

WAL MART STORES INC

FORM 8-K (Current report filing)

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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):
March 1, 2006**

Wal-Mart Stores, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-06991
(Commission File Number)

71-0415188
(IRS Employer Identification No.)

702 S.W. 8th Street
Bentonville, Arkansas 72716
(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 1.01. Entry into a Material Definitive Agreement.

Amendment and Restatement of Wal-Mart Stores, Inc. Supplemental Executive Retirement Plan

On March 1, 2006, the Compensation, Nominating and Governance Committee (the "CNGC") of the Board of Directors (the "Board") of Wal-Mart Stores, Inc. (the "Company") approved an amendment and restatement of the Wal-Mart Stores, Inc. Supplemental Executive Retirement Plan (the "SERP"), effective January 1, 2005 (except as provided in the amended and restated SERP). The amendment and restatement is primarily intended to conform the SERP with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

The SERP is an unfunded nonqualified deferred compensation plan primarily maintained to provide employees (namely management or highly compensated employees) with an annual credit equal to the amount of contributions and forfeitures they would have received under the Wal-Mart Profit Sharing and 401(k) Plan (or the corresponding plan for Puerto Rico employees), but for limitations under Code Sections 401(a)(17) and 415 (or like provisions of the Puerto Rico Internal Revenue Code) and their deferrals, if any, under the Wal-Mart Stores, Inc. Officer Deferred Compensation Plan, or as determined by the CNGC to replace lost credits under the Wal-Mart Profit Sharing and 401(k) Plan (or corresponding plan for Puerto Rico Associates). SERP

accounts are generally credited with gain or loss that would have been earned on the account had it been held in the participant's profit sharing account in the Wal-Mart Profit Sharing and 401(k) Plan (or the corresponding plan for Puerto Rico employees).

SERP benefits become vested according to a seven-year graded schedule or immediately upon the participant's disability, death, or attaining age 65. Certain benefits may be forfeited for participant gross misconduct. SERP benefits are distributed in a lump sum cash payment six months after the participant's separation from service (other than for death or disability) or as soon as administratively practicable thereafter. SERP benefits are normally paid 60 days after death or disability.

This description of the SERP is a summary only and is qualified in its entirety by the terms of the amended and restated SERP, which is attached hereto as Exhibit 10.1 and incorporated by reference in this Item 1.01.

Amendment and Restatement of Wal-Mart Stores, Inc. Director Compensation Plan

On March 2, 2006, the Board approved an amendment and restatement of the Wal-Mart Stores, Inc. Director Compensation Plan ("Director Plan"), effective January 1, 2005 (except as provided in the amended and restated Director Plan).

The Director Plan governs the annual retainer fees to be paid to outside directors as well as allows outside directors to defer receipt of retainers in the form of an interest-credited account (interest credited as specified in the Director Plan) or a stock unit account. The amendments and restatement are primarily intended to conform the Director Plan with Code Section 409A and its requirements applicable to deferrals under nonqualified deferred compensation plans.

In addition to changes for Code Section 409A, the Director Plan was revised to reflect current director compensation practices and add a "claw back" provision, effective April 1, 2006, which conditions all director compensation on the director not engaging in gross misconduct as defined

in the Director Plan. In the event of gross misconduct by a director, retainer payments cease, the director must repay all retainer payments received during the 24-month period preceding such gross misconduct, the director's deferred account is recalculated as if no amounts (including interest and dividend equivalents) were credited during such 24-month period, and the director must repay any deferred amount distributed in excess of the amount to which the director is entitled under such provision.

This description of the Director Plan is a summary only and is qualified in its entirety by the terms of the amended and restated Director Plan, which is attached hereto as Exhibit 10.2 and incorporated by reference in this Item 1.01.

Director Compensation/Fees

On March 2, 2006, the Board determined that the annual retainer beginning with the Annual Shareholders' Meeting on June 2, 2006 will remain at \$200,000, of which \$140,000 will be paid on or shortly after the June 2, 2006 meeting either in shares of Company common stock or deferred in stock units under the Director Plan, as elected by the outside director. The remaining \$60,000 is payable in arrears in equal quarterly installments commencing after the Annual Shareholders' Meeting and may be taken in cash, shares, deferred in stock units under the Director Plan, or deferred to an interest-credited account under the Director Plan, as elected by the outside director. In addition, the annual cash retainer to the Audit Committee Chair will remain at \$25,000, the annual cash retainer to the CNGC Chair will remain at \$15,000, and the annual cash retainer to the Strategic Planning and Finance Committee Chair will remain at \$15,000. The chair retainers will be payable in arrears in equal quarterly installments, which may be taken in cash, shares, deferred in stock units under the Director Plan, or deferred in an interest-credited account under the Director Plan, as elected by the outside director. Any person appointed by the Board to an open Board position prior to the election of directors at the 2007 Annual Shareholders' Meeting shall receive a prorated portion of the annual retainers described above.

Management Incentive Plan -- Performance Goals

On March 1, 2006, the CNGC established "pre-tax profits" as an additional performance measure under the Wal-Mart Stores, Inc. Management Incentive Plan ("MIP") for the fiscal year ending January 31, 2007 ("fiscal 2007"). The CNGC previously established diversity goals as a performance measure for fiscal 2007, under which a MIP bonus that is otherwise payable due to the attainment of the pre-tax profits performance goals may be reduced by up to 15 percent for failing to achieve the diversity goals. This diversity goals performance measure was announced through a Form 8-K filed on January 11, 2006.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Wal-Mart Stores, Inc. Supplemental Executive Retirement Plan (As Amended Effective January 1, 2005)
10.2	Wal-Mart Stores, Inc. Director Compensation Plan, Amended and Restated Effective January 1, 2005 (Except as Otherwise Provided Therein)

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: March 7, 2006

WAL-MART STORES, INC.

By: /s/ Jeffrey J. Gearhart _____
Jeffrey J. Gearhart
Vice President and General Counsel,
Corporate Division

INDEX TO EXHIBITS

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WAL-MART STORES, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(As Amended Effective January 1, 2005)

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WAL-MART STORES, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(As Amended Effective January 1, 2005)

ARTICLE I
GENERAL

1.1 Purpose.

The purpose of this Supplemental Executive Retirement Plan is to supplement the Wal-Mart Profit Sharing and 401(k) Plan and the Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan. This Plan shall be interpreted and applied at all times in accordance with Code Section 409A, and guidance issued thereunder.

1.2 Effective Date.

This Plan was initially effective January 31, 1990. The Plan has been amended from time to time, most recently effective October 31, 2003, and is amended and restated herein as of January 1, 2005.

1.3 Nature of Plan.

The Plan is intended to be (and shall be administered as) an unfunded employee pension plan benefiting a select group of management or highly compensated employees under the provisions of ERISA. The Plan shall be “unfunded” for tax purposes and for purposes of Title I of ERISA. Any and all payments under the Plan shall be made solely from the general assets of Wal-Mart. A Participant’s interests under the Plan do not represent or create a claim against specific assets of Wal-Mart or any Affiliated Company. Nothing herein shall be deemed to create a trust of any kind or create any fiduciary relationship between the Committee, Wal-Mart or any Affiliated Company and a Participant, a Participant’s Beneficiary or any other person. To the extent any person acquires a right to receive payments from Wal-Mart under this Plan, such right is no greater than the right of any other unsecured general creditor of Wal-Mart.

ARTICLE II
DEFINITIONS

2.1 Definitions.

Except as otherwise expressly provided below, capitalized terms used in the Plan shall have the same meanings as set forth for such terms in the Profit Sharing and 401(k) Plan, and such Profit Sharing and 401(k) Plan definitions and operative terms are incorporated herein by reference. Should there be any conflict between the

meanings of terms used in the Plan and the meaning of terms used in the Profit Sharing and 401(k) Plan, the meaning as set forth in the Plan shall prevail.

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- (a) **Account** means the bookkeeping account established by the Committee to reflect a Participant's contribution and forfeiture credits pursuant to Section 4.2, if any, and credited earnings thereon in accordance with Section 4.3.
 - (b) **Beneficiary** means a person to whom all or a portion of a deceased Participant's Account is payable, as determined in Section 5.3.
 - (c) **Committee** means the Compensation, Nominating and Governance Committee of the Board of Directors of Wal-Mart, or any successor committee of the Board of Directors granted responsibility and authority for recommending associate compensation.
 - (d) **Disability** means, as determined by the Committee, the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.
 - (e) **ERISA** means the Employee Retirement Income Security Act of 1974, as amended from time to time.
 - (f) A Participant is deemed to have engaged in **Gross Misconduct** if the Committee determines that the Participant has engaged in conduct inimical to the best interests of Wal-Mart or any Affiliated Company. Examples of conduct inimical to the best interests of Wal-Mart or any Affiliated Company include, without limitation, disclosure of confidential information in violation of Wal-Mart's Statement of Ethics, theft, the commission of a felony or a crime involving moral turpitude, gross misconduct or similar serious offenses.
 - (g) **Normal Retirement Age** shall mean age 65, provided, however, that Normal Retirement Age shall not exceed any mandatory age enforced by Wal-Mart.
 - (h) **Participant** means any eligible individual who becomes a participant of the Plan in accordance with Section 3.2. An individual remains a Participant until the Participant's Account has been fully distributed.
 - (i) **Plan** means the Wal-Mart Stores, Inc. Supplemental Executive Retirement Plan, as herein set forth, and as may be amended from time to time.
 - (j) **PR Code** means the Internal Revenue Code of Puerto Rico, as amended from time to time.
 - (k) **Profit Sharing and 401(k) Plan** means, collectively, the Wal-Mart Profit Sharing and 401(k) Plan and the Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan.
 - (l) **Retirement** means Separation from Service after the Participant attains Normal Retirement Age.

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- (m) **Separation from Service** has the meaning given such term under Code Section 409A.
 - (n) **Valuation Date** means the last day of each Plan Year quarter and, solely for purposes of valuing a Participant's Account under Article V, the date of the Participant's Separation from Service.

Valuation Date shall also include such other dates as the Committee may designate from time to time.

- (o) **Vested Percentage** means the percentage determined as of the Participant's Separation from Service in accordance with the schedule set forth in Section 6.1 of the Wal-Mart Profit Sharing and 401(k) Plan or Section 5.1 of the Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan, as applicable, and based on the Participant's Years of Service as of such date. For this purpose, a Participant's Vested Percentage shall be 100% as of his or her Normal Retirement Age, Disability or death while employed by Wal-Mart or an Affiliated Company.
- (p) **Wal-Mart** means Wal-Mart Stores, Inc.

ARTICLE III PARTICIPATION

3.1 Eligibility.

The following individuals shall be eligible to participate in the Plan:

- (a) Profit Sharing and 401(k) Plan participants whose allocation of employer contributions (including qualified nonelective employer contributions under the Profit Sharing and 401(k) Plan) and/or forfeitures to their Profit Sharing and 401(k) Plan accounts have been limited due to the application of Code Section 415 and/or Code Section 401(a)(17), or any like provision of the PR Code; and/or
- (b) Profit Sharing and 401(k) Plan participants who have deferred compensation under the Wal-Mart Stores, Inc. Officer Deferred Compensation Plan.

Notwithstanding the above, Participants shall not include Profit Sharing and 401(k) Plan participants who are primarily compensated on a commission basis.

3.2 Participation.

An eligible individual under Section 3.1 shall become a Plan Participant on the later of:

- (a) January 31, 1990; or
- (b) the January 31 of the Plan Year in which the individual satisfies the requirements of Section 3.1.

Once amounts are credited to a Participant's Account under Section 4.2, such individual shall remain a Participant until his or her Account is distributed in full in accordance with Article V;

provided, however, in order for the Participant's Account to be credited with employer contributions credits and/or forfeitures for a Plan Year, the Participant must satisfy the requirements of Section 4.2 for such Plan Year.

ARTICLE IV PLAN ACCOUNTS AND CREDITS

4.1 Nature of Plan Accounts.

A Participant's Account shall be used solely as a measuring device to determine the amount (if any) to be paid to a Participant. No amounts shall actually be set aside with respect to any Account. All amounts at any time attributable to an Account shall be, and remain, the sole property of Wal-Mart. A Participant's rights hereunder are limited to the right to receive Plan benefits as provided herein. An Account represents an unsecured promise by Wal-Mart to pay the benefits provided by the Plan.

4.2 Contribution and Forfeiture Credits.

As of the last day of each Plan Year, Wal-Mart shall credit to each Participant's Account the sum of the following amounts:

- (a) the amount of employer contributions and forfeitures which would have been (but were not) allocated to such Participant's Profit Sharing and 401(k) Plan account for such Plan Year had such contributions and forfeitures not been limited by application of Code Section 415 and/or Code Section 401(a)(17), or like Sections (if any) of the PR Code;
- (b) with respect to Participants who during the Plan Year deferred compensation under the Wal-Mart Stores, Inc. Officer Deferred Compensation Plan, the amount of employer contributions and forfeitures which would have been (but were not) allocated to such Participant's Profit Sharing and 401(k) Plan account for the Plan Year but for such Participant's participation in the Wal-Mart Stores, Inc. Officer Deferred Compensation Plan; and
- (c) an amount determined in the sole discretion of the Committee, which may differ among Participants or categories of Participants designated by the Committee.

The amount credited to a Participant's Account under (a) and/or (b) above shall be calculated using the same percentage on which the Participant's Profit Sharing and 401(k) Plan allocations of employer contributions and forfeitures for the Plan Year were determined.

4.3 Income or Loss Adjustment on Plan Accounts.

Except as otherwise provided in Article V, each Account shall be adjusted as of each Valuation Date to reflect the income or loss that would have been earned on the Account had such amounts been held in the Participant's Profit Sharing Contribution Account within the Profit Sharing and 401(k) Plan.

ARTICLE V PAYMENT OF PLAN BENEFITS

5.1 Benefits in the Event of Retirement, Disability or Death.

- (a) Upon a Participant's Separation from Service due to Retirement, the Participant's Account shall be distributed to the Participant in a lump sum cash payment six (6) months after such Separation from Service, or as soon as administratively practicable thereafter. In the case of any Separation from Service before April 1, 2005, the lump sum amount distributed shall be the sum of: (1) the value of the Participant's Account as of the Participant's Separation from Service, valued in accordance with Section 4.3, but using the date of Separation from Service as the last Valuation Date, and (2) interest on the amount determined in (1) above as if such amount was invested in the Retirement Preservation Fund under the Wal-Mart Profit Sharing and 401(k) Plan during the period from the Separation from Service through the date of distribution. In the case of any Separation from Service on or after April 1, 2005, the lump sum amount distributed shall be the sum of: (1) the value of the Participant's Account as of the Participant's Separation from Service, valued in accordance with Section 4.3, but using the date of Separation from Service as the last Valuation Date, and (2) interest on the amount determined in (1) above at the mid-term applicable federal rate (defined pursuant to Code Section 1274(d) for January 1 of the calendar year, compounded annually) during the period from the Separation from Service through the date of distribution.
- (b) Upon a Participant's Separation from Service due to Disability or death, the Participant's Account shall be distributed to the Participant or, in the event of the Participant's death, his or her Beneficiary, in a lump sum cash payment sixty (60) days after such Separation from Service, or as soon as administratively practicable thereafter. The lump sum amount distributed shall be the value of the Participant's Account as of the Participant's Separation from Service, valued in accordance with Section 4.3, but using the date of Separation from Service as the last Valuation Date.

5.2 Benefits Due to Separation from Service.

Upon a Participant's Separation from Service for reasons other than Retirement, Disability or death, the Participant's Account shall be distributed to the Participant or, in the event of the Participant's death after Separation from Service but before all benefits under this Section 5.2 are distributed, his or her Beneficiary, in a

lump sum cash payment six (6) months after such Separation from Service, or as soon as administratively practicable thereafter. In the case of any Separation from Service before April 1, 2005, the lump sum amount distributed shall be the sum of: (a) the value of the Participant's Account as of the Participant's Separation from Service, valued in accordance with Section 4.3, but using the date of Separation from Service as the last Valuation Date, multiplied by the Participant's Vested Percentage, and (b) interest on the amount determined in (a) above as if such amount was invested in the Retirement Preservation Fund under the Profit Sharing and 401 (k) Plan during the period from the Separation from Service

through the date of distribution. In the case of any Separation from Service on or after April 1, 2005, the lump sum amount distributed shall be the sum of: (a) the value of the Participant's Account as of the Participant's Separation from Service, valued in accordance with Section 4.3, but using the date of Separation from Service as the last Valuation Date, multiplied by the Participant's Vested Percentage, and (b) interest on the amount determined in (a) above at the mid-term applicable federal rate (defined pursuant to Code Section 1274(d) for January 1 of the calendar year, compounded annually) during the period from the Separation from Service through the date of distribution.

5.3 Beneficiary Designations.

A Participant may, by written or electronic instrument delivered to the Committee in the form prescribed by the Committee, designate primary and contingent beneficiaries to receive any benefit payments which may be payable under this Plan following the Participant's death, and may designate the proportions in which such beneficiaries are to receive such payments. A Participant may change such designations from time to time and the last written designation filed with the Committee prior to the Participant's death will control. In the event no beneficiaries are designated, or if the designated beneficiaries die before all or part of the Participant's Account is distributed, the Account (or balance thereof) shall be paid to the Participant's beneficiary given effect with respect to the Participant's Profit Sharing Contribution Account under the Profit Sharing and 401(k) Plan, whether an affirmative or default election. In the event the Participant has a beneficiary designation in effect with respect to a Profit Sharing Contribution Account under both the Wal-Mart Profit Sharing and 401(k) Plan and the Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan, the beneficiary designation for the Plan in which the Participant was a participant immediately preceding his or her death shall apply.

5.4 In-Service Withdrawals.

In no event shall benefits hereunder be payable to a Participant prior to the Participant's Separation from Service.

ARTICLE VI GROSS MISCONDUCT -- REDUCTION IN PLAN BENEFITS

6.1 Affect of Gross Misconduct.

Notwithstanding anything herein to the contrary, a Participant's Plan benefits are contingent upon the Participant not engaging in Gross Misconduct while employed with Wal-Mart or any Affiliated Company, or during such additional period as provided in Wal-Mart's Statement of Ethics. In the event the Committee determines that a Participant has engaged in Gross Misconduct, the Participant's Account shall be recalculated as if no employer contributions and/or forfeitures were credited to the Participant's Account under Section 4.2 (including adjustments for earnings or losses thereon under Section 4.3) on or after January 31, 1996. Notwithstanding anything herein to the contrary, such a Participant's Plan benefits (if any) shall be based upon the amount recalculated under the preceding sentence. Any payments received hereunder by a Participant (or the Participant's Beneficiary) are contingent upon the Participant not engaging (or not having engaged) in Gross Misconduct while employed with Wal-Mart or

any Affiliated Company, or during such additional period as provided in Wal-Mart's Statement of Ethics. If the Committee determines, after payment of amounts hereunder, that the Participant has engaged in Gross Misconduct during the prescribed period, the Participant (or the Participant's Beneficiary) shall repay to Wal-Mart any amount in excess of that to which the Participant is entitled under this Section 6.1.

ARTICLE VII ADMINISTRATION

7.1 Administration.

The Committee is responsible for the management, interpretation and administration of the Plan. The Committee shall have discretionary authority with respect to the determination of benefits under the Plan and the construction and interpretation of Plan provisions. In such capacity, the Committee is granted the following rights and duties:

- (a) The Committee shall have the exclusive duty, authority and discretion to interpret and construe the provisions of the Plan, to determine eligibility for and the amount of any benefit payable under the Plan, and to decide any dispute which may arise regarding the rights of Participants (or their Beneficiaries) under this Plan;
- (b) The Committee shall have the sole and complete authority to adopt, alter, and repeal such administrative rules, regulations, and practices governing the operation of the Plan as it shall from time to time deem advisable;
- (c) The Committee may appoint a person or persons to assist the Committee in the day-to-day administration of the Plan;
- (d) The decision of the Committee in matters pertaining to this Plan shall be final, binding, and conclusive upon Wal-Mart and any Affiliated Company, and the Participant, such Participant's Beneficiary, and upon any person affected by such decision, subject to the claims procedure set forth in Article VIII; and
- (e) In any matter relating solely to a Committee member's individual rights or benefits under this Plan, such Committee member shall not participate in any Committee proceeding pertaining to, or vote on, such matter.

7.2 Allocation and Delegation of Duties.

- (a) The Committee shall have the authority to allocate, from time to time, by instrument in writing filed in its records, all or any part of its respective responsibilities under the Plan to one or more of its members as may be deemed advisable, and in the same manner to revoke such allocation of responsibilities. In the exercise of such allocated responsibilities, any action of the member to whom responsibilities are allocated shall have the same force and effect for all purposes hereunder as if such action had been taken by the Committee. The Committee shall not be liable for any acts or omissions of such member. The

member to whom responsibilities have been allocated shall periodically report to the Committee concerning the discharge of the allocated responsibilities.

- (b) The Committee shall have the authority to delegate, from time to time, by written instrument filed in its records, all or any part of its responsibilities under the Plan to such person or persons as the Committee may deem advisable (and may authorize such person to delegate such responsibilities to such other person or persons as the Committee shall authorize) and in the same manner to revoke any such delegation of responsibility. Any action of the delegate in the exercise of such delegated responsibilities shall have the same force and effect for all purposes hereunder as if such action had been taken by the Committee. The Committee shall not be liable for any acts or omissions of any such delegate. The delegate shall periodically

report to the Committee concerning the discharge of the delegated responsibilities.

ARTICLE VIII CLAIMS AND APPEALS PROCEDURES

8.1 General.

A Participant or Beneficiary (“claimant”) who believes he or she is entitled to Plan benefits which have not been paid may file a written claim for benefits with the Committee within one (1) year of the Participant’s Separation from Service. If any such claim is not filed within one (1) year of the Participant’s Separation from Service, neither the Plan nor Wal-Mart or any Affiliated Employer shall have any obligation to pay the disputed benefit and the claimant shall have no further rights under the Plan. If a timely claim for a Plan benefit is wholly or partially denied, notice of the decision will be furnished to the claimant by the Committee within a reasonable period of time, not to exceed sixty (60) days (or forty-five (45) days in the event of a claim involving a Disability determination), after receipt of the claim by the Committee. The Committee may extend the initial period up to any additional sixty (60) days (or thirty (30) days, in the case of a claim involving a Disability determination), provided the Committee determines that the extension is necessary due to matters beyond the Plan’s control and the claimant is notified of the extension before the end of the initial 60-day (or, as applicable, 45-day) period and the date by which the Committee expects to render a decision. (In the case of a claim involving a Disability determination, the Committee may extend this period for an additional thirty (30) days if the claimant is notified of the extension before the end of the initial 30-day extension.) Any claimant who is denied a claim for benefits will be furnished written notice setting forth:

- (a) the specific reason or reasons for the denial;
- (b) specific reference to the pertinent Plan provision upon which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim; and
- (d) an explanation of the Plan’s appeals procedure.

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8.2 Appeals Procedure.

To appeal a denial of a claim, a claimant or the claimant’s duly authorized representative:

- (a) may request a review by written application to the Committee not later than sixty (60) days (or one-hundred eighty (180) days in the case of a claim involving a Disability determination) after receipt by the claimant of the written notification of denial of a claim;
- (b) may review pertinent documents; and
- (c) may submit issues and comments in writing.

A decision on review of a denied claim will be made by the Committee not later than sixty (60) days (or forty-five (45) days in the event of a claim involving a Disability determination) after receipt of a request for review, unless special circumstances require an extension of time for processing, in which case a decision will be rendered within a reasonable period of time, but not later than one hundred twenty (120) days (or ninety (90) days in the event of a claim involving a Disability determination) after receipt of a request for review. The decision on review will be in writing and shall include the specific reasons for the denial and the specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE IX MISCELLANEOUS PROVISIONS

9.1 Amendment, Suspension or Termination of Plan.

Wal-Mart, by action of the Committee, reserves the right to amend, suspend or to terminate the Plan in any

manner that it deems advisable. Notwithstanding the preceding sentence, the Plan may not be amended, suspended or terminated to cause a Participant to forfeit his or her then-existing Account. In the event of a complete or partial termination of the Plan, the Vested Percentage applicable to the Accounts of the Participants affected by such complete or partial termination shall be 100%, and such Accounts shall be paid at the time and in the manner provided in Article V (subject to the provisions of Article VI). No amendment or termination of the Plan may accelerate the date of payment of a Participant's benefit as provided herein.

9.2 Non-Alienability.

The rights of a Participant to the payment of benefits as provided in the Plan may not be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or anticipation. No Participant may borrow against his or her interest in the Plan. No interest or amounts payable under the Plan may be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, whether voluntary or involuntary, including but not limited to, any liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of any Participant.

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9.3 No Employment Rights.

Nothing contained herein shall be construed as conferring upon a Participant the right to continue in the employ of Wal-Mart or any Affiliated Company in the Participant's current position or in any other capacity.

9.4 Withholding and Employment Taxes.

To the extent required by law, Wal-Mart or an Affiliated Company shall withhold from a Participant's current compensation such taxes as are required to be withheld for employment taxes. To the extent required by law, Wal-Mart or an Affiliated Company shall withhold from a Participant's Plan distributions such taxes as are required to be withheld for federal, Puerto Rican, state or local government income tax purposes.

9.5 Income and Excise Taxes.

Each Participant (or the Participant's Beneficiaries or estate) is solely responsible for the payment of all federal, Puerto Rican, state, and local income and excise taxes resulting from the Participant's participation in this Plan.

9.6 Successors and Assigns.

The provisions of this Plan are binding upon and inure to the benefit of Wal-Mart, each Affiliated Company which then has a Participant in the Plan, their successors and assigns, and each Participant, such Participant's Beneficiaries, heirs, and legal representatives.

9.7 Governing Law.

This Plan shall be subject to and construed in accordance with the laws of the State of Arkansas to the extent not preempted by federal law.

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WAL-MART STORES, INC.
DIRECTOR COMPENSATION PLAN

Amended and Restated Effective January 1, 2005
(except as otherwise provided herein)

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**WAL-MART STORES, INC.
DIRECTOR COMPENSATION PLAN**

**ARTICLE I
GENERAL**

1.1 Purpose and History of Plan.

The purpose of the Wal-Mart Stores, Inc. Director Compensation Plan is to allow the outside directors of Wal-Mart to participate in the ownership of Wal-Mart through equity for their services as Wal-Mart directors and to allow the outside directors of Wal-Mart to defer all or a portion of the First and Second Components of their Retainer.

1.2 Effective Dates; Code Section 409A.

- (a) This Plan was initially adopted on March 7, 1991 and ratified by the stockholders of Wal-Mart on June 5, 1992. The Plan was most recently amended and restated effective January 1, 1997 and approved by stockholders at Wal-Mart's 1997 Annual Shareholders' Meeting. Wal-Mart has reserved and authorized for issuance pursuant to the terms and conditions of this Plan 1,000,000 shares of Common Stock (which number shall be proportionately adjusted to reflect any stock split, reverse stock split, merger, reorganization, spin-off or other similar transaction). Any Shares issued under this Plan shall be registered under the Securities Act of 1933, as amended, and any exchange where Wal-Mart's Shares are listed.
- (b) The terms of the Plan as stated herein (other than Appendix A) shall apply to all Retainers

deferred under the Plan on or after January 1, 2005 and to the award of any Retainer after approval of this Plan by the Board. This Plan (other than Appendix A) shall be interpreted and applied at all times in accordance with Code Section 409A, and guidance issued thereunder.

- (c) Retainers deferred under the Plan on or before December 31, 2004, and earnings thereon, shall continue to be governed at all times by the Plan as in effect on such date, which Plan is attached hereto as Appendix A. Appendix A shall not be materially modified (as that phrase is defined by Code Section 409A and guidance thereunder), formally or informally (including by interpretation), unless such modification expressly provides that it is intended to be a material modification within the meaning of Code Section 409A and guidance issued thereunder.

1.3 Nature of Accounts.

This Plan is intended to be (and shall be administered as) an unfunded program for federal tax purposes. Cash Deferral Accounts and Share Deferral Accounts are entries in the Special Ledger only and are merely a promise to make payments in the future. Wal-Mart's obligations under this Plan are unsecured, general contractual obligations of Wal-Mart.

ARTICLE II DEFINITIONS

2.1 Definitions.

Whenever used in this Plan, the following words and phrases have the meaning set forth below unless the context plainly requires a different meaning:

- (a) **Affiliate** means any corporation, company limited by shares, partnership, limited liability company, business trust, other entity, or other business association that is controlled by Wal-Mart.
- (b) **Board** means the Board of Directors of Wal-Mart.
- (c) **Business Day** means a day on which trading is conducted on the New York Stock Exchange.
- (d) **Cash Deferral Account** means an account maintained in the Special Ledger for a Director to which cash equivalent amounts allocable to the Director under this Plan are credited.
- (e) **Code** means the Internal Revenue Code of 1986, as amended from time to time.
- (f) **Committee** means the Compensation, Nominating and Governance Committee of the Board, or any successor committee of the Board granted responsibility and authority for recommending director compensation.
- (g) **Common Stock** means the common stock, \$0.10 par value per share, of Wal-Mart.
- (h) **Compensation Date** means the last Business Day of each calendar quarter.
- (i) **Deferred Retainer** means the amount credited to the Special Ledger for a Director at any particular time.
- (j) **Director** means any director of Wal-Mart who is not an employee of Wal-Mart or an Affiliate at the time of service as a director.
- (k) **Disability** means a Director's "separation from service" within the meaning given such term under Code Section 409A because, as determined by the Committee, the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

- (l) **Distribution Date** means the date on which a Director has a “separation from service” within the meaning given such term under Code Section 409A.

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- (m) **Fair Market Value** , effective April 1, 2006, means, as of any date, the composite closing sales price for a Share: (1) on the New York Stock Exchange (or if no trading in Shares occurred on that date, on the last day on which Shares were traded) or (2) if the Shares are not listed for trading on the New York Stock Exchange, the value of a Share as determined in good faith by the Committee. On or before March 31, 2006, Fair Market Value means, as of any date: (A) for purposes of determining the number of Units to be credited to a Share Deferral Account upon a Director’s election to defer all or any portion of his or her Retainer to such account, the average of the highest and lowest prices quoted for a Share on the New York Stock Exchange on that day, or if no such prices were quoted for Shares on the New York Stock Exchange for that day for any reason, the average of the highest and lowest prices quoted on the last Business Day on which prices were quoted, and (B) for purposes of determining the number of Units to be credited to a Share Deferral Account as a dividend equivalent, the closing price for a Share on the New York Stock Exchange on that day, or if no such prices were quoted for the Shares on the New York Stock Exchange for that day for any reason, the closing price on the last Business Day on which prices were quoted. The highest and lowest prices for Shares shall be those published in the edition of The Wall Street Journal or any successor publication for the next Business Day.
- (n) **First Component** means, as determined by the Board, the portion of the Retainer payable to a Director that is payable in equity under this Plan or may be deferred at a Director’s election to a Director’s Share Deferral Account.
- (o) A Director is deemed to have engaged in **Gross Misconduct** if the Committee determines that the Director has engaged in conduct inimical to the best interests of Wal-Mart or any Affiliate. Examples of conduct inimical to the best interests of Wal-Mart or any Affiliate include, without limitation, violation of Wal-Mart’s Statement of Ethics or other Wal-Mart policy governing a Director’s behavior while serving as a Director or applicable period thereafter, or theft, the commission of a felony or a crime involving moral turpitude, gross misconduct or similar serious offenses while serving as a Director or otherwise performing services related to Wal-Mart.
- (p) **Interest Rate** means, for each Plan Year, the mid-term rate on 10-year Treasury notes as reported in Bloomberg for the first Business Day of January of such Plan Year, plus 270 basis points.
- (q) **Plan Year** means the 12-month period beginning on each January 1 and ending on each following December 31.
- (r) **Retainer** means the amount of compensation set by the Board from time to time payable to a Director during a Plan Year. The Retainer may be based on a Plan Year period or other period (which need not be 12 months) as set by the Board. The Retainer shall consist of the First Component, the Second Component, and any other award determined by the Board under any other plan maintained now or

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in the future which authorizes awards to Directors. The Board in its discretion shall determine the composition of the Retainer between the First Component, Second Component, and such other awards, including any combination of same (or all) thereof. A Retainer may be adjusted at any time by the Board in its sole discretion. In addition, the Board may, in its discretion, set

different retainer amounts for those Directors who act as chairpersons of Board committees or serve on designated committees of the Board.

- (s) **Second Component** means, as determined by the Board, the portion of the Retainer that is payable at the election of the Director in cash or Shares and which may be deferred at the Director's election to a Director's Cash Deferral Account or Share Deferral Account.
- (t) **Share Deferral Account** shall mean the account maintained in the Special Ledger for a Director to which Units allocable to the Director under this Plan are credited.
- (u) **Shares** means shares of the Common Stock.
- (v) **Special Ledger** means a record established and maintained by Wal-Mart in which Cash Deferral Accounts and Share Deferral Accounts, and all amounts credited thereto and transferred or paid therefrom, are noted.
- (w) **Unit** means a credit to a Share Deferral Account representing one Share.
- (x) **Wal-Mart** means Wal-Mart Stores, Inc., a Delaware corporation.

ARTICLE III PAYMENT OF RETAINER AND DEFERRAL ELECTIONS

3.1 Payment of Retainer.

- (a) The First Component of the Retainer may be paid in an annual payment on such date as may be designated by the Board, which may include, without limitation, the date of the annual shareholders' meeting, or in equal quarterly installments on each Compensation Date. Any such installment shall be payable in arrears on each Compensation Date and consist of one-fourth of any First Component to be paid quarterly. If an individual becomes a Director during a Plan Year or other applicable period, any First Component designated to be paid in an annual payment shall be prorated to reflect the period after such appointment through the balance of the Plan Year or applicable period. With respect to any First Component designated to be paid in quarterly installments, for any individual who becomes a Director during a Plan Year or other applicable period, such Director shall receive installments only on Compensation Dates after the Director's appointment and the installment for the first Compensation Date after such appointment shall be prorated to reflect the period after such appointment through the balance of the quarter. If an individual ceases to be a Director during a quarter, the installment for the first Compensation Date after such termination

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shall be prorated to reflect the period of service during the quarter in which such termination occurs.

- (b) The Second Component of the Retainer shall be payable in equal quarterly installments during the Plan Year. Each such installment shall be payable in arrears on each Compensation Date and consist of one-fourth of the Second Component. If an individual becomes a Director during a Plan Year, the Director shall receive installments only on Compensation Dates after the Director's appointment and the installment for the first Compensation Date after such appointment shall be prorated to reflect the period of service after such appointment during the balance of the quarter. If an individual ceases to be a Director during a quarter, the installment for the first Compensation Date after such termination shall be prorated to reflect the period of service during the quarter in which such termination occurs.
- (c) In the event the Board grants as all or part of a Director's Retainer any award issued under another plan, the Director's rights and deferral opportunities with respect to such portion of the Retainer shall be governed by the terms of such other plan.

3.2 Deferral Election.

- (a) For each Plan Year, each Director may elect the method of payment of the First Component and Second Component of his or her Retainer. The First Component is payable to the Director in Shares or may be deferred to a Director's Share Deferral Account. The Second Component is payable to the Director in cash or Shares and may be deferred to a Director's Cash Deferral Account or Share Deferral Account. A Director's election shall separately specify the percentage or amount, if any, of the First Component and Second Component to be deferred to the Director's Share Deferral Account and the percentage or amount, if any, of the Second Component to be deferred to the Director's Cash Deferral Account.
- (b) The Director's election must be made and filed, in accordance with procedures established by the Committee, no later than the December 31 preceding the Plan Year for which the election is to be effective. Notwithstanding the preceding, with respect to an individual who becomes a Director during a Plan Year, the Director's election must be made and filed: (1) with respect to the First Component, to the extent designated as an annual payment, prior to the date the individual becomes a Director, and (2) with respect to the First Component, to the extent paid on a quarterly basis, and with respect to the Second Component, within thirty (30) days of such appointment. The Committee, consistent with Code Section 409A, may implement different election procedures for any individual who at one point was a Director, ceased being a Director, and again becomes a Director. An election may not be revoked, changed or modified after the applicable filing deadline specified in the preceding sentences. An election for one Plan Year shall not automatically be given effect for a subsequent Plan Year, so that if deferral is desired for a subsequent Plan Year, a separate election

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must be made by the Director for such Plan Year. If no election is made for a Plan Year, the Director shall be deemed to have elected to receive his or her entire Retainer for such Plan Year in the form of Shares. Notwithstanding the preceding, if a Director fails to make an election for the 2005 Plan Year, the last election on file for such Director shall be applied for such Plan Year.

- (c) An election filed by a new Director under (b)(2) above shall apply only to the Retainer payable to such Director for services rendered as a Director subsequent to the date of the Director's election. For this purpose, the amount of the Retainer payable to such Director for services rendered subsequent to the Director's election shall be determined by multiplying the amount payable on the first Compensation Date following the date of the Director's election by a fraction, the numerator of which is the number of calendar days beginning on the date of the election and ending on the Compensation Date, and the denominator of which is the total number of calendar days that the Director served as a Director in the Plan Year quarter ending on the Compensation Date.
- (d) In the event the First Component or Second Component of the Retainer is designated by the Board as a dollar amount and a Director elects (or is deemed to have elected) payment of the Retainer in Shares, the number of Shares to be distributed shall be determined under this Section 3.2(d). With respect to any First Component designated as an annual payment, the number of Shares to be issued shall equal the amount of the Retainer to be paid in Shares divided by the Fair Market Value on the date designated by the Board in Section 3.1(a). With respect to any First Component or Second Component to be paid on a quarterly basis, the number of Shares to be issued on any Compensation Date shall equal one-fourth of the amount of the Retainer to be paid in Shares for the Plan Year divided by the Fair Market Value on the Compensation Date.
- (e) For purposes of this Section 3.2, the date of a Director's election is the date the executed election form is received by the Committee.

ARTICLE IV DEFERRAL ACCOUNTS

4.1 Share Deferral Accounts.

If a Director elects to have all or any portion of the First Component or Second Component of the Director's Retainer deferred to a Share Deferral Account, Wal-Mart shall credit to the Director's Share Deferral

Account on the date specified by the Board in Section 3.1(a) or on each Compensation Date, as applicable, a number of Units equal to: (a) the amount of the Retainer subject to such election divided by (b) the Fair Market Value on the date specified by the Board in Section 3.1(a) or on each Compensation Date, as applicable. If Common Stock is the subject of a stock dividend, stock split, or a reverse stock split, the number of Units then credited to the Director's Share Deferral Account shall be increased or decreased, as the case may be, in the same proportion as the outstanding shares of Common Stock. With respect to any record date for which any dividend is paid on Common Stock, Wal-Mart shall

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credit to the Director's Share Deferral Account on the applicable payment date an additional number of Units equal to: (1) the aggregate amount of the dividend that would be paid on a number of Shares equal to the number of Units credited to the Director's Share Deferral Account on the applicable payment date, divided by (2) the Fair Market Value on the applicable payment date. A Director is not entitled to any voting rights with respect to Units credited to his or her Share Deferral Account, nor shall the Director have any other beneficial shareholder rights.

4.2 Cash Deferral Accounts.

If a Director elects to have any portion of the Director's Retainer deferred to a Cash Deferral Account, Wal-Mart shall credit to the Director's Cash Deferral Account on each Compensation Date a cash equivalent amount equal to the amount of such Retainer subject to such election. In addition, Wal-Mart shall credit a Director's Cash Deferral Account with interest as provided in Section 4.3.

4.3 Interest on Cash Deferral Accounts.

On the last day of each Plan Year, Wal-Mart shall credit a Director's Cash Deferral Account with an amount of interest at the Interest Rate in effect for such Plan Year. Interest with respect to any amount that is credited to a Cash Deferral Account for a partial Plan Year shall be determined by adjusting the applicable Interest Rate on a pro rata basis to reflect the number of calendar days during the Plan Year that such amount was credited to the Cash Deferral Account. In the event a cash payment is to be made hereunder on a date other than the last day of a Plan Year, then interest shall be credited to the Cash Deferral Account as of the time of payment. This Section 4.3 shall not be applicable during any period in which a Director's Cash Deferral Account is being distributed in installments pursuant to Section 5.4.

ARTICLE V PAYMENT OF DEFERRED RETAINER

5.1 Form of Payment.

- (a) A Director may elect to receive payment of the Director's Deferred Retainer in a single lump sum distribution or in substantially equal annual installments over a period of up to ten (10) years. The form of payment election of any Director with a deferral election in effect for the 2005 Plan Year must be made no later than December 31, 2005. The form of payment election of any other Director must be made at the time of such Director's initial election under Section 3.2 with respect to services performed on or after January 1, 2006. A Director's form of payment election must be made in accordance with procedures established by the Committee and filed with the Committee and shall be effective with respect to the Director's entire Deferred Retainer. In the event a Director does not make a form of payment election, the Director shall be deemed to have elected payment of his or her entire Deferred Retainer in a single lump sum distribution.
- (b) A Director may change his or her form of payment election (or deemed payment election) at any time by making a new election (also referred to in this section as a "subsequent election") on a form approved by, and filed with, the Committee;

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provided, however, that such subsequent election shall be subject to the following restrictions:

- (1) A subsequent election may not take effect until at least twelve (12) months after the date on which such subsequent election is made;
- (2) Payment of the Director's Deferred Retainer pursuant to the subsequent election may not be made earlier than five (5) years from the date such payment would have been made absent the subsequent election, unless the distribution is made on account of the Director's Disability or death;
- (3) Payment of a Director's Deferred Retainer pursuant to a subsequent election must be completed by the last day of the Plan Year which contains the fifteenth (15th) anniversary of the Director's Distribution Date; and
- (4) For purposes of this Section 5.1(b) and Code Section 409A, the entitlement to annual installment payments is treated as the entitlement to a single payment.

5.2 Timing of Payment.

- (a) If payment of a Director's Deferred Retainer is to be made in a single lump sum payment, such payment shall be made on the Director's Distribution Date, or as soon as administratively practicable (within the meaning of Code Section 409A) thereafter.
- (b) If payment of a Director's Deferred Retainer is to be made in annual installments, the first such installment shall be made on the Director's Distribution Date, or as soon as administratively practicable thereafter, and subsequent installment payments shall be made on each applicable anniversary of the Director's Distribution Date, or as soon as administratively practicable (within the meaning of Code Section 409A) after each such date.
- (c) Notwithstanding anything herein to the contrary, any payment to be made hereunder may be delayed by the Committee in the event the Committee reasonably anticipates that the making of such payment will violate federal securities laws or other applicable law. In such event, payment shall be made at the earliest date on which the Committee reasonably anticipates that the making of such payment will not cause such a violation.
- (d) In no event shall any payment due hereunder be delayed past the date otherwise provided herein, except as permitted by Code Section 409A.

5.3 Amount of Lump Sum Payments.

If payment of the Director's Deferred Retainer is to be made in a single lump sum distribution, the amount distributed shall be:

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- (a) cash equal to the total cash equivalent amount credited to the Director's Cash Deferral Account as of the payment date (including interest credited through such date as provided in Section 4.3); and
 - (b) Shares equal to the number of whole Units credited to the Director's Share Deferral Account as of the payment date, plus cash equal to the Fair Market Value of any fractional Shares as of the payment date.

5.4 Amount of Installment Payments.

If payment of the Director's Deferred Retainer is to be made in installments:

- (a) the Director's Cash Deferral Account will be paid in equal annual installments in an amount

which would fully amortize a loan equal to such Cash Deferral Account over the installment period, with interest calculated at the Interest Rate in effect for the Plan Year in which the Participant's Distribution Date occurs; and

- (b) a pro rata number of whole Shares credited to the Director's Share Deferral Account as of the applicable payment date. The Fair Market Value of any fractional Shares remaining at the end of the installment period will be paid in cash with the last installment.

5.5 Distribution Upon Death.

A Director may, by written or electronic instrument delivered to the Committee in the form prescribed by the Committee, designate primary and contingent beneficiaries to receive any benefit payments which may be payable under this Plan following the Director's death, and may designate the proportions in which such beneficiaries are to receive such payments. Any such designation shall be applicable to both Deferred Retainers under this Plan and under Appendix A. A Director may change such designations from time to time and the last designation filed with the Committee prior to the Director's death shall control. In the event no beneficiaries are designated, or if the designated beneficiaries die before all or part of the Director's Deferred Retainer is distributed, the Deferred Retainer (or balance thereof) shall be paid to the Director's estate. Any unpaid Deferred Retainer upon a Director's death shall be paid in a single lump sum distribution in the manner provided herein for payment in a single lump sum distribution to the Director; provided, however, that in the event a Director's death occurs during any period in which his or her Cash Deferral Account is being distributed in installments pursuant to Section 5.4, the Cash Deferral Account will be credited with pro rata interest from the date of the installment payment immediately preceding the Director's death through the lump sum payment date at the Interest Rate applicable to the installment payout.

5.6 Gross Misconduct.

This Section 5.6 is effective only with respect to Retainers paid or deferred on or after April 1, 2006. Notwithstanding anything herein to the contrary, a Director's compensation is contingent upon the Director not engaging in Gross Misconduct. In the event the Committee or its delegate (which expressly may include any officer of Wal-Mart or a non-employee third party (such as a law firm)) determines that a Director has engaged in Gross Misconduct:

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- (a) Wal-Mart shall cease to provide any further First Component or Second Component Retainer payments;
 - (b) the Director shall repay to Wal-Mart all First Component and Second Component Retainer payments received by the Director from and after the date which is twenty-four (24) months prior to the date of the behavior serving as the basis for the finding of Gross Misconduct;
 - (c) the Director's Deferred Retainer shall be recalculated as if no amounts (including interest and dividend equivalents under Sections 4.1 and 4.3) were credited to the Director's Deferred Retainer from and after the date which is twenty-four (24) months prior to the date of the behavior serving as the basis for the finding of Gross Misconduct; and
 - (d) if the Committee or its delegate determines, after payment of amounts hereunder, that the Director has engaged in Gross Misconduct during the prescribed period, the Director (or the Director's Beneficiary) shall repay to Wal-Mart any amount in excess of that to which the Participant is entitled under this Section 5.6(b).

Any amount to be repaid pursuant to this Section 5.6 shall be held by the Director or Beneficiary in constructive trust for the benefit of Wal-Mart and shall be paid by Director or Beneficiary to Wal-Mart with interest at the prime rate (as published in The Wall Street Journal) as of the date the Committee or its delegate determines the Director engaged in Gross Misconduct. The amount to be repaid pursuant to this Section 5.6 shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of the realization event, and without regard to any subsequent change in the fair market value of a Share. Wal-Mart shall have the right to offset such gain against any amounts otherwise owed to Director by Wal-Mart (whether hereunder, pursuant to any benefit plan or other compensatory arrangement). A Director may appeal a Gross Misconduct

determination by the Committee or its delegate as provided in Article VII.

With respect to the portion of any Retainer granted by the Board under another plan, the impact of the Director's misconduct on such portion of the Director's Retainer shall be determined under the terms of such other plan.

ARTICLE VI ADMINISTRATION

6.1 Administration.

The Committee is responsible for the management, interpretation and administration of the Plan. The Committee shall have discretionary authority with respect to the determination of benefits under the Plan and the construction and interpretation of Plan provisions. In such capacity, the Committee is granted the following rights and duties:

- (a) The Committee shall have the exclusive duty, authority and discretion to interpret and construe the provisions of the Plan, to determine eligibility for and the

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amount of any benefit payable under the Plan, and to decide any dispute which may rise regarding the rights of Directors (or their beneficiaries) under this Plan;

- (b) The Committee shall have the sole and complete authority to adopt, alter, and repeal such administrative rules, regulations, and practices governing the operation of the Plan as it shall from time to time deem advisable;
- (c) The Committee may appoint a person or persons to assist the Committee in the day-to-day administration of the Plan;
- (d) The decision of the Committee in matters pertaining to this Plan shall be final, binding, and conclusive upon Wal-Mart, the Director, such Director's beneficiary, and upon any person affected by such decision, subject to the claims procedure set forth in Article VII; and
- (e) In any matter relating solely to a Committee member's individual rights or benefits under this Plan, such Committee member shall not participate in any Committee proceeding pertaining to, or vote on, such matter.

ARTICLE VII CLAIMS PROCEDURE

7.1 General.

Any Director or beneficiary ("claimant") who believes he or she is entitled to Plan benefits which have not been paid may file a written claim for benefits with the Committee within one (1) year of the Director's Distribution Date. If any such claim is not filed within one (1) year of the Director's Distribution Date, neither the Plan nor Wal-Mart shall have any obligation to pay the disputed benefit and the claimant shall have no further rights under the Plan. If a timely claim for a Plan benefit is wholly or partially denied, notice of the decision shall be furnished to the claimant by the Committee or its delegate within a reasonable period of time, not to exceed sixty (60) days, after receipt of the claim by the Committee. Any claimant who is denied a claim for benefits shall be furnished written notice setting forth:

- (a) the specific reason or reasons for the denial;
- (b) specific reference to the pertinent Plan provision upon which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim; and

- (d) an explanation of the Plan's claim review procedure.

7.2 Appeals Procedure.

To appeal a denial of a claim, a claimant or the claimant's duly authorized representative:

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- (a) may request a review by written application to the Committee not later than sixty (60) days after receipt by the claimant of the written notification of denial of a claim;
 - (b) may review pertinent documents; and
 - (c) may submit issues and comments in writing.

A decision on review of a denied claim shall be made by the Committee or its delegate not later than sixty (60) days after receipt of a request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered within a reasonable period of time, but not later than one hundred twenty (120) days after receipt of a request for review. The decision on review shall be in writing and shall include the specific reasons for the denial and the specific references to the pertinent Plan provisions on which the decision is based.

7.3 Calculation of Days.

Any reference in this Article VII to a number of days shall include holidays and weekends.

ARTICLE VIII MISCELLANEOUS PROVISIONS

8.1 Amendment or Termination of Plan.

The Board or the Committee may amend or terminate this Plan at any time. An amendment or the termination of this Plan shall not adversely affect the right of a Director or beneficiary to receive Shares issuable or cash payable at the effective date of the amendment or termination or any rights that a Director or a beneficiary has in any Cash Deferral Account or Share Deferral Account at the effective date of the amendment or termination. No amendment or termination of the Plan may accelerate the date of payment of a Director's Deferred Retainer as provided herein.

8.2 Non-Alienability.

A Director shall not have the right to transfer, grant any security interest in or otherwise encumber rights he or she may have under the Plan, or to any Cash Deferral Account or any Share Deferral Account maintained for the Director hereunder or any interest therein. No right or interest of a Director in a Cash Deferral Account or a Share Deferral Account shall be subject to any forced or involuntary disposition or to any charge, liability, or obligation of the Director, whether as the direct or indirect result of any action of the Director or any action taken in any proceeding, including any proceeding under any bankruptcy or other creditors' rights law. Any action attempting to effect any transaction of that type shall be null, void, and without effect.

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8.3 Withholding for Taxes.

To the extent required by law, Wal-Mart shall withhold the amount of cash and Shares necessary to satisfy Wal-Mart's obligation to withhold federal, state, and local income and other taxes on any benefits payable to a Director or beneficiary under this Plan.

8.4 Income and Excise Taxes.

The Director (or the Director's beneficiary) is solely responsible for the payment of all federal, state, local income and excise taxes resulting from the Director's participation in this Plan.

8.5 Successors and Assigns.

The provisions of this Plan are binding upon and inure to the benefit of Wal-Mart and its successors and assigns, and a Director, the Director's beneficiaries, heirs, and legal representatives.

8.6 Governing Law.

This Plan shall be governed by the laws of the State of Arkansas, except that any matters relating to the internal governance of Wal-Mart shall be governed by the General Corporation Law of Delaware.

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APPENDIX A

Retainers deferred on or before December 31, 2004 are subject to the terms of the Plan as it existed as of such date, which Plan is set forth in this Appendix A. The terms of this Appendix A shall not be materially modified (as that phrase is defined by Code Section 409A and guidance thereunder), either formally or informally, unless such modification specifically provides that it is intended to be a material modification within the meaning of Code Section 409A and guidance thereunder.

WAL-MART STORES, INC. DIRECTOR COMPENSATION PLAN

Purpose. This Director Compensation Plan is established to allow the outside directors of Wal-Mart Stores, Inc. ("Wal-Mart") to participate in the ownership of Wal-Mart through ownership of shares of the Wal-Mart common stock or deferred stock units. In addition, the Plan is intended to allow Wal-Mart's outside directors to defer all or a portion of their compensation for their service as directors.

Definitions. The following words have the definitions given them below.

"Affiliate" means any corporation, company limited by shares, partnership, limited liability company, business trust, other entity, or other business association that is controlled by Wal-Mart.

"Board" means the board of directors of Wal-Mart.

"Business Day" means a day on which Wal-Mart's executive offices in Bentonville, Arkansas are open for business and on which trading is conducted on the Exchange.

"Common Stock" means the Common Stock, \$0.10 par value per share, of Wal-Mart.

"Compensation Date" means the last Business Day of each calendar quarter.

"Deferral Account" means an account maintained in the Special Ledger for a Director to which cash equivalent amounts allocable to the Director under this Plan are credited.

"Director" means any director of Wal-Mart who is not an employee of Wal-Mart or an Affiliate.

“Distribution Date” means the date on which a Director ceases to be a director of Wal-Mart or on which a Director becomes employed by Wal-Mart or an Affiliate.

“Fair Market Value” means, as to any particular day, the average of the highest and lowest prices quoted for a share of Common Stock trading on the New York Stock Exchange on that day, or if no such prices were quoted for the shares of Common Stock on the New York Stock Exchange for that day for any reason, the average of the highest and lowest prices quoted on the last Business Day on which prices were quoted. The highest and lowest prices for the shares of Common Stock shall be those published in the edition of *The Wall Street Journal* or any successor publication for the next Business Day.

“First Component” means the portion of the Retainer payable to a Director that accounts for at least one-half of the Retainer and that is payable in Shares and may be deferred by crediting Units to a Unit Account maintained for the Director.

“Interest Rate” means the annual rate at which interest is deemed to accrue on the amounts credited in a Deferral Account for a Director. The annual rate shall be set by the Board or a committee of the Board and may be changed from time to time as necessary to reflect prevailing interest rates. [NOTE: The annual rate in effect for a Plan Year for this purpose shall be determined in accordance with the following formula in effect as of October 3, 2004: the mid-term rate on 10-year Treasury notes determined as of the first Business Day of January of each Plan Year, plus 270 basis points. Such formula shall not be modified on or after October 3, 2004. Notwithstanding the preceding, in light of uncertainty regarding whether adjustment of the annual rate would constitute a material modification of the Plan for Code Section 409A purposes, the annual rate was not adjusted for 2005. The annual rate for 2006 and future years will be adjusted in accordance with the above formula.]

“Plan Year” means each 12-month period beginning on each January 1 and ending on each December 31.

“Retainer” means the amount of compensation set by the Board from time to time as payable to a Director in each Plan Year on the terms and subject to conditions stated in this Plan, subject to reduction for any portion thereof that a Director elects to defer as provided in this Plan.

“Second Component” means the balance of the Retainer payable to a Director (after reduction for the First Component) and that is (1) payable in cash or (2) by crediting an amount to a Deferral Account maintained for the Director.

“Shares” means shares of the Common Stock.

“Special Ledger” means a record established and maintained by Wal-Mart in which the Deferral Accounts and Units Accounts for the Directors, if any, and the Units and/or amounts credited to the accounts are noted.

“Unit Account” shall mean the account maintained in the Special Ledger for a Director to which Units allocable to the Director under this Plan are credited.

“Unit” means a credit in a Unit Account representing one Share.

Annual Retainer. During each Plan Year in which a person is a Director during the existence of this Plan, the Director be eligible to receive the Retainer payable as follows:

At least one-half of the Retainer shall be and, at the Director’s option, up to the full amount of the

Retainer (defined above as the “First Component”) will be (1) payable to the Director in Shares or (2) at the Director’s option, deferred by Wal-Mart crediting Units to a Unit Account maintained for the Director as provided in this Plan.

The balance of the Retainer (defined above as the “Second Component”) shall be (1) payable in cash or (2) at the Director’s option, deferred by Wal-Mart crediting a Deferral Account maintained for the Director as provided in this Plan with an amount that would be otherwise payable to the Director in cash.

The Retainer will be payable in arrears in equal quarterly installments on each Compensation Date unless deferred as provided below. Each quarterly installment will consist of one-fourth of the First Component and one-fourth of the Second Component, if any, for each Director.

Elections. Each Director who was a Director during the prior Plan Year must elect by no later than December 31 of the prior Plan Year how he or she will receive the Retainer. Each Director who becomes a Director during a Plan Year must elect within 30 days after becoming a Director how he or she will receive the Retainer. Each election must be made by the Director filing an election form with the Secretary of Wal-Mart. If a Director does not file an election form for each Plan Year by the specified date, the Director will be deemed to have elected to receive and defer the Retainer in the manner elected by the Director in his or her last valid election. Any person who becomes a Director during a Plan Year and does not file the required election within 30 days will be deemed to have elected to receive all of the Retainer in Shares. Any election to defer a portion of the Retainer made by a person who becomes a Director during a Plan Year will be valid as to the portion of the Retainer received after the election is filed with the Secretary of Wal-Mart. When an election is made for a Plan Year, the Director may not revoke or change that election.

The Shares. If a Director elects to receive Shares in payment of all or any part of the Director’s Retainer, the number of Shares to be issued on any Compensation Date shall equal one-fourth of the amount of the Retainer to be paid in Shares for the Plan Year divided by the Fair Market Value of a Share on the Compensation Date. Any Shares issued under this Plan will be registered under the Securities Act of 1933, as amended, and, so long as shares of the Common Stock are listed for trading on the New, York Stock Exchange, will be listed for trading on the New York Stock Exchange.

The Units. If a Director defers any portion of the Retainer in the form of Units, then on each Compensation Date, Wal-Mart will credit a Unit Account maintained for the Director with a number of Units equal to (1) one-fourth of the dollar amount of the Retainer that the Director has elected to defer in the form of Units for the Plan Year divided by (2) the Fair Market Value on the Compensation Date. If the Common Stock is the subject of a stock dividend, stock split, or a reverse stock split, the number of Units will be increased or decreased, as the case may be, in the same proportion as the outstanding shares of Common Stock. Wal-Mart will credit to the Director’s Unit Account on the date any dividend is paid on the Common Stock, an additional

number of Units equal to (I) the aggregate amount of the dividend that would be paid on a number of Shares equal to the number of Units credited to the Director’s Unit Account on the date the dividend is paid divided by (II) the Fair Market Value on that date.

Deferral Account. If a Director defers receipt of any portion of the Retainer by having an amount credited to a Deferral Account, then on each Compensation Date, Wal-Mart will credit to the Director’s Deferral Account an amount equal to one-fourth of the dollar amount of the Retainer deferred for the Plan Year. On the last day of each Plan Year, Wal-Mart will also credit the Deferral Account with interest, calculated at the Interest Rate, on the aggregate amount credited to the Deferral Account.

Distribution of the Amounts in a Unit Account. After the Distribution Date for a former Director, Wal-Mart will issue to the former Director that number of Shares equal to the number of Units with which the former Director’s Unit Account is credited. The former Director may elect to receive all of the Shares at one time or in up to 10 annual installments as described below. If the Director has elected to receive all of the Shares at one time, Wal-Mart will issue the Shares as soon as practicable after the Distribution Date.

If the former Director has elected to receive the Shares in installments, a pro rata number of Shares will be issued for each installment plus additional Shares equal to the Units credited to the Unit Account respecting dividends paid on the Common Stock since the last installment was made. Wal-Mart will issue the first installment of Shares as soon as practicable after the former Director’s Distribution Date. The remaining

installments of Shares will be issued on or about each anniversary of the Director's Distribution Date.

Distribution of the Amounts in a Deferral Account. After the Distribution Date for a former Director, Wal-Mart will pay the former Director cash equal to the amount with which the former Director's Deferral Account is credited. The former Director may elect to receive all of the cash at one time or in up to 10 annual installments as described below. If the former Director has elected to receive all of the cash at one time, Wal-Mart will pay the cash to the former Director as soon as practicable after the Distribution Date.

If the former Director has elected to be paid the cash in installments, a pro rata portion of the amount credited to the Deferral Account on the Distribution Date will be paid in each installment, along with the additional amount credited to the Deferral Account as interest since the last installment was paid. Wal-Mart will pay to the former Director the cash to be paid in the first installment as soon as practicable after the Distribution Date. The remaining installments of cash shall be paid on or about each anniversary of the Director's Distribution Date.

Conversion of Accounts. At any time prior to the Distribution Date, a Director who has a Deferral Account may convert all or any portion of the Deferral Account into Units credited to a Unit Account. The number of Units to be credited to the Director's Unit Account upon the conversion shall equal (1) the amount credited to the Director's Deferral Account so converted divided by (2) the Fair Market Value on the date of the Director's election to convert.

At any time prior to the Distribution Date, a Director who has a Unit Account may convert all or any portion of the Unit Account into a Deferral Account. The cash amount to be credited to the

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Director's Deferral Account upon the conversion shall equal (1) the number of Units credited to his or her Unit Account so converted multiplied by (2) the Fair Market Value on the date of the Director's election to convert.

Any election to convert must be made on a form prescribed by Wal-Mart and filed with its Secretary. The conversion of a Unit Account or a Deferral Account shall be deemed to occur on the date of the Director's election.

Distribution in the Event of a Director's Death. Each Director who defers any part of the Retainer payable to him or her in any Plan Year must designate one or more beneficiaries of the Director's Deferral Account and Unit Account, who may be changed from time to time. The designation of a beneficiary must be made by filing with Wal-Mart's Secretary a form prescribed by Wal-Mart. If no designation of a beneficiary is made, any deferred benefits under this Plan will be paid to the Director's or former Director's estate. If a Director dies while in office or a former Director dies during the installment payment period, Wal-Mart will issue the Shares and pay the amounts of cash that are issuable and payable to the Director or former Director at one time as soon as practicable after the death of the Director or the former Director.

Timing of Election to Receive Deferred Benefits in Installments. If the Director wants the benefits distributed in installments, the election to receive payments in installments must be on file for a period of at least 12 full months prior to the Director ceasing to be a director of Wal-Mart. The last valid election on file with Wal-Mart's Secretary for at least 12 full months will be given effect by Wal-Mart in distributing the benefits.

Withholding for Taxes. Wal-Mart will withhold the amount of cash and Shares necessary to satisfy Wal-Mart's obligation to withhold federal, state, and local income and other taxes on any benefits received by the Director, the former Director or a beneficiary under this Plan.

No Transfer of Rights under this Plan. A Director or former Director shall not have the right to transfer, grant any security interest in or otherwise encumber rights he or she may have under this Plan, any Deferral Account or any Unit Account maintained for the Director or former Director or any interest therein. No right or interest of a Director or a former Director in a Deferral Account or a Unit Account shall be subject to any forced or involuntary disposition or to any charge, liability, or obligation of the Director or former Director, whether as the direct or indirect result of any action of the Director or former Director or any action taken in any proceeding, including any proceeding under any bankruptcy or other creditors' rights law. Any action attempting to effect any transaction of that type shall be null, void, and without effect.

Unfunded Plan. This Plan will be unfunded for federal tax purposes. The Deferral Accounts and the Unit Accounts are entries in the Special Ledger only and are merely a promise to make payments in the future. Wal-

Mart's obligations under this Plan are unsecured, general contractual obligations of Wal-Mart.

Amendment and Termination of the Plan. The Board or the Compensation and Nominating Committee of the Board may amend or terminate this Plan at any time. An amendment or the termination of this Plan will not adversely affect the right of a Director, former Director, or Beneficiary to receive Shares issuable or cash payable at the effective date of the amendment or

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termination or any rights that a Director, former Director, or a Beneficiary has in any Deferral Account or Unit Account at the effective date of the amendment or termination. If the Plan is terminated, however, Wal-Mart may, at its option, accelerate the payment of all deferred and other benefits payable under this Plan.

Governing Law. This Plan shall be governed by the laws of the State of Arkansas, except that any matters relating to the internal governance of Wal-Mart shall be governed by the General Corporation Law of Delaware. Wal-Mart has right to interpret this Plan, and any interpretation by Wal-Mart shall be conclusive as to the meaning of this Plan.

Effective Date and Transition. This Plan amends and restates in full the Wal-Mart Stores, Inc. Directors Deferred Compensation Plan adopted on March 7, 1991 and as ratified by the stockholders of Wal-Mart on June 5, 1992. The effective date of this amendment and restatement of that Plan shall be January 1, 1997, and the Plan became operative and in effect on the date, subject only to the ratification of the Plan by the stockholders of Wal-Mart at Wal-Mart's 1997 annual stockholders' meeting. The Board has reserved and authorized for issuance pursuant to the terms and conditions of this Plan 1,000,000 shares of Common Stock.

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