

WAL MART STORES INC

FORM 8-K

(Current report filing)

Filed 02/19/08 for the Period Ending 02/19/08

Address	702 SOUTHWEST 8TH ST BENTONVILLE, AR 72716
Telephone	5012734000
CIK	0000104169
Symbol	WMT
SIC Code	5331 - Variety Stores
Industry	Retail (Department & Discount)
Sector	Services
Fiscal Year	01/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported):
February 19, 2008**

Wal-Mart Stores, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-06991
(Commission File Number)

71-0415188
(IRS Employer
Identification No.)

**702 Southwest 8th Street
Bentonville, Arkansas 72716-0215**
(Address of Principal Executive Offices) (Zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02. Results of Operations and Financial Condition.

Wal-Mart Stores, Inc. (the "Company") is furnishing this Current Report on Form 8-K in order to furnish to the Securities and Exchange Commission a press release (the "Press Release") that the Company issued on February 19, 2008. The Press Release disclosed information regarding the Company's results of operations and financial condition as of January 31, 2008 and for its fiscal quarter and its fiscal year ended January 31, 2008.

Item 9.01. Financial Statements and Exhibits.

A copy of the Press Release being furnished pursuant to the foregoing Item 2.02 is included herewith as Exhibit 99.1.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 19, 2008

WAL-MART STORES, INC.

By: /s/ Charles M. Holley, Jr.

Name: Charles M. Holley, Jr.

Title: Executive Vice President,
Finance and Treasurer

**WAL-MART
STORES, INC.**
800-331-0085 www.walmartstores.com/news

FOR IMMEDIATE RELEASE

Investor Relations Contacts
Investor Relations 479-273-8446
Carol Schumacher 479-277-1498

Media Relations Contact
John Simley 800-331-0085
Pre-recorded Conference Call
203-369-1090

Wal-Mart Reports Record Fourth Quarter Sales and Earnings

BENTONVILLE, Ark., Feb. 19, 2008 — Wal-Mart Stores, Inc. (NYSE: WMT) today reported its sales and earnings for the quarter ended Jan. 31, 2008. Net sales for the fourth quarter of fiscal year 2008 were \$106.269 billion, an increase of 8.3 percent over the fourth quarter of fiscal year 2007. Income from continuing operations for the quarter was \$4.096 billion, an increase of 4.0 percent from \$3.940 billion in the fourth quarter of fiscal year 2007.

Diluted earnings per share from continuing operations for the fourth quarter of fiscal year 2008 were \$1.02, up 7.4 percent from \$0.95 per share in the same prior year quarter, including a net charge of approximately \$0.02 per share for certain items this year.

These items included charges of \$0.03 for approximately \$70 million in after-tax expenses for dropped U.S. real estate projects and an after-tax restructuring charge of \$32 million in the Company's Japan operations, and a \$0.01 benefit from the recognition of approximately \$38 million in after-tax gains from the sale of certain real estate properties.

Net sales for the fiscal year ended Jan. 31, 2008 were \$374.526 billion, an increase of 8.6 percent over fiscal year 2007. Income from continuing operations for the fiscal year ended Jan. 31, 2008 increased 5.8 percent to \$12.884 billion, up from \$12.178 billion in the prior year. Diluted earnings per share from continuing operations for the fiscal year ended Jan. 31, 2008 were \$3.16, up 8.2 percent from \$2.92 in the prior year.

"For the fourth quarter, we topped \$100 billion in sales, the first time in history that any retailer has reached this milestone in a single quarter," said Lee Scott, Wal-Mart Stores, Inc. president and chief executive officer. "We had a very strong underlying operating performance, exceeding our expectations for the quarter. In addition to another year of record sales and earnings, we also delivered a record return to our shareholders this year through more than \$11 billion in share repurchase and dividends."

Scott attributed the strong results to the Company's price leadership and improved customer service, especially at the Wal-Mart Stores U.S. division.

“The price leadership strategy we put in place at the beginning of the year was exactly the right strategy for our customers around the world in a tough economic environment,” Scott said. “The combination of price leadership and improved customer service made the difference in the fourth quarter for our U.S. operations, and I also want to thank our Sam’s Clubs and International associates for their record performances this year.

“We know that the economy remains a critical factor in this new fiscal year,” Scott added. “Customers were more cautious in their spending in January. In a volatile economy, I believe we are well positioned to succeed. We will continue to strengthen our price leadership around the world.”

Net Sales

Net sales were as follows (dollars in billions):

	<u>Three Months Ended</u> <u>January 31,</u>			<u>Twelve Months Ended</u> <u>January 31,</u>		
	<u>Percent</u>			<u>Percent</u>		
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>
Net Sales:						
Wal-Mart Stores	\$ 67.428	\$64.228	5.0%	\$239.529	\$226.294	5.8%
Sam’s Club	11.831	11.128	6.3%	44.357	41.582	6.7%
International	27.010	22.734	18.8%	90.640	77.116	17.5%
Total Company	\$106.269	\$98.090	8.3%	\$374.526	\$344.992	8.6%

Segment Operating Income

Segment operating income from continuing operations for each of the Company’s operating segments, which is defined as income before net interest expense, income taxes, unallocated corporate overhead, minority interest and discontinued operations, was as follows (dollars in billions):

	<u>Three Months Ended</u> <u>January 31,</u>			<u>Twelve Months</u> <u>Ended January 31,</u>		
	<u>Percent</u>			<u>Percent</u>		
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>
Operating Income:						
Wal-Mart Stores	\$5.302	\$5.035	5.3%	\$17.516	\$16.620	5.4%
Sam’s Club	0.446	0.435	2.5%	1.618	1.480	9.3%
International	1.743	1.522	14.5%	4.769	4.265	11.8%

As the Company discussed in the first quarter of fiscal year 2008, the above measurement of segment operating income was changed starting in the first quarter to be consistent with certain changes to internal management reporting. As a result of the change, certain direct segment costs that were previously retained and managed as corporate overhead costs are allocated to the appropriate operating segment.

Comparable Store Sales

The Company reports comparable store sales in this earnings release based on the calendar months in the quarters and the 12-month periods ended Jan. 31, 2008 and 2007. Comparable store sales for the United States were as follows:

	Without Fuel		With Fuel		Fuel Impact	
	Three Months Ended		Three Months Ended		Three Months Ended	
	January 31,		January 31,		January 31,	
	2008	2007	2008	2007	2008	2007
Wal-Mart Stores	1.6%	1.3%	1.6%	1.3%	0.0%	0.0%
Sam's Club	2.5%	3.1%	5.0%	1.9%	2.5%	-1.2%
Total U.S.	1.7%	1.6%	2.1%	1.4%	0.4%	-0.2%

	Without Fuel		With Fuel		Fuel Impact	
	Twelve Months Ended		Twelve Months Ended		Twelve Months Ended	
	January 31,		January 31,		January 31,	
	2008	2007	2008	2007	2008	2007
Wal-Mart Stores	1.0%	1.9%	1.0%	1.9%	0.0%	0.0%
Sam's Club	4.2%	2.9%	4.9%	2.5%	0.7%	-0.4%
Total U.S.	1.4%	2.1%	1.6%	2.0%	0.2%	-0.1%

Guidance

The Company expects diluted earnings per share from continuing operations to be between \$0.70 and \$0.74 for the first quarter of fiscal year 2009, and between \$3.30 and \$3.43 for the full fiscal year 2009.

After this earnings release has been furnished to the SEC, a pre-recorded call offering additional comments on the quarter will be available to all investors. Callers may listen to this call by dialing 203-369-1090. The information included in this release and the pre-recorded phone call are available in the investor information area on the Company's Web site at www.walmartstores.com/investors.

Wal-Mart Stores, Inc. operates Wal-Mart discount stores, supercenters, Neighborhood Markets and Sam's Club locations in the United States. The Company operates in Argentina, Brazil, Canada, China, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Mexico, Nicaragua, Puerto Rico and the United Kingdom. The Company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol WMT.

More information about Wal-Mart can be found by visiting www.walmartstores.com. Online merchandise sales are available at www.walmart.com and www.samsclub.com.

This release contains statements as to our management's expectations regarding the Company's price leadership position around the world, and the Company's expectations for its diluted earnings per share from continuing operations for the first quarter of fiscal year 2009 and for all of fiscal year 2009 that Wal-Mart believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. These statements can be identified by the use of the word "will continue" and "expects" in the statements. These forward-looking statements are subject to risks, uncertainties and other factors, domestically and

internationally, including, the cost of goods, competitive pressures, geopolitical conditions, general economic conditions, consumer credit availability, inflation, consumer spending patterns and debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, changes in the costs of gasoline, diesel fuel, other energy, transportation, utilities, labor and health care, accident costs, casualty and other insurance costs, interest rate fluctuations, capital market conditions, weather conditions, storm-related damage to the Company's facilities, regulatory matters and other risks. The Company discusses certain of these factors more fully in its additional filings with the SEC, including its last annual report on Form 10-K filed with the SEC, and this release should be read in conjunction with that annual report on Form 10-K, together with all of the Company's other filings, including current reports on Form 8-K, made with the SEC through the date of this release. The Company urges you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in this release. As a result of these matters, changes in facts, assumptions not being realized or other circumstances, the Company's actual results may differ materially from the expected results discussed in the forward-looking statements contained in this release. The forward-looking statements made in this release are made only as of the date of this release, and the Company undertakes no obligation to update them to reflect subsequent events or circumstances.

WAL-MART STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Amounts in millions except per share data)

SUBJECT TO RECLASSIFICATION

	Quarter Ended January 31,		Twelve Months Ended January 31,	
	2008	2007	2008	2007
Revenues:				
Net sales	\$106,269	\$98,090	\$374,526	\$344,992
Membership and other income	1,159	988	4,273	3,658
	<u>107,428</u>	<u>99,078</u>	<u>378,799</u>	<u>348,650</u>
Costs and expenses:				
Cost of sales	81,323	75,565	286,515	264,152
Operating, selling, general and administrative expenses	19,224	17,080	70,288	64,001
	<u>6,881</u>	<u>6,433</u>	<u>21,996</u>	<u>20,497</u>
Operating income				
Interest:				
Debt	537	361	1,863	1,549
Capital leases	66	69	240	260
Interest income	(62)	(85)	(305)	(280)
Interest, net	<u>541</u>	<u>345</u>	<u>1,798</u>	<u>1,529</u>
Income from continuing operations before income taxes and minority interest	6,340	6,088	20,198	18,968
Provision for income taxes	2,143	1,977	6,908	6,365
Income from continuing operations before minority interest	4,197	4,111	13,290	12,603
Minority interest	(101)	(171)	(406)	(425)
Income from continuing operations	4,096	3,940	12,884	12,178
Loss from discontinued operations, net of tax	—	—	(153)	(894)
Net income	<u>\$ 4,096</u>	<u>\$ 3,940</u>	<u>\$ 12,731</u>	<u>\$ 11,284</u>
Net income per common share:				
Basic income per common share from continuing operations	\$ 1.03	\$ 0.95	\$ 3.17	\$ 2.92
Basic loss per common share from discontinued operations	—	—	(0.04)	(0.21)
Basic net income per common share	<u>\$ 1.03</u>	<u>\$ 0.95</u>	<u>\$ 3.13</u>	<u>\$ 2.71</u>
Diluted income per common share from continuing operations	\$ 1.02	\$ 0.95	\$ 3.16	\$ 2.92
Diluted loss per common share from discontinued operations	—	—	(0.03)	(0.21)
Diluted net income per common share	<u>\$ 1.02</u>	<u>\$ 0.95</u>	<u>\$ 3.13</u>	<u>\$ 2.71</u>
Weighted-average number of common shares:				
Basic	3,992	4,153	4,066	4,164
Diluted	3,998	4,156	4,072	4,168
Dividends declared per common share	\$ —	\$ —	\$ 0.88	\$ 0.67

WAL-MART STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Amounts in millions)

SUBJECT TO RECLASSIFICATION

	January 31,	January 31,
	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,569	\$ 7,767
Receivables	3,654	2,840
Inventories	35,180	33,685
Prepaid expenses and other	3,002	2,690
Total current assets	<u>47,405</u>	<u>46,982</u>
Property and equipment, at cost	122,648	109,798
Less accumulated depreciation	(28,773)	(24,408)
Property and equipment, net	93,875	85,390
Property under capital leases	5,736	5,392
Less accumulated amortization	(2,594)	(2,342)
Property under capital leases, net	<u>3,142</u>	<u>3,050</u>
Goodwill	16,092	13,759
Other assets and deferred charges	2,864	2,406
Total assets	<u>\$163,378</u>	<u>\$151,587</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Commercial paper	\$ 5,040	\$ 2,570
Accounts payable	30,370	28,484
Accrued liabilities	15,798	14,675
Accrued income taxes	716	706
Long-term debt due within one year	5,913	5,428
Obligations under capital leases due within one year	316	285
Total current liabilities	<u>58,153</u>	<u>52,148</u>
Long-term debt	29,799	27,222
Long-term obligations under capital leases	3,603	3,513
Deferred income taxes and other	5,276	4,971
Minority interest	1,939	2,160
Commitments and contingencies		
Shareholders' equity:		
Common stock and capital in excess of par value	3,425	3,247
Retained earnings	57,319	55,818
Accumulated other comprehensive income	3,864	2,508
Total shareholders' equity	<u>64,608</u>	<u>61,573</u>
Total liabilities and shareholders' equity	<u>\$163,378</u>	<u>\$151,587</u>

Certain prior year amounts were reclassified to conform to the current year presentation.

WAL-MART STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Amounts in millions)

SUBJECT TO RECLASSIFICATION

	Twelve Months Ended January 31,	
	2008	2007
Cash flows from operating activities:		
Net income	\$ 12,731	\$ 11,284
Loss from discontinued operations, net of tax	153	894
Income from continuing operations	12,884	12,178
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	6,317	5,459
Other	915	1,128
Changes in certain assets and liabilities, net of effects of acquisitions:		
Increase in accounts receivable	(564)	(214)
Increase in inventories	(775)	(1,274)
Increase in accounts payable	865	2,132
Increase in accrued liabilities	712	588
Net cash provided by operating activities of continuing operations	20,354	19,997
Net cash used in operating activities of discontinued operations	—	(45)
Net cash provided by operating activities	20,354	19,952
Cash flows from investing activities:		
Payments for property and equipment	(14,937)	(15,666)
Proceeds from disposal of property and equipment	957	394
(Payments for) proceeds from disposal of certain international operations, net	(257)	610
Investment in international operations, net of cash acquired	(1,338)	(68)
Other investing activities	(95)	223
Net cash used in investing activities of continuing operations	(15,670)	(14,507)
Net cash provided by investing activities of discontinued operations	—	44
Net cash used in investing activities	(15,670)	(14,463)
Cash flows from financing activities:		
Increase (decrease) in commercial paper	2,376	(1,193)
Proceeds from issuance of long-term debt	11,167	7,199
Payment of long-term debt	(8,723)	(5,758)
Dividends paid	(3,586)	(2,802)
Purchase of Company stock	(7,691)	(1,718)
Other financing activities	(677)	(567)
Net cash used in financing activities	(7,134)	(4,839)
Effect of exchange rates on cash	252	97
Net (decrease) increase in cash and cash equivalents	(2,198)	747
Cash and cash equivalents at beginning of year (1)	7,767	7,020
Cash and cash equivalents at end of period	<u>\$ 5,569</u>	<u>\$ 7,767</u>

(1) Includes cash and cash equivalents of discontinued operations of \$221 million at January 31, 2006.

Certain prior year amounts were reclassified to conform to the current year presentation.