

Wal-Mart Member Education Kit

May 2005

Facts: Wal-Mart & the Walton Family

Q: How big is Wal-Mart?

A: Wal-Mart says, “In 2004, we sold \$256.3 billion in goods to 138 million customers that shop at 3,600 stores every week to be helped by 1.6 million employees.”

Wal-Mart, America’s largest company, had \$256 billion in annual sales in 2004. Wal-Mart Stores number more than 5,000 with about 550 Sam’s Club Stores. The retail chain grew rapidly throughout the U.S. and expanded to Canada and Mexico, where Wal-Mart is the largest retailer. Newsweek said, “If Wal-Mart were a country, it would be China’s sixth largest export market after Germany and its eighth largest trade partner.” Wal-Mart has 1,500 stores in nine other countries besides the U.S.: Argentina, Brazil, Canada, China, Germany, Korea, Mexico, Puerto Rico, and the United Kingdom.

Wal-Mart stock is a hot commodity for large institutional investors, including public pension funds. The California Public Employees Retirement System (CalPERS), the largest public or private pension fund in the U.S., held \$1 billion in Wal-Mart stock at the end of FY 2003. The California State Teachers Retirement System held \$10.5 million in Wal-Mart shares during the same period of time.

Q: Who are the Waltons?

A: The Waltons are the heirs of Samuel Moore Walton, Wal-Mart Stores founder (1918-1992). Sam Walton started Wal-Mart in 1962 and took the company public in 1970.

When Sam Walton died, he left a family partnership of Wal-Mart stock that largely avoided estate taxes. At the time of his death, his four children each owned about 20% of Walton Enterprises and his widow Helen owned 20% (her share and his).

Q: How much money do they have?

A: The Walton heirs control about 39% of Wal-Mart, around \$90 billion in 1.7 billion shares of Wal-Mart stock.

Q: Who are the heirs?

A: John Walton leads his family’s philanthropic efforts and sits on the board of Wal-Mart. Jim Walton presides over the family’s private businesses including a growing banking empire. Rob Walton is Chairman of the Board of Wal-Mart. Alice Walton, the richest woman in America, breeds horses and develops real estate in northwest Arkansas. The Waltons are worth an estimated \$18-\$19 million each, making them the fourth richest individuals in the country, according to *Forbes*, and the sixth-richest in the world.

Q: What do they do with their money?

A: Dividends from Wal-Mart holdings are about \$880 million a year. Much of the dividend income is directed to the family’s limited liability corporation, Walton Enterprises LLC, which holds company stock, and investments held at Northern Trust Co. in Chicago.

Walton Enterprises LLC is the primary source of funding for the nearly billion-dollar Walton Family Foundation (WFF) and a producer of income for the smaller Walton Family Charitable Support Foundation which helps only higher education in Arkansas.

Proceeds from the family's massive holdings have aided the Waltons in expanding to other areas of business besides retail. Jim Walton runs Arvest Holdings, parent company of the privately-held Arvest Bank, the largest bank in Arkansas (200 banks in Arkansas, Oklahoma, and Missouri). John Walton's True North holding company manages his yacht-building business (Pearson) and a composites company, as well as his venture capital investments.

The Walton Family Foundation supports development in the southeastern U.S., but the Walton Family has made it clear that K-12 education is its primary interest.

Q: You mentioned that large institutional investors, like pension funds, buy Wal-Mart stock. Does PERA hold any Wal-Mart stock?

A: Yes. PERA has an investment portfolio in excess of \$32 billion to benefit 360,000 public employees. It is the 23rd largest public pension fund in the U.S. PERA's assets are diversified into domestic and international stocks; corporate, government, and international bonds; real estate; and alternative investments.

In 2003, domestic stocks were 43.9% of PERA assets. Wal-Mart is seventh of PERA's Top Ten stock holdings. On December 31, 2003, PERA held 3,849,000 shares of Wal-Mart stock with a market value of \$204,221. PERA's other major stock holdings, at the time, included Microsoft, GE, Pfizer, Citigroup, Intel, Exxon, Cisco Systems, AIG, and IBM.