 2002 increase in segment operating income as a percentage of segment sales resulted from an improvement in gross margin and a reduction in operating expenses as a percentage of segment sales in fiscal 2002 from fiscal 2001.

Our financial results from our foreign operations could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which the Company does business. The Company minimizes exposure to the risk of devaluation of foreign currencies by operating in local currencies and through buying forward currency contracts, where feasible, for certain known funding requirements.

In fiscal 2003, the foreign currency translation adjustment decreased from the fiscal 2002 level by $1.1 billion leaving a balance of $1.1 billion. This decrease is due to a weakening in the United States dollar against the United Kingdom pound, the euro and the Canadian dollar which was somewhat offset by a strengthening in the United States dollar against the Mexican peso. In fiscal 2002, the foreign currency translation adjustment increased from the fiscal 2001 level by $472 million to a balance $2.2 billion at the end of fiscal 2002. This increase was primarily due to a strengthening in the United States dollar against the local currencies of the countries in which the Company has operations with the exception of Mexico where the peso strengthened against the dollar.

Other

Sales in the Other segment result from sales to third parties by the Company's wholly owned subsidiary, McLane Company, Inc. ("McLane"), a wholesale distributor. McLane offers a wide variety of grocery and non-grocery products, which it sells to a variety of retailers including the Company's Wal-Mart Stores and SAM'S CLUB segments.

Fiscal Year	Segment Sales Increase from Prior Fiscal Year	Segment Operating Loss (in Billions)	Segment Operating Loss Increase from Prior Year	Operating Loss as a Percentage of Segment Sales
2003	**8.1%**	**($ 1.290)**	**(109.1%)**	**(8.7%)**
2002	30.8%	($ 0.617)	(214.8%)	(4.5%)
2001	20.3%	($ 0.196)	34.0%	(1.9%)

McLane net sales to unaffiliated purchasers accounted for approximately 6.1% of total Company sales in fiscal 2003 compared with 6.3% in fiscal 2002 and 5.5% in fiscal 2001.

Operating losses for the segment in each of the fiscal years presented primarily resulted from corporate overhead expenses including insurance costs, corporate bonuses, various other expenses and in fiscal 2003, the unfavorable impact of a $30 million LIFO adjustment. These corporate overhead expenses are partially offset by McLane operating income and the favorable impact of LIFO adjustments of $67 million and $176 million in fiscal 2002 and 2001, respectively.

Summary of Critical Accounting Policies

Management strives to report the financial results of the Company in a clear and understandable manner, even though in some cases accounting and disclosure rules are complex and require us to use technical terminology. We follow generally accepted accounting principles in the U.S. in preparing our consolidated financial statements. These principles require us to make certain estimates and apply judgments that affect our financial position and results of operations. Management continually reviews its accounting policies, how they are applied and how they are reported and disclosed in our financial statements. Following is a summary of our more significant accounting policies and how they are applied in preparation of the financial statements.

Inventories

We use the retail last-in, first-out (LIFO) inventory accounting method for the Wal-Mart Stores segment, cost LIFO for the SAM'S CLUB segment and other cost methods, including the retail first-in, first-out (FIFO) and average cost methods, for the International segment. Inventories are not recorded in excess of market value. Historically, we have rarely experienced significant occurrences of obsolescence or slow moving inventory. However, future changes in circumstances, such as changes in customer merchandise preference or unseasonable weather patterns, could cause the Company's inventory to be exposed to obsolescence or be slow moving.

Financial Instruments

We use derivative financial instruments for purposes other than trading to reduce our exposure to fluctuations in foreign currencies and to minimize the risk and cost associated with financial and global operating activities. Generally, the contract terms of hedge instruments closely mirror those of the item being hedged, providing a high degree of risk reduction and correlation. Contracts that are highly effective at meeting the risk reduction and correlation criteria are

recorded using hedge accounting. On February 1, 2001, we adopted Financial Accounting Standards Board (FASB) Statements No. 133, 137 and 138 (collectively "FAS 133") pertaining to the accounting for derivatives and hedging activities. FAS 133 requires all derivatives, which are financial instruments used by the Company to protect (hedge) itself from certain risks, to be recorded on the balance sheet at fair value and establishes accounting treatment for hedges. If a derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitment through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value will be immediately recognized in earnings. Most of the Company's interest rate hedges qualify for the use of the "short-cut" method of accounting to assess hedge effectiveness. The Company uses the hypothetical derivative method to assess the effectiveness of certain of its net investment and cash flow hedges. Instruments that do not meet the criteria for hedge accounting or contracts for which we have not elected hedge accounting are marked to fair value with unrealized gains or losses reported currently in earnings. Fair values are based upon management's expectation of future interest rate curves and may change based upon changes in those expectations.

Impairment of Assets

We periodically evaluate long-lived assets other than goodwill for indicators of impairment and test goodwill for impairment annually. Management's judgments regarding the existence of impairment indicators are based on market conditions and operational performance. Future events could cause management to conclude that impairment indicators exist and that the value of long-lived assets and goodwill associated with acquired businesses is impaired. Goodwill is evaluated for impairment annually under the provisions of FAS 142 which requires us to make judgments relating to future cash flows and growth rates as well as economic and market conditions.

Revenue Recognition

We recognize sales revenue at the time a sale is made to the customer, except for the following types of transactions. Layaway transactions are recognized when the customer satisfies all payment obligations and takes possession of the merchandise. We recognize SAM'S CLUB membership fee revenue over the 12-month term of the membership. Customer purchases of Wal-Mart/SAM'S CLUB shopping cards are not recognized until the card is redeemed and the customer purchases merchandise using the shopping card. Defective merchandise returned by customers is either returned to the supplier or is destroyed and reimbursement is sought from the supplier.

Insurance/Self-Insurance

We use a combination of insurance, self-insured retention, and/or self-insurance for a number of risks including workers' compensation, general liability, vehicle liability and employee-related health care benefits, a portion of which is paid by the Associates. Liabilities associated with the risks that we retain are estimated in part by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. The estimated accruals for these liabilities could be significantly affected if future occurrences and claims differ from these assumptions and historical trends.

For a complete listing of our accounting policies, please see Note 1 to our consolidated financial statements that appear after this discussion.

Liquidity and Capital Resources Cash Flows Information

Our cash flows from operating activities were $12.5 billion in fiscal 2003, up from $10.3 billion in fiscal 2002. In fiscal 2003, we invested $9.4 billion in capital assets, paid $3.2 billion to repurchase Company stock, received $2.0 billion from the issuance of long-term debt and paid $1.3 billion in the repayment of long-term debt.

Company Stock Repurchase and Common Stock Dividends

In August 2002, our Board of Directors reset the common stock repurchase program authorization so that the Company may make future repurchases of its stock of up to $5 billion. During fiscal 2003 we repurchased 63.2 million shares of our common stock for approximately $3.4 billion. Of the fiscal 2003 common stock repurchases, approximately $1.7 billion of the repurchases were made under prior stock repurchase authorization and approximately $1.7 billion of the repurchases were made under the August 2002 authorization. At January 31, 2003 we had approximately $3.3 billion remaining on our common stock repurchase authorization. Shares purchased under our share repurchase program are constructively retired and returned to unissued status. We consider several factors in determining when to make share repurchases, including among other things our cost of equity, our after-tax cost of borrowing, our position relative to our debt to total capitalization targets and our expected future cash needs. There is no expiration date or other restriction governing the period over which we can make our share repurchases under the program.

We paid dividends totaling approximately $1.3 billion or $0.30 per share in fiscal 2003. In March 2003, our Board of Directors authorized a 20% increase in our dividend to $0.36 per share for fiscal 2004. The Company has increased its dividend every year since it first declared a dividend in March 1974.

Contractual Obligations and Other Commercial Commitments

The following tables set forth certain information concerning our obligations and commitments to make future payments under contracts, such as debt and lease agreements, and under contingent commitments.

		Payments Due by Period			
Contractual Obligations *(in millions)*	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years

Long-term debt	$ 21,145	$ 4,538	$ 5,139	$ 3,632	$ 7,836
Commercial paper	1,079	1,079	–	–	–
Capital lease obligations	5,282	440	859	831	3,152
Non-cancelable operating leases	7,988	589	1,136	1,061	5,202
Total contractual cash obligations	$ 35,494	$ 6,646	$ 7,134	$ 5,524	$ 16,190

		Amount of Commitment Expiration Per Period			
Other Commercial Commitments *(in millions)*	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Lines of credit	$ 5,160	$ 2,910	$ 2,250	$ –	$ –
Informal lines of credit	73	73	–	–	–
Trade letters of credit	1,927	1,927	–	–	–
Standby letters of credit	898	898	–	–	–
Other	362	229	–	–	133
Total commercial commitments	$ 8,420	$ 6,037	$ 2,250	$ –	$ 133

The Company has entered into lease commitments for land and buildings for 10 future locations. These lease commitments with real estate developers provide for minimum rentals for 10 to 25 years, excluding renewal options, which, if consummated based on current cost estimates, will approximate $12 million annually over the lease terms.

Management believes that cash flows from operations and proceeds from the sale of commercial paper will be sufficient to finance any seasonal buildups in merchandise inventories and meet other cash requirements. If the operating cash flow we generate is not sufficient to pay dividends and to fund all capital expenditures, the Company anticipates funding any shortfall in these expenditures with a combination of commercial paper and long-term debt. We plan to refinance existing long-term debt as it matures. We may also desire to obtain additional long-term financing for other corporate purposes. We anticipate no difficulty in obtaining long-term financing in view of our excellent credit rating and favorable experiences in the debt market in the recent past. During fiscal 2003, the Company issued $2.0 billion of long-term debt. The proceeds from the issuance of this debt were used to reduce short-term borrowings, to refinance existing debt, finance expansion activities, and other corporate purposes.

At January 31, 2003, the Company’s ratio of debt to total capitalization, including commercial paper borrowings, was 39.2%. This is in line with management’s objective to maintain a debt to total capitalization ratio of approximately 40%.

At January 31, 2003, we had total assets of $94.7 billion compared with total assets of $83.5 billion at January 31, 2002. Our working capital deficit at January 31, 2003, was $2.1 billion, a decrease of $2.7 billion from the $596 million positive working capital at January 31, 2002. Our ratio of current assets to current liabilities was 0.9 to 1, at January 31, 2003, and 1 to 1 at January 31, 2002.

In December 2002, the SEC declared effective a shelf registration under which we could issue up to a total of $10 billion in debt securities. In February 2003, we sold notes totaling $1.5 billion under that existing shelf registration. These notes bear interest at the three-month LIBOR rate minus 0.0425% and mature in February 2005. The proceeds from the sale of these notes were used to reduce commercial paper debt and, therefore, the Company classified $1.5 billion of commercial paper as long-term debt on the January 31, 2003 balance sheet. After consideration of this debt issuance, we are permitted to sell up to $8.5 billion of public debt under our shelf registration statement. At the same time as the issuance of this debt we

entered into an interest rate swap with a notional amount of $1.5 billion. Under the terms of this swap we will pay interest at a fixed rate of 1.915% and receive interest at the three-month LIBOR rate minus 0.0425%. This swap will mature in February 2005.

Future Expansion
In the United States, we plan to open approximately 45 to 55 new Wal-Mart stores and approximately 200 to 210 new Supercenters in fiscal 2004. Relocations or expansions of existing discount stores will account for approximately 140 of the new Supercenters, with the balance being new locations. We also plan to further expand our Neighborhood Market concept by adding approximately 20 to 25 new units during fiscal 2004. The SAM’S CLUB segment plans to open 40 to 45 Clubs during fiscal 2004, approximately two-thirds of which will be relocations or expansions of existing Clubs. The SAM’S CLUB segment will also continue its remodeling program. In order to serve these and future developments, the Company plans to construct six new distribution centers in the next fiscal year. Internationally, the Company plans to open 120 to 130 new units. Projects scheduled to open within the International segment include new stores and Clubs as well as relocations of a few existing units in existing markets. The units also include restaurants, specialty apparel retail stores and supermarkets in Mexico. The Company also currently owns 35% of the equity interests (on a dilutive basis) in The Seiyu Ltd. Additionally, we have the ability to acquire additional ownership in Seiyu and could increase our ownership to 66.7% over time. Total planned capital expenditures for fiscal 2004 approximate $11.5 billion. We plan to finance expansion primarily out of cash flow and with a combination of commercial paper and the issuance of long-term debt.

Market Risk

Market risks relating to our operations include changes in interest rates and changes in foreign exchange rates. We enter into interest rate swaps to minimize the risk and costs associated with financing activities, as well as to attain an appropriate mix of fixed and floating rate debt. The swap agreements are contracts to exchange fixed or variable rates for variable or fixed interest rate payments periodically over the life of the instruments. The following tables provide information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table presents notional amounts and interest rates by contractual maturity dates. The applicable floating rate index is included for variable rate instruments. All amounts are stated in United States dollar equivalents.

Interest Rate Sensitivity as of January 31, 2003
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

(Dollar Amounts in Millions)	2004	2005	2006	2007	2008	Thereafter	Total	Fair value 1/31/03
Liabilities								
U.S. dollar denominated long-term debt including current portion								

Fixed rate debt	$ 4,529	$ 2,290	$ 2,755	$ 2,019	$ 1,576	$ 6,201	$ 19,370	$ 18,604
Average interest rate – USD rate	5.4%	6.4%	6.0%	6.2%	6.6%	6.9%	6.3%	
Great Britain pound denominated long-term debt including current portion								
Fixed rate debt	9	94	–	37	–	1,635	1,775	1,860
Average interest rate	9.6%	4.4%		8.4%		5.2%	5.2%	

Interest Rate Sensitivity as of January 31, 2003
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

(Dollar amounts in millions)	2004	2005	2006	2007	2008	Thereafter	Total	Fair value 1/31/03
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swaps –								
Pay variable/receive fixed	–	$ 1,250	–	–	–	$ 3,250	$ 4,500	$ 426
Weighted average rate paid – Rate D plus 1.70%								
Weighted average fixed rate received – USD rate	–	6.6%	–	–	–	6.9%	6.8%	
Interest rate swap –								
Pay variable/receive fixed	–	500	$ 1,097	$ 1,750	–	445	3,792	377
Weighted average rate paid – Rate B plus .84%								
Weighted average fixed rate received – USD rate	–	7.5%	5.1%	5.8%	–	7.3%	6.0%	
Interest rate basis swap	–	–	–	–	–	500	500	2
Weighted average rate paid – Rate C								
Weighted average rate received – Rate A minus 0.06%								

Rate A – one-month U.S. LIBOR
Rate B – three-month U.S. LIBOR
Rate C – U.S. commercial paper
Rate D – six-month U.S. LIBOR

Interest Rate Sensitivity as of January 31, 2002
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

(Dollar amounts in millions)	2003	2004	2005	2006	2007	Thereafter	Total	Fair value 1/31/02
Liabilities								
U.S. dollar denominated long-term debt including current portion								
Fixed rate debt	$ 2,164	$ 3,445	$ 1,874	$ 704	$ 2,235	$ 5,850	$ 16,272	$ 17,201
Average interest rate – USD rate	6.3%	6.0%	6.7%	6.7%	6.7%	7.2%	6.7%	
Great Britain pound denominated long-term debt including current portion								
Fixed rate debt	93	129	–	–	–	1,450	1,672	1,718
Average interest rate	9.6%	3.8%				7.3%	6.9%	

Interest Rate Sensitivity as of January 31, 2002
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

(Dollar amounts in millions)	2003	2004	2005	2006	2007	Thereafter	Total	Fair value 1/31/02
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swap –								
Pay variable/receive fixed	$ 500	–	–	–	–	–	$ 500	$ 28
Weighted average rate paid – Rate A minus 0.15%								
Weighted average fixed rate received – USD rate	6.9%	–	–	–	–	–	6.9%	
Interest rate swap –								
Pay variable/receive fixed	–	–	$ 500	$ 597	$ 1,750	$ 445	3,292	144
Weighted average rate paid – Rate B plus 1.01%								
Weighted average fixed rate received – USD rate	–	–	7.5%	5.9%	5.9%	7.3%	6.3%	
Interest rate basis swap	–	–	–	–	–	500	500	1
Average rate paid – Rate C								
Average rate received – Rate A minus 0.06%								

Rate A – one-month U.S. LIBOR
Rate B – three-month U.S. LIBOR
Rate C – U.S. commercial paper

The Company holds currency swaps to hedge its net investment in the United Kingdom. In addition to the instruments in the table below, the Company has designated debt of approximately GBP 1 billion as hedges of the net investment in the United Kingdom. The following tables provide information about our cross-currency interest rate swap agreements by functional currency, and presents the information in United States dollar equivalents. For these instruments the tables present notional amounts, exchange rates and interest rates by contractual maturity date.

The Company also holds cross currency swaps which hedge the foreign currency risk of debt denominated in currencies other than the local currency.

Foreign Currency Exchange Rate Sensitivity as of January 31, 2003
Principal (Notional) Amount by Expected Maturity

(Dollar amounts in millions)	2004	2005	2006	2007	2008	Thereafter	Total	Fair value 1/31/03
Currency Swap Agreements								
Payment of Great Britain pounds								
Notional amount	–	–	–	–	–	$ 1,250	$ 1,250	$ 126
Average contract rate	–	–	–	–	–	0.6	0.6	
Fixed rate received – USD rate	–	–	–	–	–	7.4%	7.4%	
Fixed rate paid – Great Britain pound rate	–	–	–	–	–	5.8%	5.8%	
Payment of Canadian dollars								
Notional amount	–	–	–	–	–	325	325	8
Average contract rate	–	–	–	–	–	1.5	1.5	
Fixed rate received – USD rate	–	–	–	–	–	5.6%	5.6%	
Fixed rate paid – Canadian dollar rate	–	–	–	–	–	5.7%	5.7%	
Payment of Japanese yen								
Notional amount	–	–	–	–	$ 432	–	432	2
Average contract rate	–	–	–	–	120	–	120	
Fixed rate received – USD rate	–	–	–	–	3.6%	–	3.6%	
Fixed rate paid – Japanese yen rate	–	–	–	–	0.2%	–	0.2%	

Foreign Currency Exchange Rate Sensitivity as of January 31, 2002
Principal (Notional) Amount by Expected Maturity

(Dollar amounts in millions)	2003	2004	2005	2006	2007	Thereafter	Total	Fair value 1/31/02
Currency Swap Agreements								
Payment of Great Britain pounds								
Notional amount	–	–	–	–	–	$ 1,250	$ 1,250	$ 192

Average contract rate	–	–	–	–	–	0.6	0.6	
Fixed rate received – USD rate	–	–	–	–	–	7.4%	7.4%	
Fixed rate paid –								
Great Britain pound rate	–	–	–	–	–	5.8%	5.8%	
Payment of Canadian dollars								
Notional amount	–	–	–	–	–	325	325	8
Average contract rate	–	–	–	–	–	1.5	1.5	
Fixed rate received – USD rate	–	–	–	–	–	5.6%	5.6%	
Fixed rate paid – Canadian dollar rate	–	–	–	–	–	5.7%	5.7%	

During the fourth quarter of fiscal 2002, the Company terminated certain cross currency instruments that hedged portions of the Company's investments in Canada, Germany and the United Kingdom. The instruments terminated had notional amounts of $6.7 billion. The Company received $1.1 billion in cash related to the fair value of the instruments at the time of the terminations. Prior to the terminations, these instruments were classified as net investment hedges and were recorded at fair value as current assets on the balance sheet with a like amount recorded in the shareholders' equity section of the balance sheet in line "other accumulated comprehensive income." No gain related to the terminations was recorded in the Company's income statement.

We routinely enter into forward currency exchange contracts in the regular course of business to manage our exposure against foreign currency fluctuations on cross-border purchases of inventory. These contracts are generally for durations of six months or less. At January 31, 2003 and 2002, we held contracts to purchase and sell various currencies with notional amounts of $185 million and $117 million, respectively, and net fair values of less than $1 million at either fiscal year.

The fair values of the currency swap agreements are recorded in the consolidated balance sheets within the line "other assets and deferred charges."

New Accounting Pronouncements

During fiscal 2003, the Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." FAS No. 144 develops an accounting model, based upon the framework established in FAS No. 121, for long-lived assets to be disposed by sales. The accounting model applies to all long-lived assets, including discontinued operations, and it replaces the provisions of ABP Opinion No. 30, "Reporting Results of Operations – Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for disposal of segments of a business. FAS No. 144 requires long-lived assets held for disposal to be measured at the lower of carrying amount or fair values less costs to sell, whether reported in continuing operations or in discontinued operations. The adoption of FAS No. 144 did not have a material impact on the Company's financial position or results of operations.

In August 2001, the FASB issued FAS No. 143, "Accounting for Asset Retirement Obligations." This statement requires the Company to recognize the fair value of a liability associated with the cost the Company would be obligated to incur in order to retire an asset at some point in the future. The liability would be recognized in the period in which it is incurred and can be reasonably estimated. The standard is effective for fiscal years beginning after June 15, 2002. The Company will adopt this standard at the beginning of its fiscal 2004. The Company believes the adoption of FAS No. 143 will not have a material impact on its financial position or results of operations.

In July 2002, the FASB issued FAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." FAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and replaces EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." FAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. FAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. The statement is effective for exit or disposal activities initiated after

December 31, 2002. The Company believes the adoption of FAS No. 146, which will occur in fiscal 2004, will not have a material impact on its financial position or results of operations.

In November, 2002, the FASB's Emerging Issues Task Force (EITF) reached a consensus on EITF 02-16 "Accounting by a Reseller for Cash Consideration Received from a Vendor", which addresses the accounting for 'Cash Consideration' (which includes slotting fees, cooperative advertising payments etc.) and 'Rebates or Refunds' from a vendor that are payable only if the merchant completes a specified cumulative level of purchases or remains a customer of the vendor for a specified period of time. With regards to the 'cash considerations,' the EITF agreed that the consideration should be treated as a reduction of the prices of the vendor products or services and should therefore be included as a reduction of cost of sales unless the vendor receives, or will receive, an identifiable benefit in exchange for the consideration. With respect to the accounting for a rebate or refund, the EITF agreed that such refunds or rebates should be recognized as a reduction of the cost of sales based on a systematic and rational allocation of the consideration to be received. This guidance should be applied prospectively to arrangements entered into after December 15, 2002. The Company is currently evaluating the impact of this new guidance which will be applied in the first quarter of fiscal 2004.

The Company has various stock option compensation plans for Associates. The Company currently accounts for those plans under the recognition and measurement provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Historically, no significant stock-based employee compensation has been recognized under APB Opinion No. 25. In August 2002, the Company announced that on February 1, 2003, it will adopt the expense recognition provisions of the Financial Accounting Standards Board Statement No. 123, "Accounting and Disclosure of Stock-Based Compensation" ("FAS 123"). Under FAS 123, compensation expense is recognized based on the fair value of stock options granted. The Company has chosen to retroactively restate its results of operations for this accounting change. The adoption of the fair value method will result in a reduction of retained earnings at that date of $348 million, representing the cumulative stock option compensation recorded for prior years net of the tax effect. The Company's estimates that the impact of changing the accounting method for the adoption of FAS 123 will have an impact of $0.02 to $0.03 per share in the year of adoption.

Forward-Looking Statements

This Annual Report contains statements that Wal-Mart believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. These forward-looking statements generally can be identified by use of phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee" or other similar words or phrases. Similarly, descriptions of our objectives, strategies, plans, goals or targets are also forward-looking statements. These statements discuss, among other things, expected growth, future revenues, future cash flows, future performance and the anticipation and expectations of Wal-Mart and its management as to future occurrences and trends. These forward-looking statements are subject to risks, uncertainties and other factors, in the United States and internationally, including, the cost of goods, competitive pressures, inflation, consumer spending patterns and debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, interest rate fluctuations and other capital market conditions, and other risks. We discuss certain of these matters more fully in other of our filings with the SEC, including our Annual Report on Form 10-K. We filed our Annual Report on Form 10-K for our fiscal year 2003 with the SEC on or about April 11, 2003. Actual results may materially differ from anticipated results described in these statements as a result of changes in facts, assumptions not being realized or other circumstances. You are urged to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements. As a result of these matters, including changes in facts, assumptions not being realized or other circumstances, our actual results may differ materially from historical results or from anticipated results expressed or implied in these forward-looking statements. The forward-looking statements included in this Annual Report are made only as of the date of this report and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Consolidated Statements of Income

(Amounts in millions except per share data)

Fiscal years ended January 31,	**2003**	2002	2001
Revenues:			
Net sales	**$ 244,524**	$ 217,799	$ 191,329
Other income	**2,001**	1,873	1,787
	246,525	219,672	193,116
Costs and Expenses:			
Cost of sales	**191,838**	171,562	150,255
Operating, selling and general and administrative expenses	**41,043**	36,173	31,550
Operating Profit	**13,644**	11,937	11,311
Interest:			
Debt	**803**	1,083	1,104
Capital leases	**260**	274	279
Interest income	**(138)**	(171)	(188)
	925	1,186	1,195
Income Before Income Taxes and Minority Interest	**12,719**	10,751	10,116
Provision for Income Taxes			
Current	**3,967**	3,712	3,350
Deferred	**520**	185	342
	4,487	3,897	3,692
Income Before Minority Interest	**8,232**	6,854	6,424
Minority Interests	**(193)**	(183)	(129)
Net Income	**$ 8,039**	$ 6,671	$ 6,295
Net Income Per Common Share:			
Basic Net Income Per Common Share:			
Net Income Per Common Share	**$ 1.81**	$ 1.49	$ 1.41
Average Number of Common Shares	**4,430**	4,465	4,465
Diluted Net Income Per Common Share:			
Net Income Per Common Share	**$ 1.81**	$ 1.49	$ 1.40
Average Number of Common Shares	**4,446**	4,481	4,484

See accompanying notes.

Consolidated Balance Sheets

(Amounts in millions) January 31,	**2003**	2002
Assets		
Current Assets:		
Cash and cash equivalents	**$ 2,758**	$ 2,161
Receivables	**2,108**	2,000
Inventories		
At replacement cost	**25,056**	22,749

Less LIFO reserve	**165**	135
Inventories at LIFO cost	**24,891**	22,614
Prepaid expenses and other	**726**	1,103
Total Current Assets	**30,483**	27,878
Property, Plant and Equipment, at Cost:		
Land	**11,228**	10,241
Building and improvements	**33,750**	28,527
Fixtures and equipment	**15,946**	14,135
Transportation equipment	**1,313**	1,089
	62,237	53,992
Less accumulated depreciation	**13,537**	11,436
Net property, plant and equipment	**48,700**	42,556
Property Under Capital Lease:		
Property under capital lease	**4,814**	4,626
Less accumulated amortization	**1,610**	1,432
Net property under capital leases	**3,204**	3,194
Other Assets and Deferred Charges:		
Goodwill	**9,521**	8,566
Other assets and deferred charges	**2,777**	1,333
Total Assets	**$ 94,685**	$ 83,527

Liabilities and Shareholders' Equity		
Current Liabilities:		
Commercial paper	**$ 1,079**	$ 743
Accounts payable	**17,140**	15,617
Accrued liabilities	**8,945**	7,174
Accrued income taxes	**739**	1,343
Long-term debt due within one year	**4,538**	2,257
Obligations under capital leases due within one year	**176**	148
Total Current Liabilities	**32,617**	27,282
Long-Term Debt	**16,607**	15,687
Long-Term Obligations Under Capital Leases	**3,001**	3,045
Deferred Income Taxes and Other	**1,761**	1,204
Minority Interests	**1,362**	1,207
Shareholders' Equity:		
Preferred stock ($0.10 par value; 100 shares authorized, none issued)		
Common stock ($0.10 par value; 11,000 shares authorized, 4,395 and 4,453 issued and outstanding in 2003 and 2002, respectively)	**440**	445
Capital in excess of par value	**1,482**	1,484
Retained earnings	**37,924**	34,441
Other accumulated comprehensive income	**(509)**	(1,268)
Total Shareholders' Equity	**39,337**	35,102
Total Liabilities and Shareholders' Equity	**$ 94,685**	$ 83,527

See accompanying notes.

Consolidated Statements of Shareholders' Equity

(Amounts in millions except per share data)	Number of Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Other Accumulated Comprehensive Income	Total
Balance – January 31, 2000	4,457	$ 446	$ 714	$ 25,129	($ 455)	$ 25,834
Comprehensive Income						
Net income				6,295		6,295
Other accumulated comprehensive income						
Foreign currency translation adjustment					(1,126)	(1,126)
Hedge accounting adjustment					897	897
Total Comprehensive Income						**6,066**

Cash dividends ($.24 per share)				(1,070)		(1,070)
Purchase of Company stock	(4)		(8)	(185)		(193)
Issuance of Company stock	11	1	580			581
Stock options exercised and other	6		125			125
Balance – January 31, 2001	4,470	447	1,411	30,169	(684)	31,343
Comprehensive Income						
Net income				6,671		6,671
Other accumulated comprehensive income						
Foreign currency translation adjustment					(472)	(472)
Hedge accounting adjustment					(112)	(112)
Total Comprehensive Income						**6,087**
Cash dividends ($.28 per share)				(1,249)		(1,249)
Purchase of Company stock	(24)	(2)	(62)	(1,150)		(1,214)
Stock options exercised and other	7		135			135
Balance – January 31, 2002	4,453	445	1,484	34,441	(1,268)	35,102
Comprehensive Income						
Net income				8,039		8,039
Other accumulated comprehensive income						
Foreign currency translation adjustment					1,113	1,113
Hedge accounting adjustment					(148)	(148)
Minimum pension liability adjustment					(206)	(206)
Total Comprehensive Income						**8,798**
Cash dividends ($.30 per share)				(1,328)		(1,328)
Purchase of Company stock	(63)	(5)	(150)	(3,228)		(3,383)
Stock options exercised and other	5		148			148
Balance – January 31, 2003	**4,395**	**$ 440**	**$ 1,482**	**$ 37,924**	**($ 509)**	**$ 39,337**

Consolidated Statements of Cash Flows

(Amounts in millions)

Fiscal years ended January 31,	2003	2002	2001
Cash flows from operating activities			
Net Income	**$ 8,039**	$ 6,671	$ 6,295
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**3,432**	3,290	2,868
Increase in accounts receivable	**(101)**	(210)	(422)
Increase in inventories	**(2,236)**	(1,235)	(1,795)
Increase in accounts payable	**1,447**	368	2,061
Increase in accrued liabilities	**1,106**	1,125	11
Deferred income taxes	**520**	185	342
Other	**325**	66	244
Net cash provided by operating activities	**12,532**	10,260	9,604
Cash flows from investing activities			
Payments for property, plant and equipment	**(9,355)**	(8,383)	(8,042)
Investment in international operations	**(749)**	–	(627)
Proceeds from the disposal of fixed assets	**455**	331	284
Proceeds from termination or sale of net investment hedges	**–**	1,134	–
Other investing activities	**(60)**	(228)	(329)
Net cash used in investing activities	**(9,709)**	(7,146)	(8,714)
Cash flows from financing activities			
Increase/(decrease) in commercial paper	**1,836**	(1,533)	(2,022)
Proceeds from issuance of long-term debt	**2,044**	4,591	3,778
Purchase of Company stock	**(3,232)**	(1,214)	(193)
Dividends paid	**(1,328)**	(1,249)	(1,070)
Payment of long-term debt	**(1,263)**	(3,519)	(1,519)
Payment of capital lease obligations	**(216)**	(167)	(173)

Proceeds from issuance of Company stock	–	–	581
Other financing activities	**(63)**	113	176
Net cash used in financing activities	**(2,222)**	(2,978)	(442)
Effect of exchange rate changes on cash	**(4)**	(29)	(250)
Net increase in cash and cash equivalents	**597**	107	198
Cash and cash equivalents at beginning of year	**2,161**	2,054	1,856
Cash and cash equivalents at end of year	**$ 2,758**	$ 2,161	$ 2,054
Supplemental disclosure of cash flow information			
Income tax paid	**$ 4,462**	$ 3,196	$ 3,509
Interest paid	**1,082**	1,312	1,319
Capital lease obligations incurred	**381**	225	576

See accompanying notes.

1 Summary of Significant Accounting Policies

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

Cash and Cash Equivalents
The Company considers investments with a maturity of three months or less when purchased to be cash equivalents. The majority of payments due from banks for customer credit card transactions process within 24-48 hours. All credit card transaction that process in less than seven days are classified as cash and cash equivalents. Amounts due from banks for credit card transactions that were classified as cash totaled $276 million and $173 million at January 31, 2003 and 2002, respectively.

Receivables
Accounts receivable consist primarily of trade receivables from customers of our McLane subsidiary, receivables from insurance companies generated by our pharmacy sales, receivables from real estate transactions and receivables from suppliers for marketing or incentive programs. Additionally, amounts due from banks for customer credit card transactions that take in excess of seven days to process are classified as accounts receivable.

Inventories
The Company uses the retail last-in, first-out (LIFO) method for general merchandise within the Wal-Mart Stores segment, cost LIFO for the SAM'S CLUB segment and grocery items within the Wal-Mart Stores segment, and other cost methods, including the retail first-in, first-out (FIFO) and average cost methods, for the International segment. Inventories are not recorded in excess of market value.

Financial Instruments
The Company uses derivative financial instruments for purposes other than trading to reduce its exposure to fluctuations in foreign currencies and to minimize the risk and cost associated with financial and global operating activities. Generally, contract terms of a hedge instrument closely mirror those of the hedged item providing a high degree of risk reduction and correlation. Contracts that are highly effective at meeting the risk reduction and correlation criteria are recorded using hedge accounting. On February 1, 2001, the Company adopted Financial Accounting Standards Board (FASB) Statements No. 133, 137 and 138 (collectively "FAS 133") pertaining to the accounting for derivatives and hedging activities. FAS 133 requires all derivatives to be recorded on the balance sheet at fair value and establishes accounting treatment for three types of hedges. If a derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value will be immediately recognized in earnings. Instruments that do not meet the criteria for hedge accounting or contracts for which the Company has not elected hedge accounting, are marked to fair value with unrealized gains or losses reported currently in earnings. At January 31, 2001, the majority of the Company's derivatives were hedges of net investments in foreign operations, and as such, the fair value of these derivatives had already been recorded on the balance sheet as either assets or liabilities and in other comprehensive income under the current accounting guidance. As the majority of the Company's derivative portfolio was already recorded on the balance sheet, the adoption of FAS 133 did not have a material impact on the Company's consolidated financial statements taken as a whole.

Interest During Construction
For interest costs to properly reflect only that portion relating to current operations, interest on borrowed funds during the construction of property, plant and equipment is capitalized. Interest costs capitalized were $124 million, $130 million, and $93 million in 2003, 2002 and 2001, respectively.

Long-lived Assets
The Company periodically reviews long-lived assets, if indicators of impairments exist and if the value of the assets is impaired, an impairment loss would be recognized.

Goodwill and Other Acquired Intangible Assets
Following the adoption of FAS 142, see the new accounting pronouncements section of this note, goodwill is not amortized, instead it is evaluated for impairment annually. Other acquired intangible assets are amortized on a straight-line basis over the periods that expected economic benefits will be provided. The realizability of other intangible assets is

evaluated periodically when events or circumstances indicate a possible inability to recover the carrying amount. These evaluations are based on undiscounted cash flow and profitability projections that incorporate the impact of existing Company businesses. The analyses require significant management judgment to evaluate the capacity of an acquired business to perform within projections. Historically, the Company has generated sufficient returns from acquired businesses to recover the cost of the goodwill and other intangible assets.

Goodwill is recorded on the balance sheet in the operating segments as follows (in millions):

	January 31, 2003	January 31, 2002
International	**$ 8,985**	$ 8,028

Sam's Club	**305**	305
Other	**231**	233
Total Goodwill	**$ 9,521**	$ 8,566

Changes in International segment goodwill are the result of foreign currency exchange rate fluctuations and the addition of $197 million of goodwill resulting from the Company's Amigo acquisition. See Note 6.

Foreign Currency Translation
The assets and liabilities of all foreign subsidiaries are translated at current exchange rates. Related translation adjustments are recorded as a component of other accumulated comprehensive income.

Revenue Recognition
The Company recognizes sales revenue at the time it sells merchandise to the customer, except for layaway transactions. The Company recognizes layaway transactions when the customer satisfies all payment obligations and takes possession of the merchandise. The Company recognizes SAM'S CLUB membership fee revenue over the twelve-month term of the membership. Customer purchases of Wal-Mart/SAM'S CLUB shopping cards are not recognized until the card is redeemed and the customer purchases merchandise by using the shopping card.

SAM'S CLUB Membership Revenue Recognition
The Company recognizes SAM'S CLUB membership fee revenues both domestically and internationally over the term of the membership, which is 12 months. The following table provides unearned revenues, membership fees received from members and the amount of revenues recognized in earnings for each of the fiscal years 2001, 2002 and 2003:

Deferred revenue January 31, 2000	$ 337
Membership fees received	706
Membership revenue recognized	(674)
Deferred revenue January 31, 2001	369
Membership fees received	748
Membership revenue recognized	(730)
Deferred revenue January 31, 2002	387
Membership fees received	834
Membership revenue recognized	(784)
Deferred revenue January 31, 2003	$ 437

SAM'S CLUB membership revenue is included in the other income line in the revenues section of the consolidated statements of income.

The Company's deferred revenue is included in accrued liabilities in the consolidated balance sheet. The Company's analysis of historical membership fee refunds indicates that such refunds have been insignificant. Accordingly, no reserve exists for membership fee refunds at January 31, 2003.

Cost of Sales
Cost of sales includes actual product cost, change in inventory, buying allowances received from our suppliers, the cost of transportation to the Company's warehouses from suppliers and the cost of transportation from the Company's warehouses to the stores and Clubs and the cost of warehousing for our SAM's Club segment.

Payments from Suppliers
Wal-Mart receives money from suppliers for various reasons, the most common of which are as follows:

Warehousing allowances – allowances provided by suppliers to compensate the Company for distributing their product through our distribution systems which are more efficient than most other available supply chains. These allowances are reflected in cost of sales when earned.

Volume discounts – certain suppliers provide incentives for purchasing certain volumes of merchandise. These funds are recognized as a reduction of cost of sales at the time the incentive target is earned.

Other reimbursements and promotional allowances – suppliers may provide funds for specific programs including markdown protection, margin protection, new product lines, special promotions, specific advertising and other specified programs. These funds are recognized at the time the program occurs and the funds are earned.

At January 31, 2003 and 2002, the Company had $286 million and $279 million respectively, in accounts receivable associated with supplier funded programs. Further, the Company had $185 million and $178 million in unearned revenue included in accrued liabilities for unearned vendor programs at January 31, 2003 and 2002, respectively.

Operating, Selling and General and Administrative Expenses
Operating, selling and general and administrative expenses include all operating costs of the Company that are not related to the transportation of products from the supplier to the warehouse or from the warehouse to the store. Additionally, the cost of warehousing and occupancy for our Wal-Mart segment distribution facilities are included in operating, selling and general and administrative expenses. Because we do not include the cost of our Wal-Mart segment distribution facilities in cost of sales, our gross profit and gross margin may not be comparable to those of other retailers that may include all costs related to their distribution facilities in costs of sales and in the calculation of gross profit and gross margin.

Advertising Costs
Advertising costs are expensed as incurred and were $676 million, $618 million and $574 million in 2003, 2002 and 2001, respectively. Advertising cost consists primarily of print and television advertisements.

Pre-opening Costs
The costs of start-up activities, including organization costs and new store openings, are expensed as incurred.

Insurance/Self-Insurance
The Company uses a combination of insurance, self-insured retention, and self-insurance for a number of risks including workers' compensation, general liability, vehicle liability and employee related health care benefits, a portion of which is paid by the Associates. Liabilities associated with these risks are estimated in part by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions.

Depreciation and Amortization
Depreciation and amortization for financial statement purposes are provided on the straight-line method over the estimated useful lives of the various assets. Depreciation expense, including amortization of property under capital lease, for the years 2003, 2002 and 2001 was $3.1 billion, $2.7 billion and $2.4 billion, respectively. For income tax purposes, accelerated methods are used with recognition of deferred income taxes for the resulting temporary differences. Estimated useful lives for financial statements purposes are as follows:

Building and improvements	5 – 50 years
Fixtures and equipment	5 – 12 years
Transportation equipment	2 – 5 years
Internally developed software	3 years

Net Income Per Share
Basic net income per share is based on the weighted average outstanding common shares. Diluted net income per share is based on the weighted average outstanding shares adjusted for the dilutive effect of stock options and restricted stock grants (16 million, 16 million and 19 million shares in 2003, 2002 and 2001, respectively). The Company had approximately 10.0 million, 3.5 million and 2.0 million option shares outstanding at January 31, 2003, 2002 and

2001, respectively, that were not included in the dilutive earnings per share calculation because the effect would have been antidilutive.

Estimates and Assumptions
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities. They also affect the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Stock-based Compensation
The Company has various stock option compensation plans for Associates. The Company currently accounts for those plans under the recognition and measurement provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Historically, no significant stock-based employee compensation has been recognized under APB Opinion No. 25. In August 2002, the Company announced that on February 1, 2003, it will adopt the expense recognition provisions of the Financial Accounting Standards Board Statement No. 123, "Accounting and Disclosure of Stock-Based Compensation" ("FAS 123"). Under FAS 123, compensation expense is recognized based on the fair value of stock options granted. The Company has chosen to retroactively restate its results of operations for this accounting change. The adoption of the fair value method will result in a reduction of retained earnings at that date of $348 million, representing the cumulative stock option compensation recorded for prior years net of the tax effect. The Company's estimates that the impact of changing the accounting method for the adoption of FAS 123 will have an impact of $0.02 to $0.03 per share in the year of adoption.

Pro forma information, regarding net income and income per share is required by FAS Statement 123, "Accounting for Stock-Based Compensation," (FAS No. 123) and has been determined as if the Company had accounted for its employee stock option plans granted since February 1, 1995 under the fair value method of that statement.

The effect of applying the fair value method of FAS No. 123 to the stock option grants subsequent to February 1, 1995, results in the following net income and net income per share (amounts in millions except per share data):

Fiscal Years Ended January 31,	**2003**	2002	2001

Net income as reported	**$ 8,039**	$ 6,671	$ 6,295
Less total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	**(84)**	(79)	(60)
Pro forma net income	**7,955**	6,592	6,235
Pro forma earnings per share – basic	**$ 1.80**	$ 1.48	$ 1.40
Pro forma earnings per share – dilutive	**$ 1.79**	$ 1.47	$ 1.39

The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumption ranges: risk-free interest rates between 2.5% and 7.2%, dividend yields between 0.4% and 1.3%, volatility factors between 0.23 and 0.41, and an expected life of the option of 7.4 years for the options issued prior to November 17, 1995, and 3 to 7 years for options issued thereafter.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation methods require the input of highly subjective assumptions including the expected stock price volatility. Using the Black-Scholes option evaluation model, the weighted average value of options granted during the years ended January 31, 2003, 2002, and 2001, were $18, $24, and $22, per option, respectively.

New Accounting Pronouncements
On February 1, 2002, the Company adopted Financial Accounting Standards Board Statements of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141"), and No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). Under FAS 142, goodwill and intangible assets deemed to have indefinite lives are no longer amortized but are subject to annual impairment reviews. The following tables adjust certain information for fiscal 2002 and 2001, as if the

non-amortization provisions of FAS 142 had been in place at that time and compares that adjusted information to the comparable information for fiscal 2003:

	Net Income (in Millions)			Basic Earnings Per Share			Diluted Earnings Per Share		
	2003	2002	2001	**2003**	2002	2001	**2003**	2002	2001
As reported	**$ 8,039**	$ 6,671	$ 6,295	**$ 1.81**	$ 1.49	$ 1.41	**$ 1.81**	$ 1.49	$ 1.40
Add back: Goodwill amortization (net of $11 million tax impact in each of fiscal 2002 and 2001)	–	235	235	–	0.06	0.05	–	0.05	0.05
As adjusted	**$ 8,039**	$ 6,906	$6,530	**$ 1.81**	$ 1.55	$ 1.46	$ **1.81**	$ 1.54	$ 1.45

During fiscal 2003, the Company adopted FAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." FAS No. 144 develops an accounting model, based upon the framework established in FAS No. 121, for long-lived assets to be disposed by sales. The accounting model applies to all long-lived assets, including discontinued operations, and it replaces the provisions of ABP Opinion No. 30, "Reporting Results of Operations – Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for disposal of segments of a business. FAS No. 144 requires long-lived assets held for disposal to be measured at the lower of carrying amount or fair values less costs to sell, whether reported in continuing operations or in discontinued operations. The adoption of FAS No. 144 did not have a material impact on the Company's financial position or results of operations.

In August 2001, the FASB issued FAS No. 143, "Accounting for Asset Retirement Obligations." This statement requires the Company to recognize the fair value of a liability associated with the cost the Company would be obligated to incur in order to retire an asset at some point in the future. The liability would be recognized in the period in which it is incurred and can be reasonably estimated. The standard is effective for fiscal years beginning after June 15, 2002. The Company will adopt this standard at the beginning of its fiscal 2004. The Company believes the adoption of FAS No. 143 will not have a material impact on its financial position or results of operations.

In July 2002, the FASB issued FAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." FAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and replaces EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." FAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. FAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. The statement is effective for exit or disposal activities initiated after December 31, 2002. The Company believes the adoption of FAS No. 146, which will occur in fiscal 2004, will not have a material impact on its financial position or results of operations.

In November 2002, the FASB's Emerging Issues Task Force (EITF) reached a consensus on EITF 02-16 "Accounting by a Reseller for Cash Consideration Received from a Vendor," which addresses the accounting for 'Cash Consideration' (which includes slotting fees, cooperative advertising payments etc.) and 'Rebates or Refunds' from a vendor that are payable only if the merchant completes a specified cumulative level of purchases or remains a customer of the vendor for a specified period of time. With regards to the 'cash considerations,' the EITF agreed that the consideration should be treated as a reduction of the prices of the vendor products or services and should therefore be included as a reduction of cost of sales unless the vendor receives, or will receive, an identifiable benefit in exchange for the consideration. With respect to the accounting for a rebate or refund again, the EITF agreed that such refunds or rebates should be recognized as a reduction of the cost of sales based on a systematic and rational allocation of the consideration to be received. This guidance should be applied prospectively to arrangements entered into after December 15, 2002. The Company is currently evaluating the impact of this new guidance which will be applied in the first quarter of fiscal 2004.

Reclassifications
Certain reclassifications have been made to prior periods to conform to current presentations.

2 Commercial Paper and Long-term Debt

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

Fiscal Years Ended January 31,	**2003**	2002	2001
Maximum amount outstanding at month-end	**$ 4,226**	$ 4,072	$ 6,732
Average daily short-term borrowings	**1,549**	2,606	4,528
Weighted average interest rate	**1.7%**	3.7%	6.4%

At January 31, 2003 and 2002, short-term borrowings consisting of $1,079 million and $743 million of commercial paper were outstanding, respectively. At January 31, 2003, the Company had committed lines of $5,160 million with 73 firms and banks and informal lines of credit with various banks totaling an additional $73 million, which were used to support commercial paper.

Long-term debt at January 31, consists of (amounts in millions):

		2003	2002
6.875%	Notes due August 2009	**$ 3,500**	$ 3,500
various	Notes due 2005	**2,597**	597
5.450% – 8.000%	Notes due 2006	**2,084**	2,075
5.750% – 7.550%	Notes due 2030	**1,823**	1,714
6.550% – 7.500%	Notes due 2004	**1,750**	1,750
4.375%	Notes due 2007	**1,500**	–
4.750% – 7.250%	Notes due 2013	**1,265**	445
6.562% – 8.246%	Obligations from sale/leaseback transactions due 2012-2015	**338**	580
8.500%	Notes due 2024	**250**	250
6.750%	Notes due 2023	**250**	250
3.250% – 6.50%	Notes due 2003	**–**	3,382
4.410% – 10.88%	Notes acquired in ASDA acquisition due 2003-2015	**122**	797
	Other, including adjustments to debt hedged by derivatives	**1,128**	347
		$ 16,607	$ 15,687

The Company has two separate issuances of $500 million debt with embedded put options. For the first issuance, beginning June 2001, and each year thereafter, the holders of $500 million of the debt may require the Company to repurchase the debt at face value, in addition to accrued and unpaid interest. The holders of the other $500 million issuance may put the debt back to the Company at par plus accrued interest at any time. Both of these issuances have been classified as a current liability in the January 31, 2003 consolidated balance sheet.

Long-term debt is unsecured except for $83 million, which is collateralized by property with an aggregate carrying value of approximately $237 million. Annual maturities of long-term debt during the next five years are (in millions):

Fiscal Year Ended January 31,	Annual Maturity
2004	$ 4,538
2005	2,384
2006	2,755
2007	2,056
2008	1,576
Thereafter	7,836

The Company has agreed to observe certain covenants under the terms of its note agreements, the most restrictive of which relates to amounts of additional secured debt and long-term leases.

The Company has entered into sale/leaseback transactions involving buildings while retaining title to the underlying land. These transactions were accounted for as financings and are included in long-term debt and the annual maturities schedules above. The resulting obligations are amortized over the lease terms. Future minimum lease payments for each of the five succeeding years as of January 31, 2003, are (in millions):

Fiscal Year Ended January 31,	Minimum Payments
2004	$ 59
2005	75
2006	60
2007	58
2008	55
Thereafter	230

At January 31, 2003 and 2002, the Company had trade letters of credit outstanding totaling $1,927 million and $1,578 million, respectively. At January 31, 2003 and 2002, the Company had standby letters of credit outstanding totaling $898 million and $743 million, respectively. These letters of credit were issued primarily for the purchase of inventory.

In December 2002, the Securities and Exchange Commission declared effective a shelf registration statement under which the Company may issue up to a total of $10 billion in debt securities. In February 2003, we sold notes totaling $1.5 billion under that shelf registration statement. These notes bear interest at the three-month LIBOR rate minus 0.0425% and mature in February 2005. The proceeds from the sale of these notes were used to reduce commercial paper debt and, therefore, the Company classified $1.5 billion of commercial paper as long-term debt on the January 31, 2003 balance sheet. After consideration of this debt issuance, we are permitted to sell up to $8.5 billion of public debt under our shelf registration statement. Contemporaneously with the issuance of this debt we entered into an interest rate swap with a notional amount of $1.5 billion. Under the terms of this swap we will pay interest at a fixed rate of 1.915% and receive interest at the three-month LIBOR rate minus 0.0425%. This swap will mature in February 2005.

3 Financial Instruments

The Company uses derivative financial instruments for hedging and non-trading purposes to manage its exposure to interest and foreign exchange rates. Use of derivative financial instruments in hedging programs subjects the Company to certain risks, such as market and credit risks. Market risk represents the possibility that the value of the derivative instrument will change. In a hedging relationship, the change in the value of the derivative is offset to a great extent by the change in the value of the underlying hedged item. Credit risk related to derivatives represents the possibility that the counterparty will not fulfill the terms of the contract. Credit risk is monitored through established approval procedures, including setting concentration limits by counterparty, reviewing credit ratings and requiring collateral (generally cash) when appropriate. The majority of the Company’s transactions are with counterparties rated A or better by nationally recognized credit rating agencies.

Adoption of FASB 133

On February 1, 2001, the Company adopted Financial Accounting Standards Board Statement No. 133, "Accounting for Derivative and Hedging Activities" (FAS 133), as amended. Because most of the derivatives used by the Company at the date of adoption were designated as net investment hedges, the fair value of these instruments was included in the balance sheet prior to adoption of the standard. As a result, the adoption of this standard did not have a significant effect on the consolidated financial statements of the Company.

Fair Value Instruments

The Company enters into interest rate swaps to minimize the risks and costs associated with its financing activities. Under the swap agreements, the Company pays variable rate interest and receives fixed interest rate payments periodically over the life of the instruments. The notional amounts are used to measure interest to be paid or received and do not represent the exposure due to credit loss. All of the Company’s interest rate swaps are designated as fair value hedges. In a fair value hedge, the gain or loss on the derivative instrument as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in earnings in the current period. Ineffectiveness results when gains and losses on the

hedged item are not completely offset by gains and losses in the hedge instrument. No ineffectiveness was recognized in fiscal 2003 related to these instruments. The fair value of these contracts is included in the balance sheet in the line titled ‘Other assets and deferred charges.’

Net Investment Instruments

At January 31, 2003, the Company is a party to cross-currency interest rate swaps that hedge its net investment in the United Kingdom. The agreements are contracts to exchange fixed rate payments in one currency for fixed rate payments in another currency. The Company also holds approximately GBP 1 billion of debt that is designated as hedges of net investment.

During the fourth quarter of fiscal 2002, the Company terminated or sold cross currency instruments that hedged portions of the Company’s investments in Canada, Germany and the United Kingdom. These instruments had notional amounts of $6.7 billion. The Company received $1.1 billion in cash related to the fair value of the instruments at the time of the terminations. Prior to the terminations, these instruments were classified as net investment hedges and had been recorded at fair value as current assets on the balance sheet with a like amount recorded on the balance sheet shareholders’ equity section in the line "other accumulated comprehensive income." No gain related to the terminations was recorded in the Company’s income statement. The fair value of these contracts is included in the balance sheet in the line titled "Other assets and deferred charges."

Cash Flow Hedge

The Company entered into a cross-currency interest rate swap to hedge the foreign currency risk of certain yen denominated intercompany debt. The Company has entered into a cross-currency interest rate swap related to U.S. dollar denominated debt securities issued by a Canadian subsidiary of the Company. These swaps are designated as cash flow hedges of foreign currency exchange risk. No ineffectiveness was recognized during fiscal 2003 related to these instruments. The Company expects that the amount of gain existing in other comprehensive income that is expected to be reclassified into earnings within the next 12 months will not be significant. Changes in the foreign currency spot exchange rate result in reclassification of amounts from other comprehensive income to earnings to offset transaction gains or losses on foreign denominated debt. The fair value of these hedges are included in the balance sheet in the line titled "Other assets and deferred charges."

Instruments Not Designated for Hedging

The Company enters into forward currency exchange contracts in the regular course of business to manage its exposure against foreign currency fluctuations on cross-border purchases of inventory. These contracts are generally for short durations of six months or less. Although these instruments are economic hedges, the Company did not designate these contracts as hedges as required in order to obtain hedge accounting. As a result, the Company marks the contracts to market through earnings. The fair value of these contracts is included in the balance sheet in the line titled "Prepaid expenses and other."

Fair Value of Financial Instruments

Instrument	Notional Amount		Fair Value	
(amounts in millions)	**1/31/2003**	1/31/2002	**1/31/2003**	1/31/2002
Derivative financial instruments designated for hedging:				
Receive fixed rate, pay floating rate interest rate swaps				
designated as fair value hedges	**$ 8,292**	$ 3,792	**$ 803**	$ 172
Receive fixed rate, pay fixed rate cross-currency interest				
rate swaps designated as net investment hedges				
(FX notional amount: GBP 795 at 1/31/2003				
and 2002)	**1,250**	1,250	**126**	192
Receive fixed rate, pay fixed rate cross-currency interest				
rate swap designated as cash flow hedge (FX notional				

amount: CAD 503 at 1/31/2003 and 2002)	**325**	325	**8**	8
Receive fixed rate, pay fixed rate cross-currency interest rate swap designated as cash flow hedge (FX notional amount: JPY 52,056 at 1/31/2003 and 2002)	**432**	–	**2**	–
	10,299	5,367	**939**	372
Derivative financial instruments not designated for hedging:				
Foreign currency exchange forward contracts (various currencies)	**185**	117	**–**	–
Basis swap	**500**	500	**2**	1
	685	617	**2**	1
Non-derivative financial instruments:				
Long-term debt	**21,145**	17,944	**20,464**	18,919

Cash and cash equivalents: The carrying amount approximates fair value due to the short maturity of these instruments.

Long-term debt: Fair value is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements.

Interest rate instruments and net investment instruments: The fair values are estimated amounts the Company would receive or pay to terminate the agreements as of the reporting dates.

Foreign currency contracts: The fair value of foreign currency contracts are estimated by obtaining quotes from external sources.

4 Other Accumulated Comprehensive Income

Comprehensive income is net income plus certain other items that are recorded directly to shareholders' equity. The following table gives further detail regarding the changes in the composition of comprehensive income during fiscal 2003, 2002 and 2001 (in millions):

	Foreign Currency Translation	Derivative Instruments	Minimum Pension Liability	Total
Balance at January 31, 2000	($ 640)	$185	$ –	($ 455)
Foreign currency translation adjustment	(1,126)	–	–	(1,126)
Change in fair value of hedging instruments	–	897	–	897
Balance at January 31, 2001	(1,766)	1,082	–	(684)
Foreign currency translation adjustment	(472)	–	–	(472)
Change in fair value of hedge instruments	–	322	–	322
Reclassification of tax payable on terminated hedges	–	(426)	–	(426)
Reclassification to earnings to offset transaction gain on debt	–	(8)	–	(8)
Balance at January 31, 2002	(2,238)	970	–	(1,268)
Foreign currency translation adjustment	1,113	–	–	1,113
Change in fair value of hedge instruments	–	(164)	–	(164)
Reclassification to earnings to offset transaction loss on debt	–	16	–	16
Subsidiary minimum pension liability	–	–	(206)	(206)
Balance at January 31, 2003	($ 1,125)	$ 822	($ 206)	($ 509)

5 Income Taxes

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

Fiscal years ended January 31,	**2003**	2002	2001
Current			
Federal	**$ 3,377**	$ 3,021	$ 2,641
State and local	**235**	310	297
International	**355**	381	412
Total current tax provision	**3,967**	3,712	3,350
Deferred			
Federal	**348**	230	457
State and local	**29**	17	34
International	**143**	(62)	(149)
Total deferred tax provision	**520**	185	342

Total provision for income taxes	**$ 4,487**	$ 3,897	$ 3,692

Earnings before income taxes are as follows (in millions):

Fiscal years ended January 31,	**2003**	2002	2001
Domestic	**$ 10,841**	$ 9,523	$ 9,203
International	**1,878**	1,228	913
Total earnings before income taxes and minority interest	**$ 12,719**	$ 10,751	$ 10,116

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

	2003	2002	2001
Deferred tax liabilities			
Property, plant, and equipment	**$ 1,357**	$ 906	$ 751
Inventory	**527**	368	407
Capital leases	**34**	–	–
International, principally asset basis difference	**581**	448	398
Acquired asset basis difference	**51**	53	65
Other	**186**	138	87
Total deferred tax liabilities	**2,736**	1,913	1,708
Deferred tax assets			
Amounts accrued for financial reporting purposes			
not yet deductible for tax purposes	**1,114**	832	865
Capital leases	**–**	26	74
International, asset basis and loss carryforwards	**508**	459	352
Deferred revenue	**136**	137	142
Other	**219**	159	153
Total deferred tax assets	**1,977**	1,613	1,586
Net deferred tax liabilities	**$ 759**	$ 300	$ 122

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

Fiscal years ended January 31,	**2003**	2002	2001
Statutory tax rate	**35.00%**	35.00%	35.00%
State income taxes, net of federal income tax benefit	**1.35%**	1.98%	2.13%
International	**(1.25%)**	(1.01%)	(0.84%)
Other	**0.18%**	0.28%	0.21%
	35.28%	36.25%	36.50%

Federal and state income taxes have not been provided on accumulated but undistributed earnings of foreign subsidiaries aggregating approximately $2.141 billion at January 31, 2003, as such earnings have been reinvested in the business. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable.

6 Acquisitions

During May 2002, the Company acquired its initial 6.1% stake in The Seiyu, Ltd., a Japanese retail chain for approximately $51 million. Under the terms of the agreement, Wal-Mart acquired a series of warrants, exercisable in specified series through 2007, to contribute up to 260 billion yen, or approximately $2 billion for additional shares of stock in Seiyu. This investment represents our initial entry into the Japanese retail market.

In December 2002, the Company exercised in full the first in the series of warrants granted allowing us to acquire 192,800,000 new shares in Seiyu for approximately $432 million. After this exercise, our ownership percentage in Seiyu increased to approximately 35% on a fully diluted basis. In addition, acquisition costs of approximately $27 million have been incurred. If all the warrants are exercised, we will own approximately 66.7% of the stock of Seiyu.

Also, in December 2002, the Company completed its purchase of Supermercados Amigo, Inc. (Amigo), a supermarket chain located in Puerto Rico with 37 supermarkets; four of these supermarkets were subsequently sold, and two of these supermarkets are currently in the process of being sold. The purchase price of approximately $242 million, financed by commercial paper, has been preliminarily allocated to the net assets acquired and liabilities assumed based on their estimated fair value. The transaction resulted in approximately $197 million of goodwill that will be subject to annual impairment tests under FAS 142. The results of operations, which were not material, are included in the consolidated Company results since the date of acquisition.

In fiscal 2001, the Company purchased 271.3 million shares of stock in Wal-Mart de Mexico S.A. de C.V. (formerly Cifra S.A. de C.V.) at a total cash cost of $587 million. This transaction increased the Company's ownership percentage by approximately 6% and resulted in goodwill of $422 million. As a result of that acquisition, Wal-Mart de Mexico's share repurchase program and a stock dividend paid by Wal-Mart de Mexico, the Company holds approximately 62% of the outstanding voting shares of Wal-Mart de Mexico at the end of fiscal 2003.

7 Stock Option Plans

The Company follows Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations to account for its employee stock options. Because the exercise price of the Company's employee stock options generally equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized. The options granted under the stock option plans generally expire 10 years from the date of grant. Options granted prior to November 17, 1995, may be exercised in nine annual installments. Generally, options granted on or after November 17, 1995 and before fiscal 2001, may be exercised in seven annual installments. Options granted after fiscal 2001 may be exercised in five annual installments.

The Company issues restricted (non-vested) stock to certain of our Associates. These shares are granted at market price on the date of grant with varying vesting provisions. Most restricted stock grants vest 25 percent after three years, 25 percent after five years and 50 percent at age 65. Three million restricted shares were outstanding at January 31, 2003 with a weighted average grant date value of $38.44.

The following table summarizes information about stock options outstanding as of January 31, 2003:

Range of Exercise Prices	Number of Outstanding Options	Weighted Average Remaining Life in Years	Weighted Average Exercise Price of Outstanding Options	Number of Options Exercisable	Weighted Average Exercise Price of Exercisable Options
$ 4.24 to 7.25	61,000	3.6	$ 5.74	56,000	$ 5.88
10.81 to 15.41	11,429,000	3.0	11.75	8,388,000	11.79
17.53 to 23.33	5,881,000	5.0	19.30	3,662,000	19.36
24.72 to 38.72	4,656,000	7.7	35.59	385,000	27.25
39.88 to 45.75	4,857,000	6.1	40.57	2,187,000	40.06
46.00 to 54.56	22,176,000	8.2	49.20	3,903,000	47.75
55.25 to 60.90	10,045,000	8.8	56.41	1,472,000	55.88
$ 4.24 to 60.90	59,105,000	6.8	$ 38.38	20,053,000	$ 26.77

Further information concerning the options is as follows:

	Shares	Option Price Per Share	Weighted Average Per Share	Total
January 31, 2000	51,314,000	$ 5.33 – 63.44	$ 20.38	$ 1,045,702,000
(12,967,000 shares exercisable)				
Options granted	12,046,000	45.38 – 58.94	46.55	560,710,000
Options canceled	(3,444,000)	6.75 – 54.56	26.79	(92,274,000)
Options exercised	(7,865,000)	6.75 – 46.00	13.50	(106,145,000)
January 31, 2001	52,051,000	$ 5.33 – 63.44	$ 27.05	$ 1,407,993,000
(15,944,000 shares exercisable)				
Options granted	12,821,000	4.24 – 56.80	46.46	595,639,000
Options canceled	(1,969,000)	11.13 – 54.56	34.04	(67,030,000)
Options exercised	(9,433,000)	4.24 – 47.56	22.48	(212,065,000)
January 31, 2002	53,470,000	$ 4.24 – 63.44	$ 32.25	$ 1,724,537,000
(16,823,000 shares exercisable)				
Options granted	15,267,000	48.41 – 57.80	54.32	829,244,000
Options canceled	(3,037,000)	4.24 – 63.44	42.07	(127,752,000)
Options exercised	(6,595,000)	4.24 – 55.94	23.90	(157,588,000)
January 31, 2003	59,105,000	$ 4.24 – 60.90	$ 38.38	$ 2,268,441,000
(20,053,000 shares exercisable)				
Shares available for option:				
January 31, 2002	134,430,000			
January 31, 2003	124,589,000			

Income tax benefit recorded as a result of the tax deductions triggered by employee exercise of stock options amounted to $84 million, $106 million and $118 million in fiscal 2003, 2002 and 2001, respectively.

8 Litigation

The Company is involved in a number of legal proceedings, including antitrust, consumer, employment, tort, and other litigation. The lawsuits discussed below, which are among the matters pending against the Company, if decided adversely, may result in liability material to the Company's consolidated financial statements. The Company may enter into discussions regarding settlement of certain cases, and may enter into settlement agreements, if it believes settlement is in the best interests of the Company's Shareholders.

The Company is a defendant in thirty-three putative class action lawsuits, in thirty-one states, in which the plaintiffs allege that the Company violated the Fair Labor Standards Act, corresponding state laws, or both. The plaintiffs are hourly associates who allege, among other things, that the Company forced them to work "off the clock" and failed to provide work breaks. The complaints generally seek unspecified actual damages, injunctive relief, or both. Class certification has been addressed in six cases: in Texas, Ohio, Louisiana and Michigan the trial or appellate courts have denied class certification. In Oregon a Federal Court has denied statewide certification as to state contract claims but allowed a limited class of opt-in plaintiffs to proceed with Fair Labor Standards Act and state statutory claims. A state-wide class was certified in Colorado, but the Order was vacated after settlement. The California Department of Labor Standards Enforcement has initiated an investigation of Wal-Mart and SAM'S CLUB for alleged failures to comply with California Wage and Hour laws.

The Company is a defendant in five putative class actions brought by Associates who challenge their exempt status under the Fair Labor Standards Act, and allege that the Company failed to pay overtime as required by the Act. Three cases regarding SAM'S CLUB managers are pending in California state court. One case regarding store assistant managers is pending in federal court in Michigan. One case regarding Home Office managers is pending in federal court in Arkansas. No determination has been made as to certification in these cases.

The Company is a defendant in three putative class action lawsuits brought on behalf of pharmacists who allege, among other things, that the Company failed to pay overtime in violation of the Fair Labor Standards Act or in breach of contract. The complaints seek actual damages, injunctive relief, or both. In each of these cases, the trial court has certified a class. Trial is set for June 3, 2003, in one of the cases and August 4, 2003, in another.

The Company is a defendant in Dukes v. Wal-Mart Stores, Inc., a putative class action lawsuit pending in the United States District Court for the Northern District of California. The case was brought on behalf of all past and present female employees in all of the Company's retail stores and wholesale clubs in the United States. The complaint alleges that the Company has a pattern and practice of discriminating against women in promotions, pay, training, and job assignments. The complaint seeks, among other things, injunctive relief, compensatory damages including front pay and back pay, punitive damages, and attorney fees. Class certification has not yet been decided, and we cannot predict whether a class will be certified and, if a class is certified, the geographic or other scope of such a class. If the Court certifies a class in this action and there is an adverse verdict on the merits, the Company may be subject to liability for damages that could be material to the Company and to employment-related injunctive measures that could be material to the Company and result in increased costs of operations on an ongoing basis.

The Company is a defendant in three putative class action lawsuits in Texas, one in New Hampshire, and one in Oklahoma. In each of the lawsuits, the plaintiffs seek a declaratory judgment that Wal-Mart and the other defendants who purchased Corporate Owned Life Insurance (COLI) policies lack an insurable interest in the lives of the class-members, who were the insureds under the policies, and seek to recover the proceeds of the policies under theories of unjust enrichment and constructive trust. In some of the suits the plaintiffs attempt to state claims for alleged violations of their privacy rights, as well as various other causes of action, and assert they are entitled to punitive damages. In August 2002, the court in the lead Texas lawsuit denied the Company's motion for summary judgment, and granted partial summary judgment, in favor of the plaintiffs on certain issues. The Texas litigation has been stayed while the Fifth Circuit Court of Appeals reviews these rulings. Class certification has not been decided in any of these cases.

The Company is a defendant in Lisa Smith Mauldin v. Wal-Mart Stores, Inc. a lawsuit that was filed on October 16, 2001, in the United States District Court for the Northern District of Georgia, Atlanta Division. The lawsuit was certified by the court as a class action on August 30, 2002. The class is composed of female Wal-Mart Associates who were participants in the Associates Health and Welfare Plan from March 8, 2001 to the present and who were using prescription contraceptives

during the relevant time period. The class seeks amendment of the Plan to include coverage for prescription contraceptives, back pay for all members in the form of reimbursement of the cost of prescription contraceptives (from no earlier than September 5, 1999), pre-judgment interest and attorney fees and coverage of prescription contraceptives and attendant office visits. The complaint alleges that the Company's Health Plan violates Title VII's prohibition against gender discrimination in that the Reproductive Systems provision does not provide coverage for contraceptives.

The Company is a defendant in a lawsuit that was filed on August 31, 2001, in the United States District Court for the Eastern District of Kentucky. EEOC (Janice Smith) v. Wal-Mart Stores, Inc. is an action brought by the EEOC on behalf of Janice Smith and all other females who made application or transfer requests at the London, Kentucky Distribution Center from 1995 to the present, and who were not hired or transferred into the warehouse positions for which they applied. The class seeks back pay for those females not selected for hire or transfer during the relevant time period. The class also seeks injunctive and prospective affirmative relief. The complaint alleges that the Company based hiring decisions on gender in violation of Title VII of the 1964 Civil Rights Act as amended. The EEOC can maintain this action as a class without certification.

The Company is a defendant in seven putative class actions filed in Massachusetts, in which the plaintiffs allege that the Company violated a state statute requiring individual price stickers to be affixed to certain items offered for retail sale. Plaintiffs seek equitable relief requiring Wal-Mart to affix individual prices to such items when they are placed for sale in Massachusetts, compensatory damages calculated at $25 for each transaction in Massachusetts since 1998, treble damages, and attorney fees. The first suit was filed in the Plymouth County Superior Court on November 26, 2002. Wal-Mart recently filed a motion to consolidate the actions; motions to dismiss the statutory damage claims as to the class members; and a motion to stay discovery pending the outcome of the other motions. Class certification has not been decided in any of these cases.

9 Commitments

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 $1,091 million, $1,043 million, and $893 million in 2003, 2002, and 2001, respectively. Aggregate minimum annual rentals at January 31, 2003, under non-cancelable leases are as follows (in millions):

Fiscal Year	Operating Leases	Capital Leases
2004	$ 589	$ 440
2005	576	431
2006	560	428
2007	546	419
2008	515	412
Thereafter	5,202	3,152
Total minimum rentals	$ 7,988	5,282
Less estimated executory costs		57
Net minimum lease payments		5,225
Less imputed interest at rates ranging from 6.1% to 14.0%		2,048

Present value of minimum lease payments		$ 3,177

Certain of the leases provide for contingent additional rentals based on percentage of sales. The additional rentals amounted to $51 million, $63 million and $56 million in 2003, 2002 and 2001, respectively. Substantially all of the store leases have renewal options for additional terms of from 5 to 30 years at comparable rentals.

We have guaranteed specific obligations of certain third party construction contractors in the amount of $110 million. In connection with debt financing of $500 million we entered into related interest rate swaps; should an unlikely event terminate these financing transactions and the related swaps we would be liable for a termination payment that at January 31, 2003 approximated $99 million. Additionally we have entered into agreements with third party distribution companies that would require us to purchase specified transportation equipment for up to approximately $133 million in the unlikely termination of some or all of these agreements.

The Company has entered into lease commitments for land and buildings for ten future locations. These lease commitments with real estate developers provide for minimum rentals for 10 to 25 years, excluding renewal options, which if consummated based on current cost estimates, will approximate $12 million annually over the lease terms.

10 Retirement Related Benefits

In the United States, the Company maintains a Profit Sharing Plan which is entirely funded by the Company and under which most full-time and many part-time Associates become participants following one year of employment. The Company also maintains a 401(k) retirement savings plans with the same eligibility requirements as the profit sharing plan under which Associates may elect to contribute a percentage of their earnings. During fiscal 2003 participants could contribute up to 15% of their pretax earnings, but not more than statutory limits.

The Company made annual contributions in cash to these plans on behalf of all eligible Associates, including those who did not elect to contribute to the 401(k) plan. Associates may choose from among 14 different 401(k) investment options. For Associates who did not make any election, their 401(k) balance is placed in a balanced fund. Associates are immediately vested in their 401(k) funds and may change their investment options at any time.

Annual contributions to the United States and Puerto Rico 401(k) and profit sharing plans are made at the sole discretion of the Company, and were $593 million, $500 million and $435 million in 2003, 2002 and 2001, respectively. In addition, in fiscal 2002, eligible Associates could choose to receive a cash payout equal to one-half of the Company contribution that otherwise would have been made into the 401(k) plan. The Company paid $34 million in cash to Associates in lieu of Company contributions to the 401(k) plan in fiscal 2002.

Employees in foreign countries who are not U.S. citizens are covered by various postemployment benefit arrangements. These plans are administered based upon the legislative and tax requirements in the country in which they are established. Annual contributions to foreign retirement savings and profit sharing plans are generally made at the discretion of the Company, and were $73 million, $55 million and $51 million in 2003, 2002 and 2001, respectively.

The Company's United Kingdom subsidiary, ASDA, has in place a defined benefit plan. The following table provides a summary of benefit obligations and plan assets of the ASDA defined benefit plan (in millions):

	2003
Benefit obligation at January 31,	**$ 807**
Fair value of plan assets at January 31,	**$ 601**
Funded status of the plan	**($ 206)**

11 Segments

The Company and its subsidiaries are principally engaged in the operation of mass merchandising stores located in all 50 states, Argentina, Canada, Germany, South Korea, Puerto Rico, and the United Kingdom, through joint ventures in China, through majority-owned subsidiaries in Brazil and Mexico and through minority investment in Japan. The Company identifies segments based on management responsibility within the United States and geographically for all International units. The Wal-Mart Stores segment includes the Company's discount stores, Supercenters and Neighborhood Markets in the United States as well as Wal-Mart.com. The SAM'S CLUB segment includes the warehouse membership clubs in the United States. The Company's operations in Argentina, Brazil, China, Germany, South Korea, Mexico, the United Kingdom and the Amigo operation in Puerto Rico are consolidated using a December 31 fiscal year end, generally due to statutory reporting requirements. There were no significant intervening events which materially affected the financial statements. The Company's operations in Canada and Puerto Rico are consolidated using a January 31 fiscal year end. The Company measures segment profit as operating profit, which is defined as operating income, which is defined as income before net interest expense, income taxes and minority interest. Information on segments and a reconciliation to income, before income taxes, and minority interest, are as follows (in millions):

Fiscal year ended January 31, 2003	**Wal-Mart Stores**	**SAM'S CLUB**	**International**	**Other**	**Consolidated**
Revenues from external customers	$ 157,121	$ 31,702	$ 40,794	$ 14,907	$ 244,524
Intercompany real estate charge (income)	2,228	453	–	(2,681)	–
Depreciation and amortization	1,287	216	639	1,290	3,432
Operating income (loss)	11,873	1,028	2,033	(1,290)	13,644
Interest expense, net					(925)
Income before income taxes and minority interest					12,719
Total assets	$ 24,748	$ 4,404	$ 30,709	$ 34,824	$ 94,685

Fiscal year ended January 31, 2002	**Wal-Mart Stores**	**SAM'S CLUB**	**International**	**Other**	**Consolidated**
Revenues from external customers	$ 139,131	$ 29,395	$ 35,485	$ 13,788	$ 217,799
Intercompany real estate charge (income)	1,993	411	–	(2,404)	–

	Wal-Mart Stores	SAM'S CLUB	International	Other	Consolidated
Depreciation and amortization	1,091	177	595	1,427	3,290
Operating income (loss)	10,221	1,028	1,305	(617)	11,937
Interest expense, net					(1,186)
Income before income taxes and minority interest					10,751
Total assets	$ 21,890	$ 3,958	$ 26,324	$ 31,355	$ 83,527

Fiscal year ended January 31, 2001	**Wal-Mart Stores**	**SAM'S CLUB**	**International**	**Other**	**Consolidated**
Revenues from external customers	$ 121,889	$ 26,798	$ 32,100	$ 10,542	$ 191,329
Intercompany real estate charge (income)	1,766	383	–	(2,149)	–
Depreciation and amortization	927	147	562	1,232	2,868
Operating income (loss)	9,616	942	949	(196)	11,311
Interest expense					(1,195)
Income before income taxes and minority interest					10,116
Total assets	$ 20,286	$ 3,843	$ 25,742	$ 28,259	$ 78,130

Operating income information for fiscal years 2001 and 2002 has been reclassified to conform to current-year presentation.

Domestic long-lived assets excluding goodwill were $38,051 million, $33,612 million and $29,741 million in fiscal 2003, 2002 and 2001, respectively. Additions to domestic long-lived assets were $6,358 million, $4,749 million and $6,374 million in fiscal 2003, 2002 and 2001, respectively. International long-lived assets excluding goodwill were $13,853 million, $12,138 million and $11,193 million in fiscal 2003, 2002 and 2001, respectively. Additions to International long-lived assets were $2,075 million, $1,436 million and $711 million in fiscal 2003, 2002 and 2001, respectively. The International segment includes all international real estate. The operations of the Company's ASDA subsidiary are significant in comparison to the total operations of the International segment. ASDA sales during fiscal 2003, 2002 and 2001 were $18.1 billion, $15.3 billion and $14.5 billion, respectively. At January 31, 2003 and 2002, ASDA long-lived assets, including primarily net plant, property and equipment and net goodwill, totaled $14.2 billion and $12.4 billion, respectively.

All of the operating real estate in the United States is included in the "Other" category and is leased to Wal-Mart Stores and SAM'S CLUB. The revenues in the "Other" category result from sales to third parties by McLane Company, Inc., a wholesale distributor.

McLane offers a wide variety of grocery and non-grocery products, which it sells to a variety of retailers including the Company's Wal-Mart Stores and SAM'S CLUB segments. McLane is not a significant segment and therefore, results are not presented separately.

12 Quarterly Financial Data (Unaudited)

	Quarters ended			
Amounts in millions (except per share information)	April 30,	July 31,	October 31,	January 31,
2003				
Net sales	$ 54,960	$ 59,694	$ 58,797	$ 71,073
Cost of sales	43,058	46,639	45,893	56,248
Net income	1,652	2,038	1,820	2,529
Net income per common share, basic and diluted	$ 0.37	$ 0.46	$ 0.41	$ 0.57
2002				
Net sales	$ 48,052	$ 52,799	$ 52,738	$ 64,210
Cost of sales	37,850	41,412	41,388	50,912
Net income	1,380	1,622	1,481	2,188
Net income per common share, basic and diluted	$ 0.31	$ 0.36	$ 0.33	$ 0.49

Report of Independent Auditors

The Board of Directors and Shareholders,

Wal-Mart Stores, Inc.

We have audited the accompanying consolidated balance sheets of Wal-Mart Stores, Inc. as of January 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended January 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart Stores, Inc. at January 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 2003, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, effective February 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets.

[Ernst & Young LLP Signature]

Tulsa, Oklahoma

March 19, 2003

Report of Management

Management of Wal-Mart Stores Inc. is responsible for the integrity and objectivity of the financial statements and other information presented in this report. These financial statements have been prepared in conformity with accounting principles generally accepted in the United States. The preparation of financial statements requires certain estimates and judgments, which are based upon currently available information and management's view of current conditions and circumstances.

Management has developed and maintains a system of internal and disclosure controls, including an extensive internal audit program. These controls are designed to provide reasonable assurance that the Company's assets are protected from improper use and that Wal-Mart's accounting records provide a reliable basis for the preparation of financial statements. We continually review, improve and modify these systems and programs in response to changes in business conditions and operations and the recommendations made by Wal-Mart's internal and external auditors. We believe that the system of internal and disclosure controls provides reasonable assurance that Wal-Mart's assets are safeguarded and that the financial information disclosed is reliable.

Our Company was founded on the belief that open communications and the highest standard of ethics are necessary to be successful. Our long-standing "open door" communication policy helps management be aware of and deal with issues in a timely and effective manner. Through the open door policy all Associates are encouraged to inform management at the appropriate level when they are concerned about any matter pertaining to the Company.

Wal-Mart has adopted a Statement of Ethics to guide our Associates in the continued observance of high ethical standards such as honesty, integrity and compliance with the law in the conduct of the Company's business. Familiarity and compliance with the Statement of Ethics is periodically reviewed and acknowledged in writing by all management Associates. The Company also has in place a Related Party Transaction Policy. This policy applies to all Officers and Directors of the Company and requires material related party transactions to be reviewed by the Audit Committee of the Board of Directors. Annually, the Company's Officers and Directors report material related party transactions to the Company and Officers acknowledge their familiarity and compliance with the policy.

We retain Ernst & Young LLP, independent auditors, to audit the Company's financial statements. Their audits are performed in accordance with generally accepted auditing standards. We have made available to Ernst & Young LLP all financial records and related data.

The Board of Directors, through the activities of its Audit Committee consisting solely of outside directors, provides oversight of the process of reporting financial information. The Committee stays informed of the financial condition of the Company and regularly reviews its financial policies and procedures, the independence of the Company's independent auditors, its internal accounting controls and the objectivity of its financial reporting. Both the Company's independent auditors and the internal auditors have free access to the Audit Committee and meet with the Committee periodically, both with and without management present.

/s/ H. Lee Scott	/s/ Thomas M. Schoewe
H. Lee Scott	Thomas M. Schoewe
President and Chief Executive Officer	Executive Vice President and Chief Financial Officer

Corporate Information

Registrar and Transfer Agent:
EquiServe Trust Company, N.A.
P.O. Box 43069
Providence, Rhode Island 02940-3069
1-800-438-6278
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 6, 2003, at 8:45 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, 2003 High	2003 Low	2002 High	2002 Low
April 30	$63.75	$55.80	$55.70	$46.91
July 31	$58.55	$44.60	$55.90	$47.34
October 31	$57.33	$45.60	$55.99	$44.00
January 31	$55.57	$47.10	$59.98	$52.24

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

Corporate Address:
Wal-Mart Stores, Inc.
702 S.W. 8th Street
Bentonville, Arkansas 72716
Telephone: (479) 273-4000
Retail Internet Site: http://www.walmart.com
Corporate Internet Site: http://www.walmartstores.com

The following reports are available without charge upon request by writing the Company c/o Investor Relations or by calling (479) 273-8446. These reports are also available via the corporate website.

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 Brochure
Supplier Standards Report

Dividends Paid Per Share

Fiscal Years Ended January 31, Quarterly 2003		2002	
April 18	$0.075	April 9	$0.070
July 8	$0.075	July 9	$0.070
October 7	$0.075	October 9	$0.070
January 6	$0.075	January 7	$0.070

EXHIBIT 21

SUBSIDIARIES OF WAL-MART STORES, INC.

SUBSIDIARY	ORGANIZED OR INCORPORATED	PERCENT OF EQUITY SECURITIES OWNED	NAME UNDER WHICH DOING BUSINESS OTHER THAN SUBSIDIARY'S
Wal-Mart Stores East, LP	Arkansas, U. S.	100%	Wal-Mart
Wal-Mart Property Company	Delaware, U. S.	100%	NA
Wal-Mart Real Estate Business Trust	Delaware, U. S.	100%	NA
ASDA Group Limited	England	100%	ASDA/Wal-Mart

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Wal-Mart Stores, Inc. of our report dated March 19, 2003 included in the 2003 Annual Report to Shareholders of Wal-Mart Stores, Inc.

We also consent to the incorporation by reference of our report dated March 19, 2003, with respect to the consolidated financial statements of Wal-Mart Stores, Inc. incorporated by reference in this Annual Report (Form 10-K) for the year ended January 31, 2003, in the following registration statements and related prospectuses:

Stock Option Plan of 1984 of Wal-Mart Stores, Inc., as amended	Form S-8	File No. 2-94358 and 1-6991
Stock Option Plan of 1994 of Wal-Mart Stores, Inc., as amended	Form S-8	File No. 33-55325
Debt Securities and Pass-Through Certificates of Wal-Mart Stores, Inc.	Form S-3	File No. 33-55725
Director Compensation Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-24259
Debt Securities of Wal-Mart Stores, Inc.	Form S-3	File No. 33-53125
Dividend Reinvestment and Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-3	File No. 333-2089
401(k) Retirement Savings Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-29847
401(k) Retirement Savings Plan of Wal-Mart Puerto Rico, Inc.	Form S-8	File No. 33-44659
Registration Statement Covering 14,710,000 Shares of Common Stock of Wal-Mart Stores, Inc.	Form S-3	File No. 333-56993
Associate Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-62965
Stock Incentive Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-60329
The ASDA Colleague Share Ownership Plan 1 The ASDA Group Long Term Incentive Plan 1 The ASDA Group PLC Sharesave Scheme 1 The ASDA 1984 Executive Share Option Scheme 1 The ASDA 1994 Executive Share Option Scheme 1	Form S-8	File No. 333-84027
The ASDA Colleague Share Ownership Plan 1999	Form S-8	File No. 333-88501
Debt Securities of Wal-Mart Stores, Inc.	Form S-3	File No. 333-64740
Debt Securities of Wal-Mart Cayman Canadian Finance Co.	Form S-3	File No. 333-64740-01
Debt Securities of Wal-Mart Cayman Euro Finance Co.	Form S-3	File No. 333-64740-02
Debt Securities of Wal-Mart Cayman Sterling Finance Co.	Form S-3	File No. 333-64740-03
Debt Securities of Wal-Mart Stores, Inc.	Form S-3	File No. 333-101847
Registration Statement covering 16,000,000 shares of common stock of Wal-Mart Stores, Inc.	Form S-3	File No. 333-101859

Ernst & Young LLP (signature)

Tulsa, Oklahoma
April 15, 2003

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350 (AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002)**

In connection with the Annual Report of Wal-Mart Stores, Inc. (the "Company") on Form 10-K for the period ending January 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, H. Lee Scott, Jr., President and Chief Executive Officer of the Company, certify to my knowledge and in my capacity as an officer of the Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, effective as of April 15, 2003.

/s/ H. Lee Scott, Jr.
H. Lee Scott, Jr.
President and
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Wal-Mart Stores, Inc. and will be retained by Wal-Mart Stores, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350 (AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002)

In connection with the Annual Report of Wal-Mart Stores, Inc. (the "Company") on Form 10-K for the period ending January 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas M. Schoewe, Executive Vice President and Chief Financial Officer of the Company, certify to my knowledge and in my capacity as an officer of the Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, effective as of April 15, 2003.

/s/ Thomas M. Schoewe
Thomas M. Schoewe
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Wal-Mart Stores, Inc. and will be retained by Wal-Mart Stores, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.