

# WAL MART STORES INC

## FORM 10-Q (Quarterly Report)

Filed 06/03/11 for the Period Ending 04/30/11

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, D.C. 20549  
**FORM 10-Q**

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the quarterly period ended April 30, 2011.

or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-6991



**WAL-MART STORES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**71-0415188**  
(I.R.S. Employer  
Identification No.)

**702 S.W. 8th Street**  
**Bentonville, Arkansas**  
(Address of principal executive offices)

**72716**  
(Zip Code)

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

**Not applicable**  
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Check One:

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Applicable Only to Corporate Issuers

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.  
Common Stock, \$.10 Par Value – 3,472,560,467 shares as of May 31, 2011.

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Wal-Mart Stores, Inc.  
Condensed Consolidated Statements of Income  
(Unaudited)**

	<b>Three Months Ended April 30,</b>	
	<b>2011</b>	<b>2010</b>
<i>(Amounts in millions, except per share data)</i>		
<b>Revenues:</b>		
Net sales	\$103,415	\$99,097
Membership and other income	774	714
	104,189	99,811
<b>Costs and expenses:</b>		
Cost of sales	78,177	74,618
Operating, selling, general and administrative expenses	20,116	19,456
<b>Operating income</b>	<b>5,896</b>	<b>5,737</b>
<b>Interest:</b>		
Debt	491	455
Capital leases	71	67
Interest income	(44)	(51)
<b>Interest, net</b>	<b>518</b>	<b>471</b>
<b>Income from continuing operations before income taxes</b>	<b>5,378</b>	<b>5,266</b>
<b>Provision for income taxes</b>	<b>1,800</b>	<b>1,822</b>
<b>Income from continuing operations</b>	<b>3,578</b>	<b>3,444</b>
<b>Loss from discontinued operations, net of tax</b>	<b>(28)</b>	<b>—</b>
<b>Consolidated net income</b>	<b>3,550</b>	<b>3,444</b>
<b>Less consolidated net income attributable to noncontrolling interest</b>	<b>(151)</b>	<b>(143)</b>
<b>Consolidated net income attributable to Walmart</b>	<b>\$ 3,399</b>	<b>\$ 3,301</b>
<b>Basic net income per common share:</b>		
Basic income per common share from continuing operations attributable to Walmart	\$ 0.98	\$ 0.88
Basic loss per common share from discontinued operations attributable to Walmart	(0.01)	—
<b>Basic net income per common share attributable to Walmart</b>	<b>\$ 0.97</b>	<b>\$ 0.88</b>
<b>Diluted net income per common share:</b>		
Diluted income per common share from continuing operations attributable to Walmart	\$ 0.98	\$ 0.87
Diluted loss per common share from discontinued operations attributable to Walmart	(0.01)	—
<b>Diluted net income per common share attributable to Walmart</b>	<b>\$ 0.97</b>	<b>\$ 0.87</b>
<b>Weighted-average number of common shares:</b>		
Basic	3,497	3,765
Diluted	3,513	3,781
<b>Dividends declared per common share</b>	<b>\$ 1.46</b>	<b>\$ 1.21</b>

See accompanying notes.

**Wal-Mart Stores, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

<i>(Amounts in millions)</i>	<u>April 30,</u>		<u>January 31,</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 9,400	\$ 8,516	\$ 7,395
Receivables, net	4,785	4,235	5,089
Inventories	38,335	35,021	36,318
Prepaid expenses and other	3,330	3,445	2,960
Current assets of discontinued operations	108	129	131
Total current assets	<u>55,958</u>	<u>51,346</u>	<u>51,893</u>
<b>Property and equipment:</b>			
Property and equipment	151,766	139,811	148,584
Less accumulated depreciation	<u>(45,473)</u>	<u>(39,602)</u>	<u>(43,486)</u>
Property and equipment, net	106,293	100,209	105,098
<b>Property under capital leases:</b>			
Property under capital leases	6,064	5,713	5,905
Less accumulated amortization	<u>(3,213)</u>	<u>(2,994)</u>	<u>(3,125)</u>
Property under capital leases, net	2,851	2,719	2,780
Goodwill	16,895	15,859	16,763
Other assets and deferred charges	4,068	3,910	4,129
<b>Total assets</b>	<b><u>\$186,065</u></b>	<b><u>\$174,043</u></b>	<b><u>\$180,663</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	\$ 3,451	\$ 4,812	\$ 1,031
Accounts payable	34,321	31,372	33,557
Dividends payable	3,828	3,546	—
Accrued liabilities	15,962	15,617	18,701
Accrued income taxes	927	2,704	157
Long-term debt due within one year	3,173	6,012	4,655
Obligations under capital leases due within one year	345	353	336
Current liabilities of discontinued operations	44	74	47
Total current liabilities	<u>62,051</u>	<u>64,490</u>	<u>58,484</u>
Long-term debt	45,486	32,668	40,692
Long-term obligations under capital leases	3,211	3,112	3,150
Deferred income taxes and other	6,902	5,152	6,682
Redeemable noncontrolling interest	423	325	408
Commitments and contingencies			
<b>Equity:</b>			
Common stock and capital in excess of par value	3,798	4,059	3,929
Retained earnings	60,330	62,180	63,967
Accumulated other comprehensive income (loss)	878	(216)	646
Total Walmart shareholders' equity	<u>65,006</u>	<u>66,023</u>	<u>68,542</u>
Noncontrolling interest	2,986	2,273	2,705
Total equity	<u>67,992</u>	<u>68,296</u>	<u>71,247</u>
<b>Total liabilities and equity</b>	<b><u>\$186,065</u></b>	<b><u>\$174,043</u></b>	<b><u>\$180,663</u></b>

See accompanying notes.

**Wal-Mart Stores, Inc.**  
**Condensed Consolidated Statements of Shareholders' Equity**  
**(Unaudited)**

<i>(Amounts in millions)</i>	Number of Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Walmart Shareholders' Equity	Noncontrolling Interest	Total Equity
Balances – February 1, 2011	3,516	\$ 352	\$ 3,577	\$63,967	\$ 646	\$ 68,542	\$ 2,705	\$71,247
Consolidated net income (excludes redeemable noncontrolling interest)	—	—	—	3,399	—	3,399	134	3,533
Other comprehensive income	—	—	—	—	232	232	102	334
Cash dividends (\$1.46 per share)	—	—	—	(5,094)	—	(5,094)	—	(5,094)
Purchase of Company stock	(37)	(33)	(70)	(1,940)	—	(2,043)	—	(2,043)
Other	—	—	(28)	(2)	—	(30)	45	15
<b>Balances – April 30, 2011</b>	<b><u>3,479</u></b>	<b><u>\$ 319</u></b>	<b><u>\$ 3,479</u></b>	<b><u>\$60,330</u></b>	<b><u>\$ 878</u></b>	<b><u>\$ 65,006</u></b>	<b><u>\$ 2,986</u></b>	<b><u>\$67,992</u></b>

**Comprehensive Income**  
**(Unaudited)**

<i>(Amounts in millions)</i>	Three Months Ended April 30,	
	2011	2010
Consolidated net income <sup>(1)</sup>	\$ 3,550	\$ 3,444
Other comprehensive income		
Currency translation <sup>(2)</sup>	495	(48)
Net change in fair value of derivatives	(178)	83
<b>Total comprehensive income</b>	<b><u>\$ 3,867</u></b>	<b><u>\$ 3,479</u></b>
Less amounts attributable to the noncontrolling interest:		
Consolidated net income <sup>(1)</sup>	\$ (151)	\$ (143)
Currency translation <sup>(2)</sup>	(85)	(181)
Amounts attributable to the noncontrolling interest	(236)	(324)
<b>Comprehensive income attributable to Walmart</b>	<b><u>\$ 3,631</u></b>	<b><u>\$ 3,155</u></b>

(1) Includes \$17 million and \$3 million for the three months ended April 30, 2011 and 2010, respectively, related to the redeemable noncontrolling interest.

(2) Includes \$(17) million and \$26 million for the three months ended April 30, 2011 and 2010, respectively, related to the redeemable noncontrolling interest.

See accompanying notes.

**Wal-Mart Stores, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>April 30,</b>	
	<b>2011</b>	<b>2010</b>
<i>(Amounts in millions)</i>		
<b>Cash flows from operating activities:</b>		
Consolidated net income	\$ 3,550	\$ 3,444
Loss from discontinued operations, net of tax	28	—
Income from continuing operations	3,578	3,444
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	1,985	1,864
Other operating activities	(209)	(696)
Changes in certain assets and liabilities, net of effects of acquisitions:		
Accounts receivable	341	(97)
Inventories	(1,713)	(2,195)
Accounts payable	205	392
Accrued liabilities	(2,213)	(1,739)
Net cash provided by operating activities	1,974	973
<b>Cash flows from investing activities:</b>		
Payments for property and equipment	(2,389)	(2,563)
Proceeds from disposal of property and equipment	94	123
Other investing activities	426	204
Net cash used in investing activities	(1,869)	(2,236)
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	2,428	4,299
Proceeds from issuance of long-term debt	4,921	1,971
Payments of long-term debt	(2,057)	(37)
Dividends paid	(1,274)	(1,136)
Purchase of Company stock	(2,129)	(2,967)
Other financing activities	(223)	(294)
Net cash provided by financing activities	1,666	1,836
Effect of exchange rates on cash and cash equivalents	234	36
Net increase in cash and cash equivalents	2,005	609
Cash and cash equivalents at beginning of year	7,395	7,907
Cash and cash equivalents at end of period	<u>\$ 9,400</u>	<u>\$ 8,516</u>

See accompanying notes.

## Notes to Condensed Consolidated Financial Statements

### Wal-Mart Stores, Inc.

#### Note 1. Basis of Presentation

The condensed consolidated financial statements of Wal-Mart Stores, Inc. and its subsidiaries (“Walmart,” the “Company” or “we”) included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the condensed consolidated financial statements have been included. Such adjustments are of a normal recurring nature. Interim results are not necessarily indicative of results for a full year. The condensed consolidated financial statements and notes thereto are presented in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) and do not contain certain information included in the Company’s Annual Report to Shareholders for the fiscal year ended January 31, 2011. Therefore, the interim condensed consolidated financial statements should be read in conjunction with that Annual Report to Shareholders. Certain prior year amounts have been reclassified to conform to the current year presentation.

#### Note 2. Net Income Per Common Share

Basic net income per common share attributable to Walmart is based on the weighted-average number of outstanding common shares. Diluted net income per common share attributable to Walmart is based on the weighted-average number of outstanding common shares adjusted for the dilutive effect of stock options and other share-based awards. The dilutive effect of share-based awards was 16 million shares for the three months ended April 30, 2011 and 2010, respectively. The Company had approximately 4 million and 5 million stock options outstanding at April 30, 2011 and 2010, respectively, which were not included in the diluted net income per common share attributable to Walmart calculation because their effect would be antidilutive.

For purposes of determining consolidated net income per common share attributable to Walmart, income from continuing operations attributable to Walmart and the loss from discontinued operations, net of tax, for the three months ended April 30, 2011 and 2010 are as follows:

<i>(Amounts in millions)</i>	Three Months Ended April 30,	
	2011	2010
Income from continuing operations	\$ 3,578	\$ 3,444
Less consolidated net income attributable to noncontrolling interest	(151)	(143)
Income from continuing operations attributable to Walmart	3,427	3,301
Loss from discontinued operations, net of tax	(28)	—
Consolidated net income attributable to Walmart	<u>\$ 3,399</u>	<u>\$ 3,301</u>

#### Note 3. Receivables

Receivables consist primarily of amounts due from:

- insurance companies resulting from our pharmacy sales;
- banks for customer credit card, debit card and electronic bank transfers that take in excess of seven days to process;
- suppliers for marketing or incentive programs;
- consumer financing programs in certain of our international subsidiaries; and
- real estate transactions.

Our Walmart International segment offers a limited amount of consumer credit products, principally through our subsidiaries in Chile, Canada and Mexico. At April 30, 2011, the balance of these receivables was \$726 million, net of its reserve for doubtful accounts of \$76 million, compared to a receivable balance of \$440 million, net of its reserve for doubtful accounts of \$29 million at April 30, 2010. These balances are included in receivables, net on the accompanying Condensed Consolidated Balance Sheet.

#### Note 4. Inventories

The Company values inventories at the lower of cost or market as determined primarily by the retail method of accounting, using the last-in, first-out (“LIFO”) method for substantially all of the Walmart U.S. segment’s merchandise inventories. The retail method of accounting results in inventory being valued at the lower of cost or market since permanent markdowns are currently taken as a reduction of the retail value of inventory. The Sam’s Club segment’s merchandise is valued based on the weighted-average cost using the LIFO method. Inventories for the Walmart International operations are primarily valued by the retail method of accounting and are stated using the first-in, first-out (“FIFO”) method. At April 30, 2011 and 2010, the Company’s inventories valued at LIFO approximate those inventories as if they were valued at FIFO.

## Note 5. Long-term Debt

Information on new long-term debt issuances during the first quarter of fiscal 2012 is as follows (amounts in millions):

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
April 18, 2011	April 15, 2014	1.625%	\$1,000
April 18, 2011	April 15, 2016	2.800%	1,000
April 18, 2011	April 15, 2021	4.250%	1,000
April 18, 2011	April 15, 2041	5.625%	2,000
<b>Total Issuances</b>			<b><u>\$5,000</u></b>

The aggregate net proceeds from these note issuances were approximately \$4.9 billion. The notes of each series require semi-annual interest payments on April 15 and October 15 of each year, commencing on October 15, 2011. Unless previously purchased and cancelled, the Company will repay the notes of each series at 100% of their principal amount, together with accrued and unpaid interest thereon, at their maturity. The notes of each series are senior, unsecured obligations of the Company.

## Note 6. Fair Value Measurements

The Company records and discloses certain financial and non-financial assets and liabilities at their fair value. The fair value of an asset is the price at which the asset could be sold in an orderly transaction between unrelated, knowledgeable and willing parties able to engage in the transaction. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor in a transaction between such parties, not the amount that would be paid to settle the liability with the creditor.

Assets and liabilities recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 - observable inputs such as quoted prices in active markets;
- Level 2 - inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 - unobservable inputs in which little or no market data exists, therefore requiring the Company to develop its own assumptions.

The disclosure of fair value of certain financial assets and liabilities that are recorded at cost is as follows:

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

*Short-term debt:* The carrying value approximates fair value due to the short maturity of these instruments.

*Long-term debt:* The fair value is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices. The carrying value and fair value of the Company's long-term debt as of April 30, 2011 and January 31, 2011 are as follows:

<i>(Amounts in millions)</i>	<u>April 30, 2011</u>		<u>January 31, 2011</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Long-term debt, including amounts due within one year	\$ 48,659	\$ 50,717	\$ 45,347	\$ 47,012



Additionally, as of April 30, 2011 and January 31, 2011, the Company held certain derivative asset and liability positions that are required to be measured at fair value on a recurring basis. The majority of the Company's derivative instruments relate to interest rate swaps. The fair values of these interest rate swaps have been measured in accordance with Level 2 inputs of the fair value hierarchy, using the income approach. As of April 30, 2011 and January 31, 2011, the notional amounts and fair values of these interest rate swaps are as follows (asset/(liability)):

<i>(Amounts in millions)</i>	<u>April 30, 2011</u>		<u>January 31, 2011</u>	
	<u>Notional</u>	<u>Fair Value</u>	<u>Notional</u>	<u>Fair Value</u>
	<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>
Receive fixed-rate, pay floating-rate interest rate swaps designated as fair value hedges	\$3,945	\$249	\$4,445	\$267
Receive fixed-rate, pay fixed-rate cross-currency interest rate swaps designated as net investment hedges	1,250	165	1,250	233
Receive floating-rate, pay fixed-rate interest rate swaps designated as cash flow hedges	1,193	(18)	1,182	(18)
Receive fixed-rate, pay fixed-rate cross-currency interest rate swaps designated as cash flow hedges	<u>3,150</u>	<u>241</u>	<u>2,902</u>	<u>238</u>
<b>Total</b>	<b><u>\$9,538</u></b>	<b><u>\$637</u></b>	<b><u>\$9,779</u></b>	<b><u>\$720</u></b>

The fair values above are the estimated amounts the Company would receive or pay upon a termination of the agreements relating to such instruments as of the reporting dates.

### **Note 7. Derivative Financial Instruments**

The Company uses derivative financial instruments for hedging and non-trading purposes to manage its exposure to changes in interest and currency exchange rates, as well as to maintain an appropriate mix of fixed- and floating-rate debt. Use of derivative financial instruments in hedging programs subjects the Company to certain risks, such as market and credit risks. Market risk represents the possibility that the value of the derivative financial instrument will change. In a hedging relationship, the change in the value of the derivative financial instrument is offset to a great extent by the change in the value of the underlying hedged item. Credit risk related to derivative financial instrument represents the possibility that the counterparty will not fulfill the terms of the contract. The notional, or contractual, amount of the Company's derivative financial instruments is used to measure interest to be paid or received and does not represent the Company's exposure due to credit risk. Credit risk is monitored through established approval procedures, including setting concentration limits by counterparty, reviewing credit ratings and requiring collateral (generally cash) from the counterparty if their derivative liability position exceeds certain thresholds.

The Company's transactions are with counterparties rated "A" or better by nationally recognized credit rating agencies. In connection with various derivative agreements with counterparties, the Company held \$505 million in cash collateral from these counterparties at April 30, 2011. It is the Company's policy to record cash collateral exclusive of any derivative asset, and any collateral holdings are reflected in its accrued liabilities as amounts due to the counterparties. Furthermore, as part of the master netting arrangements with these counterparties, the Company is also required to post collateral if the derivative liability position exceeds \$150 million. The Company has no outstanding collateral postings and in the event of providing cash collateral, the Company would record the posting as a receivable exclusive of any derivative liability.

When the Company uses derivative financial instruments for the purpose of hedging its exposure to interest and currency exchange rate risks, the contract terms of a hedged instrument closely mirror those of the hedged item, providing a high degree of risk reduction and correlation. Contracts that are effective at meeting the risk reduction and correlation criteria are recorded using hedge accounting. If a derivative financial instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or be recognized in accumulated other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value will be immediately recognized in earnings during the period. Instruments that do not meet the criteria for hedge accounting, or contracts for which the Company has not elected hedge accounting, are valued at fair value with unrealized gains or losses reported in earnings during the period of the change.

#### *Fair Value Instruments*

The Company is party to receive fixed-rate, pay floating-rate interest rate swaps to hedge the fair value of fixed-rate debt. Under certain swap agreements, the Company pays floating-rate interest and receives fixed-rate interest payments periodically over the life of the instruments. The notional amounts are used to measure interest to be paid or received and do not represent the Company's exposure due to credit loss. The Company's interest rate swaps that receive fixed-interest rate payments and pay floating-interest rate payments are designated as fair value hedges. As the specific terms and notional amounts of the derivative instruments match those of the instruments being hedged, the derivative instruments were assumed to be perfectly effective hedges, and all changes in the fair value of the hedges were recorded in long-term debt and accumulated other comprehensive income (loss) on the Condensed Consolidated Balance Sheets with no net impact on the Condensed Consolidated Statements of Income. These fair value instruments will mature on dates ranging from April 2012 to May 2014.

### Net Investment Instruments

The Company is party to cross-currency interest rate swaps that hedge its net investment in the United Kingdom. The agreements are contracts to exchange fixed-rate payments in one currency for fixed-rate payments in another currency. All changes in the fair value of these instruments are recorded in accumulated other comprehensive income (loss), offsetting the currency translation adjustment that is also recorded in accumulated other comprehensive income (loss). These instruments will mature on dates ranging from October 2023 to February 2030.

The Company has approximately £3.0 billion of outstanding debt that is designated as a hedge of the Company's net investment in the United Kingdom as of April 30, 2011 and January 31, 2011. The Company also has outstanding ¥437 billion of debt that is designated as a hedge of the Company's net investment in Japan at April 30, 2011 and January 31, 2011. Any translation of non-U.S. denominated debt is recorded in accumulated other comprehensive income (loss), offsetting the currency translation adjustment that is also recorded in accumulated other comprehensive income (loss). These instruments will mature on dates ranging from May 2011 to January 2039.

### Cash Flow Instruments

The Company is party to receive floating-rate, pay fixed-rate interest rate swaps to hedge the interest rate risk of certain non-U.S. denominated debt. The swaps are designated as cash flow hedges of interest expense risk. Changes in the non-U.S. benchmark interest rate result in reclassification of amounts from accumulated other comprehensive income (loss) to earnings to offset the floating-rate interest expense. These cash flow instruments will mature on dates ranging from August 2013 to July 2015.

The Company is also party to receive fixed-rate, pay fixed-rate cross-currency interest rate swaps to hedge the currency exposure associated with the forecasted payments of principal and interest of non-U.S. denominated debt. The swaps are designated as cash flow hedges of the currency risk related to payments on the non-U.S. denominated debt. Changes in the currency exchange rate result in reclassification of amounts from accumulated other comprehensive income (loss) to earnings to offset the re-measurement gain or loss on the non-U.S. denominated debt. These cash flow instruments will mature on dates ranging from September 2029 to March 2034. Any ineffectiveness related to these instruments has been and is expected to be immaterial to the Company's financial condition or results of operations.

### Financial Statement Presentation

Hedging instruments with an unrealized gain are recorded on the Condensed Consolidated Balance Sheets as either a current or a non-current asset, based on maturity date, and those hedging instruments with an unrealized loss are recorded as either a current or a non-current liability, based on maturity date.

As of April 30, 2011 and January 31, 2011, the Company's financial instruments were classified as follows in the accompanying Condensed Consolidated Balance Sheets:

	April 30, 2011			January 31, 2011		
	Fair Value Instruments	Net Investment Instruments	Cash Flow Instruments	Fair Value Instruments	Net Investment Instruments	Cash Flow Instruments
<i>(Amounts in millions)</i>						
<b>Balance Sheet Classification:</b>						
Other assets and deferred charges	\$ 249	\$ 165	\$ 241	\$ 267	\$ 233	\$ 238
<b>Asset subtotals</b>	<b>\$ 249</b>	<b>\$ 165</b>	<b>\$ 241</b>	<b>\$ 267</b>	<b>\$ 233</b>	<b>\$ 238</b>
Long-term debt	\$ 249	\$ —	\$ —	\$ 267	\$ —	\$ —
Deferred income taxes and other	—	—	18	—	—	18
<b>Liability subtotals</b>	<b>\$ 249</b>	<b>\$ —</b>	<b>\$ 18</b>	<b>\$ 267</b>	<b>\$ —</b>	<b>\$ 18</b>

### Note 8. Accumulated Other Comprehensive Income (Loss)

Amounts included in accumulated other comprehensive income (loss) for the Company's derivative instruments and minimum pension liabilities are recorded net of their related income tax effect. The following table provides further detail regarding changes in the composition of accumulated other comprehensive income (loss) for the three months ended April 30, 2011:

	Currency Translation			
	and Other	Derivative Instruments	Minimum Pension Liability	Total
<i>(Amounts in millions)</i>				
Balances - February 1, 2011	\$ 1,226	\$ 60	\$ (640)	\$ 646
Currency translation adjustment	410	—	—	410
Net change in fair value of derivatives	—	(178)	—	(178)
<b>Balances - April 30, 2011</b>	<b>\$ 1,636</b>	<b>\$ (118)</b>	<b>\$ (640)</b>	<b>\$ 878</b>

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The currency translation adjustment includes a net translation loss of \$1.3 billion at April 30, 2011 related to net investment hedges of the Company's operations in the United Kingdom and Japan.

### **Note 9. Legal Proceedings**

The Company is involved in a number of legal proceedings. The Company has made accruals with respect to these matters, where appropriate, which are reflected in the Company's Consolidated Financial Statements. For some matters, the amount of liability is not probable or the amount cannot be reasonably estimated and therefore accruals have not been made. However, where a liability is reasonably possible and material, such matters have been disclosed. The Company may enter into discussions regarding settlement of these matters, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company's shareholders. The matters, or groups of related matters, discussed below, if decided adversely to or settled by the Company, individually or in the aggregate, unless stated otherwise, may result in liability material to the Company's financial condition or results of operations.

*Wage-and-Hour Class Action:* The Company is a defendant in *Braun/Hummel v. Wal-Mart Stores, Inc.*, a class action lawsuit commenced in March 2002 in the Court of Common Pleas in Philadelphia, Pennsylvania. The plaintiffs allege that the Company failed to pay class members for all hours worked and prevented class members from taking their full meal and rest breaks. On October 13, 2006, a jury awarded back-pay damages to the plaintiffs of approximately \$78 million on their claims for off-the-clock work and missed rest breaks. The jury found in favor of the Company on the plaintiffs' meal-period claims. On November 14, 2007, the trial judge entered a final judgment in the approximate amount of \$188 million, which included the jury's back-pay award plus statutory penalties, prejudgment interest and attorneys' fees. By operation of law, post-judgment interest accrues on the judgment amount at the rate of six percent per annum from the date of entry of the judgment, which was November 14, 2007, until the judgment is paid, unless the judgment is set aside on appeal. The Company believes it has substantial factual and legal defenses to the claims at issue, and on December 7, 2007, the Company filed its Notice of Appeal. The Company filed its opening appellate brief on February 17, 2009, plaintiffs filed their response brief on April 20, 2009, and the Company filed its reply brief on June 5, 2009. Oral argument was held before the Superior Court of Appeals on August 19, 2009. The parties are currently awaiting a decision from the appellate court.

*Gender Discrimination Class Action:* The Company is a defendant in *Dukes v. Wal-Mart Stores, Inc.*, a class-action lawsuit commenced in June 2001 in the United States District Court for the Northern District of California. The complaint alleges that the Company has engaged in a pattern and practice of discriminating against women in promotions, pay, training and job assignments. The complaint seeks, among other things, injunctive relief, front pay, back pay, punitive damages and attorneys' fees. On June 21, 2004, the district court issued an order granting in part and denying in part the plaintiffs' motion for class certification. The class, which was certified by the district court for purposes of liability, injunctive and declaratory relief, punitive damages and lost pay, subject to certain exceptions, includes all women employed at any Wal-Mart domestic retail store at any time since December 26, 1998, who have been or may be subjected to the pay and management track promotions policies and practices challenged by the plaintiffs.

On August 31, 2004, the United States Court of Appeals for the Ninth Circuit granted the Company's petition for discretionary review of the ruling. On February 6, 2007, a divided three-judge panel of the court of appeals issued a decision affirming the district court's certification order. On February 20, 2007, the Company filed a petition asking that the decision be reconsidered by a larger panel of the court. On December 11, 2007, the three-judge panel withdrew its opinion of February 6, 2007, and issued a revised opinion. As a result, the Company's Petition for Rehearing En Banc was denied as moot. The Company filed a new Petition for Rehearing En Banc on January 8, 2008. On February 13, 2009, the court of appeals issued an Order granting the Petition. On April 26, 2010, the Ninth Circuit issued a divided (6-5) opinion affirming certain portions of the district court's ruling and reversing other portions. On August 25, 2010, the Company filed a petition for a writ of certiorari to the United States Supreme Court seeking review of the Ninth Circuit's decision. On December 6, 2010, the Supreme Court granted the Company's petition for writ of certiorari. The Company filed its Brief for Petitioner on January 20, 2011; the Brief for Respondents was filed on February 22, 2011; and oral argument was held on March 29, 2011.

If the Company is not successful in its appeal of class certification, or an appellate court issues a ruling that allows for the certification of a class or classes with a different size or scope, and if there is a subsequent adverse verdict on the merits from which there is no

successful appeal, or in the event of a negotiated settlement of the litigation, the resulting liability could be material to the Company's financial condition or results of operations. The plaintiffs also seek punitive damages which, if awarded, could result in the payment of additional amounts material to the Company's financial condition or results of operations. However, because of the uncertainty of the outcome of the appeal, because of the uncertainty of the balance of the proceedings contemplated by the district court, and because the Company's liability, if any, arising from the litigation, including the size of any damages awarded if plaintiffs are successful in the litigation or any negotiated settlement, could vary widely, the Company cannot reasonably estimate the possible loss or range of loss that may arise from the litigation.

*Hazardous Materials Investigations:* On November 8, 2005, the Company received a grand jury subpoena from the United States Attorney's Office for the Central District of California, seeking documents and information relating to the Company's receipt, transportation, handling, identification, recycling, treatment, storage and disposal of certain merchandise that constitutes hazardous materials or hazardous waste. The Company has been informed by the U.S. Attorney's Office for the Central District of California that it is a target of a criminal investigation into potential violations of the Resource Conservation and Recovery Act ("RCRA"), the Clean Water Act and the Hazardous Materials Transportation Statute. This U.S. Attorney's Office contends, among other things, that the use of Company trucks to transport certain returned merchandise from the Company's stores to its return centers is prohibited by RCRA because those materials may be considered hazardous waste. The government alleges that, to comply with RCRA, the Company must ship from the store certain materials as "hazardous waste" directly to a certified disposal facility using a certified hazardous waste carrier. The U.S. Attorney's Office in the Northern District of California subsequently joined in this investigation. The Company contends that the practice of transporting returned merchandise to its return centers for subsequent disposition, including disposal by certified facilities, is compliant with applicable laws and regulations. While management cannot predict the ultimate outcome of this matter, management does not believe the outcome will have a material effect on the Company's financial condition or results of operations.

#### **Note 10. Acquisitions**

*Bounteous Company Limited ("BCL") :* In February 2007, the Company purchased an initial 35% interest in BCL, which operates in China under the Trust-Mart banner. The Company paid \$264 million for its initial 35% interest and, as additional consideration, paid \$376 million to extinguish a third-party loan issued to the selling BCL shareholders that was secured by the pledge of the remaining equity of BCL. Concurrent with its initial investment in BCL, the Company entered into a Shareholders' Agreement, which provides the Company with voting rights associated with a portion of the common stock of BCL securing the loan, amounting to an additional 30% of the aggregate outstanding shares. Pursuant to the Share Purchase Agreement, the Company was committed to purchase the remaining interest in BCL on or before November 26, 2010, subject to certain conditions. The Company and the selling shareholder have mutually agreed to extend the closing, while certain conditions of the contract are being completed. In April 2011, the Company obtained antitrust clearance and now expects to finalize the other regulatory approvals and complete the transaction by the end of fiscal year 2012.

*Netto:* In April 2011, the Company completed the acquisition of 147 Netto stores from Dansk Supermarked in the United Kingdom, and the transition is under way to convert these stores to the ASDA brand. The Company expects to complete the in-store conversions this year. The purchase price for the acquisition was £778 million (\$1.3 billion). The Netto transaction and its results will impact the Company's results of operations beginning in the second quarter of fiscal 2012.

*Massmart:* On November 29, 2010, the Company announced an offer to purchase 51% of Massmart, for approximately ZAR 17 billion (\$2.3 billion). Massmart operates approximately 290 units under several wholesale and retail banners in South Africa and 13 other sub-Saharan African countries. On May 31, 2011, the South African Competition Tribunal approved the merger subject to certain post-closing conditions. The Company expects the transaction to close during the second quarter of fiscal 2012.

#### **Note 11. Segments**

The Company is engaged in the operations of retail stores located in all 50 states of the United States and Puerto Rico, Argentina, Brazil, Canada, Central America, Chile, China, India, Japan, Mexico and the United Kingdom. The Company's operations are conducted in three reportable segments: the Walmart U.S. segment, the Walmart International segment, and the Sam's Club segment. The Company defines its segments as those business units whose operating results its chief operating decision maker ("CODM") regularly reviews to analyze performance and allocate resources. The Company sells similar individual products and services in each of its segments. It is impractical to segregate and identify revenue for each of these individual products and services.

The Walmart U.S. segment includes the Company's mass merchant concept in the United States and Puerto Rico operating primarily under the "Walmart" or "Wal-Mart" brands, as well as walmart.com. The Walmart International segment consists of the Company's operations outside of the United States and Puerto Rico. The Sam's Club segment includes the warehouse membership clubs in the United States and Puerto Rico, as well as samsclub.com. The amounts under the caption "Other" in the Operating Income table below primarily represent unallocated corporate overhead items.

The Company measures the results of its segments using, among other measures, each segment's operating income which includes certain corporate overhead allocations. From time to time, the Company revises the measurement of each segment's operating income, including any corporate overhead allocations, as dictated by the information regularly reviewed by its CODM.

Net sales by operating segment were as follows (amounts in millions):

	<b>Three Months Ended April 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Net sales:</b>		
Walmart U.S.	\$ 62,669	\$62,324
Walmart International	27,905	25,030
Sam's Club	12,841	11,743
<b>Total Company</b>	<b>\$103,415</b>	<b>\$99,097</b>

Operating income by segment was as follows (amounts in millions):

	<b>Three Months Ended April 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Segment operating income:</b>		
Walmart U.S.	\$ 4,650	\$ 4,615
Walmart International	1,096	1,083
Sam's Club	459	429
Other	(309)	(390)
Operating income	\$ 5,896	\$ 5,737
Interest expense, net	(518)	(471)
Income from continuing operations before income taxes	<u>\$ 5,378</u>	<u>\$ 5,266</u>

#### **Note 12. Common Stock Dividends**

On March 3, 2011, the Company's Board of Directors declared an annual dividend for fiscal 2012 of \$1.46 per share, an increase of 21% over the per share dividends paid in fiscal 2011. For the fiscal year ending January 31, 2012, the annual dividend will be paid in four quarterly installments according to the following record and payable dates:

<u>Record Date</u>	<u>Payable Date</u>
March 11, 2011	April 4, 2011
May 13, 2011	June 6, 2011
August 12, 2011	September 6, 2011
December 9, 2011	January 3, 2012

The dividend installment payable on April 4, 2011 was paid as scheduled.

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## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Overview

Wal-Mart Stores, Inc. ("Walmart," the "Company" or "we") operates retail stores in various formats around the world and is committed to saving people money so they can live better. We earn the trust of our customers every day by providing a broad assortment of quality merchandise and services at every day low prices ("EDLP"), while fostering a culture that rewards and embraces mutual respect, integrity and diversity. EDLP is our pricing philosophy under which we price items at a low price every day so that our customers trust that our prices will not change under frequent promotional activities. Our focus for Sam's Club is to provide exceptional value on brand name merchandise at "members only" prices for both business and personal use. Internationally, we operate with similar philosophies. Our fiscal year ends on January 31 for our U.S. and Canada operations and on December 31 for all other operations.

This discussion relates to Walmart and its consolidated subsidiaries and should be read in conjunction with our condensed consolidated financial statements as of April 30, 2011, and for the three month period then ended and the accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our Consolidated Financial Statements as of January 31, 2011, and for the year then ended and the accompanying notes, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report to Shareholders for the year ended January 31, 2011, and incorporated by reference in, and included as an exhibit to, our Annual Report on Form 10-K for the year ended January 31, 2011.

We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from period to period, and the primary factors that accounted for those changes. We also discuss certain performance metrics that management uses to assess our performance. The discussion also provides information about the financial results of the various segments of our business to provide a better understanding of how those segments and their results affect the financial condition and results of operations of the Company as a whole.

Our operations comprise three reportable segments: the Walmart U.S. segment, the Walmart International segment, and the Sam's Club segment. The Walmart U.S. segment includes the Company's mass merchant concept in the United States and Puerto Rico operating primarily under the "Walmart" or "Wal-Mart" brands, as well as walmart.com. The Walmart International segment consists of the Company's operations outside of the United States and Puerto Rico. The Sam's Club segment includes the warehouse membership clubs in the United States and Puerto Rico, as well as samsclub.com.

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, we discuss segment operating income and comparable store and club sales. The Company measures the results of its segments using, among other measures, each segment's operating income, including certain corporate overhead allocations. From time to time, we revise the measurement of each segment's operating income, including any corporate overhead allocations, as dictated by the information regularly reviewed by our chief operating decision maker. When we do so, the prior period amounts for segment operating income are reclassified to conform to the current period's presentation. The amounts under the caption "Other" in the table below relating to operating income are primarily unallocated corporate overhead items.

Comparable store and club sales is a measure of the performance of our existing U.S. stores and clubs that reflects the change in sales for such stores and clubs for a particular period from the corresponding period in the prior year. Walmart's definition of comparable store and club sales includes sales from stores and clubs open for the previous 12 months, including remodels, relocations and expansions. Changes in format continue to be excluded from comparable store sales when the conversion is accompanied by a relocation or expansion that results in a change in square footage of more than five percent. Comparable store sales are also referred to as "same-store" sales by others within the retail industry. The method of calculating comparable store sales varies across the retail industry. As a result, our calculation of comparable store sales is not necessarily comparable to similarly titled measures reported by other companies.

In discussions of our consolidated results and the operating results of our Walmart International segment, we sometimes refer to the impact of changes in currency exchange rates. When we refer to changes in currency exchange rates or currency exchange rate fluctuations, we are referring to the differences between the currency exchange rates we use to convert the Walmart International segment's operating results from local currencies into U.S. dollars for financial reporting purposes. The impacts of currency exchange rate fluctuations are typically calculated as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior year period's currency exchange rates, respectively. We use this method for all countries where the functional currency is not denominated in the U.S. dollar.

## Company Performance Metrics

The Company's performance metrics emphasize three priorities for improving shareholder value: growth, leverage and returns. The Company's priority of growth focuses on sales through comparable store or club sales and unit square footage growth; the priority of leverage encompasses the Company's objective to increase its operating income at a faster rate than the growth in net sales by growing its operating, selling, general and administrative expenses ("operating expenses") at a slower rate than the growth of its net sales; and the priority of returns focuses on how efficiently the Company employs its assets through return on investment ("ROI") and how effectively the Company manages working capital through free cash flow.

### Growth

#### Net Sales

	Three Months Ended April 30,				
	2011			2010	
	Net Sales	Total	Change	Net Sales	Total
		Percent of	Percent		Percent of
<i>(Dollar amounts in millions)</i>					
Walmart U.S.	\$ 62,669	60.6%	0.6%	\$62,324	62.9%
Walmart International	27,905	27.0%	11.5%	25,030	25.2%
Sam's Club	12,841	12.4%	9.4%	11,743	11.9%
Net sales	<u>\$103,415</u>	<u>100.0%</u>	4.4%	<u>\$99,097</u>	<u>100.0%</u>

Our consolidated net sales increased 4.4% for the three months ended April 30, 2011 when compared to the three months ended April 30, 2010. The increase in net sales is primarily due to our continued expansion activities as we grew retail square feet by 3.4% during the trailing 12 months ended April 30, 2011. Sam's Club's net sales increased as a result of strong comp sales. Currency exchange rate fluctuations related to Walmart International operations accounted for \$1.3 billion of the increase in net sales. Volatility in currency exchange rates may continue to impact the Company's net sales in the future.

#### Calendar Comparable Store and Club Sales

	With Fuel		Fuel Impact	
	Three Months Ended April 30,		Three Months Ended April 30,	
	2011	2010	2011	2010
Walmart U.S.	-0.9%	-0.8%	0.0%	0.0%
Sam's Club	8.8%	4.9%	4.4%	3.3%
Total U.S.	0.7%	0.1%	0.8%	0.6%

Total comparable store and club sales in the United States, including fuel, increased 0.7 percent for the three months ended April 30, 2011. The increase in comparable store and club sales in the three month period ended April 30, 2011 was primarily driven by increase in traffic and average ticket at Sam's Club and an increase in average ticket at Walmart U.S., offset by a decrease in traffic.

### Leverage

#### Operating Income

	Three Months Ended April 30,				
	2011			2010	
	Operating	Percent of	Percent	Operating	Percent of
	Income	Total	Change	Income	Total
<i>(Dollar amounts in millions)</i>					
Walmart U.S.	\$ 4,650	78.8%	0.8%	\$ 4,615	80.4%
Walmart International	1,096	18.6%	1.2%	1,083	18.9%
Sam's Club	459	7.8%	7.0%	429	7.5%
Other	(309)	-5.2%	-20.8%	(390)	-6.8%
Total operating income	<u>\$ 5,896</u>	<u>100.0%</u>	2.8%	<u>\$ 5,737</u>	<u>100.0%</u>

We believe comparing the growth of our operating expenses to the growth of our net sales and comparing the growth of our operating income to the growth of our net sales are meaningful measures as they indicate how effectively we manage costs and leverage operating expenses. Our objective is to grow operating expenses at a slower rate than net sales and to grow operating income at a faster rate than net sales.

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### *Operating Expenses*

For the three months ended April 30, 2011 operating expenses increased 3.4% when compared to the same period in the prior year, while net sales increased 4.4% over the same periods. First quarter operating expenses included a \$282 million currency exchange rate impact. Our focus on ensuring every day low cost remains a priority throughout the company.

### *Operating Income*

Our operating income grew by 2.8% for the three months ended April 30, 2011 when compared to the same periods in the prior year, while net sales increased by 4.4% over net sales in the same prior year period. Operating income for the three months ended April 30, 2011 included a \$49 million currency benefit.

### **Returns**

#### *Return on Investment*

Management believes return on investment (“ROI”) is a meaningful metric to share with investors, because it helps investors assess how effectively Walmart is employing its assets. Trends in ROI can fluctuate over time as management balances long-term strategic initiatives with possible short-term impacts.

ROI was 18.5 percent and 19.2 percent for the trailing 12-month periods ended April 30, 2011 and 2010, respectively. The primary drivers of the change in ROI were the impact from currency exchange and cash held for pending acquisitions.

We define ROI as adjusted operating income (operating income plus interest income, depreciation and amortization, and rent expense) for the fiscal year or trailing twelve months divided by average invested capital during that period. We consider average invested capital to be the average of our beginning and ending total assets of continuing operations plus accumulated depreciation and amortization less accounts payable and accrued liabilities for that period, plus a rent factor equal to the rent for the fiscal year or trailing twelve months multiplied by a factor of eight.

ROI is considered a non-GAAP financial measure. We consider return on assets (“ROA”) to be the financial measure computed in accordance with generally accepted accounting principles (“GAAP”) that is the most directly comparable financial measure to ROI as we calculate that financial measure. ROI differs from ROA (which is income from continuing operations for the fiscal year or trailing twelve months divided by average total assets of continuing operations for the period) because ROI: adjusts operating income to exclude certain expense items and adds interest income; adjusts total assets from continuing operations for the impact of accumulated depreciation and amortization, accounts payable and accrued liabilities; and incorporates a factor of rent to arrive at total invested capital.

Although ROI is a standard financial metric, numerous methods exist for calculating a company’s ROI. As a result, the method used by management to calculate ROI may differ from the methods other companies use to calculate their ROI. We urge you to understand the methods used by other companies to calculate their ROI before comparing our ROI to that of such other companies.



The calculation of ROI, along with a reconciliation to the calculation of ROA, the most comparable GAAP financial measurement, is as follows:

(Dollar amounts in millions)	For the Twelve Months Ended	
	April 30,	
	2011	2010
<b>CALCULATION OF RETURN ON INVESTMENT</b>		
<b>Numerator</b>		
Operating income	\$ 25,701	\$ 24,566
+ Interest income	194	181
+ Depreciation and amortization	7,762	7,321
+ Rent	2,002	1,858
= Adjusted operating income	<u>\$ 35,659</u>	<u>\$ 33,926</u>
<b>Denominator</b>		
Average total assets of continuing operations <sup>(1)</sup>	\$ 179,936	\$ 167,743
+ Average accumulated depreciation and amortization <sup>(1)</sup>	45,641	39,679
- Average accounts payable <sup>(1)</sup>	32,847	29,957
- Average accrued liabilities <sup>(1)</sup>	15,790	15,440
+ Rent * 8	16,016	14,864
= Average invested capital	<u>\$ 192,956</u>	<u>\$ 176,889</u>
<b>Return on investment (ROI)</b>	<u><b>18.5%</b></u>	<u><b>19.2%</b></u>

#### CALCULATION OF RETURN ON ASSETS

<b>Numerator</b>		
Income from continuing operations	<u>\$ 16,093</u>	<u>\$ 15,284</u>
<b>Denominator</b>		
Average total assets of continuing operations <sup>(1)</sup>	<u>\$ 179,936</u>	<u>\$ 167,743</u>
<b>Return on assets (ROA)</b>	<u><b>8.9%</b></u>	<u><b>9.1%</b></u>

	As of April 30,		
	2011	2010	2009
<b>Certain Balance Sheet Data</b>			
Total assets of continuing operations <sup>(2)</sup>	\$185,957	\$173,914	\$161,572
Accumulated depreciation and amortization	48,686	42,596	36,762
Accounts payable	34,321	31,372	28,541
Accrued liabilities	15,962	15,617	15,263

- (1) The average is based on the addition of the account balance at the end of the current period to the account balance at the end of the prior period and dividing by 2.
- (2) Based on continuing operations only and therefore excludes the impact of discontinued operations. Total assets as of April 30, 2011, 2010 and 2009 in the table above exclude assets of discontinued operations that are reflected in the Condensed Consolidated Balance Sheets of \$108 million, \$129 million and \$155 million, respectively.

#### Free Cash Flow

We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. Negative free cash flow was \$0.4 billion at April 30, 2011, due to our increased investment in inventory and timing of payments for accrued liabilities, compared to \$1.6 billion for the three months ended April 30, 2010.

Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the Company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, income from continuing operations as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.

Additionally, our definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statements of cash flows.

Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by our management to calculate free cash flow may differ from the methods other companies use to calculate their free cash flow. We urge you to understand the methods used by other companies to calculate their free cash flow before comparing our free cash flow to that of such other companies.

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, a GAAP measure, which we believe to be the GAAP financial measure most directly comparable to free cash flow, as well as information regarding net cash used in investing activities and net cash provided by financing activities.

	<b>Three Months Ended April 30,</b>	
	<b>2011</b>	<b>2010</b>
<i>(Amounts in millions)</i>		
Net cash provided by operating activities	\$ 1,974	\$ 973
Payments for property and equipment	(2,389)	(2,563)
Free cash flow	<u>\$ (415)</u>	<u>\$ (1,590)</u>
Net cash used in investing activities	<u>\$ (1,869)</u>	<u>\$ (2,236)</u>
Net cash provided by financing activities	<u>\$ 1,666</u>	<u>\$ 1,836</u>

### Results of Operations

The following discussion of our Results of Operations is based on our continuing operations and, therefore, excludes any results or discussion of our discontinued operations.

We had several discrete items that impacted the first quarter. We realized approximately \$117 million from mark-to-market gains on foreign currency derivative positions, which impacted unallocated "Other"; ASDA recorded an approximate \$67 million charge related to the removal of future benefit accruals and the effect of future pay increases from its defined benefit plan; Walmart Japan recorded approximately a \$51 million casualty loss related to the March earthquake and tsunami; and Walmart Chile recorded approximately a \$51 million gain from the sale of an investment. All of these items are pre-tax and included in operating expenses, with the exception of the gain from the sale in Chile, which is recorded in Membership and Other Income.

### Consolidated Results of Operations

	<b>Three Months Ended</b>	
	<b>April 30,</b>	
	<b>2011</b>	<b>2010</b>
<i>(Amounts in millions, except unit counts)</i>		
Net sales	\$103,415	\$99,097
Percentage change from comparable period	4.4%	6.0%
Total U.S. calendar comparable store and club sales	0.7%	0.1%
Gross profit margin as a percentage of sales	24.4%	24.7%
Operating income	\$ 5,896	\$ 5,737
Operating income as a percentage of net sales	5.7%	5.8%
Unit counts	9,029	8,488
Retail square feet	989	956

Our consolidated net sales increased 4.4% for the three months ended April 30, 2011, when compared to the three months ended April 30, 2010. The increases in net sales are primarily due to our continued expansion activities as we grew retail square feet by 3.4% during the trailing 12 months ended April 30, 2011. In addition, \$1.3 billion of the increase in net sales resulted from currency exchange rate fluctuations. Volatility in currency exchange rates may continue to impact the Company's net sales in the future.

Our gross profit, as a percentage of net sales ("gross profit margin"), for the three months ended April 30, 2011, decreased 30 basis points when compared to the same period in the prior year, driven by Walmart International's shift in sales mix due to Easter timing and investment in price, as well as increased fuel costs related to the Sam's Club segment.

Operating expenses, as a percentage of net sales, were 19.5% and 19.6% for the three months ended April 30, 2011 and 2010, respectively. First quarter operating expenses included a \$282 million currency exchange rate impact. Our focus on ensuring every day low cost remains a priority throughout the company.

Our effective income tax rate was 33.5% and 34.6% for the three months ended April 30, 2011 and 2010, respectively. We expect the fiscal 2012 annual effective tax rate to be approximately 33.5% to 34.5%. Significant factors that may impact our effective tax rate include changes in our assessment of certain tax contingencies and the mix of earnings among our U.S. and international operations where the statutory rates are generally lower than the U.S. statutory rate.

As a result of the factors discussed above, we reported \$3.6 billion and \$3.4 billion of income from continuing operations for the three months ended April 30, 2011 and 2010, respectively.

### Walmart U.S. Segment

	Three Months Ended	
	April 30,	
	2011	2010
<i>(Amounts in millions, except unit counts)</i>		
Net sales	\$62,669	\$62,324
Percentage change from comparable period	0.6%	1.1%
Calendar comparable store sales	-0.9%	-0.8%
Operating income	\$ 4,650	\$ 4,615
Operating income as a percentage of net sales	7.4%	7.4%
Unit counts	3,809	3,759
Retail square feet	618	607

Net sales for the Walmart U.S. segment increased slightly during the three months ended April 30, 2011 when compared to the three months ended April 30, 2010. The increases in net sales are primarily due to a 1.8% increase in year-over-year retail square feet, offset by a decline in comparable store sales. Comparable store sales decreased 0.9% for the three months ended April 30, 2011 primarily due to a decline in customer traffic, partially offset by an increase in average ticket.

Gross profit margin was flat for the three months ended April 30, 2011 compared to the same period in the prior year.

Operating expenses, as a percentage of segment net sales, were relatively flat for the three months ended April 30, 2011 and 2010, respectively.

### Walmart International Segment

	Three Months Ended	
	April 30,	
	2011	2010
<i>(Amounts in millions, except unit counts)</i>		
Net sales	\$27,905	\$25,030
Percentage change from comparable period	11.5%	21.4%
Operating income	\$ 1,096	\$ 1,083
Operating income as a percentage of net sales	3.9%	4.3%
Unit counts	4,611	4,124
Retail square feet	289	268

Net sales for the Walmart International segment increased 11.5% for the three months ended April 30, 2011 when compared to the three months ended April 30, 2010. The increases in net sales are primarily due to a combination of growth in comp sales, as well as new stores, as our continued expansion activities, principally in Mexico, Brazil, and China, grew overall retail square footage by 7.9% during the trailing twelve month period ended April 30, 2011. Additionally, fluctuations in currency exchange rates provided a favorable impact of \$1.3 billion to the Walmart International segment's net sales for the three months ended April 30, 2011. Volatility in currency exchange rates may continue to affect the Walmart International segment in the future.

Gross profit margin decreased by 38 basis points for the three months ended April 30, 2011 compared to the same period in the prior year. The gross profit margin declined from last year is primarily due to the change in sales mix associated with the Easter calendar shift and investment in price.

Operating expenses, as a percentage of segment net sales, were 20.6% and 20.3% for the three months ended April 30, 2011 and 2010, respectively. During the three month period ended April 30, 2011, operating expense increases were offset by expense reductions from strong expense management in Canada and Chile. In addition, operating expenses during the three months ended April 30, 2011

include charges of \$67 million for changes associated with the ASDA defined benefit plan and \$51 million for the 2011 earthquake and tsunami in Japan. Operating expenses for the three months ended April 30, 2010 included a charge of \$26 million for the 2010 earthquake in Chile.

Operating income for the three months ended April 30, 2011 includes approximately \$51 million gain, included in Membership and Other Income, from the sale of an investment and a benefit of \$49 million resulting from currency exchange rate fluctuations. Volatility in currency exchange rates may continue to affect the Walmart International segment in the future.

### Sam's Club Segment

	<b>Three Months Ended</b>	
	<b>April 30,</b>	
	<b>2011</b>	<b>2010</b>
<i>(Amounts in millions, except store counts)</i>		
Net sales	\$12,841	\$11,743
Percentage change from comparable period	9.4%	4.6%
Calendar comparable club sales	8.8%	4.9%
Operating income	\$ 459	\$ 429
Operating income as a percentage of net sales	3.6%	3.7%
Unit counts	609	605
Retail square feet	81	81
<b><i>Excluding Fuel</i></b>		
Net sales	\$11,292	\$10,764
Percentage change from comparable period	4.9%	1.3%
Calendar comparable club sales	4.4%	1.6%
Operating income	\$ 457	\$ 430
Operating income as a percentage of net sales	4.0%	4.0%

Net sales for the Sam's Club segment increased 9.4% for the three months ended April 30, 2011 when compared to the three months ended April 30, 2010. The net sales increase is primarily due to an increase of 8.8% in comparable club sales driven by increased customer traffic, increased average ticket and increased fuel sales. Higher fuel sales driven by higher fuel prices and increased gallons sold, positively impacted comparable sales by 4.4% during the three month period ended April 30, 2011. Fuel price volatility has a notable impact on financial results and may continue to impact the Sam's Club segment in the future.

Gross profit margin, as a percentage of sales, decreased by 50 basis points for the three months ended April 30, 2011 compared to the same period in the prior year as a result of the rising cost of fuel. Fuel sales have increased significantly; however, fuel profit dollars were relatively flat when compared to the same period last year. Excluding the impact of fuel, gross profit margin was flat when compared to the first quarter of fiscal 2011.

Operating expenses, as a percentage of segment net sales, declined by 58 basis points for the three months ended April 30, 2011 when compared to the same period last year. Excluding fuel, Sam's Club operating expenses as a percentage of segment net sales declined by 17 basis points during the three months ended April 30, 2011. Wage management was the primary driver of the basis point reduction in operating expenses as a percentage of segment net sales.

Membership and other income, as a percentage of segment net sales, for the three months ended April 30, 2011 decreased 16 basis points when compared to the three months ended April 30, 2010. Membership income, which is recognized over the term of the membership, increased 41 basis points when compared to the same period last year.

### **Liquidity and Capital Resources**

Cash flows provided by operating activities have historically supplied us with a significant source of liquidity. We use these cash flows, supplemented with long-term debt and short-term borrowings, to fund our operations and global expansion activities. Generally, some or all of the remaining free cash flow, if any, funds all or part of the dividends on our common stock and share repurchases.

	<u>Three Months Ended April 30,</u>	
	<u>2011</u>	<u>2010</u>
<i>(Amounts in millions)</i>		
Net cash provided by operating activities	\$ 1,974	\$ 973
Payments for property and equipment	(2,389)	(2,563)
Free cash flow	<u>\$ (415)</u>	<u>\$ (1,590)</u>
Net cash used in investing activities	<u>\$ (1,869)</u>	<u>\$ (2,236)</u>
Net cash provided by financing activities	<u>\$ 1,666</u>	<u>\$ 1,836</u>

#### Cash Flows from Operating Activities

Cash flows provided by operating activities were \$2.0 billion and \$1.0 billion for the three months ended April 30, 2011 and 2010, respectively. The increase in cash flows provided by operating activities for the three months ended April 30, 2011 from the prior year period was primarily related to the timing of accrued liabilities and an increase in accounts receivable.

#### *Cash Equivalents and Working Capital*

Cash and cash equivalents were \$9.4 billion and \$8.5 billion at April 30, 2011 and 2010, respectively. Our working capital deficits were \$6.1 billion and \$13.1 billion at April 30, 2011 and 2010, respectively. We generally operate with a working capital deficit due to our efficient use of cash in funding operations and in providing returns to our shareholders in the form of stock repurchases and payments of dividends.

#### *Cash Flows from Investing Activities*

Cash flows from investing activities generally consist of payments for property and equipment, which were \$2.4 billion and \$2.6 billion during the three months ended April 30, 2011 and 2010, respectively. These capital expenditures primarily relate to new store growth, as well as remodeling costs for existing stores. We expect capital expenditures for our fiscal year ending January 31, 2012 to range between \$12.5 billion and \$13.5 billion, excluding acquisitions.

#### Cash Flows from Financing Activities

Cash flows from financing activities generally consist of transactions related to our short- and long-term debt, as well as dividends paid and the repurchase of Company stock.

#### *Short-Term Borrowings*

During the three months ended April 30, 2011, we increased our net short-term borrowings by \$2.4 billion as compared to an increase of \$4.3 billion during the same period in the prior year. From time to time, we utilize the liquidity under our short-term borrowing programs to fund our operations, dividend payments, share repurchases, capital expenditures, and for other cash requirements and corporate purposes on an as-needed basis.

#### *Long-Term Debt*

Proceeds from the issuance of long-term debt were \$4.9 billion and \$2.0 billion, for the three months ended April 30, 2011 and 2010, respectively. The proceeds from the issuance of long-term debt were used to pay down or refinance existing debt, and for other general corporate purposes.

Information on new long-term debt issuances during the first quarter of fiscal 2012 is as follows:

<i>(Amounts in millions)</i>			
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
April 18, 2011	April 15, 2014	1.625%	\$1,000
April 18, 2011	April 15, 2016	2.800%	1,000
April 18, 2011	April 15, 2021	4.250%	1,000
April 18, 2011	April 15, 2041	5.625%	2,000
<b>Total Issuances</b>			<b><u>\$5,000</u></b>

The notes of each series require semi-annual interest payments on April 15 and October 15 of each year, commencing on October 15, 2011. Unless previously purchased and cancelled, the Company will repay the notes of each series at 100% of their principal amount, together with accrued and unpaid interest thereon, at their maturity. The notes of each series are senior, unsecured obligations of the Company.

#### *Dividends*

On March 3, 2011, the Company's Board of Directors declared an annual dividend for fiscal 2012 of \$1.46 per share, an increase of 21% over the per share dividends paid in fiscal 2011. For the fiscal year ending January 31, 2012, the annual dividend will be paid in four quarterly installments according to the following record and payable dates:

<u>Record Date</u>	<u>Payable Date</u>
March 11, 2011	April 4, 2011
May 13, 2011	June 6, 2011
August 12, 2011	September 6, 2011
December 9, 2011	January 3, 2012

The dividend installment payable on April 4, 2011 was paid as scheduled.

#### *Company Share Repurchase Program*

From time to time, we have repurchased shares of our common stock under a \$15.0 billion share repurchase program authorized by our Board of Directors on June 3, 2010 and announced on June 4, 2010. On June 2, 2011, the Company's Board of Directors replaced that share repurchase program, which had approximately \$2.1 billion of remaining authorization for share repurchase as of that date, with a new \$15.0 billion share repurchase program, announced on June 3, 2011. As a result, we have terminated and will make no further share repurchases under the program announced on June 4, 2010. As was the case with the replaced share repurchase program, the new program has no expiration date or other restriction limiting the period over which we can make our share repurchases and will expire only when and if we have repurchased \$15.0 billion of our shares under the newly authorized program or we earlier terminate or replace the newly authorized program. Any repurchased shares are constructively retired and returned to an unissued status. We spent approximately \$2.1 billion and \$3.0 billion for share repurchases during the first quarters of fiscal years 2012 and 2011, respectively. We consider several factors in determining when to execute the share repurchases, including, among other things, our current cash needs, our capacity for leverage, our cost of borrowings and the market price of our common stock.

#### Capital Resources

Management believes cash flows from continuing operations and proceeds from the issuance of short-term borrowings will be sufficient to finance seasonal buildups in merchandise inventories and meet other cash requirements. If our operating cash flows are not sufficient to pay dividends and to fund our capital expenditures, we anticipate funding any shortfall in these expenditures with a combination of short-term borrowings and long-term debt. We plan to refinance existing long-term debt as it matures and may desire to obtain additional long-term financing for other corporate purposes.

Our access to the commercial paper and long-term debt markets has historically provided us with substantial sources of liquidity. We anticipate no difficulty in obtaining financing from those markets in the future in view of our favorable experiences in the debt markets in the recent past. Our ability to continue to access the commercial paper and long-term debt markets on favorable interest rates and other terms will depend, to a significant degree, on the ratings assigned by the credit rating agencies to our indebtedness continuing to be at or above the level of our current ratings. At April 30, 2011, the ratings assigned to our commercial paper and rated series of our outstanding long-term debt were as follows:

<u>Rating agency</u>	<u>Commercial paper</u>	<u>Long-term debt</u>
Standard & Poor's	A-1+	AA
Moody's Investors Service	P-1	Aa2
Fitch Ratings	F1+	AA
DBRS Limited	R-1(middle)	AA

In the event that the ratings of our commercial paper or any rated series of our outstanding long-term debt issues were lowered or withdrawn for any reason or if the ratings assigned to any new issue of the Company's long-term debt securities were lower than those noted above, our ability to access the debt markets would be adversely affected. In addition, in such a case, our cost of funds for new issues of commercial paper and long-term debt, (i.e., the rate of interest on any such indebtedness), would be higher than our cost

of funds had the ratings of those new issues been at or above the level of the ratings noted above. The rating agency ratings are not recommendations to buy, sell or hold our commercial paper or debt securities. Each rating may be subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating. Moreover, each credit rating is specific to the security to which it applies.

To monitor our credit rating and our capacity for long-term financing, we consider various qualitative and quantitative factors. For the purpose of this calculation, debt is defined as the sum of short-term borrowings, long-term debt due within one year, obligations under capital leases due in one year, long-term debt and long-term obligations under capital leases. Total capitalization is defined as debt plus total Walmart shareholders' equity. We monitor the ratio of our debt to our total capitalization as support for our long-term financing decisions. At April 30, 2011 and 2010, the ratio of our debt-to-total capitalization was 46.1% and 41.6%, respectively. Our ratio of debt to our total capitalization increased during the three months ended April 30, 2011 as a result of an increase in our long-term debt coupled with a decline in shareholders' equity, primarily as a result of the amounts expended for cash dividends and share repurchases over the trailing twelve months ended April 30, 2011.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Market risks relating to our operations result primarily from changes in interest rates and changes in currency exchange rates. Our market risks at April 30, 2011 are similar to those disclosed in our Form 10-K for the year ended January 31, 2011.

The information concerning market risk under the sub-caption "Market Risk" of the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 17 of the Annual Report to Shareholders for the year ended January 31, 2011 that is Exhibit 13 to our Annual Report on Form 10-K for the year ended January 31, 2011, is hereby incorporated by reference into this Quarterly Report on Form 10-Q.

### **Item 4. Controls and Procedures**

We maintain a system of disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be timely disclosed, is accumulated and communicated to management in a timely fashion. In designing and evaluating such controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management is necessarily required to use judgment in evaluating controls and procedures. Also, we may have investments in certain unconsolidated entities. Since we do not control or manage those entities, our controls and procedures with respect to those entities are substantially more limited than those we maintain with respect to our consolidated subsidiaries.

In the ordinary course of business, we review our system of internal control over financial reporting and make changes to our systems and processes to improve such controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems and automating manual processes. In the second quarter of fiscal 2010, we began implementing a new financial system in stages and to date, have completed implementations in the United States and Puerto Rico, the United Kingdom, Canada and Japan. During the second quarter of fiscal 2012, we completed the system implementation in Mexico and began the implementation in Central America. The new financial system is a significant component of our internal control over financial reporting. We will continue to implement our new financial system in stages, and each implementation may become a significant component of our internal control over financial reporting.

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was performed as of the end of the period covered by this report. This evaluation was performed under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

Except for the new system implementation noted above, there has been no change in the Company's internal control over financial reporting that occurred during the fiscal quarter ended April 30, 2011, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

**I. SUPPLEMENTAL INFORMATION:** We discuss certain legal proceedings in Part 1 of this Quarterly Report on Form 10-Q under the caption “Item 1. Financial Statements,” in Note 9 of our Condensed Consolidated Financial Statements, which is captioned “Legal Proceedings,” and refer you to that discussion for important information concerning those legal proceedings, including the basis for such actions and, where known, the relief sought. We provide the following additional information concerning those legal proceedings, including the name of the lawsuit, the court in which the lawsuit is pending, and the date on which the petition commencing the lawsuit was filed. In each lawsuit’s name, the letters “WM” refer to Wal-Mart Stores, Inc.

**Wage-and-Hour Class Action:** *Braun/Hummel v. WM*, Ct. of Common Pleas, Philadelphia County, PA, 3/20/02 & 8/30/04; Superior Ct. of PA, Eastern Dist., Philadelphia, PA, 12/07/07.

**Gender Discrimination Class Action:** *Dukes v. WM*, USDC, Northern Dist. of CA, San Francisco Div., 6/19/01; 9th Circuit Ct. of Appeals, San Francisco, CA, 8/26/04; US Supreme Court, Washington DC, 8/25/10.

**II. ENVIRONMENTAL MATTERS:** Item 103 of SEC Regulation S-K requires disclosure of certain environmental matters. The following matters are disclosed in accordance with that requirement:

On November 8, 2005, the Company received a grand jury subpoena from the United States Attorney’s Office for the Central District of California, seeking documents and information relating to the Company’s receipt, transportation, handling, identification, recycling, treatment, storage and disposal of certain merchandise that constitutes hazardous materials or hazardous waste. The Company has been informed by the U.S. Attorney’s Office for the Central District of California that it is a target of a criminal investigation into potential violations of the Resource Conservation and Recovery Act (the “RCRA”), the Clean Water Act and the Hazardous Materials Transportation Statute. This U.S. Attorney’s Office contends, among other things, that the use of Company trucks to transport certain returned merchandise from the Company’s stores to its return centers is prohibited by RCRA because those materials may be considered hazardous waste. The government alleges that, to comply with RCRA, the Company must ship from the store certain materials as “hazardous waste” directly to a certified disposal facility using a certified hazardous waste carrier. The U.S. Attorney’s Office in the Northern District of California subsequently joined in this investigation. The Company contends that the practice of transporting returned merchandise to its return centers for subsequent disposition, including disposal by certified facilities, is compliant with applicable laws and regulations. While management cannot predict the ultimate outcome of this matter, management does not believe the outcome will have a material effect on the Company’s financial condition or results of operations.

The U.S. Environmental Protection Agency (the “EPA”) approached a grocery industry group to resolve issues relating to refrigerant-handling practices and to reduce the use of ozone-depleting refrigerants in refrigeration equipment. The Company then approached the EPA independently to address these issues, and proposed a plan for removing ozone-depleting refrigerants from certain types of refrigeration equipment. While management cannot predict the ultimate outcome of this matter, management does not believe the outcome will have a material effect on the Company’s financial condition or results of operations.

In January 2007, Wal-Mart Puerto Rico, Inc. became aware that the U.S. Army Corps of Engineers (the “USACE”) was concerned about alleged violations of a permit issued by that agency in 2003, for the fill of 0.23 acres of a creek and its contiguous wetlands during the construction of the Wal-Mart Store in Caguas, Puerto Rico. On January 19, 2007, Wal-Mart Puerto Rico responded to these issues in writing. On January 25, 2007, the USACE issued a formal Notice of Non-Compliance to Wal-Mart Puerto Rico regarding this matter. Wal-Mart Puerto Rico filed a formal response, implemented mitigation measures, and continues to monitor and provide the required maintenance to the mitigation area. While management cannot predict the ultimate outcome of this matter, management does not believe the outcome will have a material effect on the Company’s financial condition or results of operations.

On March 28, 2008, the Company received a Notice of Violation from the Missouri Department of Natural Resources (the “Department”) alleging various violations of Missouri hazardous waste laws and regulations in connection with the activities of a third-party contractor with whom the Company had contracted for recycling services. The Department alleges that the Company provided certain items to the contractor for recycling that should have been managed as hazardous waste. The EPA has inspected the contractor’s facilities, and both the EPA and the U.S. Attorney’s Office for the Western District of Missouri are conducting investigations. The Company has submitted a response to the Notice of Violation and is cooperating with these authorities. While management cannot predict the ultimate outcome of this matter, management does not believe the outcome will have a material effect on the Company’s financial condition or results of operations.

In January, 2011, the Environmental Department of Porto Alegre Municipality formally notified WMS Supermercados do Brasil Ltda of soil inspection reports indicating soil contamination due to leakage of oil from power generating equipment at nine store locations in Brazil. WMS Supermercados do Brasil Ltda is cooperating with the agency as well as the District Attorney’s Office for the State of



Rio Grande do Sul and has filed a mitigation plan to address the situation. While management cannot predict the ultimate outcome of this matter, management does not believe the outcome will have a material effect on the Company's financial condition or results of operations.

### Item 1A. Risk Factors

The risks described in Item 1A. Risk Factors, in our Annual Report on Form 10-K for the year ended January 31, 2011, could materially and adversely affect our business, financial condition and results of operations. The risk factors discussed in that Form 10-K do not identify all risks that we face because our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. No material change in the risk factors discussed in that Form 10-K has occurred.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share repurchase activity under our share repurchase program was as follows during the three months ended April 30, 2011:

<u>Fiscal Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (billions)</u>
February 1-28, 2011	20,774,812	\$ 55.53	20,774,812	\$ 3.7
March 1-31, 2011	10,175,608	52.09	10,175,608	3.1
April 1-30, 2011	<u>8,395,472</u>	53.06	<u>8,395,472</u>	2.7
Total	<u>39,345,892</u>		<u>39,345,892</u>	

### Item 5. Other Information

#### *Amendment to the Company's Amended and Restated Bylaws*

On June 2, 2011, the Company's Board of Directors approved amendments to the Company's Bylaws relating to the appointment of vice presidents of the Company.

#### *Forward-looking Statements*

This Quarterly Report on Form 10-Q contains statements that Walmart believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. These forward-looking statements include: (1) a statement in Note 7 to Walmart's condensed consolidated financial statements as of and for the quarter ended April 30, 2011 regarding the expected immateriality of any ineffectiveness of certain cash flow instruments to which Walmart is a party; statements in Note 9 to those condensed consolidated financial statements regarding the possible outcome of certain litigation and other proceedings to which Walmart is a party; statements in Note 10 to those condensed consolidated financial statements as to the expected time of completion of the acquisition and in-store conversion of the Netto stores acquired by the Company, as well as concerning the steps in the approval process of our pending acquisition of Massmart; a statement in Note 12 to those condensed consolidated financial statements regarding the payment of dividends in the remainder of fiscal year 2012; (2) in Part I., Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations: under the caption "Company Performance Metrics—Growth" a statement (that also appears under the caption "Results of Operations—Consolidated") relating to the possible continuing impact of volatility in currency exchange rates on Walmart's net sales, a statement relating to the possible continuing impact of volatility in fuel prices on Walmart's Sam's Club segment's comparable club sales, and a statement relating to the possible continuing impact of volatility in fuel prices on Walmart's total U.S. comparable store sales; statements under the caption "Results of Operations—Consolidated" regarding the forecasted full year effective tax rate for Walmart's fiscal year 2012 and the factors that may impact that effective tax rate; statements under the caption "Results of Operations—Walmart International Segment" relating to the possible continuing impact of volatility in currency

exchange rates on the Walmart International segment's net sales and operating results income; statements under the caption "Results of Operations—Sam's Club Segment" relating to the possible continuing impact of volatility in fuel prices on the Sam's Club segment's net sales; a statement under the caption "Liquidity and Capital Resources—Cash Flows from Financing Activities—Dividends Paid" regarding the payment of dividends in the remainder of fiscal 2012; a statement under the caption "Liquidity and Capital Resources—Cash Flows from Investing Activities" regarding management's expectations as to the aggregate amount of capital expenditures Walmart will make in fiscal year 2012; a statement under the caption "Liquidity and Capital Resources—Cash Flows from Financing Activities—Company Share Repurchase Program" regarding management's expectations as to factors to be considered in repurchasing shares under a share repurchase program; and statements under the caption "Liquidity and Capital Resources—Capital Resources" regarding management's expectations regarding the sufficiency of cash flows from operations and the proceeds from the issuance of short-term borrowings to finance seasonal inventory buildups and to meet other cash requirements, management's expectations regarding funding certain cash flow shortfalls with a combination of short-term borrowings and long-term debt securities, management's plans to refinance existing long-term debt as it matures, management's expectations as to obtaining additional long-term financing for other corporate purposes and Walmart's ability to do so, and management's expectation that Walmart's ability to access the commercial paper and long-term debt markets on favorable terms will depend on Walmart's credit ratings and the effect that lower ratings would have on that access and Walmart's cost of funds; (3) a statement in Part I., Item 4. "Controls and Procedures" regarding management's expectations that each implementation of Walmart's new financial system may become a significant component of Walmart's internal control over financial reporting; and (4) statements in Part II., Item 1. Legal Proceedings regarding the outcome of certain legal proceedings to which Walmart is a party, as well as other statements about Walmart's future performance, occurrences, plans and objectives. These statements are identified by the use of the words "anticipate," "believe," "consider," "could be," "could result," "expect," "expected," "may become," "may continue," "may desire," "may impact," "may result," "plan," "will be," "will be paid," "will continue," "will depend," "would be" or a variation of one of those words or phrases in those statements or by the use of words or phrases of similar import. These forward-looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including general economic conditions, including the current economic crisis and disruption in the financial markets, unemployment levels, consumer credit availability, levels of consumer disposable income, consumer spending patterns and debt levels, inflation, deflation, the cost of the goods that Walmart sells, labor costs, transportation costs, the cost of diesel fuel, gasoline, natural gas and electricity, the cost of healthcare benefits, accident costs, Walmart's casualty and other insurance costs, information security costs, the cost of construction materials, availability of acceptable building sites for new stores, clubs and other formats, competitive pressures, accident-related costs, weather patterns, catastrophic events, storm and other damage to Walmart's stores and distribution centers, weather-related closing of stores, availability and transport of goods from domestic and international suppliers, currency exchange fluctuations and volatility, trade restrictions, changes in tariff and freight rates, adoption of or changes in tax and other laws and regulations that affect Walmart's business, costs of compliance with laws and regulations, the outcome of legal proceedings to which Walmart is a party, interest rate fluctuations, changes in employment legislation and other capital market, pandemics, economic and geo-political conditions and events, including civil unrest and terrorist attacks, and other risks. Walmart discusses certain of these matters more fully, as well as certain risk factors that may affect its business operations, financial condition and results of operations, in other of Walmart's filings with the SEC, including its Annual Report on Form 10-K for the year ended January 31, 2011. This Quarterly Report on Form 10-Q should be read in conjunction with that Annual Report on Form 10-K and all of Walmart's other filings, including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, made with the SEC through the date of this report. Walmart urges you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in this Quarterly Report on Form 10-Q. As a result of these and other matters, including changes in facts, assumptions not being realized or other factors, the actual results relating to the subject matter of any forward-looking statement in this Quarterly Report on Form 10-Q may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report, and Walmart undertakes no obligation to update any of these forward-looking statements to reflect subsequent events or circumstances.

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**Item 6. Exhibits**

The following documents are filed as an exhibit to this Quarterly Report on Form 10-Q:

Exhibit 3(i)	Restated Certificate of Incorporation of the Company is incorporated herein by reference to Exhibit 3(a) to the Annual Report on Form 10-K of the Company for the year ended January 31, 1989 (which document may be found and reviewed in the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549, in the files therein relating to the Company, whose SEC file number is No. 1-6991), the Certificate of Amendment to the Restated Certificate of Incorporation is incorporated herein by reference to Registration Statement on Form S-8 (File Number 33-43315) and the Certificate of Amendment to the Restated Certificate of Incorporation is incorporated herein by reference to the Current Report on Form 8-K of the Company, dated August 11, 1999 (which document may be found and reviewed in the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549, in the files therein relating to the Company, whose SEC file number is No. 1-6991).
Exhibit 3(ii)*	Amended and Restated Bylaws of the Company
Exhibit 12.1*	Ratio of Earnings to Fixed Charges
Exhibit 31.1*	Chief Executive Officer Section 302 Certification
Exhibit 31.2*	Chief Financial Officer Section 302 Certification
Exhibit 32.1**	Chief Executive Officer Section 906 Certification
Exhibit 32.2**	Chief Financial Officer Section 906 Certification
Exhibit 99	The information incorporated by reference in Part I, Item 3 of this Quarterly Report on Form 10-Q is incorporated by reference to the material set forth under the sub-caption "Market Risk" in Management's Discussion and Analysis of Financial Condition and Results of Operations, which is contained in Exhibit 13 to the Company's Annual Report on Form 10-K for the year ended January 31, 2011, as filed with the Securities and Exchange Commission.
Exhibit 101.INS**+	XBRL Instance Document
Exhibit 101.SCH**+	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL**+	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF**+	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB**+	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE**+	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith as an Exhibit.

\*\* Furnished herewith as an Exhibit.

+ Submitted electronically with this Quarterly Report.



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## Index to Exhibits

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Exhibit 12.1*	Ratio of Earnings to Fixed Charges
Exhibit 31.1*	Chief Executive Officer Section 302 Certification
Exhibit 31.2*	Chief Financial Officer Section 302 Certification
Exhibit 32.1**	Chief Executive Officer Section 906 Certification
Exhibit 32.2**	Chief Financial Officer Section 906 Certification
Exhibit 99	The information incorporated by reference in Part I, Item 3 of this Quarterly Report on Form 10-Q is incorporated by reference to the material set forth under the sub-caption "Market Risk" in Management's Discussion and Analysis of Financial Condition and Results of Operations, which is contained in Exhibit 13 to the Company's Annual Report on Form 10-K for the year ended January 31, 2011, as filed with the Securities and Exchange Commission.
Exhibit 101.INS**+	XBRL Instance Document
Exhibit 101.SCH**+	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL**+	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF**+	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB**+	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE**+	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith as an Exhibit.

\*\* Furnished herewith as an Exhibit.

+ Submitted electronically with this Quarterly Report.

**AMENDED AND RESTATED BYLAWS  
OF  
WAL-MART STORES, INC.  
(EFFECTIVE AS OF JUNE 2, 2011)**

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**ARTICLE I**

**OFFICES**

**Section 1. Registered Office.** The registered office of Wal-Mart Stores, Inc. (the “**Corporation**” ) shall be in the City of Wilmington, County of New Castle, State of Delaware.

**Section 2. Other Offices.** The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors of the Corporation (the “**Board**” ) may determine or as may be necessary or useful in connection with the business of the Corporation.

**ARTICLE II**

**MEETINGS OF STOCKHOLDERS**

**Section 1. Place of Meetings.** Meetings of the stockholders may be held at such place, if any, either within or without the State of Delaware, as shall be designated by the Board and stated in the notice of the meeting. In lieu of holding a meeting of stockholders at a designated place, the Board may, in its sole discretion, determine that any meeting of stockholders may be held solely by means of remote communication.

**Section 2. Annual Meetings.** An annual meeting of stockholders of the Corporation for the election of directors and any other proper business shall be held each year at such place, if any, on such date and at such time as shall be designated by the Board.

**Section 3. Special Meetings.** A special meeting of stockholders may be called at any time by a majority of the Board, the Chairman of the Board, the Chief Executive Officer, if one, or the President. Only such business shall be conducted at a special meeting of stockholders as shall have been specified in the notice of the special meeting (or in any supplement).

**Section 4. Notice of Meetings of Stockholders.** Written notice of the place, if any, date and time of each meeting of the stockholders, the means of remote communications, if any, by which stockholders and proxy holders may be deemed present in person and vote at the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given, not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting. Such notice shall be given in accordance with, and shall be deemed effective as set forth in, Sections 222 and 232 (or any successor section or sections) of the Delaware General Corporation Law.

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**Section 5. Business at Annual Meetings.** (a) At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before the annual meeting, business must (1) be specified in the notice of meeting (or in any supplement) given by or at the direction of the Board, (2) be otherwise properly brought before the meeting by or at the direction of the Board or (3) satisfy the notice requirements set forth below in this Section 5 and otherwise be properly brought before the meeting by a stockholder.

(b) For business to be brought before an annual meeting by a stockholder, the stockholder must have given timely notice in writing to the Secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 75 days nor more than 100 days prior to the meeting. If less than 85 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the 10<sup>th</sup> day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (1) a brief description of the business desired to be brought before the annual meeting, the text of the proposal or business and the reasons for conducting such business at the annual meeting, (2) the name and address, as they appear in the Corporation's books, of the stockholder proposing such business, (3) the class and number of shares of the Corporation which are beneficially owned by the stockholder and (4) any material interest of the stockholder in such business.

(c) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 5. The chair of an annual meeting shall, if the facts warrant, determine and declare to the meeting that a matter of business was not properly brought before the annual meeting in accordance with the provisions of this Section 5 or otherwise, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

**Section 6. Stock List.** (a) The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. That list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting (1) on a reasonably accessible electronic network, provided that the information required to gain access to such list is furnished with the notice of the meeting or (2) during ordinary business hours, at the principal place of business of the Corporation.

(b) If the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time and may be inspected by any stockholder who is present at that meeting. If the meeting is to be held solely by means of remote communication, then the list also shall be open to the examination of any stockholder during the whole time of that meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of that meeting. Nothing contained in this Section 6 shall require the Corporation to include electronic mail addresses or other electronic contact information on that list.

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**Section 7. Quorum.** Unless otherwise required by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation (the “**Certificate of Incorporation**”), the holders of a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. Where a separate vote by class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter.

**Section 8. Adjournment of Meetings.** The chair of a meeting of stockholders or the holders of a majority of the voting shares present in person or represented at the meeting, whether or not a quorum is present, may adjourn a meeting of stockholders. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment, a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**Section 9. Voting.** Unless otherwise provided in the Certificate of Incorporation, each stockholder shall be entitled to one vote on each matter, in person or by proxy, for each share of capital stock of the Corporation that has voting power and that is held by the stockholder. When a quorum is present at any meeting of stockholders, all matters shall be determined, adopted and approved by the affirmative vote (which need not be by ballot) of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote with respect to the matter, unless the proposed action is one upon which, by express provision of statutes or of the Certificate of Incorporation, a different vote is specified and required, in which case such express provision shall govern and control with respect to that vote on that matter. Where a separate vote by a class or classes is required, the affirmative vote of the holders of a majority of the shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class. Notwithstanding the foregoing, the vote required for the election of directors shall be as provided in Article III, Section 1.



**Section 10. Proxies.** (a) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action without a meeting may authorize another person or persons to act for the stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for the stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority: (1) a stockholder may execute a writing authorizing another person or persons to act for the stockholder as proxy, which may be accomplished by the stockholder or the stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means; or (2) a stockholder may authorize another person or persons to act for the stockholder as proxy by transmitting or authorizing an electronic transmission (as defined in Article VIII of these Bylaws) to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization, or like agent duly authorized by the person who will be the holder of the proxy to receive such electronic transmission, provided that any electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. If it is determined that the electronic transmission is valid, the inspectors of election for the meeting or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

(b) Any copy or other reliable reproduction of the writing or electronic transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or electronic transmission for any and all purposes for which the original writing or electronic transmission could be used, provided that such copy or other reproduction shall be a complete reproduction of the entire original writing or electronic transmission.

**Section 11. Conduct of Meetings.** The Board may adopt rules and regulations for the conduct of any meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with any such rules and regulations adopted by the Board, the chair of any meeting of the stockholders shall have the right and authority to prescribe rules and regulations and do all acts, as, in the judgment of that chair, are appropriate for the proper conduct of the meeting. Such rules, regulations, or procedures, whether adopted by the Board or prescribed by the chair of the meeting, may include, without limitation, the following: (1) the establishment of an agenda or order of business for the meeting; (2) rules and procedures for maintaining order at the meeting and the safety of those present; (3) limitations on attendance at or participation in the meeting to stockholders of record, their duly authorized and constituted proxies, or such other persons as the chair of the meeting shall determine; (4) restrictions on entry to the meeting after the time fixed for the commencement; and (5) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

**Section 12. Inspectors of Election.** The Board shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chair of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of duties, shall take and sign an oath to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspectors shall: (1) ascertain the number of shares outstanding and the voting power of each; (2) determine the shares represented at the meeting and the validity of proxies and ballots; (3) count all votes and ballots; (4) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and (5) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

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**Section 13. Meetings by Remote Communication.** If authorized by the Board, and subject to such guidelines and procedures as the Board may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication, participate in the meeting and be deemed present in person and vote at the meeting, whether such meeting is to be held in a designated place or solely by means of remote communication, provided that (1) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (2) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including the opportunity to read or hear the proceedings in the meeting substantially concurrently with such proceedings and (3) if the stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

**Section 14. Action Without a Meeting.** (a) Unless restricted by the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action that may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote were present and voted and such consent or consents are delivered to the Corporation in the manner prescribed by the Delaware General Corporation Law. Every written consent shall bear the date of the signature of each stockholder, and no written consent shall be effective to take the corporate action unless, within 60 days of the earliest dated consent, written consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed by the Delaware General Corporation Law.

(b) An electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxy holder, or by a person authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed, and dated for purposes of this Section 14, provided that any electronic transmission sets forth or is delivered with information from which the Corporation can determine: (1) that the electronic transmission was transmitted by the stockholder, or proxy holder; and (2) the date on which the stockholder, proxy holder or authorized person or persons transmitted the electronic transmission. The date on which the electronic transmission is transmitted shall be deemed to be the date that the consent was signed. No consent given by electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and delivered to the Corporation in the manner prescribed by the Delaware General Corporation Law. Notwithstanding the foregoing limitations on delivery, consents given by electronic transmission may be otherwise delivered to the principal place of business of the Corporation or to the Secretary of the Corporation to the extent and in the manner provided by the Board. Any copy or other reliable reproduction of a consent in writing may be substituted for or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy or other reproduction shall be a complete reproduction of the entire original writing.

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(c) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who did not consent in writing and who would have been entitled to notice if the action had been taken at a meeting having a record date on the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation.

### **ARTICLE III**

#### **THE BOARD OF DIRECTORS**

**Section 1. Number, Election, and Term of Directors.** (a) The number of directors that shall constitute the Board shall be not less than three nor more than twenty. Within these limits, the number of directors shall be fixed by the Board pursuant to a resolution adopted by a majority of the Board or by the stockholders. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 and Section 9 of this Article III. Each director shall be elected to serve until the next annual meeting of the stockholders and until that director's successor has been duly elected and qualified or until the director's earlier death, resignation, or removal.

(b) In an uncontested election of directors, each director of the Corporation shall be elected by a majority of the votes cast by the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors; provided, however, in a contested election, the directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. For purposes of Section 1 of this Article III: (i) an "uncontested election" is an election in which the number of nominees for director is not greater than the number to be elected and (ii) a "contested election" is an election in which the number of nominees for director is greater than the number to be elected.

(c) Following any uncontested election, any incumbent director who was a nominee and who did not receive a majority of the votes cast by the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors (a "majority vote"), shall promptly tender his or her offer of resignation to the Chairman of the Board for consideration by the Board. A recommendation on whether or not to accept such resignation offer shall be made by a committee of independent directors that has been delegated the responsibility of recommending nominees for director for appointment or election to the Board, or (1) if each member of such committee did not receive the required majority vote or (2) if no such committee has been appointed, a majority of the Board shall appoint a special committee of independent directors for such purpose of making a recommendation to the Board (the "Nominating Committee"). If no independent directors received the required majority vote, the Board shall act on the resignation offers.

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Within 60 days following certification of the stockholder vote, the Nominating Committee shall recommend to the Board the action to be taken with respect to such offer of resignation. In determining whether or not to recommend that the Board accept any resignation offer, the Nominating Committee shall be entitled to consider all factors believed relevant by such Committee's members, including without limitation: (1) any stated reasons for the director not receiving the required majority vote and whether the underlying cause or causes are curable; (2) the factors, if any, set forth in the guidelines or other policies that are to be considered by the Nominating Committee in evaluating potential candidates for the Board as such factors relate to each director who has so offered his or her resignation; (3) the length of service of such director; (4) the effect of such resignation on the Corporation's compliance with any law, rule, regulation, stock exchange listing standards, or contractual obligations; (5) such director's contributions to the Corporation; and (6) any other factors that the Nominating Committee believes are in the best interests of the Corporation.

The Board shall act on the Nominating Committee's recommendation within 90 days following certification of the stockholder vote and shall notify the director concerned of its decision. In determining whether or not to accept any resignation offer, the Board shall take into account the factors considered by the Nominating Committee and any additional information and factors that the Board believes to be relevant. If any director's resignation offer is not accepted by the Board, the Board shall, within four business days after reaching its decision, publicly disclose the decision, including the reasons for not accepting a resignation offer, by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication. Notwithstanding the foregoing, if the Board were to accept all of the offers of resignation then pending, resulting in the Corporation having fewer than three directors who were in office before the election, the Board may determine to extend such 90-day period by an additional 90 days upon the conclusion that such an extension is in the best interests of the Corporation.

(d) If any director's resignation offer is not accepted by the Board, such director shall continue to serve until the next annual meeting and his or her successor is duly elected and qualified, or until the director's earlier death, resignation, or removal. If a director's resignation offer is accepted by the Board pursuant to Section 1 of this Article III, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 2 of this Article III or may decrease the size of the Board pursuant to Section 1(a) of this Article III.

**Section 2. Vacancies and Newly Created Directorships.** (a) Except as provided in Section 9(b) of this Article III and subject to the rights of holders of any class or series of capital stock to elect additional directors under specified circumstances, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by the affirmative vote of a majority of the directors then in office, although fewer than a quorum, or by a sole remaining director. Each director so chosen shall hold office until the next election of directors of the class to which the director was appointed, and until the director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

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(b) In the event that one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have resigned, shall have power to fill the vacancy or vacancies, the vote to take effect when such resignation or resignations become effective, and each director chosen shall hold office until the next election of directors, and until the director's successor is elected and qualified, or until the director's earlier death, resignation or removal. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

**Section 3. Regular Meetings.** Regular meetings of the Board shall be held at such time and at such place as determined by the Board. A notice of each regular meeting is not required.

**Section 4. Special Meetings.** Special meetings of the Board for any purpose or purposes may be called by the Chairman of the Board, the Chief Executive Officer, if one, the President, or any two members of the Board on twenty-four hours' notice to each director, either personally, by telephone, express delivery service (so that the scheduled delivery time of the notice is at least twenty-four hours in advance of the meeting), electronic transmission (effective when directed to the director), or on three days' notice by mail (effective upon deposit of such notice in the mail). The notice need not describe the purpose of a special meeting.

**Section 5. Quorum and Vote at Meetings.** At all meetings of the Board, a majority of the total number of directors prescribed pursuant to Section 1 of this Article III shall constitute a quorum for the transaction of business, except to fill vacancies in the Board as provided in Section 2 of this Article III and to adjourn as provided in Section 6 of this Article III. The vote of a majority of the directors present at any meeting at which there is a quorum present shall be the act of the Board, unless the Certificate of Incorporation or these Bylaws shall require a vote of a greater number.

**Section 6. Adjournment.** A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Notice of the time and place of holding of an adjourned meeting need not be given if announced, unless the meeting is adjourned for more than twenty-four hours. If the meeting is adjourned for more than twenty-four hours, then notice of the time and place of the adjourned meeting shall be given before the adjourned meeting takes place to the directors who were not present at the time of adjournment in the manner specified in Section 4 of this Article III.

**Section 7. Participation in Meetings by Conference Telephone or Other Communications Equipment.** Members of the Board or any Board committee may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment in which all persons participating in the meeting can hear each other. Participation in a meeting by a director pursuant to this Section 7 shall constitute presence in person at the meeting.

**Section 8. Action Without a Meeting.** Any action required or permitted to be taken at any meeting of the Board or a Board committee may be taken without a meeting, if all members of the Board or the Board committee consent in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or the Board committee. Such filing shall be in paper form if the minutes are maintained in paper form and in electronic form if the minutes are maintained in electronic form.

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**Section 9. Resignation and Removal.** (a) Any director may resign at any time, by giving notice in writing or by electronic transmission to the Chairman of the Board, the Chief Executive Officer, if one, the President, or the Secretary. Any such resignation shall take effect at the time specified in the notice of resignation or, if no time is specified, immediately upon receipt of the notice. Unless otherwise specified in the notice of resignation, acceptance of the resignation shall not be necessary to make it effective.

(b) Any director or the entire Board may be removed from office at any time, with or without cause, but only upon the affirmative vote of the holders of at least a majority of the shares of capital stock of the Corporation entitled to vote at an election of directors. Upon such removal of a director, the stockholders (and not the remaining directors) shall elect a director to replace such removed director at the same stockholders meeting at which such removal took place or at a subsequent stockholders meeting. Whenever the holders of any class or series are entitled to elect one or more directors by the Certificate of Incorporation, the vote of the holders of the outstanding shares of that class or series and not the vote of the outstanding shares as a whole shall apply in respect of the removal of any director elected by the holders of such class or series.

**Section 10. Board Committees.** (a) The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. If a member of a committee shall be absent from any meeting or disqualified from voting, the remaining member or members present and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of such absent or disqualified member.

(b) Any Board committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it, but no committee shall have the power or authority in reference to approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of directors) expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or adopting, amending, or repealing any bylaw of the Corporation.

(c) Board committees shall have the names as determined by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and report the same to the Board, when required. Unless otherwise specified in the Board's resolution appointing the committee, all provisions of the Delaware General Corporation Law and these Bylaws relating to meetings, action without meetings, notice (and waiver), quorum, and voting requirements of the Board apply to Board committees and their members. Unless otherwise provided in the resolution of the Board designating the Board committee, a Board committee may create one or more subcommittees, each subcommittee to consist of one or more members of the Board committee, and delegate to a subcommittee any or all of the powers and authority of the Board committee.

**Section 11. Compensation.** The Board shall have authority to fix the amount of compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board and may be paid a fixed sum for attendance at each meeting of the Board or paid a stated salary or paid other compensation as a director. No payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation. Members of special or standing committees of the Board may be allowed compensation for serving on the committees, for attending committee meetings, and may be paid their expenses associated with their service on each such committee. The Board shall also have the power and discretion to compensate directors for rendering services to the Corporation not ordinarily rendered by directors.

## **ARTICLE IV**

### **OFFICERS**

**Section 1. General.** The officers of the Corporation shall consist of a Chairman of the Board, a President, a Chief Financial Officer, a Secretary and a Treasurer, and such other officers as the Board may appoint, including but not limited to one or more Vice Chairs of the Board, a Chief Executive Officer, a Chief Operating Officer, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. The Chief Executive Officer shall have the authority to appoint one or more Vice Presidents below the level of Senior Vice President, as well as having the authority to designate persons as global Vice Presidents, whether such persons are officers of the Corporation or not. Any number of offices may be held by the same person. The salaries of officers elected by the Board shall be fixed by the Board, by an authorized committee of the Board, or by such officers as may be designated by the Board.

**Section 2. Term of Office and Vacancies.** The term of office of each officer shall commence upon the election of that officer by the Board or the Chief Executive Officer, as applicable, and end upon a successor to such officer being elected by the Board or the Chief Executive Officer, as applicable; by such officer's death, resignation, or removal from office; or if the establishment of the office is within the discretion of the Board, the Board eliminating the office. The Board shall have the authority to designate persons as global officers, whether or not such designated persons are officers of the Corporation. Any officer may be removed from office, with or without cause, at any time by the vote of the Board. A vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board or the Chief Executive Officer, as applicable.

**Section 3. Duties and Powers.** The duties and powers of the officers of the Corporation shall be as provided in these Bylaws or, if not provided for in these Bylaws, as designated by action of the Board. Without limiting the foregoing, and unless expressly limited by the Board, all instruments requiring execution by the Corporation, including but not limited to all contracts, agreements, indentures, checks or demands for money, notes, bonds, debentures, other obligations, other evidences of indebtedness and mortgages that the Corporation is authorized to execute may be executed, for and on behalf of the Corporation, by the Chairman of the Board, any Vice Chair of the Board, the Chief Executive Officer, if one, the President, the Chief Operating Officer, if one, the Chief Financial Officer, or any Vice President. Any person having authority to sign on behalf of the Corporation may delegate by instrument in writing, all or any part of such authority to an employee of the Corporation (an "associate") unless such a delegation of authority is specifically limited by the Board.

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**Section 4. Chairman of the Board.** The Chairman of the Board shall preside, when present, at all meetings of the Board and stockholders, shall advise and counsel the other officers of the Corporation regarding the business and operations of the Corporation, and shall exercise such powers and perform such duties as shall be assigned or required by the Board.

**Section 5. The President.** Subject to these Bylaws and the direction of the Board, the President shall have the responsibility and the power necessary for the general management, oversight, supervision and control of the business and affairs of the Corporation, and to ensure that all orders and resolutions of the Board are carried into effect. If the Board has elected a Chief Executive Officer of the Corporation, (1) the Chief Executive Officer shall have all of the powers granted by these Bylaws to the President and (2) the President shall, subject to the powers of supervision and control conferred upon the Chief Executive Officer, have such duties and powers as assigned to him or her by the Board or the Chief Executive Officer.

**Section 6. Chief Financial Officer.** The Chief Financial Officer shall have general charge and supervision of the financial affairs of the Corporation, including budgetary and accounting methods, and shall approve payment, or designate others serving under him or her to approve for payment, all vouchers for distribution of funds and shall perform such other duties as may be assigned to him or her by the Board, the Chief Executive Officer, if one, or the President.

**Section 7. Vice Presidents.** Each Executive Vice President, Senior Vice President, and Vice President elected by the Board, and each Vice President appointed by the Chief Executive Officer, shall perform such duties and exercise such powers as may be assigned by the Board, the Chief Executive Officer, if one, or the President.

**Section 8. Secretary.** The Secretary shall attend all meetings of the stockholders and all meetings of the Board and record all proceedings at such meetings in paper form if the minutes are maintained in paper form and in electronic form if the minutes are maintained in electronic form. The Secretary, or his or her delegates, shall perform like duties for the Board committees, when required; provided, however, that the Secretary shall not be required to be present at any sessions of non-management or independent directors contemplated by any stock exchange listing standards to which the Corporation is subject. Except as may be otherwise provided in these Bylaws, the Secretary shall give, or cause to be given, notice of all meetings of the stockholders and shall perform such other duties and exercise such other powers as may be prescribed by the Board, the Chief Executive Officer, if one, or the President. The Secretary shall keep in safe custody the seal of the Corporation, if any, and shall have authority to affix the seal of the Corporation to any instrument requiring it, and when so affixed it may be attested by the Secretary's signature. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by any other officer's signature.



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**Section 9. Assistant Secretaries.** Assistant Secretaries in the order determined by the Board shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and exercise such other powers as may be assigned by the Board, the Chief Executive Officer, if one, the President, or the Secretary.

**Section 10. Treasurer.** The Treasurer shall have the responsibility for maintaining the financial records of the Corporation, shall make such disbursements of the funds of the Corporation as are authorized, and shall perform such other duties and exercise such other powers as may be assigned to him or her by the Board, the Chief Executive Officer, if one, or the President.

**Section 11. Assistant Treasurers.** The Assistant Treasurers in the order determined by the Board shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and exercise such other powers as may be assigned by the Board, the Chief Executive Officer, if one, the President, or the Treasurer.

**Section 12. Delegation of Authority.** The Board may delegate the power or duties of any officer to any other officer or officers or agent or agents notwithstanding any provision of these Bylaws.

**Section 13. Action with Respect to Securities of Other Companies.** Unless otherwise ordered by a majority of the Board, the Chairman of the Board, a Vice Chair of the Board, if one, the Chief Executive Officer, if one, the President, or any Vice President shall have full power and authority on behalf of the Corporation to attend and to act and to vote, in person or by proxy, at any meetings of security holders of corporations, limited liability companies, business trusts, and other entities in which the Corporation may hold securities and at such meetings shall possess and may exercise any and all rights and powers incident to the ownership of such securities. The Board by resolution may confer like powers upon any other person or persons.

## **ARTICLE V**

### **STOCK OF THE CORPORATION**

**Section 1. Stock Certificates; Uncertificated Shares.** The shares of capital stock of the Corporation shall be represented by certificates; however, the Board may provide by resolution that some, all, or any classes or series of shares shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board, every holder of stock represented by certificates, and upon request every holder of uncertificated shares, shall be entitled to have a certificate (representing the number of shares registered in certificate form) signed in the name of the Corporation by the Chairman of the Board, the Chief Executive Officer, if one, the President, or any Vice President, and by the Secretary, Treasurer, any Assistant Secretary, or any Assistant Treasurer. Any or all the signatures on the certificate may be a reproduction. In case any officer, transfer agent, or registrar whose signature or reproduced signature appears on a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person was as officer, transfer agent, or registrar at the date of issue.

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**Section 2. Transfers of Stock.** Shares of capital stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these Bylaws. Transfers of shares shall be made only on the records of the Corporation kept at an office of the Corporation or by the transfer agent designated by the Corporation to transfer shares. Transfers of shares may be made only by the record holder, or by the record holder's legal representative authorized by power of attorney duly executed and filed with the Secretary or with the transfer agent appointed by the Board and, in the case of certificated shares, upon the surrender of the certificate or certificates for such shares properly endorsed. The Board may make such additional rules and regulations concerning the issue, transfer, and registration of certificates for shares or uncertificated shares as it may deem necessary but that are not inconsistent with these Bylaws.

**Section 3. Holders of Record.** The Corporation shall be entitled to treat the record holder of shares of capital stock of the Corporation as the holder in fact and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice, except as otherwise provided by applicable law. No transfer of shares shall be valid against the Corporation for any purpose unless the transfer of shares is entered in the records of the Corporation or in the records of the transfer agent designated by the Corporation showing from and to whom the shares were transferred.

**Section 4. Lost Certificates.** The Corporation may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the share certificate to be lost, stolen, or destroyed. The Corporation may require the owner of such lost, stolen, or destroyed certificate or certificates, or such owner's legal representative, to advertise the same in such manner as it shall require, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate or alleged to have been lost, stolen or destroyed or the issuance of such new certificate, or both.

**Section 5. Record Date.** (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, the Board may fix a record date, which shall neither precede the date upon which the resolution fixing the record date is adopted by the Board nor shall be more than 60 days nor less than 10 days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, unless the Board fixes a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which shall neither precede the date upon which the resolution fixing the record date is adopted by the Board nor shall be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board, the record date for determining the stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by the Delaware General Corporation Law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner prescribed by the Delaware General Corporation Law. If no record date has been fixed by the Board and prior action by the Board is required by the Delaware General Corporation Law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights with respect to any change, conversion, or exchange of shares, or for the purpose of any other lawful action, the Board may fix a record date, which shall neither precede the date upon which the resolution fixing the record date is adopted nor shall be more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution.

## ARTICLE VI

### INDEMNIFICATION

**Section 1. Indemnification.** (a) Subject to Section 3 of this Article VI, the Corporation shall indemnify, to the full extent that it shall have power under applicable law to do so and in a manner permitted by such law, any person made or threatened to be made a party to any threatened, pending, or completed action, lawsuit, or proceeding, whether civil, criminal, administrative, or investigative (a **“proceeding”**), by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an associate benefit plan (collectively, **“another enterprise”**).

(b) The Corporation may indemnify, to the full extent that it shall have power under applicable law to do so and in a manner permitted by such law, any person made or threatened to be made a party to any proceeding, by reason of the fact that such person is or was an associate or agent of the Corporation or is or was serving at the request of the Corporation as an employee or agent of another enterprise.

**Section 2. Advancement of Expenses.** (a) Subject to Section 3 of this Article VI, with respect to any person made or threatened to be made a party to any threatened, pending, or completed proceeding, by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another enterprise, the Corporation shall pay the expenses (including attorneys’ fees) incurred by such person in defending any such proceeding in advance of its final disposition (an **“advancement of expenses”**); provided, however, that any advancement of expenses shall be made only upon receipt of a written agreement by such person to repay all amounts advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such person is not entitled to be indemnified for such expenses under this Article VI or otherwise.

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(b) With respect to any person made or threatened to be made a party to any proceeding, by reason of the fact that such person is or was an associate or agent of the Corporation, or is or was serving at the request of the Corporation as an employee or agent of another enterprise, the Corporation may, in its discretion and upon such terms and conditions, if any, as the Corporation deems appropriate, pay the expenses (including attorneys' fees) incurred by such person in defending any such proceeding in advance of its final disposition.

**Section 3. Actions Initiated Against the Corporation.** Notwithstanding anything contained in Section 1(a) or Section 2(a) of this Article VI to the contrary, and except as provided in Section 5(b) of this Article VI with respect to a proceeding initiated against the Corporation by a director or officer of the Corporation (or by a person serving at the request of the Corporation as a director or officer of another enterprise), the Corporation shall not be required to indemnify or to advance expenses (including attorneys' fees) to such person in connection with prosecuting the proceeding (or part thereof) or in defending any counterclaim, cross-claim, affirmative defense or like claim of the Corporation in such proceeding (or part thereof) unless the proceeding was authorized by the Board.

**Section 4. Contract Rights.** With respect to any person made or threatened to be made a party to any proceeding, by reason of the fact that the person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another enterprise, the rights to indemnification and to the advancement of expenses conferred in Sections 1(a) and 2(a) of this Article VI shall be contract rights. Any amendment, repeal, modification, or adoption of any provision inconsistent with this Article VI shall not adversely affect any right to indemnification or advancement of expenses granted to any person pursuant to this Article VI with respect to any act or omission of the person occurring prior to the time of such amendment, repeal, modification, or adoption (regardless of whether the proceeding relating to such acts or omissions is commenced before or after the time of such amendment, repeal, modification, or adoption).

**Section 5. Claims.** (a) If a claim under Section 1(a) of this Article VI with respect to any right to indemnification is not paid in full by the Corporation within 60 days after a written demand has been received by the Corporation or a claim under Section 2(a) of this Article VI with respect to any right to the advancement of expenses is not paid in full by the Corporation within 20 days after a written demand has been received by the Corporation, then the person seeking to enforce a right to indemnification or to an advancement of expenses may at any time thereafter bring a lawsuit against the Corporation to recover the unpaid amount of the claim.

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(b) If successful in whole or in part in any lawsuit brought pursuant to Section 5(a) of this Article VI, or in a lawsuit brought by the Corporation to recover an advancement of expenses, the person seeking to enforce a right to indemnification or an advancement of expenses or the person from whom the Corporation sought to recover an advancement of expenses shall be entitled to be paid by the Corporation the reasonable expenses (including attorneys' fees) of prosecuting or defending such lawsuit.

(c) In any lawsuit brought by a person seeking to enforce a right to indemnification (but not a lawsuit brought by a person seeking to enforce a right to an advancement of expenses), it shall be a defense that the person seeking to enforce a right to indemnification has not met any applicable standard for indemnification under applicable law. With respect to any lawsuit brought by a person seeking to enforce a right to indemnification or right to advancement of expenses, or any lawsuit brought by the Corporation to recover an advancement of expenses, neither the failure of the Corporation to have made a determination prior to commencement of such lawsuit that indemnification of such person is proper in the circumstances because such person has met the applicable standards of conduct under applicable law, nor an actual determination by the Corporation that such person has not met such applicable standards of conduct, shall create a presumption that such person has not met the applicable standards of conduct or, in a case brought by such person seeking to enforce a right to indemnification, be a defense to such lawsuit.

(d) In any lawsuit brought by a person seeking to enforce a right to indemnification or to an advancement of expenses or by the Corporation to recover an advancement of expenses, the burden shall be on the Corporation to prove that the person seeking to enforce a right to indemnification or to an advancement of expenses or the person from whom the Corporation seeks to recover an advancement of expenses is not entitled to be indemnified, or to such an advancement of expenses, under this Article VI or otherwise.

**Section 6. Determination of Entitlement to Indemnification.** Any indemnification required or permitted under this Article VI (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, associate, or agent is proper in the circumstances because he or she has met all applicable standards of conduct set forth in this Article VI and Section 145 of the Delaware General Corporation Law. Such determination shall be made, with respect to a person who is a director or officer of the Corporation at the time of the determination: (1) by a majority vote of the directors who are not parties to such action, lawsuit or proceeding, even though less than a quorum; (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum; (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion; or (4) by the stockholders. Such determination shall be made, with respect to any person who is not a director or officer of the Corporation at the time of such determination, in the manner determined by the Board (including in such manner as may be set forth in any general or specific action of the Board applicable to indemnification claims by such person) or in the manner set forth in any agreement to which such person and the Corporation are parties.

**Section 7. Non-Exclusive Rights.** The indemnification and advancement of expenses provided in this Article VI shall not be deemed exclusive of any other rights to which any person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such director, officer, associate, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

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**Section 8. Insurance.** The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, associate, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article VI or otherwise.

**Section 9. Severability.** If any provision or provisions of this Article VI shall be held to be invalid, illegal, or unenforceable for any reason whatsoever: (1) the validity, legality, and enforceability of the remaining provisions of this Article VI (including, without limitation, each portion of any paragraph or clause containing any such provision held to be invalid, illegal, or unenforceable, that is not itself held to be invalid, illegal, or unenforceable) shall not in any way be affected or impaired; and (2) to the fullest extent possible, the provisions of this Article VI (including, without limitation, each such portion of any paragraph or clause containing any such provision held to be invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable.

## **ARTICLE VII**

### **GENERAL PROVISIONS**

**Section 1. Dividends.** Dividends upon or distributions with respect to the capital stock of the Corporation may be declared by the Board or by a Board committee designated by the Board, pursuant to and in accordance with applicable law. Dividends may be paid in cash, in property, in shares of capital stock or evidences of indebtedness of the Corporation. Before the Corporation pays any dividend on or makes any distribution in respect of the capital stock of the Corporation, there may be set aside out of any funds available for dividends and distribution of such sum or sums as the Board, in its absolute discretion, approves as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any other purpose that the Board determines is conducive to the interests of the Corporation, and the Board may modify or abolish any such reserve in the manner in which it was created.

**Section 2. Fiscal Year.** The fiscal year of the Corporation shall end on January 31 of each year unless changed by resolution of the Board.

**Section 3. Corporate Seal.** The corporate seal shall have inscribed the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile to be impressed, affixed or otherwise reproduced.

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**Section 4. Reliance upon Books, Reports and Records.** Except as provided by applicable law, each director and each member of a Board committee shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers, associates or Board committees or by any other person as to matters that the director reasonably believes are within such person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

**Section 5. Electronic Transmissions.** For purposes of these Bylaws, "**electronic transmission**" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient, and that may be directly reproduced in paper form by such recipient through an automated process.

**Section 6. Waivers of Notice.** Whenever notice is required to be given under any provision of the Delaware General Corporation Law, the Certificate of Incorporation or these Bylaws, a written waiver of that notice, signed by the person entitled to that notice, or a waiver by electronic transmission by the person entitled to that notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of that meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of that meeting, to the transaction of any business because that meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, Board, or Board committee need be specified in any written waiver of notice or any waiver by electronic transmission.

## **ARTICLE VIII**

### **AMENDMENTS**

These Bylaws may be altered, amended, or repealed, or new Bylaws may be adopted, by the stockholders or by the Board.

## WAL-MART STORES, INC.

## Ratio of Earnings to Fixed Charges

	Three Months Ended		Fiscal Year				
	April 30, 2011	April 30, 2010	2011	2010	2009	2008	2007
<i>(Dollar amounts in millions)</i>							
Income from continuing operations before income taxes	\$ 5,378	\$ 5,266	\$23,538	\$22,118	\$20,867	\$20,122	\$19,023
Capitalized interest	(12)	(16)	(63)	(85)	(88)	(150)	(182)
Consolidated net income attributable to the noncontrolling interest	(151)	(143)	(604)	(513)	(499)	(406)	(425)
Adjusted income from continuing operations before income taxes	<u>5,215</u>	<u>5,107</u>	<u>22,871</u>	<u>21,520</u>	<u>20,280</u>	<u>19,566</u>	<u>18,416</u>
Fixed Charges:							
Interest <sup>(1)</sup>	574	530	2,268	2,160	2,267	2,267	2,009
Interest component of rent	170	145	651	597	406	464	368
Total fixed charges	<u>744</u>	<u>675</u>	<u>2,919</u>	<u>2,757</u>	<u>2,673</u>	<u>2,731</u>	<u>2,377</u>
Adjusted income from continuing operations before income taxes and fixed charges	<u>\$ 5,959</u>	<u>\$ 5,782</u>	<u>\$25,790</u>	<u>\$24,277</u>	<u>\$22,953</u>	<u>\$22,297</u>	<u>\$20,793</u>
Ratio of earnings to fixed charges (times)	8.0	8.6	8.8	8.8	8.6	8.2	8.7

<sup>(1)</sup> Includes interest on debt and capital leases, amortization of debt issuance costs and capitalized interest.



I, Michael T. Duke, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wal-Mart Stores, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluations; and
  - d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the Audit Committee of registrant’s Board of Directors:
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 3, 2011

/s/ Michael T. Duke

Michael T. Duke

President and Chief Executive Officer

I, Charles M. Holley, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wal-Mart Stores, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluations; and
  - d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the Audit Committee of registrant’s Board of Directors:
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 3, 2011

/s/ Charles M. Holley, Jr.

Charles M. Holley, Jr.

Executive Vice President and Chief Financial Officer

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

In connection with the Quarterly Report of Wal-Mart Stores, Inc. (the "Company") on Form 10-Q for the period ending April 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael T. Duke, President and Chief Executive Officer of the Company, certify to my knowledge and in my capacity as an officer of the Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, effective as of June 3, 2011.

/s/ Michael T. Duke

Michael T. Duke

President and Chief Executive Officer

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

In connection with the Quarterly Report of Wal-Mart Stores, Inc. (the "Company") on Form 10-Q for the period ending April 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles M. Holley, Jr., Executive Vice President and Chief Financial Officer of the Company, certify to my knowledge and in my capacity as an officer of the Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, effective as of June 3, 2011.

/s/ Charles M. Holley, Jr.

Charles M. Holley, Jr.

Executive Vice President and Chief Financial Officer