

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported):

January 13, 2009

Wal-Mart Stores, Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-06991

71-0415188

(State or other Jurisdiction of Incorporation)

(Commission File Number)

(IRS Employer Identification No.)

702 Southwest 8th Street

Bentonville, Arkansas 72716-0215

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code:

(479) 273-4000

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

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

Item 8.01. Other Events.

Wal-Mart Stores, Inc.'s (the "Company") shelf registration statement on Form S-3 regarding debt securities expired on December 20, 2008. The Company anticipates the filing of a new registration statement on Form S-3 for an indeterminate amount of senior, unsecured debt securities in the near future. To facilitate the filing of the new Form S-3 shelf registration statement, the Company is filing this Form 8-K, which includes reclassification of certain operations as discontinued operations and other information.

Reclassification of Certain Operations as Discontinued Operations.

The Company is providing in this Current Report on Form 8-K updated financial information as of and for the fiscal years ended January 31, 2008, 2007 and 2006, as of and for the three months ended April 30, 2008 and 2007 and as of and for the three months and six months ended July 31, 2008 and 2007 to reflect the effects of the reclassification as discontinued operations of the operations of Gazeley Limited ("Gazeley"), a former commercial property development subsidiary of the Company in the United Kingdom, and the costs associated with a restructuring program of The Seiyu, Ltd. ("Seiyu"), the Company's Japanese subsidiary (together, the "Discontinued Operations").

The Company disposed of Gazeley during the fiscal quarter ended July 31, 2008, and Gazeley's results of operations were first reflected as discontinued operations in the Company's condensed consolidated financial statements included in its Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2008 (the "2009 Second Quarter 10-Q"). The Company initiated the Seiyu restructuring program during the fiscal quarter ended October 31, 2008 and, in connection with that program, Seiyu will close approximately 23 of its stores and dispose of certain excess properties. As previously disclosed, the Seiyu restructuring program involves incurring costs associated with lease termination obligations, asset impairment charges and employee separation benefits. The costs associated with the Seiyu restructuring program were first presented as discontinued operations in the Company's condensed consolidated financial statements included in its Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2008.

In connection with these reclassifications of the Discontinued Operations as discontinued operations in the Company's consolidated financial statements (the "Reclassifications"), the Company is providing:

- reclassified consolidated financial statements of the Company for the dates and periods that were originally included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2008 (the "2008 10-K"), as well as revised selected financial data, a revised calculation of Ratio of Earnings to Fixed Charges included in the 2008 10-K and a revised Management's Discussion and Analysis of Financial Condition and Results of Operations relating to certain dates and periods covered by the reclassified consolidated financial statements of the Company described above (attached hereto as Exhibit 99.1);
- reclassified condensed consolidated financial statements of the Company for the dates and periods that were originally included in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2008 (the "2009 First Quarter 10-Q"), as well as a revised calculation of Ratio of Earnings to Fixed Charges for the three months ended April 30, 2008 and 2007 and a revised Management's Discussion and Analysis of Financial Condition and Results of Operations relating to the dates and periods covered by the reclassified condensed consolidated financial statements of the Company described above (attached hereto as Exhibit 99.2); and
- reclassified condensed consolidated financial statements of the Company for the dates and periods that were originally included in the 2009 Second Quarter 10-Q, as well as a revised calculation of Ratio of Earnings to Fixed Charges for the six months ended July 31, 2008 and 2007 and a revised Management's Discussion and Analysis of Financial Condition and Results of Operations relating to the dates and periods covered by the reclassified condensed consolidated financial statements of the Company described above (attached hereto as Exhibit 99.3).

The reclassified consolidated financial statements of the Company described above have been reclassified solely to reflect the Reclassifications as of the dates and for the periods covered by such reclassified consolidated financial statements. Ernst & Young LLP, the Company's independent registered public accounting firm that serves as the Company's independent auditors, has reissued its report as to its audit of the consolidated balance sheets of the Company dated as of January 31, 2008 and 2007 and the consolidated statements of income, shareholders' equity and cash flows of the Company for each of the three years in the period ended January 31, 2008, as reclassified as described above. A copy of that report is included as a part of Exhibit 99.1. For convenience, the report of Ernst & Young LLP regarding its audit of the internal control over financial reporting of the Company as of January 31, 2008 and the Company's management's reports to the Company's shareholders regarding management's assessment of the Company's internal control over financial reporting, disclosure controls and procedures and ethical standards, in the form in which those reports were included in the 2008 10-K, are also included as a part of Exhibit 99.1 hereto.

The other revised financial data and revised Management's Discussions and Analyses of Financial Condition and Results of Operations reflect only those changes as necessary to reflect the effects of the Reclassifications. The revised financial data and revised Management's Discussions and Analyses of Financial Condition and Results of Operations do not, and should not be deemed to, reflect or take into account any other facts, events or circumstances with respect to the Company, its business or operations, its results of operations or financial condition, or any other matter occurring, arising or existing after the dates and periods to which the revised information relates.

In providing the reclassified consolidated financial statements of the Company described above, the Company does not, and should not be construed to, amend the 2008 10-K, the 2009 First Quarter 10-Q or the 2009 Second Quarter 10-Q. The reclassified consolidated financial statements of the Company and other revised information provided by this report supersede the corresponding consolidated financial statements and other information in those reports that have been revised.

The Reclassifications did not affect the Company's net income per common share (either on a basic or diluted basis) in any of the periods referred to above and did not have a material or significant effect on the Company's consolidated operating income or the consolidated cash flows of the Company. The reclassified consolidated balance sheets of the Company also reflect the reclassification of certain assets and liabilities related to the discontinued operations of Gazeley and Seiyu as current and non-current assets of discontinued operations and current and non-current liabilities of discontinued operations. The amounts of the Gazeley and Seiyu assets and liabilities reclassified in that manner were not significant to the consolidated financial condition of the Company as of the dates of the reclassified consolidated balance sheets.

Settlement of Certain Wage and Hour Lawsuits.

On December 23, 2008, the Company and attorneys for the plaintiffs jointly announced the settlement of 63 wage and hour class action lawsuits that have been pending against the Company for several years. Each of the settlements is subject to approval by the trial court, and the total amount to be paid will depend on the amount of claims that are submitted by class members. Under the settlements, the total to be paid will be at least \$352 million, but no more than \$640 million. As a result of the settlement, the Company will record an after-tax charge to continuing operations in the fiscal quarter to end January 31, 2009 of approximately \$250 million.

Item 9.01. Financial Statements and Exhibits.

(c) *Exhibits*

Exhibit

<u>Number</u>	<u>Description</u>
99.1	Reclassified Consolidated Financial Statements of the Company as of January 31, 2008 and 2007 and for the fiscal years ended January 31, 2008, 2007 and 2006 and the notes thereto, and revised selected financial data, a revised Management's Discussion and Analysis of Financial Conditions and Results of Operations, a revised calculation of Ratio of Earnings to Fixed Charges relating to such dates and periods and the Report of Ernst & Young LLP
99.2	Reclassified Condensed Consolidated Financial Statements of the Company as of and for the three months ended April 30, 2008 and 2007 and the notes thereto, and a revised Management's Discussion and Analysis of Financial Conditions and Results of Operations and a revised calculation of Ratio of Earnings to Fixed Charges relating to such dates and periods
99.3	Reclassified Condensed Consolidated Financial Statements of the Company as of and for the three months and six months ended July 31, 2008 and 2007 and the notes thereto, and a revised Management's Discussion and Analysis of Financial Conditions and Results of Operations and a revised calculation of Ratio of Earnings to Fixed Charges relating to such dates and periods
99.4	Consent of Ernst & Young LLP

SIGNATURES

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

Dated: January 13, 2009

WAL-MART STORES, INC.

By: /s/ Steven P. Whaley

Name: Steven P. Whaley

Title: Senior Vice President and Controller

INDEX TO EXHIBITS

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99.4	Consent of Ernst & Young LLP

Eleven-Year Financial Summary
Wal-Mart Stores, Inc.

(Dollar amounts in millions except per share data)

Fiscal Year Ended January 31,	2008	2007	2006	2005
Operating Results				
Net sales	\$ 374,307	\$ 344,759	\$ 308,945	\$ 281,488
Net sales increase	8.6%	11.6%	9.8%	11.4%
Comparable store sales increase in the United States ⁽¹⁾	2%	2%	3%	3%
Cost of sales	\$ 286,350	\$ 263,979	\$ 237,649	\$ 216,832
Operating, selling, general and administrative expenses	70,174	63,892	55,724	50,178
Interest expense, net	1,794	1,529	1,180	980
Effective tax rate	34.2%	33.5%	33.1%	34.2%
Income from continuing operations	\$ 12,863	\$ 12,189	\$ 11,386	\$ 10,482
Net income	12,731	11,284	11,231	10,267
Per share of common stock:				
Income from continuing operations, diluted	\$ 3.16	\$ 2.92	\$ 2.72	\$ 2.46
Net income, diluted	3.13	2.71	2.68	2.41
Dividends	0.88	0.67	0.60	0.52
Financial Position				
Current assets of continuing operations	\$ 47,053	\$ 46,489	\$ 43,473	\$ 37,913
Inventories	35,159	33,667	31,910	29,419
Property, equipment and capital lease assets, net	96,867	88,287	77,863	66,549
Total assets of continuing operations	162,547	150,658	135,758	117,139
Current liabilities of continuing operations	58,338	52,089	48,915	42,609
Long-term debt	29,799	27,222	26,429	20,087
Long-term obligations under capital leases	3,603	3,513	3,667	3,073
Shareholders' equity	64,608	61,573	53,171	49,396
Financial Ratios				
Current ratio	0.8	0.9	0.9	0.9
Return on assets ⁽²⁾	8.5%	8.8%	9.3%	9.8%
Return on shareholders' equity ⁽³⁾	21.0%	22.0%	22.8%	23.1%
Other Year-End Data				
<i>Walmart U.S. Segment</i>				
Discount stores in the United States	971	1,075	1,209	1,353
Supercenters in the United States	2,447	2,256	1,980	1,713
Neighborhood Markets in the United States	132	112	100	85
<i>Sam's Club Segment</i>				
Sam's Clubs in the United States	591	579	567	551
<i>International Segment</i>				
Units outside the United States	3,098	2,734	2,158	1,480

⁽¹⁾ For fiscal 2006 and prior years, we considered comparable store sales to be sales at stores that were open as of February 1st of the prior fiscal year and which had not been converted, expanded or relocated since that date. Beginning in fiscal 2007, comparable store sales includes all stores and clubs that have been open for at least the previous 12 months. Additionally, stores and clubs that are relocated, expanded or converted are excluded from comparable store sales for the first 12 months following the relocation, expansion or conversion.

⁽²⁾ Income from continuing operations before minority interest divided by average total assets from continuing operations.

⁽³⁾ Income from continuing operations before minority interest divided by average shareholders' equity.

2004	2003	2002	2001	2000	1999	1998
\$ 252,792	\$ 226,479	\$ 201,166	\$ 178,028	\$ 153,345	\$ 129,161	\$ 112,005
11.6%	12.6%	13.0%	16.1%	18.7%	15.3%	12.4%
4%	5%	6%	5%	8%	9%	6%
\$ 195,922	\$ 175,769	\$ 156,807	\$ 138,438	\$ 119,526	\$ 101,456	\$ 88,163
43,877	39,178	34,275	29,942	25,182	21,469	18,831
825	930	1,183	1,194	837	595	716
34.4%	34.9%	36.4%	36.6%	37.4%	37.7%	37.0%
\$ 9,096	\$ 7,940	\$ 6,718	\$ 6,446	\$ 5,582	\$ 4,209	\$ 3,424
9,054	7,955	6,592	6,235	5,324	4,397	3,504
\$ 2.08	\$ 1.79	\$ 1.50	\$ 1.44	\$ 1.25	\$ 0.94	\$ 0.76
2.07	1.79	1.47	1.39	1.19	0.98	0.77
0.36	0.30	0.28	0.24	0.20	0.16	0.14
\$ 33,548	\$ 28,867	\$ 25,915	\$ 24,796	\$ 22,982	\$ 19,503	\$ 18,589
26,263	24,098	21,793	20,710	18,961	16,058	16,005
57,591	50,053	44,172	39,439	34,570	24,824	23,237
102,455	90,229	79,301	74,317	67,290	47,066	44,221
37,308	31,752	26,309	28,096	25,058	15,848	13,930
17,088	16,545	15,632	12,453	13,650	6,875	7,169
2,888	2,903	2,956	3,054	2,852	2,697	2,480
43,623	39,461	35,192	31,407	25,878	21,141	18,519
0.9	0.9	1.0	0.9	0.9	1.2	1.3
9.7%	9.6%	9.0%	9.3%	10.1%	9.6%	8.5%
22.4%	21.8%	20.7%	23.0%	24.5%	22.0%	19.6%
1,478	1,568	1,647	1,736	1,801	1,869	1,921
1,471	1,258	1,066	888	721	564	441
64	49	31	19	7	4	—
538	525	500	475	463	451	443
1,248	1,163	1,050	955	892	605	568

Financial information prior to fiscal 2004 has been restated to reflect the sale of McLane Company, Inc. (“McLane”) that occurred in fiscal 2004. Financial information prior to fiscal 2007 has been restated to reflect the disposition of our South Korean and German operations that occurred in fiscal 2007. McLane and the South Korean and German operations are presented as discontinued operations. Financial information for fiscal 2006, 2007 and 2008 has been restated to reflect the impact of Gazeley Limited which was sold in July 2008, and the closure of 23 stores and divestiture of other properties of The Seiyu, Ltd. in Japan during the third quarter of fiscal 2009. All years have been restated for the fiscal 2004 adoption of the expense recognition provisions of Statement of Financial Accounting Standards No. 123, “Accounting and Disclosure of Stock-Based Compensation.” In fiscal 2005, we adopted Statement of Financial Accounting Standards No. 123R, “Share-Based Payment,” which did not result in a material impact to our financial statements.

In fiscal 2003, the Company adopted Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets.” In years prior to adoption, the Company recorded amortization expense related to goodwill.

The consolidation of The Seiyu, Ltd. (“Seiyu”), had a significant impact on the fiscal 2006 financial position amounts in this summary. The acquisition of the Asda Group PLC and the Company’s related debt issuance had a significant impact on the fiscal 2000 amounts in this summary.

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

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Wal-Mart Stores, Inc.
Management's Discussion and Analysis of
Financial Condition and Results of Operations

Overview

Wal-Mart Stores, Inc. ("Wal-Mart," 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 activity. 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.

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 year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. The discussion also provides information about the financial results of the various segments of our business 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. This discussion should be read in conjunction with our financial statements as of January 31, 2008, and the year then ended and accompanying notes.

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, we discuss segment operating income and comparable store sales. Segment operating income refers to income from continuing operations before net interest expense, income taxes and minority interest and excludes unallocated corporate overhead and results of discontinued operations. At the beginning of fiscal 2008, the Company revised the measurement of each segment's operating income. The measurement now includes within each segment's operating results certain direct income and expense items that we had previously accounted for as unallocated corporate overhead. We have restated all prior year measurements of segment operating income for comparative purposes.

Comparable store sales is a measure which indicates the performance of our existing stores by measuring the growth in sales for such stores for a particular period over the corresponding period in the prior year. Beginning in fiscal 2007, we changed our method of calculating comparable store sales. We now include in our measure of comparable store sales all stores and clubs that have been open for at least the previous 12 months. Additionally, stores and clubs that are relocated, expanded or converted are excluded from comparable store sales for the first 12 months following the relocation, expansion or conversion. For fiscal 2006 and prior years, we considered comparable store sales to be sales at stores that were open as of February 1st of the prior fiscal year and had not been relocated, expanded or converted since that date. Stores that were relocated, expanded or converted during that period are not included in the calculation. Comparable store sales is 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.

During fiscal year 2008, the Company reviewed its definition of comparable store sales for consistency with other retailers. For fiscal year 2009, beginning February 1, 2008, Wal-Mart Stores, Inc. has revised its definition of comparable store sales to include 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. Since the impact of this revision is inconsequential, the Company will not restate comparable store sales results for previously reported years.

Operations

Our operations comprise three business segments: Walmart U.S., Sam's Club and International.

Our Walmart U.S. segment is the largest segment of our business, accounting for 64.0% of our fiscal 2008 net sales and operates stores in three different formats in the United States, as well as Wal-Mart's online retail operations, walmart.com. Our Walmart U.S. retail formats include:

- Supercenters, which average approximately 187,000 square feet in size and offer a wide assortment of general merchandise and a full-line supermarket;
- Discount stores, which average approximately 108,000 square feet in size and offer a wide assortment of general merchandise and a limited variety of food products; and
- Neighborhood Markets, which average approximately 42,000 square feet in size and offer a full-line supermarket and a limited assortment of general merchandise.

Our Sam's Club segment consists of membership warehouse clubs in the United States and the segment's online retail operations, samsclub.com. Sam's Club accounted for 11.9% of our fiscal 2008 net sales. 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. Our Sam's Clubs average approximately 132,000 square feet in size.

At January 31, 2008, our International segment consisted of retail operations in 12 countries and Puerto Rico. This segment generated 24.1% of our fiscal 2008 net sales. The International segment includes numerous different formats of retail stores and restaurants, including discount stores, supercenters and Sam's Clubs that operate outside the United States.

For certain financial information relating to our segments, see Note 11 to our Consolidated Financial Statements.

The Retail Industry

We operate in the highly competitive retail industry in both the United States and the countries we serve internationally. We face strong sales competition from other discount, department, drug, variety and specialty stores, warehouse clubs, and supermarkets, many of which are national, regional or international chains, as well as internet-based retailers and catalog businesses. We compete with a number of companies for prime retail site locations, as well as in attracting and retaining quality employees (who we call "associates"). We, along with other retail companies, are influenced by a number of factors including, but not limited to: cost of goods, consumer debt levels and buying patterns, economic conditions, consumer credit availability, interest rates, customer preferences, unemployment, labor costs, inflation, currency exchange fluctuations, fuel and energy prices, weather patterns, catastrophic events, competitive pressures and insurance costs. Further information on risks to our Company can be located in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended January 31, 2008.

Company Performance Metrics

Management uses a number of metrics to assess the Company's performance including:

- Total sales and comparable store sales;
- Operating income;
- Diluted income per share from continuing operations;
- Return on investment; and
- Free cash flow.

Total Sales and Comparable Store Sales *(Dollar amounts in millions)*

	Fiscal Year Ended January 31,							
	2008			2007			2006	
	Net sales	Percent of total	Percent increase	Net sales	Percent of total	Percent increase	Net sales	Percent of total
Walmart US	\$ 239,529	64.0%	5.8%	\$ 226,294	65.6%	7.8%	\$ 209,910	67.9%
Sam's Club	44,357	11.9%	6.7%	41,582	12.1%	4.5%	39,798	12.9%
International	90,421	24.1%	17.6%	76,883	22.3%	29.8%	59,237	19.2%
Total net sales	<u>\$ 374,307</u>	<u>100.0%</u>	8.6%	<u>\$ 344,759</u>	<u>100.0%</u>	11.6%	<u>\$ 308,945</u>	<u>100.0%</u>

	Fiscal Year Ended January 31,		
	2008	2007	2006
Walmart U.S.	1.0%	1.9%	3.0%
Sam's Club ⁽¹⁾	4.9%	2.5%	5.0%
Total U.S.	1.6%	2.0%	3.4%

(1) Fuel sales had a positive impact of 0.7 percentage points, a negative impact of 0.4 percentage points, and positive 1.3 percentage points on comparable club sales in fiscal 2008, 2007 and 2006, respectively.

Our total net sales increased by 8.6% and 11.6% in fiscal 2008 and 2007 when compared to the previous fiscal year. Those increases resulted from our global store expansion programs, comparable store sales increases and acquisitions.

Comparable store sales is a measure which indicates the performance of our existing stores by measuring the growth in sales for such stores for a particular period over the corresponding period in the prior year. Comparable store sales in the United States increased 1.6% in fiscal 2008 and 2.0% in fiscal 2007. Comparable store sales in fiscal 2008 were lower than fiscal 2007 due to softness in the home and apparel categories and pressure from new store expansions within the trade area of established stores. As we continue to add new stores in the United States, we do so with an understanding that additional stores may take sales away from existing units. During fiscal year 2008, in connection with our revisions to our capital efficiency model, we revised our methodology for calculating the negative impact of new stores on comparable store sales. Using our new methodology, we estimate the negative impact on comparable store sales as a result of opening new stores was approximately 1.5% in fiscal years 2008 and 2007. With our planned reduction in new store growth, we expect the impact of new stores on comparable store sales to decline over time.

During fiscal 2008 and 2007, foreign currency exchange rates had a \$4.5 billion and \$1.5 billion favorable impact, respectively, on the International segment's net sales, causing an increase in the International segment's net sales as a percentage of total Company net sales. Additionally, the decrease in the Sam's Club segment's net sales as a percent of total Company net sales in fiscal 2008 and 2007, when compared to the previous fiscal years resulted from the more rapid development of new stores in the International and Walmart U.S. segments than the Sam's Club segment. We expect this trend to continue for the foreseeable future.

Operating Income
(Dollar amounts in millions)

	Fiscal Year Ended January 31,							
	2008			2007			2006	
	Operating income	Percent of total	Percent increase	Operating income	Percent of total	Percent increase	Operating income	Percent of total
Walmart US	\$ 17,516	79.8%	5.4%	\$ 16,620	81.1%	8.9%	\$ 15,267	81.7%
Sam's Club	1,618	7.4%	9.3%	1,480	7.2%	5.2%	1,407	7.5%
International	4,725	21.5%	10.8%	4,265	20.8%	24.8%	3,418	18.3%
Other	(1,907)	-8.7%	2.1%	(1,868)	-9.1%	33.5%	(1,399)	-7.5%
Total operating income	\$ 21,952	100.0%	7.1%	\$ 20,497	100.0%	9.7%	\$ 18,693	100.0%

Operating income growth greater than net sales growth is a meaningful measure because it indicates how effectively we manage costs and leverage expenses. For fiscal 2008, our operating income increased by 7.1% when compared to fiscal 2007, while net sales increased by 8.6% over the same period. For the individual segments, our Sam's Club segment met this target; however, our Walmart U.S. and International segments did not. The Walmart U.S. segment fell short of this objective as growth in operating, selling, general and administrative expenses ("operating expenses") outpaced improvements in gross profit as a percentage of net sales (our "gross margin") and other income. The International segment fell short of this objective due to the impact of the newly acquired and consolidated entities.

Diluted Income per Share from Continuing Operations

	Fiscal Year Ended January 31,		
	2008	2007	2006
Diluted income per share from continuing operations	\$ 3.16	\$ 2.92	\$ 2.72

Diluted earnings per share increased in fiscal 2008 as a result of increases in income from continuing operations in conjunction with share repurchases reducing the number of weighted average shares outstanding. For fiscal 2007, diluted earnings per share increased as a result of increases in income from continuing operations.

Return on Investment

Management believes return on investment ("ROI") is a meaningful metric to share with investors because it helps investors assess how efficiently Wal-Mart is employing its assets. ROI was 19.6% for fiscal year 2008 and 20.0% for fiscal year 2007. The decrease in ROI in fiscal 2008 resulted from our adjusted operating income growing at a slower rate than our invested capital, including recent investments in Seiyu, CARHCO, Sonae and Bounteous Company Ltd. ("BCL").

We define ROI as adjusted operating income (operating income plus interest income and depreciation and amortization and rent from continuing operations) for the fiscal year or trailing twelve months divided by average investment during that period. We consider average investment 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 under the SEC's rules. 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 return on assets (income from continuing operations before minority interest for the fiscal year or the trailing twelve months divided by average of total assets of continuing operations for the period) because: ROI adjusts operating income to exclude certain expense items and add interest income; it adjusts total assets from continuing operations for the impact of accumulated depreciation and amortization, accounts payable and accrued liabilities; and it 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 method other companies use to calculate their ROI. We urge you to understand the method used by another company to calculate its ROI before comparing our ROI to that of the other company.

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

<i>(Dollar amounts in millions)</i>	Fiscal Year Ended January 31, 2008	Fiscal Year Ended January 31, 2007	
Calculation of Return on Investment			
NUMERATOR			
Operating Income ⁽¹⁾	\$ 21,952	\$ 20,497	
+ Interest Income ⁽¹⁾	309	280	
+ Depreciation and Amortization ⁽¹⁾	6,317	5,459	
+ Rent ⁽¹⁾	1,604	1,427	
= Adjusted Operating Income	<u>\$ 30,182</u>	<u>\$ 27,663</u>	
DENOMINATOR			
Average Total Assets of Continuing Operations ⁽²⁾	\$ 156,603	\$ 143,208	
+ Average Accumulated Depreciation and Amortization ⁽²⁾	28,828	24,797	
- Average Accounts Payable ⁽²⁾	29,409	27,090	
- Average Accrued Liabilities ⁽²⁾	15,183	13,942	
+ Rent * 8	12,832	11,416	
= Invested Capital	<u>\$ 153,671</u>	<u>\$ 138,389</u>	
ROI	<u>19.6%</u>	<u>20.0%</u>	
Calculation of Return on Assets			
NUMERATOR			
Income From Continuing Operations Before Minority Interest ⁽¹⁾	<u>\$ 13,269</u>	<u>\$ 12,614</u>	
DENOMINATOR			
Average Total Assets of Continuing Operations ⁽²⁾	<u>\$ 156,603</u>	<u>\$ 143,208</u>	
ROA	<u>8.5%</u>	<u>8.8%</u>	
CERTAIN BALANCE SHEET DATA			
	January 31, 2008	January 31, 2007	January 31, 2006
Total Assets of Continuing Operations ⁽¹⁾	\$ 162,547	\$ 150,658	\$ 135,758
Accumulated Depreciation and Amortization ⁽¹⁾	31,125	26,530	23,063
Accounts Payable ⁽¹⁾	30,344	28,473	25,707
Accrued Liabilities ⁽¹⁾	15,725	14,641	13,242

(1) Based on continuing operations only; therefore, this excludes the impact of our South Korean and German operations, which were sold in fiscal 2007, the impact of Gazeley which will be reflected as a sale in the third quarter of fiscal 2009, and the impact of The Seiyu, Ltd. store closures in fiscal 2009, all of which are classified as discontinued operations for all periods presented. Total assets as of January 31, 2008, 2007 and 2006 in the table above exclude assets of discontinued operations of \$967 million, \$929 million and \$3,035 million, respectively.

(2) 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.

Free Cash Flow

We define free cash flow as net cash provided by operating activities of continuing operations in the period minus payments for property and equipment made in the period. Our free cash flow increased from fiscal 2007 primarily due to the reduction in our capital expenditures primarily associated with our planned slowing of store expansion in the United States.

Free cash flow is considered a non-GAAP financial measure under the SEC's rules. Management believes, however, that free cash flow is an important financial measure for use in evaluating the Company's financial performance, which measures our ability to generate additional cash from our business operations. 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 or net cash provided by operating activities of continuing operations as a measure of our liquidity. Additionally, our definition of free cash flow is limited and 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 obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as supplemental to our entire statement of cash flows.

The following table reconciles net cash provided by operating activities of continuing operations, a GAAP measure, to free cash flow, a non-GAAP measure (amounts in millions).

	Fiscal Year Ended January 31,		
	2008	2007	2006
Net cash provided by operating activities of continuing operations	\$ 20,354	\$ 19,997	\$ 18,343
Payments for property and equipment	(14,937)	(15,666)	(14,530)
Free cash flow	\$ 5,417	\$ 4,331	\$ 3,813
Net cash used in investing activities of continuing operations	\$ (15,670)	\$ (14,507)	\$ (14,156)
Net cash used in financing activities	\$ (7,134)	\$ (4,839)	\$ (2,422)

Results of Operations

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

Consolidated Results of Operations

Our total net sales increased by 8.6% and 11.6% in fiscal 2008 and 2007 when compared to the previous fiscal year. Those increases resulted from our global store expansion programs, comparable store sales increases and acquisitions. During fiscal 2008 and 2007, foreign currency exchange rates had a \$4.5 billion and \$1.5 billion favorable impact, respectively, on the International segment's net sales, causing an increase in the International segment's net sales as a percentage of total net sales relative to the Walmart U.S. and Sam's Club segments. The acquisition of Sonae and consolidation of Seiyu and CARHCO resulted in a 3.2% increase in net sales for fiscal 2007.

Our gross margin was 23.5%, 23.4% and 23.1% in fiscal 2008, 2007 and 2006, respectively. Our Walmart U.S. and International segment sales yield higher gross margins than our Sam's Club segment. However, our Walmart U.S. and International segments produced lower segment net sales increases in fiscal 2008 compared to sales increases in fiscal 2007. Additionally, the increase in gross margin in fiscal 2008 included a \$97 million refund of excise taxes previously paid on past merchandise sales of prepaid phone cards. In fiscal 2007, the greater increases in net sales for the Walmart U.S. and International segments had a favorable impact on the Company's total gross margin.

Operating expenses as a percentage of net sales were 18.8%, 18.5% and 18.0% for fiscal 2008, 2007 and 2006, respectively. In the first half of fiscal 2008, operating expenses include the net favorable impact of a change in estimated losses associated with our general liability and workers' compensation claims which reduced our accrued liabilities for such claims by \$298 million pre-tax partially offset by \$183 million in pre-tax charges for certain litigation and other contingencies. Additionally, the fourth quarter of fiscal 2008 included \$106 million of pre-tax charges related to U.S. real estate projects dropped as a result of our capital efficiency program. The net impact of these items had no effect on our operating expenses as a percentage of net sales in fiscal 2008. Otherwise, operating expenses as a percentage of net sales increased in fiscal 2008 primarily due to lower segment net sales increases compared to the prior year for our Walmart U.S. and International segments as well as increases in certain operating expenses in each segment.

Operating expenses as a percentage of net sales were higher in fiscal 2007 than the preceding year primarily due to the consolidated operations of Seiyu and Sonae, which are entities with less favorable operating expense leverage than our other International operations, partially offset by \$85 million in property-insurance related gains. The remainder of the increase in operating expenses as a percentage of total net sales was due to faster growth rates in our International segment relative to our Walmart U.S. and Sam's Club segments and slightly higher corporate-level general and administrative expenses.

Membership and other income, which includes a variety of income categories such as Sam's Club membership fee revenues, tenant income and financial services income, increased as a percentage of net sales for fiscal 2008 from the prior year period due to continued growth in our financial services area and recycling income. Membership and other income for fiscal 2008 also includes the recognition of \$188 million in pre-tax gains from the sale of certain real estate properties. In fiscal 2007, membership and other income increased as a percentage of net sales from the prior year due to other income from the newly consolidated operations of Seiyu and Sonae, the continued growth in our financial services area and increases in our Sam's Club membership fee revenues.

Interest, net, as a percentage of net sales increased slightly from fiscal 2006 through fiscal 2008. The increase in interest, net, of \$265 million and \$349 million in fiscal 2008 and fiscal 2007, respectively, primarily resulted from increased borrowing levels and higher interest rates on our floating rate debt.

Our effective income tax rates for fiscal 2008, 2007 and 2006 were 34.2%, 33.5% and 33.1%, respectively. The fiscal 2008 rate was higher than the fiscal 2007 rate primarily due to the mix of taxable income among our domestic and international operations and favorable resolution of certain federal and state tax contingencies in fiscal 2007 in excess of those in fiscal 2008. The fiscal 2007 rate was higher than the fiscal 2006 rate primarily due to favorable resolution of certain federal and state tax contingencies in fiscal 2006 in excess of those in fiscal 2007. We expect our tax rate for fiscal 2009 to be within the range of 34 to 35 percent.

Walmart US Segment

Fiscal Year	Segment Net Sales Increase from Prior Fiscal Year		Segment Operating Income (in millions)	Segment Operating Income Increase from Prior Fiscal Year	Operating Income as a Percentage of Segment Net Sales
2008	5.8%	\$	17,516	5.4%	7.3%
2007	7.8%	\$	16,620	8.9%	7.3%
2006	9.4%	\$	15,267	9.8%	7.3%

The segment net sales increases resulted from comparable store sales increases of 1.0% in fiscal 2008 and 1.9% in fiscal 2007, in addition to our expansion program. Lower comparable store sales performance is due to a decrease in customer traffic, partially offset by an increase in average transaction size per customer. In addition, softness in the home and apparel categories and pressure from new store expansion within the trade area of established stores also contributed to the decline in comparable store sales. We have developed several initiatives to help mitigate new store expansion pressure and to grow comparable store sales. These initiatives include becoming more relevant to the customer by creating a better store shopping experience, continuing to improve our merchandise assortment and slowing new store growth.

The Walmart U.S. segment expansion programs consist of opening new units, converting discount stores to supercenters, relocations that result in more square footage, as well as expansions of existing stores. During fiscal 2008 we opened seven discount stores, 20 Neighborhood Markets and 191 supercenters (including the conversion and/or relocation of 109 existing discount stores into supercenters). Two discount stores closed in fiscal 2008. During fiscal 2008, our total expansion program added approximately 26 million of store square footage, a 4.8% increase. During fiscal 2007 we opened 15 discount stores, 12 Neighborhood Markets and 279 supercenters (including the conversion of 147 existing discount stores into supercenters). Two discount stores and three supercenters closed in fiscal 2007. During fiscal 2007, our total expansion program added approximately 42 million of store square footage, an 8.4% increase.

In fiscal 2008, gross margin increased slightly compared to the prior year primarily due to higher initial margins and decreased markdown activity as a result of improved inventory management in the second half of the year, partially offset by higher inventory shrinkage. In addition, gross margin for fiscal 2008 included a \$46 million excise tax refund on taxes previously paid on past prepaid phone card sales. In fiscal 2007, gross margin increased 0.2 percentage points from the prior year, which can be attributed to improved initial margin rates in our general merchandise and food categories and an adjustment to our product warranty liabilities which had an unfavorable impact on gross margin in fiscal 2006. In fiscal 2007, our gross margin increased despite expanding our competitive pricing initiatives and our increase in the cost of markdowns as a percentage of segment net sales, which primarily occurred in our home and apparel merchandise assortments.

Segment operating expenses as a percentage of segment net sales increased 0.2 percentage points in fiscal 2008 compared to the prior year. In the first half of fiscal 2008, operating expenses include the favorable impact of a change in estimated losses associated with our general liability and workers' compensation claims, which reduced the accrued liabilities for such claims by \$274 million pretax partially offset by the unfavorable impact of \$145 million in pre-tax charges for certain legal and other contingencies. Additionally, the fourth quarter of fiscal 2008 included \$106 million of pre-tax charges related to U.S. real estate projects dropped as a result of our capital efficiency program. The net impact of these items had no effect on our operating expenses as a percentage of segment net sales in fiscal 2008. Otherwise, operating expenses as a percentage of segment net sales increased primarily due to lower segment net sales increases compared to the prior year and higher costs associated with our store maintenance and remodel programs.

Segment operating expenses as a percentage of segment net sales in fiscal 2007 were essentially flat from fiscal 2006, primarily due to improved labor productivity in the stores, which was offset by higher costs associated with our store maintenance and remodel programs. Additionally, operating expenses for fiscal year 2007 include the favorable impact of property insurance-related gains of \$79 million.

Other income in fiscal 2008 increased from the prior year due to continued growth in our financial services area and increases in recycling income. Additionally, other income, net, for fiscal 2008 includes pre-tax gains of \$188 million from the sale of certain real estate properties.

Sam's Club Segment

Fiscal Year	Segment Net Sales Increase from Prior Fiscal Year	Segment Operating Income (in millions)	Segment Operating Income Increase from Prior Fiscal Year	Operating Income as a Percentage of Segment Net Sales
2008	6.7%	\$ 1,618	9.3%	3.6%
2007	4.5%	1,480	5.2%	3.6%
2006	7.2%	1,407	10.2%	3.5%

Growth in net sales for the Sam's Club segment in fiscal 2008 and fiscal 2007 resulted from comparable club sales increases of 4.9% in fiscal 2008 and 2.5% in fiscal 2007, along with our club expansion program. Comparable club sales in fiscal 2008 increased at a faster rate than in fiscal 2007 primarily due to higher growth in food, pharmacy, electronics and certain consumables categories as well as an increase in both member traffic and average transaction size per member. Fuel sales had a positive impact of 0.7 percentage points on comparable club sales in fiscal 2008, while contributing a negative impact of 0.4 percentage points to fiscal 2007 comparable club sales.

Sam's Club segment expansion consisted of the opening of 12 new clubs in fiscal 2008 and 15 clubs in fiscal 2007. No clubs were closed in fiscal 2008, but three clubs were closed in fiscal 2007. Our total expansion program added 2.0 million of additional club square footage, or 2.6%, in fiscal 2008 and 2.9 million, or 3.9%, of additional club square footage in fiscal 2007.

Gross margin increased during fiscal 2008 due to strong sales in fresh food and other food-related categories, pharmacy and certain consumables categories, in addition to the \$39 million excise tax refund on taxes previously paid on prior period prepaid phone card sales. In fiscal 2007, gross margin increased compared to the prior year due to strong sales in certain higher margin categories, including pharmacy and jewelry.

Operating expenses as a percentage of segment net sales decreased in fiscal 2008 when compared to fiscal 2007 primarily due to a decrease in advertising costs. In the first half of fiscal 2008, operating expenses include the net positive impact of the favorable change in estimated losses associated with our general liability and workers' compensation claims, which reduced the accrued liabilities for such claims by \$21 million pretax partially offset by \$15 million in pre-tax charges for certain litigation contingencies. Furthermore, operating expenses in fiscal 2007 included an \$11 million charge related to closing two Sam's Clubs, partially offset by the favorable impact of property insurance-related gains of \$6 million. In fiscal 2007, operating expenses as a percentage of segment net sales increased compared to fiscal 2006 primarily due to a slight increase in employee-related costs.

Membership and other income, which includes a variety of income categories, increased in fiscal 2008 when compared to fiscal 2007.

International Segment

Fiscal Year	Segment Net Sales Increase from Prior Fiscal Year	Segment Operating Income (in millions)	Segment Operating Income Increase from Prior Fiscal Year	Operating Income as a Percentage of Segment Net Sales
2008	17.6%	\$ 4,725	10.8%	5.2%
2007	29.8%	\$ 4,265	24.8%	5.5%
2006	12.7%	\$ 3,418	6.9%	5.8%

At January 31, 2008, our International segment was comprised of wholly-owned operations in Argentina, Brazil, Canada, Puerto Rico and the United Kingdom, the operation of joint ventures in China and India and the operations of majority-owned subsidiaries in Central America, Japan and Mexico.

The fiscal 2008 increase in the International segment's net sales primarily resulted from:

- net sales growth from existing units;
- our international expansion program which added 364 units, net of relocations and closings, consisting of 34.1 million, or 17.9%, of additional unit square footage, including the consolidation of BCL, which added 101 stores under the Trust-Mart banner and 17.7 million square feet in February of fiscal 2008;
- the consolidation of BCL; and
- the favorable impact of changes in foreign currency exchange rates of \$4.5 billion during fiscal 2008.

The fiscal 2007 increase in the International segment's net sales primarily resulted from:

- the consolidation of Seiyu and CARHCO and the acquisition of Sonae, all of which added 17.1 percentage points to the increase in fiscal 2007 net sales;
- net sales growth from existing units;
- our international expansion program which added 576 units, net of relocations and closings, consisting of 20.4 million, or 12.0%, of additional unit square footage including the consolidation of CARHCO, which added 372 stores and 6.5 million square feet in February 2006; and
- the favorable impact of changes in foreign currency exchange rates of \$1.5 billion during fiscal 2007.

Fiscal 2008 net sales at our United Kingdom subsidiary, ASDA, were 36.9% of the International segment net sales. Net sales for ASDA included in our Consolidated Statements of Income during fiscal 2008, 2007 and 2006 were \$33.4 billion, \$28.9 billion and \$26.8 billion, respectively. The effect of changes in the exchange rate between the British Pound and U.S. Dollar contributed \$2.6 billion and \$527 million to ASDA's net sales for fiscal 2008 and 2007, respectively.

In fiscal 2008, gross margin increased across most markets leading to an overall 0.2 percentage point increase in the International segment's gross margin. Brazil and the United Kingdom were the largest contributors to the increase. Gross margin in Brazil was favorably impacted by global sourcing initiatives and improved supplier negotiations. Fiscal 2008 gross margin in the United Kingdom was positively impacted by a mix shift toward premium, private label food products. Fiscal 2007 gross margin was up from fiscal 2006, primarily due to the favorable 0.4 percentage point impact of the acquisition of Sonae and the consolidation of Seiyu and CARHCO, and an overall 0.2 percentage point improvement delivered by our other International markets. The fiscal 2007 improvement in our other markets was primarily driven by Mexico and Canada as a result of a favorable shift in the mix of products sold toward general merchandise categories which carry a higher margin.

Segment operating expenses as a percentage of segment net sales increased 0.3 percentage points in fiscal 2008 primarily as a result of an accrual for certain legal matters, the impact of restructuring and impairment charges at Seiyu, the impact of the consolidation of BCL, the startup of our joint venture in India and banking operations in Mexico and overall sales pressures in Mexico. In fiscal 2007, segment operating expenses as a percentage of segment net sales increased from fiscal 2006 by 1.2 percentage points as a result of the consolidation of Seiyu and the acquisition of Sonae and CARHCO.

Operating income was favorably impacted by changes in foreign currency exchange rates of \$227 million and \$91 million in fiscal 2008 and 2007, respectively.

Liquidity and Capital Resources

Highlights

(Dollar amounts in millions)

	Fiscal Year Ended January 31,		
	2008	2007	2006
Net cash provided by operating activities of continuing operations	\$ 20,354	\$ 19,997	\$ 18,343
Purchase of Company stock	(7,691)	(1,718)	(3,580)
Dividends paid	(3,586)	(2,802)	(2,511)
Proceeds from issuance of long-term debt	11,167	7,199	7,691
Payment of long-term debt	(8,723)	(5,758)	(2,724)
Increase (decrease) in commercial paper	2,376	(1,193)	(704)
Total assets of continuing operations	162,547	150,658	135,758

Overview

Cash flows provided by operating activities of continuing operations supply us with a significant source of liquidity. The increases in cash flows provided by operating activities of continuing operations for each fiscal year were primarily attributable to increased income from continuing operations.

Working Capital

Current liabilities exceeded current assets at January 31, 2008, by \$10.5 billion, an increase of \$5.3 billion from January 31, 2007. Our ratio of current assets to current liabilities was 0.8 and 0.9 at January 31, 2008 and 2007, respectively. We generally have a working capital deficit due to our efficient use of cash in funding operations and in providing returns to shareholders in the form of stock repurchases and payment of dividends.

Company Share Repurchase Program

From time to time, we had repurchased shares of our common stock under a \$10.0 billion share repurchase program authorized by our Board of Directors in September 2004.

On May 31, 2007, the Board of Directors replaced the \$10.0 billion share repurchase program, which had \$3.3 billion of remaining authorization for share repurchases, with a new \$15.0 billion share repurchase program announced on June 1, 2007. Under the new share repurchase program, there is no expiration date or other restriction limiting the period over which we can make our share repurchases under the new program, which will expire only when and if we have repurchased \$15.0 billion of our shares under the program. Under the new program, repurchased shares are constructively retired and returned to unissued status. 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. At January 31, 2008, approximately \$8.5 billion remained of the \$15.0 billion authorization.

Common Stock Dividends

We paid dividends of \$0.88 per share in fiscal 2008, representing a 31.3% increase over fiscal 2007. The fiscal 2007 dividend of \$0.67 per share represented an 11.7% increase over fiscal 2006. We have increased our dividend every year since the first dividend was declared in March 1974.

On March 6, 2008, the Company's Board of Directors approved an increase in annual dividends to \$0.95 per share, an increase of 8.0% over the dividends paid in fiscal 2008. The annual dividend will be paid in four quarterly installments on April 7, 2008, June 2, 2008, September 2, 2008, and January 2, 2009 to holders of record on March 14, May 16, August 15 and December 15, 2008, respectively.

Contractual Obligations and Other Commercial Commitments

The following table sets forth certain information concerning our obligations and commitments to make contractual future payments, such as debt and lease agreements, and contingent commitments:

(In millions)	Total	Payments due during fiscal years ending January 31,			
		2009	2010-2011	2012-2013	Thereafter
Recorded Contractual Obligations:					
Long-term debt	\$ 35,712	\$ 5,913	\$ 7,788	\$ 3,172	\$ 18,839
Commercial paper	5,040	5,040	-	-	-
Capital lease obligations	5,997	595	1,137	1,022	3,243
Unrecorded Contractual Obligations:					
Non-cancelable operating leases	13,728	1,092	2,041	1,650	8,945
Interest on long-term debt	25,009	1,810	2,909	2,277	18,013
Undrawn lines of credit	8,500	4,000	-	4,500	-
Trade letters of credit	2,720	2,720	-	-	-
Standby letters of credit	2,156	2,156	-	-	-
Purchase obligations	6,625	5,786	614	118	107
Total commercial commitments	\$ 105,487	\$ 29,112	\$ 14,489	\$ 12,739	\$ 49,147

Purchase obligations include legally binding contracts such as firm commitments for inventory and utility purchases, as well as commitments to make capital expenditures, software acquisition/license commitments and legally binding service contracts. Purchase orders for the purchase of inventory and other services are not included in the table above. Purchase orders represent authorizations to purchase rather than binding agreements. For the purposes of this table, contractual obligations for purchase of goods or services are defined as agreements that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our purchase orders are based on our current inventory needs and are fulfilled by our suppliers within short time periods. We also enter into contracts for outsourced services; however, the obligations under these contracts are not significant and the contracts generally contain clauses allowing for cancellation without significant penalty.

The expected timing for payment of the obligations discussed above is estimated based on current information. Timing of payments and actual amounts paid with respect to some unrecorded contractual commitments may be different depending on the timing of receipt of goods or services or changes to agreed-upon amounts for some obligations.

In addition to the amounts shown in the table above, \$868 million of unrecognized tax benefits have been recorded as liabilities in accordance with Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), the timing of which is uncertain except for \$50 million to \$200 million that may become payable during the next twelve months. FIN 48, which was adopted for fiscal year 2008, set out criteria for the use of judgment in assessing the timing and amounts of deductible and taxable items. Refer to Note 5 to the Consolidated Financial Statements for additional discussion on unrecognized tax benefits.

Off Balance Sheet Arrangements

In addition to the unrecorded contractual obligations discussed and presented above, the Company has made certain guarantees as discussed below for which the timing of payment, if any, is unknown.

In connection with certain debt financing, we could be liable for early termination payments if certain unlikely events were to occur. At January 31, 2008, the aggregate termination payment would have been \$129 million. The two arrangements pursuant to which these payments could be made expire in fiscal 2011 and fiscal 2019.

In connection with the development of our grocery distribution network in the United States, we have agreements with third parties which would require us to purchase or assume the leases on certain unique equipment in the event the agreements are terminated. These agreements, which can be terminated by either party at will, cover up to a five-year period and obligate the Company to pay up to approximately \$97 million upon termination of some or all of these agreements.

The Company has potential future lease commitments for land and buildings for 165 future locations. These lease commitments have lease terms ranging from 2 to 39 years and provide for certain minimum rentals. If executed, payments under operating leases would increase by \$67 million for fiscal 2009, based on current cost estimates.

Capital Resources

During fiscal 2008, we issued \$11.2 billion of long-term debt. The net proceeds from the issuance of such long-term debt were used to repay outstanding commercial paper indebtedness and for other general corporate purposes.

Management believes that cash flows from continuing operations and proceeds from the sale of commercial paper 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 commercial paper 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. We anticipate no difficulty in obtaining long-term financing in view of our credit rating and favorable experiences in the debt market in the recent past. The following table details the ratings of the credit rating agencies that rated our outstanding indebtedness at January 31, 2008. 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.

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

To monitor our credit rating and our capacity for long-term financing, we consider various qualitative and quantitative factors. We monitor the ratio of our debt to our total capitalization as support for our long-term financing decisions. At January 31, 2008 and January 31, 2007, the ratio of our debt to total capitalization was approximately 40.9% and 38.8%, respectively. For the purpose of this calculation, debt is defined as the sum of commercial paper, 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 shareholders' equity. Our ratio of debt to our total capitalization has increased in fiscal 2008 due to increased borrowing to fund our increased share repurchases as well as other business needs.

We also use the ratio of adjusted cash flow from continuing operations to adjusted average debt as another metric to review leverage.

Adjusted cash flow from continuing operations as the numerator is defined as cash flow from operations of continuing operations for the current year plus two-thirds of the current year operating rent expense less current year capitalized interest expense. Adjusted average debt as the denominator is defined as average debt plus eight times average operating rent expense. Average debt is the simple average of beginning and ending commercial paper, 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. Average operating rent expense is the simple average of current year and prior year operating rent expense. We believe this metric is useful to investors as it provides them with a tool to measure our leverage. This metric was 39% for our fiscal year 2008 and lower than 43% for our fiscal year 2007. The decrease in the metric is primarily due to higher borrowing levels as previously discussed.

The ratio of adjusted cash flow to adjusted average debt is considered a non-GAAP financial measure under the SEC's rules. The most recognized directly comparable GAAP measure is the ratio of cash flow from operations of continuing operations for the current year to average total debt (which excludes any effect of operating leases or capitalized interest), which was 49% for fiscal year 2008 and 51% for fiscal year 2007.

A detailed calculation of the adjusted cash flow from continuing operations to adjusted average debt is set forth below along with a reconciliation to the corresponding measurement calculated in accordance with generally accepted accounting principles.

Amounts in millions except for the calculated ratio

<i>Amounts in millions except for the calculated ratio</i>	Fiscal Year Ended January 31, 2008	Fiscal Year Ended January 31, 2007	
Calculation of adjusted cash flow from operations to average debt			
Numerator			
Net cash provided by operating activities of continuing operations	\$	20,354	\$ 19,997
+ Two-thirds current period operating rent expense (1)		1,069	951
– Current year capitalized interest expense		150	182
	\$	21,273	\$ 20,766
Denominator			
Average debt (2)	\$	41,845	\$ 38,874
Eight times average operating rent expense (3)		12,124	9,832
	\$	53,969	\$ 48,706
Adjusted cash flow from operations to average debt (4)		39%	43%
Calculation of cash flows from operating activities of continuing operations to average debt			
Numerator			
Net cash provided by operating activities of continuing operations	\$	20,354	\$ 19,997
Denominator			
Average debt (2)	\$	41,845	\$ 38,874
Cash flows from operating activities of continuing operations to average debt		49%	51%
Selected Financial Information			
Current period operating rent expense	\$	1,604	\$ 1,427
Prior period operating rent expense		1,427	1,031
Current period capitalized interest		150	182
Certain Balance Sheet Information			
	January 31, 2008	January 31, 2007	January 31, 2006
Commercial paper	\$ 5,040	\$ 2,570	\$ 3,754
Long-term debt due within one year	5,913	5,428	4,595
Obligations under capital leases due within one year	316	285	284
Long-term debt	29,799	27,222	26,429
Long-term obligations under capital leases	3,603	3,513	3,667
Total debt	\$ 44,671	\$ 39,018	\$ 38,729

(1) 2/3 X \$1,604 for fiscal year 2008 and 2/3 X \$1,427 for fiscal year 2007.

(2) (\$44,671 + \$39,018)/2 for fiscal year 2008 and (\$39,018 + \$38,729)/2 for fiscal year 2007.

(3) 8 X ((\$1,604 + \$1,427)/2) for fiscal year 2008 and 8 X ((\$1,427 + \$1,031)/2) for fiscal year 2007.

(4) The calculation of the ratio as defined.

Future Expansion

We expect to make capital expenditures of approximately \$13.5 billion to \$15.2 billion in fiscal 2009. We plan to finance this expansion and any acquisitions of other operations that we may make during fiscal 2009 primarily out of cash flows from operations.

Fiscal 2009 capital expenditures will include the addition of the following new, relocated and expanded units:

	Fiscal Year 2009 Projected Unit Growth
Discount Stores	-
Supercenters	170
Neighborhood Markets	25
Total Walmart US	195
Sam's Club Segment	25
Total United States	220
Total International Segment	400
Grand Total	620

The following represents an allocation of our capital expenditures:

Capital Expenditures	Allocation of Capital Expenditures		
	Projections	Actual	
	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
New stores, including expansions & relocations	35.4%	48.1%	51.0%
Remodels	7.6%	5.7%	5.4%
Information systems, distribution and other	22.8%	15.8%	21.5%
Total United States	65.8%	69.6%	77.9%
International	34.2%	30.4%	22.1%
Total Capital Expenditures	100.0%	100.0%	100.0%

Market Risk

In addition to the risks inherent in our operations, we are exposed to certain market risks, including changes in interest rates and changes in foreign currency exchange rates.

The analysis presented for each of our market risk sensitive instruments is based on a 10% change in interest or foreign currency exchange rates. These changes are hypothetical scenarios used to calibrate potential risk and do not represent our view of future market changes. As the hypothetical figures discussed below indicate, changes in fair value based on the assumed change in rates generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. The effect of a variation in a particular assumption is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which may magnify or counteract the sensitivities.

At January 31, 2008 and 2007, we had \$35.7 billion and \$32.7 billion, respectively, of long-term debt outstanding. Our weighted average effective interest rate on long-term debt, after considering the effect of interest rate swaps, was 4.8% and 4.9% at January 31, 2008 and 2007, respectively. A hypothetical 10% increase in interest rates in effect at January 31, 2008 and 2007, would have increased annual interest expense on borrowings outstanding at those dates by \$25 million and \$47 million, respectively.

At January 31, 2008 and 2007, we had \$5.0 billion and \$2.6 billion of outstanding commercial paper obligations. The weighted average interest rate, including fees, on these obligations at January 31, 2008 and 2007, was 4.0% and 5.3%, respectively. A hypothetical 10% increase in commercial paper rates in effect at January 31, 2008 and 2007, would have increased annual interest expense on the outstanding balances on those dates by \$20 million and \$14 million, respectively.

We enter into interest rate swaps to minimize the risks and costs associated with financing activities, as well as to maintain an appropriate mix of fixed- and floating-rate debt. Our preference is to maintain between 40% and 50% of our debt portfolio, including interest rate swaps, in floating-rate debt. The swap agreements are contracts to exchange fixed- or variable-rates for variable- or fixed-interest rate payments periodically over the life of the instruments. The aggregate fair value of these swaps represented a gain of \$265 million at January 31, 2008 and a loss of \$1 million at January 31, 2007. A hypothetical increase (or decrease) of 10% in interest rates from the level in effect at January 31, 2008, would have resulted in a (loss) or gain in value of the swaps of (\$45 million) or \$46 million, respectively. A hypothetical increase (or decrease) of 10% in interest rates from the level in effect at January 31, 2007, would have resulted in a (loss) or gain in value of the swaps of (\$95 million) or \$103 million, respectively.

We hold currency swaps to hedge the foreign currency exchange component of our net investments in the United Kingdom. The aggregate fair value of these swaps at January 31, 2008 and 2007, represented a loss of \$75 million and \$181 million, respectively. A hypothetical 10% increase (or decrease) in the foreign currency exchange rates underlying these swaps from the market rate would have resulted in a (loss) or gain in the value of the swaps of (\$182 million) and \$182 million, respectively, at January 31, 2008. A hypothetical 10% increase (or decrease) in the foreign currency exchange rates underlying these swaps from the market rate would have resulted in a (loss) or gain in the value of the swaps of (\$178 million) and \$196 million, respectively, at January 31, 2007. A hypothetical 10% change in interest rates underlying these swaps from the market rates in effect at January 31, 2008 and 2007, would have an insignificant impact on the value of the swaps.

In addition to currency swaps, we have designated debt of approximately £3.0 billion as of January 31, 2008 and 2007, as a hedge of our net investment in the United Kingdom. At January 31, 2008, a hypothetical 10% increase (or decrease) in value of the U.S. dollar relative to the British pound would have resulted in a gain (or loss) in the value of the debt of \$601 million. At January 31, 2007, a hypothetical 10% increase (or decrease) in value of the U.S. dollar relative to the British pound would have resulted in a gain (or loss) in the value of the debt of \$594 million. In addition, we have designated debt of approximately ¥142.1 billion as of January 31, 2008 and 2007, as a hedge of our net investment in Japan. At January 31, 2008, a hypothetical 10% increase (or decrease) in value of the U.S. dollar relative to the Japanese yen would have resulted in a gain (or loss) in the value of the debt of \$216 million. At January 31, 2007, a hypothetical 10% increase (or decrease) in value of the U.S. dollar relative to the Japanese yen would have resulted in a gain (or loss) in the value of the debt of \$103 million.

Summary of Critical Accounting Policies

Management strives to report the financial results of the Company in a clear and understandable manner, although in some cases accounting and disclosure rules are complex and require us to use technical terminology. In preparing our Consolidated Financial Statements, we follow accounting principles generally accepted in the United States. These principles require us to make certain estimates and apply judgments that affect our financial position and results of operations as reflected in our financial statements. These judgments and estimates are based on past events and expectations of future outcomes. Actual results may differ from our estimates.

Management continually reviews its accounting policies, how they are applied and how they are reported and disclosed in our financial statements. Following is a summary of our more significant accounting policies and how they are applied in preparation of the financial statements.

Inventories

We value our 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 our Walmart U.S. segment’s merchandise. Sam’s Club merchandise and merchandise in our distribution warehouses are valued based on weighted average cost using the LIFO method. Inventories for international operations are primarily valued by the retail method of accounting and are stated using the first-in, first-out (“FIFO”) method.

Under the retail method, inventory is stated at cost, which is determined by applying a cost-to-retail ratio to each merchandise grouping’s retail value. The FIFO cost-to-retail ratio is based on the initial margin of beginning inventory plus the fiscal year purchase activity. The cost-to-retail ratio for measuring any LIFO reserves is based on the initial margin of the fiscal year purchase activity less the impact of any markdowns. The retail method requires management to make certain judgments and estimates that may significantly impact the ending inventory valuation at cost as well as the amount of gross margin recognized. Judgments made include recording markdowns used to sell through inventory and shrinkage. When management determines the salability of inventory has diminished, markdowns for clearance activity and the related cost impact are recorded at the time the price change decision is made. Factors considered in the determination of markdowns include current and anticipated demand, customer preferences and age of merchandise, as well as seasonal and fashion trends. Changes in weather patterns and customer preferences related to fashion trends could cause material changes in the amount and timing of markdowns from year to year.

When necessary, the Company records a LIFO provision for a quarter for the estimated annual effect of inflation, and these estimates are adjusted to actual results determined at year-end. Our LIFO provision is calculated based on inventory levels, markup rates and internally generated retail price indices. At January 31, 2008 and 2007, our inventories valued at LIFO approximated those inventories as if they were valued at FIFO.

The Company provides for estimated inventory losses (“shrinkage”) between physical inventory counts on the basis of a percentage of sales. The provision is adjusted annually to reflect the historical trend of the actual physical inventory count results.

Impairment of Assets

We evaluate long-lived assets other than goodwill and assets with indefinite lives for indicators of impairment whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. Management's judgments regarding the existence of impairment indicators are based on market conditions and our operational performance, such as operating income and cash flows. The evaluation for long-lived assets is performed at the lowest level of identifiable cash flows, which is generally at the individual store level or, in certain circumstances, at the market group level. The variability of these factors depends on a number of conditions, including uncertainty about future events and changes in demographics. Thus our accounting estimates may change from period to period. These factors could cause management to conclude that impairment indicators exist and require that impairment tests be performed, which could result in management determining that the value of long-lived assets is impaired, resulting in a writedown of the long-lived assets.

Goodwill and other indefinite-lived acquired intangible assets are not amortized, but are evaluated for impairment annually or whenever events or changes in circumstances indicate that the value of a certain asset may be impaired. This evaluation requires management to make judgments relating to future cash flows, growth rates, and economic and market conditions. These evaluations are based on determining the fair value of a reporting unit or asset using a valuation method such as discounted cash flow or a relative, market-based approach. Historically, the Company has generated sufficient returns to recover the cost of goodwill and other indefinite-lived acquired intangible assets. Because of the nature of the factors used in these tests, if different conditions occur in future periods, future operating results could be materially impacted.

Income Taxes

The determination of our provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefit of uncertain tax positions are recorded in our financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities. When facts and circumstances change, we reassess these probabilities and record any changes in the financial statements as appropriate. The Financial Accounting Standards Board issued FIN 48, which set out criteria for the use of judgment in assessing the timing and amounts of deductible and taxable items. We adopted this interpretation for fiscal year 2008.

Self-Insurance

We use a combination of insurance, self-insured retention and self-insurance for a number of risks, including, without limitation, workers' compensation, general liability, vehicle liability and the Company's obligation for employee-related health care benefits. Liabilities associated with the risks that we retain are estimated by considering historical claims experience, including frequency, severity, demographic factors and other actuarial assumptions. In calculating our liability, we analyze our historical trends, including loss development, and apply appropriate loss development factors to the incurred costs associated with the claims made against our self-insured program. The estimated accruals for these liabilities could be significantly affected if future occurrences or loss development differ from these assumptions. For example, for our workers' compensation and general liability, a 1% increase or decrease to the assumptions for claims costs or loss development factors would increase or decrease our self-insurance accrual by \$24 million or \$79 million, respectively.

During the last few years, we have enhanced how we manage our workers' compensation and general liability claims. As a result, our loss experience with respect to such claims has improved and the actuarially determined ultimate loss estimates, primarily for fiscal year 2004 through 2007 claims, were reduced during the quarter ended July 31, 2007. The reductions in ultimate loss estimates resulted primarily from improved claims handling experience, which impacts loss development factors and other actuarial assumptions. Due to the beneficial change in estimate of our ultimate losses, accrued liabilities for general liability and workers' compensation claims were reduced by \$196 million after tax, resulting in an increase in net income per basic and diluted common share of \$0.05 for the second quarter of fiscal year 2008.

For a summary of our significant accounting policies, please see Note 1 to our Consolidated Financial Statements that appear after this discussion.

Forward-Looking Statements

This Annual Report contains statements that Wal-Mart believes are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Those statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. These forward-looking statements include statements in Management’s Discussion and Analysis of Financial Condition and Results of Operations under the caption “Company Performance Metrics” regarding the effect of the opening of new stores on comparable store sales, under the caption “Results of Operations” with the respect to our expected tax rate for fiscal 2009 and under the caption “Liquidity and Capital Resources” with respect to the amount of increases in payments under operating leases if certain leases are executed, our ability to finance seasonal build-ups in inventories and to meet other cash requirements with cash flows from operations and the sale of commercial paper, our ability to fund certain cash flow shortfalls by the sale of commercial paper and long-term debt securities, our plan to refinance long-term debt as it matures, our anticipated funding of shortfall in cash to pay dividends and make capital expenditures through the sale of commercial paper and long-term debt securities, our ability to sell our long-term securities, the anticipated number of new stores and clubs to be opened in the United States and internationally, and the anticipated allocation of capital expenditures in fiscal year 2009, in Note 5 to our Consolidated Financial Statements regarding the possible tax treatment and effect of the loss recorded in connection with the disposition of our German operations in fiscal year 2007 and in Note 6 to our Consolidated Financial Statements regarding our expected acquisition of the shares of Seiyu we currently do not own. These statements are identified by the use of the words “anticipate,” “believe,” “could increase,” “could result,” “expect,” “will result,” “may result,” “plan,” “will be,” “will include,” “will increase” and other, similar words or phrases. Similarly, descriptions of our objectives, strategies, plans, goals or targets are also forward-looking statements. These statements discuss, among other things, expected growth, future revenues, future cash flows, future capital expenditures, future performance and the anticipation and expectations of Wal-Mart and its management as to future occurrences and trends. These forward-looking statements are subject to certain factors, in the United States and internationally, that could affect our financial performance, business strategy, plans, goals and objectives. Those factors include, but are not limited to, general economic conditions, consumer credit availability, gasoline and other energy prices, the cost of goods, information security costs, labor costs, the cost of fuel and electricity, the cost of healthcare benefits, insurance costs, cost of construction materials, catastrophic events, competitive pressures, inflation, accident-related costs, consumer buying patterns and debt levels, weather patterns, transport of goods from foreign suppliers, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, changes in tax and other laws and regulations that affect our business, the outcome of legal proceedings to which we are a party, unemployment levels, interest rate fluctuations, changes in employment legislation and other capital market, economic and geo-political conditions and events. Moreover, we typically earn a disproportionate part of our annual operating income in the fourth quarter as a result of the seasonal buying patterns. Those buying patterns are difficult to forecast with certainty. The foregoing list of factors that may affect our performance is not exclusive. Other factors and unanticipated events could adversely affect our business operations and financial performance. We discuss certain of these matters more fully, as well as certain risk factors that may affect our business operations, financial condition, results of operations and liquidity in other of our filings with the Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10-K. We filed our Annual Report on Form 10-K for the year ended January 31, 2008, with the SEC on or about March 31, 2008. The forward-looking statements described above are made based on knowledge of our business and the environment in which we operate. However, because of the factors described and listed above, as well as other factors, or as a result of changes in facts, assumptions not being realized or other circumstance, actual results may materially differ from anticipated results described or implied in these forward-looking statements. We cannot assure the reader that the results or developments expected or anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for us or affect us, our business or our operations in the way we expect. You are urged to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements and not to place undue reliance on such forward-looking statements. The forward-looking statements included in this Annual Report speak only as of the date of this report, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances, except as may be required by applicable law.

WAL-MART STORES, INC.
Consolidated Statements of Income

(Amounts in millions except per share data)

Fiscal Year Ended January 31,	2008	2007	2006
Revenues:			
Net sales	\$ 374,307	\$ 344,759	\$ 308,945
Membership and other income	4,169	3,609	3,121
	<u>378,476</u>	<u>348,368</u>	<u>312,066</u>
Costs and expenses:			
Cost of sales	286,350	263,979	237,649
Operating, selling, general and administrative expenses	70,174	63,892	55,724
Operating income	<u>21,952</u>	<u>20,497</u>	<u>18,693</u>
Interest:			
Debt	1,863	1,549	1,171
Capital leases	240	260	249
Interest income	(309)	(280)	(240)
Interest, net	<u>1,794</u>	<u>1,529</u>	<u>1,180</u>
Income from continuing operations before income taxes and minority interest	<u>20,158</u>	<u>18,968</u>	<u>17,513</u>
Provision for income taxes:			
Current	6,897	6,265	5,932
Deferred	(8)	89	(129)
	<u>6,889</u>	<u>6,354</u>	<u>5,803</u>
Income from continuing operations before minority interest	<u>13,269</u>	<u>12,614</u>	<u>11,710</u>
Minority interest	<u>(406)</u>	<u>(425)</u>	<u>(324)</u>
Income from continuing operations	<u>12,863</u>	<u>12,189</u>	<u>11,386</u>
Loss from discontinued operations, net of tax	<u>(132)</u>	<u>(905)</u>	<u>(155)</u>
Net income	<u>\$ 12,731</u>	<u>\$ 11,284</u>	<u>\$ 11,231</u>
Net income per common share:			
Basic income per common share from continuing operations	\$ 3.16	\$ 2.93	\$ 2.72
Basic loss per common share from discontinued operations	(0.03)	(0.22)	(0.04)
Basic net income per common share	<u>\$ 3.13</u>	<u>\$ 2.71</u>	<u>\$ 2.68</u>
Diluted income per common share from continuing operations	\$ 3.16	\$ 2.92	\$ 2.72
Diluted loss per common share from discontinued operations	(0.03)	(0.21)	(0.04)
Diluted net income per common share	<u>\$ 3.13</u>	<u>\$ 2.71</u>	<u>\$ 2.68</u>
Weighted-average number of common shares:			
Basic	4,066	4,164	4,183
Diluted	4,072	4,168	4,188
Dividends declared per common share	\$ 0.88	\$ 0.67	\$ 0.60

See accompanying notes.

WAL-MART STORES, INC.
Consolidated Balance Sheets

(Amounts in millions except per share data)

January 31,	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,492	\$ 7,716
Receivables	3,642	2,833
Inventories	35,159	33,667
Prepaid expenses and other	2,760	2,273
Current assets of discontinued operations	967	493
Total current assets	48,020	46,982
Property and equipment, at cost:		
Land	19,879	18,612
Buildings and improvements	72,141	63,679
Fixtures and equipment	28,026	25,168
Transportation equipment	2,210	1,966
Property and equipment, at cost	122,256	109,425
Less accumulated depreciation	(28,531)	(24,188)
Property and equipment, net	93,725	85,237
Property under capital lease:		
Property under capital lease	5,736	5,392
Less accumulated amortization	(2,594)	(2,342)
Property under capital lease, net	3,142	3,050
Goodwill	15,879	13,567
Other assets and deferred charges	2,748	2,315
Non-current assets of discontinued operations	-	436
Total assets	\$ 163,514	\$ 151,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Commercial paper	\$ 5,040	\$ 2,570
Accounts payable	30,344	28,473
Accrued liabilities	15,725	14,641
Accrued income taxes	1,000	692
Long-term debt due within one year	5,913	5,428
Obligations under capital leases due within one year	316	285
Current liabilities of discontinued operations	140	59
Total current liabilities	58,478	52,148
Long-term debt	29,799	27,222
Long-term obligations under capital leases	3,603	3,513
Deferred income taxes and other	5,087	4,949
Minority interest	1,939	2,160
Non-current liabilities of discontinued operations	-	22
Commitments and contingencies		
Shareholders' equity:		
Preferred stock (\$0.10 par value; 100 shares authorized, none issued)	-	-
Common stock (\$0.10 par value; 11,000 shares authorized, 3,973 and 4,131 issued and outstanding at January 31, 2008 and January 31, 2007, respectively)	397	413
Capital in excess of par value	3,028	2,834
Retained earnings	57,319	55,818
Accumulated other comprehensive income	3,864	2,508
Total shareholder's equity	64,608	61,573
Total liabilities and shareholders' equity	\$ 163,514	\$ 151,587

See accompanying notes.

WAL-MART STORES, INC.
Consolidated Statements of Shareholders' Equity

<i>(Amounts in millions except per share data)</i>	Number of Shares	Common Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance – January 31, 2005	4,234	\$ 423	\$ 2,425	\$ 2,694	\$ 43,854	\$ 49,396
Comprehensive income:						
Net income					11,231	11,231
Other comprehensive income:						
Foreign currency translation				(1,691)		(1,691)
Net changes in fair values of derivatives				(1)		(1)
Minimum pension liability				51		51
Total comprehensive income						9,590
Cash dividends (\$0.60 per share)					(2,511)	(2,511)
Purchase of Company stock	(74)	(7)	(104)		(3,469)	(3,580)
Stock options exercised and other	5	1	275			276
Balance – January 31, 2006	4,165	\$ 417	\$ 2,596	\$ 1,053	\$ 49,105	\$ 53,171
Comprehensive income:						
Net income					11,284	11,284
Other comprehensive income:						
Foreign currency translation				1,584		1,584
Net changes in fair values of derivatives				6		6
Minimum pension liability				(15)		(15)
Total comprehensive income						12,859
Adjustment for initial application of SFAS 158, net of tax				(120)		(120)
Cash dividends (\$0.67 per share)					(2,802)	(2,802)
Purchase of Company stock	(39)	(4)	(52)		(1,769)	(1,825)
Stock options exercised and other	5		290			290
Balance – January 31, 2007	4,131	\$ 413	\$ 2,834	\$ 2,508	\$ 55,818	\$ 61,573
Comprehensive income:						
Net income					12,731	12,731
Other comprehensive income:						
Foreign currency translation				1,218		1,218
Minimum pension liability				138		138
Total comprehensive income						14,087
Cash dividends (\$0.88 per share)					(3,586)	(3,586)
Purchase of Company stock	(166)	(17)	(190)		(7,484)	(7,691)
Stock options exercised and other	8	1	384			385
Adoption of FIN 48					(160)	(160)
Balance – January 31, 2008	3,973	\$ 397	\$ 3,028	\$ 3,864	\$ 57,319	\$ 64,608

See accompanying notes.

WAL-MART STORES, INC.
Consolidated Statements of Cash Flows

(Amounts in millions)

Fiscal Year Ended January 31,

	2008	2007	2006
Cash flows from operating activities:			
Net income	\$ 12,731	\$ 11,284	\$ 11,231
Loss from discontinued operations, net of tax	132	905	155
Income from continuing operations	12,863	12,189	11,386
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	6,317	5,459	4,645
Deferred income taxes	(8)	89	(129)
Other operating activities	622	1,028	635
Changes in certain assets and liabilities, net of effects of acquisitions:			
Increase in accounts receivable	(564)	(214)	(466)
Increase in inventories	(775)	(1,274)	(1,761)
Increase in accounts payable	865	2,132	3,031
Increase in accrued liabilities	1,034	588	1,002
Net cash provided by operating activities of continuing operations	20,354	19,997	18,343
Net cash used in operating activities of discontinued operations	-	(45)	(102)
Net cash provided by operating activities	20,354	19,952	18,241
Cash flows from investing activities:			
Payments for property and equipment	(14,937)	(15,666)	(14,530)
Proceeds from disposal of property and equipment	957	394	1,042
(Payments for) proceeds from disposal of certain international operations, net	(257)	610	-
Investment in international operations, net of cash acquired	(1,338)	(68)	(601)
Other investing activities	(95)	223	(67)
Net cash used in investing activities of continuing operations	(15,670)	(14,507)	(14,156)
Net cash provided by (used in) investing activities of discontinued operations	-	44	(30)
Net cash used in investing activities	(15,670)	(14,463)	(14,186)
Cash flows from financing activities:			
Increase (decrease) in commercial paper	2,376	(1,193)	(704)
Proceeds from issuance of long-term debt	11,167	7,199	7,691
Payment of long-term debt	(8,723)	(5,758)	(2,724)
Dividends paid	(3,586)	(2,802)	(2,511)
Purchase of Company stock	(7,691)	(1,718)	(3,580)
Payment of capital lease obligations	(343)	(340)	(245)
Other financing activities	(334)	(227)	(349)
Net cash used in financing activities	(7,134)	(4,839)	(2,422)
Effect of exchange rates on cash	252	97	(101)
Net (decrease) increase in cash and cash equivalents	(2,198)	747	1,532
Cash and cash equivalents at beginning of year ⁽¹⁾	7,767	7,020	5,488
Cash and cash equivalents at end of year ⁽²⁾	\$ 5,569	\$ 7,767	\$ 7,020
Supplemental disclosure of cash flow information			
Income tax paid	\$ 6,299	\$ 6,665	\$ 5,962
Interest paid	1,622	1,553	1,390
Capital lease obligations incurred	447	159	286

(1) Includes cash and cash equivalents of discontinued operations of \$51 million, \$19 million and \$3 million at January 31, 2007, 2006 and 2005, respectively.

(2) Includes cash and cash equivalents of discontinued operations of \$77 million, \$51 million and \$19 million at January 31, 2008, 2007 and 2006, respectively.

See accompanying notes.

Notes to Consolidated Financial Statements

Wal-Mart Stores, Inc.

1 Summary of Significant Accounting Policies

General

Wal-Mart Stores, Inc. ("Wal-Mart," 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 activity. Our fiscal year ends on January 31. During the fiscal year ended January 31, 2008, we had net sales of \$374.3 billion.

Consolidation

The Consolidated Financial Statements include the accounts of Wal-Mart Stores, Inc. and its subsidiaries. Significant intercompany transactions have been eliminated in consolidation. Investments in which the Company has a 20% to 50% voting interest and where the Company exercises significant influence over the investee are accounted for using the equity method.

The Company's operations in Argentina, Brazil, China, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Mexico, Nicaragua and the United Kingdom are consolidated using a December 31 fiscal year-end, generally due to statutory reporting requirements. There were no significant intervening events in January 2008 which materially affected the financial statements. The Company's operations in Canada and Puerto Rico are consolidated using a January 31 fiscal year-end.

The Company consolidates the accounts of certain variable interest entities where it has been determined that Wal-Mart is the primary beneficiary of those entities' operations. The assets, liabilities and results of operations of these entities are not material to the Company.

Cash and Cash Equivalents

The Company considers investments with a maturity of three months or less when purchased to be cash equivalents. The majority of payments due from banks for third-party credit card, debit card and electronic benefit transactions ("EBT") process within 24-48 hours, except for transactions occurring on a Friday, which are generally processed the following Monday. All credit card, debit card and EBT transactions that process in less than seven days are classified as cash and cash equivalents. Amounts due from banks for these transactions classified as cash totaled \$826 million and \$882 million at January 31, 2008 and 2007, respectively.

Receivables

Accounts receivable consist primarily of receivables from insurance companies resulting from our pharmacy sales, receivables from suppliers for marketing or incentive programs, receivables from real estate transactions and receivables from property insurance claims. Additionally, amounts due from banks for customer credit card, debit card and EBT transactions that take in excess of seven days to process are classified as accounts receivable.

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. Sam's Club merchandise and merchandise in our distribution warehouses are valued based on the weighted average cost using the LIFO method. Inventories of foreign operations are primarily valued by the retail method of accounting, using the first-in, first-out ("FIFO") method. At January 31, 2008 and 2007, our inventories valued at LIFO approximate those inventories as if they were valued at FIFO.

Financial Instruments

The Company uses derivative financial instruments for purposes other than trading to manage its exposure to interest and foreign exchange rates, as well as to maintain an appropriate mix of fixed and floating-rate debt. Contract terms of a hedge instrument closely mirror those of the hedged item, providing a high degree of risk reduction and correlation. Contracts that are effective at meeting the risk reduction and correlation criteria are recorded using hedge accounting. If a derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or be recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value will be immediately recognized in earnings. Instruments that do not meet the criteria for hedge accounting, or contracts for which the Company has not elected hedge accounting, are valued at fair value with unrealized gains or losses reported in earnings during the period of change.

Capitalized Interest

Interest costs capitalized on construction projects were \$150 million, \$182 million and \$157 million in fiscal 2008, 2007 and 2006, respectively.

Long-Lived Assets

Long-lived assets are stated at cost. Management reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows, which is at the individual store level or in certain circumstances a market group of stores. Undiscounted cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique.

Goodwill and Other Acquired Intangible Assets

Goodwill represents the excess of purchase price over fair value of net assets acquired, and is allocated to the appropriate reporting unit when acquired. Other acquired intangible assets are stated at the fair value acquired as determined by a valuation technique commensurate with the intended use of the related asset. Goodwill and indefinite-lived other acquired intangible assets are not amortized; rather they are evaluated for impairment annually or whenever events or changes in circumstances indicate that the value of the asset may be impaired. Definite-lived other acquired intangible assets are considered long-lived assets and are amortized on a straight-line basis over the periods that expected economic benefits will be provided.

Indefinite-lived other acquired intangible assets are evaluated for impairment based on their fair values using valuation techniques which are updated annually based on the most recent variables and assumptions.

Goodwill is evaluated for impairment by determining the fair value of the related reporting unit. Fair value is measured based on a discounted cash flow method or relative market-based approach. The analyses require significant management judgment to evaluate the capacity of an acquired business to perform within projections. Historically, the Company has generated sufficient returns to recover the cost of the goodwill.

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

(Amounts in millions)

January 31,	2008	2007
International	\$ 15,574	\$ 13,262
Sam's Club	305	305
Total goodwill	<u>\$ 15,879</u>	<u>\$ 13,567</u>

The change in the International segment's goodwill since fiscal 2007 resulted primarily from the acquisition of the controlling interest in Bounteous Company Ltd. ("BCL"), the tender offer to acquire the remaining outstanding common and preferred shares of our Japanese subsidiary, The Seiyu, Ltd. ("Seiyu"), and foreign exchange rate fluctuations.

Leases

The Company estimates the expected term of a lease by assuming the exercise of renewal options where an economic penalty exists that would preclude the abandonment of the lease at the end of the initial non-cancelable term and the exercise of such renewal is at the sole discretion of the Company. This expected term is used in the determination of whether a store lease is a capital or operating lease and in the calculation of straight-line rent expense. Additionally, the useful life of leasehold improvements is limited by the expected lease term or the economic life of the asset. If significant expenditures are made for leasehold improvements late in the expected term of a lease and renewal is reasonably assumed, the useful life of the leasehold improvement is limited to the end of the renewal period or economic life of the asset.

Rent abatements and escalations are considered in the calculation of minimum lease payments in the Company's capital lease tests and in determining straight-line rent expense for operating leases.

Foreign Currency Translation

The assets and liabilities of all foreign subsidiaries are translated using exchange rates at the balance sheet date. The income statements of foreign subsidiaries are translated using average exchange rates for the period. Related translation adjustments are recorded as a component of accumulated other comprehensive income.

Revenue Recognition

The Company recognizes sales revenue net of sales taxes and estimated sales returns at the time it sells merchandise to the customer, except for layaway transactions. The Company recognizes revenue from layaway transactions when the customer satisfies all payment obligations and takes possession of the merchandise. Customer purchases of shopping cards are not recognized as revenue until the card is redeemed and the customer purchases merchandise by using the shopping card.

Sam's Club Membership Fee Revenue Recognition

The Company recognizes Sam's Club membership fee revenue both in the United States and internationally over the term of the membership, which is 12 months. The following table details unearned revenue, membership fees received from members and the amount of revenue recognized in earnings for each of the fiscal years 2008, 2007 and 2006.

(Amounts in millions)

Fiscal Year Ended January 31,	2008	2007	2006
Deferred membership fee revenue, beginning of year	\$ 535	\$ 490	\$ 458
Membership fees received	1,054	1,030	940
Membership fee revenue recognized	(1,038)	(985)	(908)
Deferred membership fee revenue, end of year	<u>\$ 551</u>	<u>\$ 535</u>	<u>\$ 490</u>

Sam's Club membership fee revenue is included in membership and other income in the revenues section of the Consolidated Statements of Income.

Cost of Sales

Cost of sales includes actual product cost, the cost of transportation to the Company's warehouses, stores and clubs from suppliers, the cost of transportation from the Company's warehouses to the stores and clubs and the cost of warehousing for our Sam's Club segment.

Payments from Suppliers

Wal-Mart receives money from suppliers for various programs, primarily volume incentives, warehouse allowances and reimbursements for specific programs such as markdowns, margin protection and advertising. Substantially all payments from suppliers are accounted for as a reduction of purchases and recognized in our Consolidated Statements of Income when the related inventory is sold.

Operating, Selling, General and Administrative Expenses

Operating, selling, general and administrative expenses include all operating costs of the Company except those costs related to the transportation of products from the supplier to the warehouses, stores or clubs, the costs related to the transportation of products from the warehouses to the stores or clubs and the cost of warehousing for our Sam's Club segment. As a result, the cost of warehousing and occupancy for our Walmart U.S. and International segments' distribution facilities are included in operating, selling, general and administrative expenses. Because we do not include the cost of our Walmart U.S. and International segments' distribution facilities in cost of sales, our gross profit and gross profit as a percentage of net sales (our "gross margin") may not be comparable to those of other retailers that may include all costs related to their distribution facilities in cost of sales and in the calculation of gross profit and gross margin.

Advertising Costs

Advertising costs are expensed as incurred and were \$2.0 billion, \$1.9 billion and \$1.6 billion in fiscal 2008, 2007 and 2006, respectively. Advertising costs consist primarily of print and television advertisements.

Pre-Opening Costs

The costs of start-up activities, including organization costs, related to new store openings, store remodels, expansions and relocations are expensed as incurred.

Share-Based Compensation

The Company recognizes expense for its share-based compensation based on the fair value of the awards that are granted. The fair value of stock options is estimated at the date of grant using the Black-Scholes-Merton option valuation model which was developed for use in estimating the fair value of exchange traded options that have no vesting restrictions and are fully transferable. Option valuation methods require the input of highly subjective assumptions, including the expected stock price volatility. Measured compensation cost, net of estimated forfeitures, is recognized ratably over the vesting period of the related share-based compensation award.

Share-based compensation awards that may be settled in cash are accounted for as liabilities and marked to market each period. Measured compensation cost for performance-based awards is recognized only if it is probable that the performance condition will be achieved.

Insurance/Self-Insurance

The Company uses a combination of insurance, self-insured retention and self-insurance for a number of risks, including, without limitation, workers' compensation, general liability, vehicle liability and the Company's obligation for employee-related health care benefits. Liabilities associated with these risks are estimated by considering historical claims experience, demographic factors, frequency and severity factors and other actuarial assumptions. In estimating our liability for such claims, we periodically analyze our historical trends, including loss development, and apply appropriate loss development factors to the incurred costs associated with the claims. During the last few years, we have enhanced how we manage our workers' compensation and general liability claims. As a result, our loss experience with respect to such claims has improved and the actuarially determined ultimate loss estimates, primarily for fiscal year 2004 through 2007 claims, were reduced during the quarter ended July 31, 2007. The reductions in ultimate loss estimates resulted primarily from improved claims handling experience, which impacts loss development factors and other actuarial assumptions. Due to the beneficial change in estimate of our ultimate losses, accrued liabilities for general liability and workers' compensation claims were reduced by \$196 million after tax, resulting in an increase in net income per basic and diluted common share of \$0.05 for the second quarter of fiscal year 2008.

Depreciation and Amortization

Depreciation and amortization for financial statement purposes are provided on the straight-line method over the estimated useful lives of the various assets. Depreciation expense, including amortization of property under capital leases for fiscal years 2008, 2007 and 2006 was \$6.3 billion, \$5.5 billion and \$4.6 billion, respectively. For income tax purposes, accelerated methods of depreciation are used with recognition of deferred income taxes for the resulting temporary differences. Leasehold improvements are depreciated over the shorter of the estimated useful life of the asset or the remaining expected lease term. Estimated useful lives for financial statement purposes are as follows:

Buildings and improvements	5–50 years
Fixtures and equipment	3–12 years
Transportation equipment	3–15 years

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

In determining the quarterly provision for income taxes, the Company uses an annual effective tax rate based on expected annual income and statutory tax rates. The effective tax rate also reflects the Company's assessment of the ultimate outcome of tax audits. Significant discrete items are separately recognized in the income tax provision in the quarter in which they occur.

The determination of our provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefit of uncertain tax positions are recorded in our financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities. When facts and circumstances change, we reassess these probabilities and record any changes in the financial statements as appropriate. Financial Accounting Standards Board Interpretation ("FASB") No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), effective for the Company for fiscal year 2008, sets out the framework by which such judgments are to be made.

Accrued Liabilities

Accrued liabilities consist of the following:

(Amounts in millions)

January 31,	2008	2007
Accrued wages and benefits	\$ 5,247	\$ 5,347
Self-insurance	2,907	2,954
Other	7,571	6,340
Total accrued liabilities	<u>\$ 15,725</u>	<u>\$ 14,641</u>

Net Income Per Common Share

Basic net income per common share is based on the weighted-average number of outstanding common shares. Diluted net income per common share is based on the weighted-average number of outstanding shares adjusted for the dilutive effect of stock options and other share-based awards. The dilutive effect of stock options and other share-based awards was 6 million, 4 million and 5 million shares in fiscal 2008, 2007 and 2006, respectively. The Company had approximately 62 million, 62 million and 57 million option shares outstanding at January 31, 2008, 2007 and 2006, respectively, which were not included in the diluted net income per share calculation because their effect would be antidilutive.

Estimates and Assumptions

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

Reclassifications

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

2 Commercial Paper and Long-term Debt

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

(Amounts in millions)

Fiscal Year	2008	2007	2006
Maximum amount outstanding at any month-end	\$ 9,176	\$ 7,968	\$ 9,054
Average daily short-term borrowings	5,657	4,741	5,719
Weighted-average interest rate	4.9%	4.7%	3.4%

Short-term borrowings consisted of \$5.0 billion and \$2.6 billion of commercial paper at January 31, 2008 and 2007, respectively. At January 31, 2008, the Company had committed lines of credit of \$8.5 billion with 30 firms and banks, which were used to support commercial paper. The committed lines of credit mature at varying times starting between June 2008 and June 2012, carry interest rates of LIBOR plus 11 to 15 basis points and at prime plus zero to 50 basis points, and incur commitment fees of 1.5 to 7.5 basis points on undrawn amounts.

Long-term debt at January 31 for each fiscal year presented consists of:

(Amounts in millions)

Interest Rate	Due by Fiscal Year	2008	2007
0.310 – 11.750%, LIBOR less 0.10%	Notes due 2009	\$ 4,688	\$ 4,372
1.200 – 6.875%	Notes due 2010	4,584	4,614
5.250%	Notes due 2036	4,487	4,465
0.1838 – 10.880%	Notes due 2011 ⁽¹⁾	3,511	3,292
6.500%	Notes due 2038	3,000	-
0.750 – 7.250%	Notes due 2014	2,982	2,970
1.200 – 4.125%	Notes due 2012	2,481	2,426
5.750 – 7.550%	Notes due 2031	1,994	1,983
4.875%	Notes due 2039	1,987	1,966
2.950 – 5.800%	Notes due 2019 ⁽¹⁾	1,764	515
3.750 – 5.375%	Notes due 2018	1,027	28
3.150 – 6.630%	Notes due 2016	765	769
5.875%	Notes due 2028	750	-
1.600 – 5.000%	Notes due 2013	516	18
6.750%	Notes due 2024	250	250
2.300 – 2.875%	Notes due 2015	42	45
2.000 – 2.500%	Notes due 2017	24	37
2.875 – 13.750%, LIBOR less 0.1025%	Notes due 2008	-	3,141
5.502%	Notes due 2027	-	1,000
Other ⁽²⁾		860	759
Total		\$ 35,712	\$ 32,650

⁽¹⁾ Notes due in 2011 and 2019 both include \$500 million put options.

⁽²⁾ Includes adjustments to debt hedged by derivatives.

The Company has \$1.0 billion in debt with embedded put options. The holders of one \$500 million debt issuance may require the Company to repurchase the debt at par plus accrued interest at any time. One issue of money market puttable reset securities in the amount of \$500 million is structured to be remarketed in connection with the annual reset of the interest rate. If, for any reason, the remarketing of the notes does not occur at the time of any interest rate reset, the holders of the notes must sell, and the Company must repurchase, the notes at par. All of these issuances have been classified as long-term debt due within one year in the Consolidated Balance Sheets.

Under certain lines of credit totaling \$8.5 billion, which were undrawn as of January 31, 2008, the Company has agreed to observe certain covenants, the most restrictive of which relates to maximum amounts of secured debt and long-term leases. In addition, one of our subsidiaries has restrictive financial covenants on \$2.0 billion of long-term debt that requires it to maintain certain equity, sales, and profit levels.

Long-term debt is unsecured except for \$1.1 billion, which is collateralized by property with an aggregate carrying amount of approximately \$1.3 billion. Annual maturities of long-term debt during the next five years and thereafter are:

(Amounts in millions)

Fiscal Year	Annual Maturity
2009	\$ 5,913
2010	4,786
2011	3,002
2012	2,580
2013	592
Thereafter	18,839
Total	\$ 35,712

The Company has entered into sale/leaseback transactions involving buildings while retaining title to the underlying land. These transactions were accounted for as financings and are included in long-term debt and the annual maturities schedule above. The resulting obligations mature as follows during the next five years and thereafter:

(Amounts in millions)

Fiscal Year	Annual Maturity
2009	\$ 10
2010	10
2011	10
2012	10
2013	10
Thereafter	290
Total	\$ 340

The Company had trade letters of credit outstanding totaling \$2.7 billion and \$3.0 billion at January 31, 2008 and 2007, respectively. At January 31, 2008 and 2007, the Company had standby letters of credit outstanding totaling \$2.2 billion. These letters of credit were issued primarily for the purchase of inventory and self-insurance purposes.

3 Financial Instruments

The Company uses derivative financial instruments for hedging and non-trading purposes to manage its exposure to changes in interest and foreign exchange rates. Use of derivative financial instruments in hedging programs subjects the Company to certain risks, such as market and credit risks. Market risk represents the possibility that the value of the derivative instrument will change. In a hedging relationship, the change in the value of the derivative is offset to a great extent by the change in the value of the underlying hedged item. Credit risk related to derivatives represents the possibility that the counterparty will not fulfill the terms of the contract. 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) when appropriate. The majority of the Company's transactions are with counterparties rated "AA-" or better by nationally recognized credit rating agencies.

Fair Value Instruments

The Company enters into interest rate swaps to minimize the risks and costs associated with its financing activities. Under the swap agreements, the Company pays variable-rate interest and receives fixed-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 exposure due to credit loss. All of the Company's interest rate swaps that receive fixed interest rate payments and pay variable 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 fair value of the hedges were recorded on the balance sheet with no net impact on the income statement.

Net Investment Instruments

At January 31, 2008 and 2007, 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.

The Company has outstanding approximately £3.0 billion of debt that is designated as a hedge of the Company's net investment in the United Kingdom as of January 31, 2008 and 2007. The Company also has outstanding approximately ¥142.1 billion of debt that is designated as a hedge of the Company's net investment in Japan at January 31, 2008 and 2007. All changes in the fair value of these instruments are recorded in accumulated other comprehensive income, offsetting the foreign currency translation adjustment that is also recorded in accumulated other comprehensive income.

Cash Flow Instruments

The Company was party to a cross-currency interest rate swap to hedge the foreign currency risk of certain foreign-denominated debt. The swap was designated as a cash flow hedge of foreign currency exchange risk. The agreement was a contract to exchange fixed-rate payments in one currency for fixed-rate payments in another currency. Changes in the foreign currency spot exchange rate resulted in reclassification of amounts from accumulated other comprehensive income to earnings to offset transaction gains or losses on foreign-denominated debt. The instruments matured in fiscal 2007.

Fair Value of Financial Instruments

(Amounts in millions)

Derivative financial instruments designated for hedging: Fiscal Year Ended January 31,

	Notional Amount		Fair Value	
	2008	2007	2008	2007
Received fixed-rate, pay floating rate interest rate swaps designated as fair value hedges	\$ 5,195	\$ 5,195	\$ 265	\$ (1)
Received fixed-rate, pay fixed-rate cross-currency interest rate swaps designated as net investment hedges (Cross-currency notional amount: GBP 795 at 1/31/2008 and 1/31/2007)	1,250	1,250	(75)	(181)
Total	<u>\$ 6,445</u>	<u>\$ 6,445</u>	<u>\$ 190</u>	<u>\$ (182)</u>

Non-derivative financial instruments:

Long-term debt	\$ 35,712	\$ 32,650	\$ 35,940	\$ 32,521
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Hedging instruments with an unrealized gain are recorded on the Consolidated Balance Sheets in other current assets or other assets and deferred charges, based on maturity date. Those instruments with an unrealized loss are recorded in accrued liabilities or deferred income taxes and other, based on maturity date.

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

Long-term debt: Fair value is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

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

4 Accumulated Other Comprehensive Income

Comprehensive income is net income plus certain other items that are recorded directly to shareholders' equity. Amounts included in accumulated other comprehensive income for the Company's derivative instruments and minimum pension liabilities are recorded net of the related income tax effects. The following table gives further detail regarding changes in the composition of accumulated other comprehensive income during fiscal 2008, 2007 and 2006

<i>Amount in millions</i>	Foreign Currency Translation	Derivative Instruments	Minimum Pension Liability	Total
Balance at January 31, 2005	\$ 2,982	\$ (5)	\$ (283)	\$ 2,694
Foreign currency translation adjustment	(1,691)			(1,691)
Change in fair value of hedge instruments		(31)		(31)
Reclassification to earnings		30		30
Subsidiary minimum pension liability			51	51
Balance at January 31, 2006	\$ 1,291	\$ (6)	\$ (232)	\$ 1,053
Foreign currency translation adjustment	1,584			1,584
Change in fair value of hedge instruments		123		123
Reclassification to earnings		(117)		(117)
Subsidiary minimum pension liability			(15)	(15)
Adjustment for initial application of SFAS 158, net of tax			(120)	(120)
Balance at January 31, 2007	\$ 2,875	\$ -	\$ (367)	\$ 2,508
Foreign currency translation adjustment	1,218			1,218
Subsidiary minimum pension liability			138	138
Balance at January 31, 2008	<u>\$ 4,093</u>	<u>\$ -</u>	<u>\$ (229)</u>	<u>\$ 3,864</u>

The foreign currency translation amount includes a translation loss of \$9 million at January 31, 2008, and translations gains of \$143 million and \$521 million at January 31, 2007 and 2006, respectively, related to net investment hedges of our operations in the United Kingdom and Japan.

In conjunction with the disposition of our operations in South Korea and Germany, the Company reclassified \$603 million from foreign currency translation amounts included in accumulated other comprehensive income into discontinued operations within our Consolidated Statements of Income for fiscal year 2007.

5 Income Taxes

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

Fiscal Year Ended January 31,	2008	2007	2006
Current:			
Federal	\$ 5,145	\$ 4,871	\$ 4,646
State and local	524	522	449
International	1,228	872	837
Total current tax provision	<u>6,897</u>	<u>6,265</u>	<u>5,932</u>
Deferred:			
Federal	12	(15)	(62)
State and local	6	4	56
International	(26)	100	(123)
Total deferred tax provision	<u>(8)</u>	<u>89</u>	<u>(129)</u>
Total provision for income taxes	<u>\$ 6,889</u>	<u>\$ 6,354</u>	<u>\$ 5,803</u>

Income from continuing operations before income taxes and minority interest by jurisdiction is as follows (in millions):

Fiscal Year Ended January 31,	2008	2007	2006
United States	\$ 15,820	\$ 15,158	\$ 14,447
Outside the United States	4,338	3,810	3,066
Total income from continuing operations before income taxes and minority interest	<u>\$ 20,158</u>	<u>\$ 18,968</u>	<u>\$ 17,513</u>

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

January 31,	2008	2007
Deferred tax liabilities:		
Property and equipment	\$ 2,740	\$ 3,153
Inventory	705	600
Other	41	282
Total deferred tax liabilities	<u>\$ 3,486</u>	<u>\$ 4,035</u>
Deferred tax assets:		
Net operating loss carryforwards	\$ 1,073	\$ 865
Amounts accrued for financial reporting purposes not yet deductible for tax purposes	2,400	2,233
Share-based compensation	324	300
Other	516	846
Total deferred tax assets	<u>4,313</u>	<u>4,244</u>
Valuation allowance	(1,589)	(1,307)
Total deferred tax assets, net of valuation allowance	<u>\$ 2,724</u>	<u>\$ 2,937</u>
Net deferred tax liabilities	<u>\$ 762</u>	<u>\$ 1,098</u>

The change in the Company's net deferred tax liability is impacted by foreign currency translation.

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

Fiscal Year Ended January 31,	2008	2007	2006
Statutory tax rate	35.00%	35.00%	35.00%
State income taxes, net of federal income tax benefit	1.72%	1.80%	1.85%
Income taxes outside the United States	-1.56%	-1.90%	-2.04%
Other	-0.98%	-1.40%	-1.67%
Effective income tax rate	34.18%	33.50%	33.14%

United States income taxes have not been provided on accumulated but undistributed earnings of its non-U.S. subsidiaries of \$10.7 billion and \$8.7 billion as of January 31, 2008 and 2007, respectively as the Company intends to permanently reinvest these undistributed earnings. However, if any portion were to be distributed, the related U.S. tax liability may be reduced by foreign income taxes paid on those earnings. Determination of the unrecognized deferred tax liability related to these undistributed earnings is not practicable because of the complexities with its hypothetical calculation.

The Company had foreign net operating loss carryforwards of \$2.9 billion at January 31, 2008 and \$2.3 billion at January 31, 2007. Of these amounts, \$1.9 billion relate to pre-acquisition losses for which a valuation allowance has been recorded. Any tax benefit ultimately realized upon the release of this portion of the valuation allowance will be accounted for as an adjustment to goodwill. Net operating loss carryforwards of \$1.7 billion will expire in various years through 2015. In addition, the Company had other deferred tax assets of \$0.5 billion at January 31, 2008 and 2007, for which any benefit would be accounted for as an adjustment to goodwill. See Note 13, "Recent Accounting Procurements," for the impact of Statement of Financial Accounting Standards No. 141(R), "Business Combinations" with regard to accounting for tax benefits acquired in a business combination.

During fiscal 2007, the Company recorded a pretax loss of \$918 million on the disposition of its German operations. In addition, the Company recognized a tax benefit of \$126 million related to this transaction. The Company recorded an additional loss on this disposition of \$153 million during fiscal year 2008. See Note 6, "Acquisitions and Disposals," for additional information about this transaction. The Company plans to deduct the tax loss realized on the disposition of its German operations as an ordinary worthless stock deduction. Final resolution of the amount and character of the deduction may result in the recognition of additional tax benefits of up to \$1.7 billion which may be included in discontinued operations in future periods. The Internal Revenue Service often challenges the characterization of such deductions. If the loss is characterized as a capital loss, any such capital loss could only be realized by being offset against future capital gains and would expire in 2012. Any deferred tax asset, net of its related valuation allowance, resulting from the characterization of the loss as capital may be included with the Company's non-current assets of discontinued operations.

The Company adopted the provisions of FIN 48 effective February 1, 2007. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. As a result of the implementation of FIN 48, the Company recognized a \$236 million increase in the liability for unrecognized tax benefits relating to continuing operations and a \$28 million increase in the related liability for interest and penalties for a total of \$264 million. Of this amount, \$160 million was accounted for as a reduction to the February 1, 2007, balance of retained earnings, \$70 million as an increase to non-current deferred tax assets, and \$34 million as an increase to current deferred tax assets.

The Company classifies interest on uncertain tax benefits as interest expense and income tax penalties as operating, selling, general and administrative expenses. At February 1, 2007, before any tax benefits, the Company had \$177 million of accrued interest and penalties on unrecognized tax benefits.

In the normal course of business, the Company provides for uncertain tax positions and the related interest and adjusts its unrecognized tax benefits and accrued interest accordingly. For the full year fiscal 2008, unrecognized tax benefits related to continuing operations and accrued interest increased by \$89 million and \$65 million, respectively. During the next twelve months, it is reasonably possible that tax audit resolutions could reduce unrecognized tax benefits by \$50 million to \$200 million, either because the tax positions are sustained on audit or because the Company agrees to their disallowance. Such unrecognized taxed benefits relate primarily to timing recognition issues and the resolution of the gain determination on a discontinued operation in fiscal year 2004.

A reconciliation of the beginning and ending balance of unrecognized tax benefits related to continuing operations is as follows (dollars in millions):

	2008
Balance at February 1, 2007	\$ 779
Increases related to prior year tax positions	125
Decreases related to prior year tax positions	(82)
Increases related to current year tax positions	106
Settlements during the period	(50)
Lapse of statute of limitations	(10)
Balance at January 31, 2008	<u>\$ 868</u>

The amount, if recognized, which is included in the balance at January 31, 2008, that would affect the Company's effective tax rate is \$597 million. The difference represents the amount of unrecognized tax benefits for which the ultimate tax consequence is certain, but for which there is uncertainty about the timing of the tax consequence recognition. Because of the impact of deferred tax accounting the timing would not impact the annual effective tax rate but could accelerate the payment of cash to the taxing authority to an earlier period.

Additionally, as of February 1, 2007, the Company had unrecognized tax benefits of \$1.7 billion which if recognized would be recorded as discontinued operations. Of this, \$1.67 billion is related to a worthless stock deduction to be claimed for the Company's disposition of its German operations in the second quarter of fiscal 2007, as mentioned above. This increased by \$57 million in the second quarter of fiscal 2008 as a result of the final resolution of outstanding purchase price adjustment claims and certain indemnities in conjunction with the disposition of the Company's German operations. The Company cannot predict with reasonable certainty if this matter will be resolved within the next twelve months.

The Company is subject to income tax examinations for its U.S. federal income taxes generally for the fiscal years 2007 and 2008, with fiscal years 2004 through 2006 remaining open for a limited number of issues, for non-U.S. income taxes for the tax years 2002 through 2008, and for state and local income taxes for the fiscal years generally 2004 through 2007 and from 1997 for a limited number of issues.

Additionally, the Company is subject to tax examinations for payroll, value added, sales-based and other taxes. A number of these examinations are ongoing and, in certain cases, have resulted in assessments from the taxing authorities. Where appropriate, the Company has made accruals for these matters which are reflected in the Company's consolidated financial statements. While these matters are individually immaterial, a group of related matters, if decided adversely to the Company, may result in liability material to the Company's financial condition or results of operations.

6 Acquisitions, Investments and Disposals

Acquisitions and Investments

In February 2007, the Company announced the purchase of a 35% interest in BCL. BCL operates 101 hypermarkets in 34 cities in China under the Trust-Mart banner. The purchase price for the 35% interest was \$264 million. As additional consideration, the Company paid \$376 million to extinguish a loan issued to the selling BCL shareholders that is secured by the pledge of the remaining equity of BCL. Concurrent with its initial investment in BCL, the Company entered into a stockholders 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 purchase agreement, the Company is committed to purchase the remaining interest in BCL on or before February 2010 subject to certain conditions. The final purchase price for the remaining interest will be approximately \$320 million, net of loan repayments and subject to reduction under certain circumstances.

After closing the acquisition, the Company began consolidating BCL using a December 31 fiscal year-end. The Company's Consolidated Statements of Income for fiscal year 2008 include the results of BCL for the period commencing upon the acquisition of the Company's interest in BCL and ending December 31, 2007. BCL's results of operations were not material to the Company. Assets recorded in the acquisition were approximately \$1.6 billion, including approximately \$1.1 billion in goodwill, and liabilities assumed were approximately \$1.0 billion. The consolidated financial statements of BCL, as well as the allocation of the purchase price, are preliminary.

In August 2007, the Company announced an agreement between Wal-Mart and Bharti Enterprises, an Indian company, to establish a joint venture called Bharti Wal-Mart Private Limited to conduct wholesale cash-and-carry and back-end supply chain management operations in India, in compliance with Government of India guidelines. The first wholesale facility is targeted to open in late fiscal 2009. The joint venture was formed to establish wholesale warehouse facilities to serve retailers and business owners by selling them merchandise at wholesale prices, including Bharti Retail, a wholly-owned subsidiary of Bharti Enterprises, that is developing a chain of retail stores in India. In addition, Bharti Retail has entered into a franchise agreement with an Indian subsidiary of Wal-Mart under which it will provide technical support to its retail business.

In October 2007, the Company announced the launch of a tender offer to acquire the remaining outstanding common and preferred shares of our Japanese subsidiary, Seiyu. Prior to the offer, the Company owned 50.9% of Seiyu. The tender offer commenced on October 23, expired on December 4, and closed on December 11, 2007. At closing, the Company acquired the majority of the common shares and all minority preferred shares for approximately \$865 million, and expects to finalize the purchase of any remaining minority common shareholders by April 2008. The Company now owns approximately 95% of the common shares and all of the preferred shares of Seiyu. This acquisition of the remaining Seiyu shares not owned by the Company resulted in the recording of \$547 million of goodwill and the elimination of \$318 million minority interest related to the preferred shareholders. The allocation of the purchase price is preliminary and will be finalized in fiscal 2009.

Disposals

During fiscal 2007, the Company disposed of its operations in South Korea and Germany, which had been included in our International segment. Consequently, the net losses and cash flows related to these operations are presented as discontinued operations in our Consolidated Statements of Income and our Consolidated Statements of Cash Flows for the appropriate periods presented.

The Company recorded a pretax gain on the sale of its retail business in South Korea of \$103 million, and tax expense of \$63 million during fiscal 2007. In determining the gain on the disposition of our South Korean operations, the Company allocated \$206 million of goodwill from the International reporting unit.

The Company recorded a loss of \$918 million on the disposal of its German operations during fiscal 2007. In addition, the Company recognized a tax benefit of \$126 million related to this transaction in fiscal 2007. The Company recorded a charge of \$153 million in fiscal 2008 to discontinued operations related to the settlement of a post-closing adjustment and certain other indemnification obligations.

During fiscal 2009, the Company disposed of Gazeley, an ASDA commercial property development subsidiary in the United Kingdom. Consequently, the results of operations associated with Gazeley are presented as discontinued operations in our Consolidated Statements of Income and Consolidated Balance Sheets for all periods presented. The cash flows related to this operation were insignificant for all periods presented.

During the third quarter of fiscal 2009, the Company initiated a restructuring program under which the Company's Japanese subsidiary, The Seiyu Ltd., will close 23 stores and dispose of certain excess properties. This restructuring will involve incurring costs associated with lease termination obligations, asset impairment charges and employee separation benefits. The costs associated with this restructuring are presented as discontinued operations in our Consolidated Statements of Income and Consolidated Balance Sheets for all periods presented. The cash flows and accrued liabilities related to this restructuring were insignificant for all periods presented.

In addition to the gain and loss on the dispositions noted above, discontinued operations as presented in the Company's Consolidated Statements of Income also include net sales and net operating losses from our discontinued operations as follows (in millions):

(Amounts in millions)

Fiscal Year Ended January 31,	2007	2006
Net sales	\$ 2,722	\$ 3,482
Net losses	(153)	(155)

7 Share-Based Compensation Plans

As of January 31, 2008, the Company has awarded share-based compensation to executives and other associates of the Company through various share-based compensation plans. The compensation cost recognized for all plans was \$276 million, \$271 million and \$244 million for fiscal 2008, 2007 and 2006, respectively. The total income tax benefit recognized for all share-based compensation plans was \$102 million, \$101 million and \$82 million for fiscal 2008, 2007 and 2006, respectively.

The Company's Stock Incentive Plan of 2005 (the "Plan"), which is shareholder-approved, was established to grant stock options, restricted (non-vested) stock and performance share compensation awards to its associates, and 210 million shares of common stock to be issued under the Plan have been registered under the Securities Act of 1933 (the "Securities Act"). Under the Plan and prior plans, substantially all stock option awards have been granted with an exercise price equal to the market price of the Company's stock at the date of grant. Generally, outstanding options granted before fiscal 2001 vest over seven years. Options granted after fiscal 2001 generally vest over five years. Shares issued upon the exercise of options are newly issued. Options granted generally have a contractual term of 10 years.

The Company's United Kingdom subsidiary, Asda, also offers two other stock option plans to its associates. The first plan, The Asda Colleague Share Ownership Plan 1999 ("CSOP"), grants options to certain associates. Options granted under the CSOP generally expire six years from the date of grant, with half vesting on the third anniversary of the grant and the other half on the sixth anniversary of the date of grant. Shares in the money at the vesting date are exercised while shares out of the money at the vesting date expire. The second plan, The Asda Sharesave Plan 2000 ("Sharesave"), grants options to certain associates at 80% of market value on the date of grant. Sharesave options become exercisable after either a three-year or five-year period and generally expire six months after becoming exercisable. The shares were registered under the Securities Act for issuance under CSOP and Sharesave Plans to grant stock options to its colleagues for up to a combined 34 million shares of common stock.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes-Merton option valuation model that uses various assumptions for inputs, which are noted in the following table. Generally, the Company uses expected volatilities and risk-free interest rates that correlate with the expected term of the option when estimating an option's fair value. To determine the expected life of the option, the Company bases its estimates on historical exercise and expiration activity of grants with similar vesting periods. Expected volatility is based on historical volatility of our stock and the expected risk-free interest rate is based on the U.S. Treasury yield curve at the time of the grant. The expected dividend yield is based on the annual dividend rate at the time of grant. The following table represents a weighted-average of the assumptions used by the Company to estimate the fair values of the Company's stock options at the grant dates:

Fiscal Year Ended January 31,	2008	2007	2006
Dividend yield	2.1%	2.3%	1.6%
Volatility	18.6%	19.4%	20.8%
Risk-free interest rate	4.5%	4.8%	4.0%
Expected life in years	5.6	5.3	4.1

A summary of the stock option award activity for fiscal 2008 is presented below:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Life in Years	Aggregate Intrinsic Value
Outstanding at January 31, 2007	71,376,000	\$ 48.65		
Granted	8,933,000	42.85		
Exercised	(3,134,000)	29.35		
Forfeited or expired	(8,315,000)	45.31		
Outstanding at January 31, 2008	68,860,000	\$ 49.01	5.2	\$ 198,674,000
Exercisable at January 31, 2008	38,902,000	\$ 50.55	4.7	\$ 72,429,000

As of January 31, 2008, there was \$292 million of total unrecognized compensation cost related to stock options granted under the Plan, which is expected to be recognized over a weighted-average period of 2.4 years. The total fair value of options vested during the fiscal years ended January 31, 2008, 2007 and 2006, was \$102 million, \$160 million and \$197 million, respectively.

The weighted-average grant-date fair value of options granted during the fiscal years ended January 31, 2008, 2007 and 2006, was \$11.00, \$9.20 and \$11.82, respectively. The total intrinsic value of options exercised during the years ended January 31, 2008, 2007 and 2006, was \$60 million, \$103 million and \$125 million, respectively.

In fiscal 2007, the Company began issuing restricted stock rights to most associates in lieu of stock option awards. Restricted stock rights are associate rights to Company stock after a specified service period. The rights typically vest over five years with 40% vesting three years from grant date and the remaining 60% vesting five years from grant date. The fair value of each restricted stock right is determined on the date of grant using the stock price less the expected dividend yield through the vesting period. Expected dividend yield is based on the annual dividend rate at the time of grant. The weighted average dividend yield for restricted stock rights granted in fiscal 2008 and 2007 was 8.4% and 6.9%, respectively.

A summary of the Company's restricted stock rights activity for fiscal 2008 presented below represents the maximum number of shares that could be earned or vested under the Plan:

Restricted Stock Rights	Shares	Weighted-Average Grant-Date Fair Value
Restricted Stock Rights at January 31, 2007	3,508,000	\$ 42.57
Granted	3,604,000	43.42
Vested	(4,000)	42.66
Forfeited	(467,000)	43.05
Restricted Stock Rights at January 31, 2008	<u>6,641,000</u>	<u>\$ 43.00</u>

As of January 31, 2008, there was \$175 million of total unrecognized compensation cost related to restricted stock rights granted under the Plan, which is expected to be recognized over a weighted-average period of 3.4 years. The total fair value of shares vested during the fiscal year ended January 31, 2008, was insignificant.

Under the Plan, the Company grants various types of awards of restricted (non-vested) stock to certain associates. These grants include awards for shares that vest based on the passage of time, performance criteria, or both. Vesting periods vary. The restricted stock awards may be settled in stock, or deferred as stock or cash, based upon the associate's election. Consequently, these awards are classified as liabilities in the accompanying Consolidated Balance Sheets unless the associate has elected for the award to be settled or deferred in stock.

During fiscal 2006, the Company began issuing performance share awards under the Plan that vest based on the passage of time and achievement of performance criteria. Based on the extent to which the performance criteria are achieved, vested shares may range from 0% to 150% of the original award amount. Because the performance shares may be settled in stock or cash, the performance shares are accounted for as liabilities in the accompanying Consolidated Balance Sheets unless the associate has elected for the award to be settled or deferred in stock.

The fair value of the restricted stock and performance shares liabilities are remeasured each reporting period. The total liability for restricted stock and performance share awards at January 31, 2008 and January 31, 2007, was \$125 million and \$153 million, respectively.

A summary of the Company's non-vested restricted stock and performance share award activity for fiscal 2008 presented below represents the maximum number of shares that could be earned or vested under the Plan:

Non-Vested Restricted Stock and Performance Share Awards	Shares	Weighted-Average Grant-Date Fair Value
Restricted Stock and Performance Share Awards at January 31, 2007	10,095,000	\$ 47.38
Granted	3,114,000	47.29
Vested	(688,000)	50.52
Forfeited	(1,734,000)	48.34
Restricted Stock and Performance Share Awards at January 31, 2008	<u>10,787,000</u>	<u>\$ 47.00</u>

As of January 31, 2008, there was \$198 million of total unrecognized compensation cost related to restricted stock and performance share awards granted under the Plan, which is expected to be recognized over a weighted-average period of 3.5 years. The total fair value of shares vested during the fiscal years ended January 31, 2008, 2007 and 2006, was \$24 million, \$38 million and \$20 million, respectively.

8 Legal Proceedings

The Company is involved in a number of legal proceedings. In accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," the Company has made accruals with respect to these matters, where appropriate, which are reflected in the Company's consolidated financial statements. 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 interests of the Company's shareholders. The matters, or groups of related matters, discussed below, if adversely decided or settled by the Company, individually or in the aggregate, may result in liability material to the Company's financial condition or results of operations.

Wage and Hour "Off the Clock" Class Actions: The Company is a defendant in numerous cases containing class-action allegations in which the plaintiffs are current and former hourly associates who allege that the Company forced them to work "off the clock" or failed to provide work breaks, or otherwise that they were not paid correctly for work performed. The complaints generally seek unspecified monetary damages, injunctive relief, or both. Class or collective-action certification has yet to be addressed by the court in a majority of these cases. Where it has been addressed, certification has been denied in nine of these cases; has been granted in whole or in part in eleven of these cases; and has been conditionally granted for notice purposes in three of these cases. In another nine such cases, certification was denied and the case was then dismissed, and in two additional such cases, certification was granted and the case was then dismissed. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits, except as noted below.

One of the class-action lawsuits described above is *Savaglio v. Wal-Mart Stores, Inc.*, a class-action lawsuit in which the plaintiffs allege that they were not provided meal and rest breaks in accordance with California law, and seek monetary damages and injunctive relief. A trial on the plaintiffs' claims for monetary damages concluded on December 22, 2005. The jury returned a verdict of approximately \$57 million in statutory penalties and \$115 million in punitive damages. In June 2006, the judge entered an order allowing some, but not all, of the injunctive relief sought by the plaintiffs. On December 27, 2006, the judge entered an order awarding the plaintiffs an additional amount of approximately \$26 million in costs and attorneys' fees. The Company believes it has substantial factual and legal defenses to the claims at issue, and on January 31, 2007, the Company filed its Notice of Appeal.

In another of the class-action lawsuits described above, *Braun/Hummel v. Wal-Mart Stores, Inc.*, a trial was commenced in September 2006, 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, the 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. 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.

In another of the class-action lawsuits described above, *Braun v. Wal-Mart Stores, Inc.*, a trial commenced on September 24, 2007, in the First Judicial District Court for Dakota County, Minnesota, on the plaintiffs' claims for backpay damages. The plaintiffs allege that class members worked off the clock and were not provided meal and rest breaks in accordance with Minnesota law, and seek monetary damages in an unspecified amount, together with attorneys' fees, interest, statutory penalties, and punitive damages, if any. Testimony concluded on December 11, 2007, on the plaintiffs' backpay claims, and the judge took the matter under advisement. No ruling has been received. The judge has not determined whether the plaintiffs will be allowed to proceed to trial on their claims for punitive damages, but a separate trial has been scheduled for October 20, 2008, in the event those claims are allowed to proceed to trial. The Company believes that it has substantial factual and legal defenses to the claims at issue. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this litigation.

Exempt Status Cases: The Company is currently a defendant in two putative class actions pending in federal court in California in which the plaintiffs seek certification of a class of salaried managers who challenge their exempt status under state and federal laws. In one of those cases (*Sepulveda v. Wal-Mart Stores, Inc.*), class certification has been denied and the ruling is now on appeal. In the other (*Salvador v. Wal-Mart Stores, Inc. and Sam's West, Inc.*), certification has not yet been addressed by the trial court. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits.

Gender Discrimination Cases: The Company is a defendant in *Dukes v. Wal-Mart Stores, Inc.*, a class-action lawsuit commenced in June 2001 and pending in the United States District Court for the Northern District of California. The case was brought on behalf of all past and present female employees in all of the Company's retail stores and warehouse clubs in the United States. 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. The class as certified currently includes approximately 1.6 million present and former female associates.

The Company believes that the district court's ruling is incorrect. 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, Wal-Mart's Petition for Rehearing En Banc was denied as moot. Wal-Mart filed a new Petition for Rehearing En Banc on January 8, 2008. 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. The plaintiffs also seek punitive damages which, if awarded, could result in the payment of additional amounts material to the Company. However, because of the uncertainty of the outcome of the appeal from the district court's certification decision, 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 award 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.

The Company is a defendant in a lawsuit that was filed on August 24, 2001, in the United States District Court for the Eastern District of Kentucky. *EEOC (Janice Smith) v. Wal-Mart Stores, Inc.* is an action brought by the EEOC on behalf of Janice Smith and all other females who made application or transfer requests at the London, Kentucky, distribution center from 1995 to the present, and who were not hired or transferred into the warehouse positions for which they applied. The class seeks back pay for those females not selected for hire or transfer during the relevant time period. The class also seeks injunctive and prospective affirmative relief. The complaint alleges that the Company based hiring decisions on gender in violation of Title VII of the 1964 Civil Rights Act as amended. The EEOC can maintain this action as a class without certification. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this litigation.

California 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 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.

Additionally, the U.S. Attorney's Office in the Northern District of California has initiated its own investigation regarding the Company's handling of hazardous materials and hazardous waste and the Company has received administrative document requests from the California Department of Toxic Substances Control requesting documents and information with respect to two of the Company's distribution facilities. Further, the Company also received a subpoena from the Los Angeles County District Attorney's Office for documents and administrative interrogatories requesting information, among other things, regarding the Company's handling of materials and hazardous waste. California state and local government authorities and the State of Nevada have also initiated investigations into these matters. The Company is cooperating fully with the respective 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.

9 Commitments

The Company and certain of its subsidiaries have long-term leases for stores and equipment. Rentals (including amounts applicable to taxes, insurance, maintenance, other operating expenses and contingent rentals) under operating leases and other short-term rental arrangements were \$1.6 billion, \$1.4 billion and \$1.0 billion in 2008, 2007 and 2006, respectively. Aggregate minimum annual rentals at January 31, 2008, under non-cancelable leases are as follows:

(Amounts in millions)

Fiscal Year	Operating Leases	Capital Leases
2009	\$ 1,092	\$ 595
2010	1,049	576
2011	992	561
2012	864	528
2013	786	494
Thereafter	8,945	3,243
Total minimum rentals	\$ 13,728	\$ 5,997
Less estimated executory costs		27
Net minimum lease payments		5,970
Less imputed interest at rates ranging from 3.0% to 13.6%		2,051
Present value of minimum lease payments		\$ 3,919

Certain of the Company's leases provide for the payment of contingent rentals based on a percentage of sales. Such contingent rentals amounted to \$33 million, \$41 million and \$27 million in 2008, 2007 and 2006, respectively. Substantially all of the Company's store leases have renewal options, some of which may trigger an escalation in rentals.

In connection with certain debt financing, we could be liable for early termination payments if certain unlikely events were to occur. At January 31, 2008, the aggregate termination payment would have been \$129 million. The two arrangements pursuant to which these payments could be made expire in fiscal 2011 and fiscal 2019.

In connection with the development of our grocery distribution network in the United States, we have agreements with third parties which would require us to purchase or assume the leases on certain unique equipment in the event the agreements are terminated. These agreements, which can be terminated by either party at will, cover up to a five-year period and obligate the Company to pay up to approximately \$97 million upon termination of some or all of these agreements.

The Company has potential future lease commitments for land and buildings for 165 future locations. These lease commitments have lease terms ranging from 2 to 39 years and provide for certain minimum rentals. If executed, payments under operating leases would increase by \$67 million for fiscal 2009, based on current cost estimates.

10 Retirement-related Benefits

In the United States, the Company maintains a Profit Sharing and 401(k) Plan under which most full-time and many part-time associates become participants following one year of employment. The Profit Sharing component of the plan is entirely funded by the Company, and the Company makes an additional contribution to the associates' 401(k) component of the plan. In addition to the Company contributions, associates may elect to contribute a percentage of their earnings to the 401(k) component of the plan. During fiscal 2008, participants could contribute up to 50% of their pretax earnings, but not more than statutory limits.

Associates may choose from among 13 different investment options for the 401(k) component of the plan and 14 investment options for the Profit Sharing component of the plan. For associates who did not make an election, their 401(k) balance in the plan was placed in a balanced fund. Associates' 401(k) funds immediately vest, and associates may change their investment options at any time. Associates with three years of service have full diversification rights with the 14 investment options for the Profit Sharing component of the plan. Prior to January 31, 2008, associates were fully vested in the Profit Sharing component of the plan after seven years of service, with vesting starting at 20% at three years of service and increasing 20% each year until year seven. Effective January 31, 2008, associates are fully vested in the Profit Sharing component of the plan after six years of service, with vesting starting at 20% at two years of service and increasing 20% each year until year six.

Annual contributions made by the Company to the United States and Puerto Rico Profit Sharing and 401(k) Plans are made at the sole discretion of the Company. Expense associated with these plans was \$945 million, \$890 million and \$827 million in fiscal 2008, 2007 and 2006, respectively.

Employees in foreign countries who are not U.S. citizens are covered by various post-employment benefit arrangements. These plans are administered based upon the legislative and tax requirements in the countries in which they are established. Annual contributions to foreign retirement savings and profit sharing plans are made at the discretion of the Company, and were \$267 million, \$274 million and \$244 million in fiscal 2008, 2007 and 2006, respectively.

The Company's subsidiaries in the United Kingdom and Japan have defined benefit pension plans. The plan in the United Kingdom was overfunded by \$5 million at January 31, 2008 and underfunded by \$251 million at January 31, 2007. The plan in Japan was underfunded by \$202 million and \$208 million at January 31, 2008 and 2007, respectively. These underfunded amounts have been recorded in our Consolidated Balance Sheets upon the adoption of SFAS 158. Certain other foreign operations have defined benefit arrangements that are not significant.

11 Segments

The Company is engaged in the operations of retail stores located in all 50 states of the United States, Argentina, Brazil, Canada, Puerto Rico and the United Kingdom and through majority-owned subsidiaries in Central America, Japan, and Mexico. The Company operates retail stores in China through joint ventures and through its investment in BCL. The Company identifies segments in accordance with the criteria set forth in Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" and is primarily based on the operations of the Company that our chief operating decision maker regularly reviews to analyze performance and allocate resources among business units of the Company.

The Walmart U.S. segment includes the Company's mass merchant concept in the United States under the Wal-Mart brand. The Sam's Club segment includes the warehouse membership clubs in the United States as well as samsclub.com. The International segment consists of the Company's operations outside of the United States. The amounts under the caption "Other" in the table below relating to operating income are unallocated corporate overhead items.

The Company measures the profit of its segments as "segment operating income," which is defined as income from continuing operations before net interest expense, income taxes and minority interest and excludes unallocated corporate overhead and results of discontinued operations. At the beginning of fiscal 2008, the Company revised the measurement of each segment's operating income. The measurement now includes within each operating segment certain direct income and expense items that had previously been accounted for as unallocated corporate overhead. All prior year measurements of segment operating income have been restated for comparative purposes. Information on segments and the reconciliation to income from continuing operations before income taxes, minority interest and discontinued operations appears in the following tables.

(Amounts in millions)

Fiscal Year Ended January 31, 2008	Walmart US	Sam's Club	International	Other	Consolidated
Revenues from external customers	\$ 239,529	\$ 44,357	\$ 90,421	\$ -	\$ 374,307
Operating income (loss)	17,516	1,618	4,725	(1,907)	21,952
Interest expense, net					(1,794)
Income from continuing operations before income taxes and minority interest					\$ 20,158
Total assets of continuing operations	\$ 84,286	\$ 11,722	\$ 61,994	\$ 4,545	\$ 162,547
Depreciation and amortization	3,813	507	1,684	313	6,317
Fiscal Year Ended January 31, 2007	Walmart US	Sam's Club	International	Other	Consolidated
Revenues from external customers	\$ 226,294	\$ 41,582	\$ 76,883	\$ -	\$ 344,759
Operating income (loss)	16,620	1,480	4,265	(1,868)	20,497
Interest expense, net					(1,529)
Income from continuing operations before income taxes and minority interest					\$ 18,968
Total assets of continuing operations	\$ 79,040	\$ 11,448	\$ 54,974	\$ 5,196	\$ 150,658
Depreciation and amortization	3,323	475	1,409	252	5,459
Fiscal Year Ended January 31, 2006	Walmart US	Sam's Club	International	Other	Consolidated
Revenues from external customers	\$ 209,910	\$ 39,798	\$ 59,237	\$ -	\$ 308,945
Operating income (loss)	15,267	1,407	3,418	(1,399)	18,693
Interest expense, net					(1,180)
Income from continuing operations before income taxes and minority interest					\$ 17,513
Total assets of continuing operations	\$ 72,368	\$ 10,588	\$ 48,280	\$ 4,522	\$ 135,758
Depreciation and amortization	2,947	436	1,011	251	4,645

In the United States, long-lived assets, net, excluding goodwill and other assets and deferred charges were \$66.8 billion, \$62.3 billion and \$55.5 billion as of January 31, 2008, 2007 and 2006, respectively. In the United States, additions to long-lived assets were \$10.4 billion, \$12.2 billion and \$11.8 billion in fiscal 2008, 2007 and 2006, respectively.

Outside of the United States, long-lived assets, net, excluding goodwill and other assets and deferred charges were \$30.1 billion, \$26.0 billion and \$22.4 billion in fiscal 2008, 2007 and 2006, respectively. Outside of the United States, additions to long-lived assets were \$4.5 billion, \$3.5 billion and \$2.7 billion in fiscal 2008, 2007 and 2006, respectively. The International segment includes all real estate outside the United States. The operations of the Company's Asda subsidiary are significant in comparison to the total operations of the International segment. Asda sales during fiscal 2008, 2007 and 2006 were \$33.4 billion, \$28.9 billion and \$26.8 billion, respectively. Asda long-lived assets, consisting primarily of property and equipment, net, totaled \$14.2 billion, \$13.2 billion and \$10.9 billion at January 31, 2008, 2007 and 2006, respectively.

12 Quarterly Financial Data (Unaudited)

(Amounts in millions except per share data)	Quarters ended			
	April 30,	July 31,	October 31,	January 31,
Fiscal 2008				
Net sales	\$ 85,335	\$ 91,938	\$ 90,826	\$ 106,208
Cost of sales	65,271	70,551	69,251	81,277
Gross profit	\$ 20,064	\$ 21,387	\$ 21,575	\$ 24,931
Income from continuing operations	\$ 2,806	\$ 3,101	\$ 2,846	\$ 4,110
Income (loss) from discontinued operations, net of tax	20	(149)	11	(14)
Net income	\$ 2,826	\$ 2,952	\$ 2,857	\$ 4,096
Basic net income per common share:				
Basic income per common share from continuing operations	\$ 0.68	\$ 0.76	\$ 0.70	\$ 1.03
Basic income (loss) per common share from discontinued operations	0.01	(0.04)	0.01	
Basic net income per common share	\$ 0.69	\$ 0.72	\$ 0.71	\$ 1.03
Diluted net income per common share:				
Diluted income per common share from continuing operations	\$ 0.68	\$ 0.75	\$ 0.70	\$ 1.03
Diluted loss per common share from discontinued operations	-	(0.03)	-	(0.01)
Diluted net income per common share	\$ 0.68	\$ 0.72	\$ 0.70	\$ 1.02
Fiscal 2007				
Net sales	\$ 78,780	\$ 84,466	\$ 83,486	\$ 98,027
Cost of sales	60,196	64,542	63,723	75,518
Gross profit	\$ 18,584	\$ 19,924	\$ 19,763	\$ 22,509
Income from continuing operations	\$ 2,662	\$ 2,978	\$ 2,601	\$ 3,948
(Loss) income from discontinued operations, net of tax	(47)	(895)	46	(8)
Net income	\$ 2,615	\$ 2,083	\$ 2,647	\$ 3,940
Basic and diluted net income per common share:				
Basic and diluted income per common share from continuing operations	\$ 0.64	\$ 0.71	\$ 0.62	\$ 0.95
Basic and diluted (loss) income per common share from discontinued operations	(0.01)	(0.21)	0.01	-
Basic and diluted net income per common share	\$ 0.63	\$ 0.50	\$ 0.63	\$ 0.95

The sum of quarterly financial data may not agree to annual amounts due to rounding.

13 Recent Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands required disclosures about fair value measurements. In November 2007, the FASB provided a one year deferral for the implementation of SFAS 157 for nonfinancial assets and liabilities. The Company will adopt SFAS 157 on February 1, 2008, as required. The adoption of SFAS 157 is not expected to have a material impact on the Company's financial condition and results of operations. However, the Company believes it will likely be required to provide additional disclosures as part of future financial statements, beginning with the first quarter of fiscal 2009.

In September 2006, the FASB also issued Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)" ("SFAS 158"). This standard requires recognition of the funded status of a benefit plan in the statement of financial position. The Standard also requires recognition in other comprehensive income of certain gains and losses that arise during the period but are deferred under pension accounting rules, as well as modifies the timing of reporting and adds certain disclosures. The Company adopted the funded status recognition and disclosure elements as of January 31, 2007, and will adopt measurement elements as of January 31, 2009, as required by SFAS 158. The adoption of SFAS 158 did not have a material impact on the Company's financial condition, results of operations or liquidity.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits companies to measure many financial instruments and certain other items at fair value at specified election dates. SFAS 159 will be effective beginning February 1, 2008. The adoption of SFAS 159 is not expected to have a material impact on the Company's financial condition and results of operations.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), "Business Combinations" ("SFAS 141(R)"). SFAS 141(R) replaces SFAS 141, "Business Combinations," but retains the requirement that the purchase method of accounting for acquisitions be used for all business combinations. SFAS 141(R) better defines the acquirer and the acquisition date in a business combination, establishes principles for recognizing and measuring the assets acquired (including goodwill), the liabilities assumed and any noncontrolling interests in the acquired business and requires expanded disclosures than previously required by SFAS 141. SFAS 141(R) also requires that, from the date of adoption of SFAS 141(R), any change in valuation allowance or uncertain tax position related to an acquired business, irrespective of the acquisition date, shall be recorded as an adjustment to income tax expense and not as an adjustment to goodwill as had previously been required under SFAS 141. SFAS 141(R) will be effective for all business combinations with an acquisition date on or after February 1, 2009, and early adoption is not permitted. The Company is currently evaluating the impact SFAS No. 141(R) will have on the Company's consolidated financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 requires that noncontrolling (or minority) interests in subsidiaries be reported in the equity section of the company's balance sheet, rather than in the balance sheet between liabilities and equity. SFAS 160 also changes the manner in which the net income of the subsidiary is reported and disclosed in the controlling company's income statement and establishes guidelines for accounting for changes in ownership percentages and for deconsolidation. SFAS 160 will be effective beginning February 1, 2009. The adoption of SFAS 160 is not expected to have a material impact on the Company's financial condition and results of operations.

14 Subsequent Events

On March 6, 2008, the Company's Board of Directors approved an increase in annual dividends to \$0.95 per share. The annual dividend will be paid in four quarterly installments on April 7, 2008, June 2, 2008, September 2, 2008, and January 2, 2009, to holders of record on March 14, May 16, August 15 and December 15, 2008, respectively.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Wal-Mart Stores, Inc.

We have audited the accompanying consolidated balance sheets of Wal-Mart Stores, Inc. as of January 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended January 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart Stores, Inc. at January 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 5 and 13 to the consolidated financial statements, respectively, effective February 1, 2007 the Company changed its method of accounting for income taxes in accordance with Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, and effective January 31, 2007, the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Wal-Mart Stores, Inc.'s internal control over financial reporting as of January 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 26, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Rogers, Arkansas

March 26, 2008, except as to the effects of discontinued operations discussed in Note 6, as to which the date is January 8, 2009.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Wal-Mart Stores, Inc.

We have audited Wal-Mart Stores, Inc.'s internal control over financial reporting as of January 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Wal-Mart Stores Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report to Our Shareholders". Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying "Management's Report to Our Shareholders", management's assessment of and conclusion on effectiveness of internal control over financial reporting did not include the internal controls of Bounteous Company Ltd, which is included in the fiscal 2008 consolidated financial statements of Wal-Mart Stores, Inc. and constituted, 1.1% and 0.4% of consolidated total assets and consolidated net sales, respectively, of the Company as of, and for the year ended January 31, 2008. Our audit of internal control over financial reporting of Wal-Mart Stores, Inc. also did not include an evaluation of the internal control over financial reporting of Bounteous Company Ltd.

In our opinion, Wal-Mart Stores, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Wal-Mart Stores, Inc. as of January 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended January 31, 2008 and our report dated March 26, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Rogers, Arkansas
March 26, 2008

Management's Report to Our Shareholders

Wal-Mart Stores, Inc.

Management of Wal-Mart Stores, Inc. ("Wal-Mart" or the "Company") is responsible for the preparation, integrity and objectivity of Wal-Mart's Consolidated Financial Statements and other financial information contained in this Annual Report to Shareholders. Those Consolidated Financial Statements were prepared in conformity with accounting principles generally accepted in the United States. In preparing those Consolidated Financial Statements, management was required to make certain estimates and judgments, which are based upon currently available information and management's view of current conditions and circumstances.

The Audit Committee of the Board of Directors, which consists solely of independent directors, oversees our process of reporting financial information and the audit of our Consolidated Financial Statements. The Audit Committee stays informed of the financial condition of Wal-Mart and regularly reviews management's financial policies and procedures, the independence of our independent auditors, our internal control and the objectivity of our financial reporting. Both the independent auditors and the internal auditors have free access to the Audit Committee and meet with the Audit Committee periodically, both with and without management present.

Acting through our Audit Committee, we have retained Ernst & Young LLP, an independent registered public accounting firm, to audit our Consolidated Financial Statements found in this annual report. We have made available to Ernst & Young LLP all of our financial records and related data in connection with their audit of our Consolidated Financial Statements.

We have filed with the Securities and Exchange Commission ("SEC") the required certifications related to our Consolidated Financial Statements as of and for the year ended January 31, 2008. These certifications are attached as exhibits to our Annual Report on Form 10-K for the year ended January 31, 2008. Additionally, we have also provided to the New York Stock Exchange the required annual certification of our Chief Executive Officer regarding our compliance with the New York Stock Exchange's corporate governance listing standards.

Report on Internal Control Over Financial Reporting

Management has responsibility for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's internal control over financial reporting as of January 31, 2008. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in *Internal Control — Integrated Framework*. Management concluded that based on its assessment, Wal-Mart's internal control over financial reporting was effective as of January 31, 2008. The Company's internal control over financial reporting as of January 31, 2008, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears in this Annual Report to Shareholders.

Management's assessment of the effectiveness of the Company's internal control over financial reporting excluded BCL, of which the Company had the right to control a majority of BCL's shares during fiscal 2008. This entity represented, in the aggregate, 1.1% and 0.4% of consolidated total assets and consolidated net sales, respectively, of the Company as of and for the year ended January 31, 2008. This acquisition is more fully discussed in Note 6 to our Consolidated Financial Statements for fiscal 2008. Under guidelines established by the SEC, companies are allowed to exclude acquisitions from their first assessment of internal control over financial reporting following the date of the acquisition.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be timely disclosed is accumulated and communicated to management in a timely fashion. Management has assessed the effectiveness of these disclosure controls and procedures as of January 31, 2008, and determined they were effective as of that date to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, was accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure and were 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.

Report on Ethical Standards

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

Wal-Mart has adopted a Statement of Ethics to guide our associates in the continued observance of high ethical standards such as honesty, integrity and compliance with the law in the conduct of Wal-Mart's business. Familiarity and compliance with the Statement of Ethics is required of all associates who are part of management. The Company also maintains a separate Code of Ethics for our senior financial officers. Wal-Mart also has in place a Related-Party Transaction Policy. This policy applies to Wal-Mart's senior officers and directors and requires material related-party transactions to be reviewed by the Audit Committee. The senior officers and directors are required to report material related-party transactions to Wal-Mart. We maintain an ethics office which oversees and administers an ethics hotline. The ethics hotline provides a channel for associates to make confidential and anonymous complaints regarding potential violations of our statements of ethics, including violations related to financial or accounting matters.

/s/ H. Lee Scott, Jr.

H. Lee Scott, Jr.

President and Chief Executive Officer

/s/ Thomas M. Schoewe

Thomas M. Schoewe

Executive Vice President and Chief Financial Officer

Fiscal 2008 End-of-Year Store Count
Wal-Mart Stores, Inc.

State	Discount Stores	Supercenters	Neighborhood Markets	Sam's Clubs	Grand Total
Alabama	7	87	4	13	111
Alaska	6	2	-	3	11
Arizona	10	57	13	14	94
Arkansas	16	64	6	6	92
California	140	31	-	37	208
Colorado	10	54	-	15	79
Connecticut	29	5	-	3	37
Delaware	4	4	-	1	9
Florida	43	152	18	41	254
Georgia	9	119	-	22	150
Hawaii	8	-	-	2	10
Idaho	3	16	-	2	21
Illinois	63	79	-	28	170
Indiana	19	77	4	16	116
Iowa	12	44	-	8	64
Kansas	9	46	3	6	64
Kentucky	16	68	6	7	97
Louisiana	8	74	4	12	98
Maine	10	12	-	3	25
Maryland	32	12	-	12	56
Massachusetts	39	6	-	3	48
Michigan	24	57	-	26	107
Minnesota	22	38	-	13	73
Mississippi	8	56	1	6	71
Missouri	31	86	-	15	132
Montana	3	10	-	1	14
Nebraska	-	28	-	3	31
Nevada	4	23	11	6	44
New Hampshire	16	10	-	4	30
New Jersey	45	1	-	10	56
New Mexico	3	28	2	7	40
New York	44	46	-	17	107
North Carolina	29	95	-	22	146
North Dakota	2	8	-	3	13
Ohio	32	109	-	30	171
Oklahoma	18	66	16	8	108
Oregon	14	16	-	-	30
Pennsylvania	44	78	-	23	145
Rhode Island	7	2	-	1	10
South Carolina	10	58	-	9	77
South Dakota	-	12	-	2	14
Tennessee	6	99	6	16	127
Texas	45	289	33	72	439
Utah	2	29	5	7	43
Vermont	4	-	-	-	4
Virginia	18	70	-	14	102
Washington	19	28	-	3	50
West Virginia	2	33	-	5	40
Wisconsin	26	53	-	12	91
Wyoming	-	10	-	2	12
United States totals	971	2,447	132	591	4,141

International⁽¹⁾

Country	Units
Argentina	21
Brazil	313
Canada	305
Central America	457
China - Wal-Mart	101
China - Trust-Mart	101
Japan	371
Mexico	1,023
Puerto Rico	54
United Kingdom	352
International Total	3,098
Grand Total	7,262

(1) Unit counts are as of January 31, 2008.

At January 31, 2008, our international operating formats varied by market and included:

- Argentina - 20 supercenters and 1 combination discount and grocery store (Changomas)
- Brazil - 29 supercenters, 21 Sam's Clubs, 70 hypermarkets (Hiper Bompreço, Big), 158 supermarkets (Bompreço, Mercadorama, Nacional), 13 cash-n-carry stores (Maxxi Alacado), 21 combination discount and grocery stores (Todo Dia) and 1 general merchandise store (Magazine)
- Canada - 31 supercenters, 268 discount stores and 6 Sam's Clubs
- China - 96 supercenters, 2 Neighborhood Markets, 3 Sam's Clubs and 101 hypermarkets (Trust-Mart)
- Costa Rica - 6 hypermarkets (Hiper Mas), 23 supermarkets (Más por Menos), 9 warehouse stores (Maxi Bodega) and 111 discount stores (Pali)
- El Salvador - 2 hypermarkets (Hiper Paiz), 32 supermarkets (La Despensa de Don Juan) and 36 discount stores (Despensa Familiar)
- Guatemala - 6 hypermarkets (Hiper Paiz), 28 supermarkets (Paiz), 12 warehouse stores (Maxi Bodega), 2 membership clubs (Club Co) and 97 discount stores (Despensa Familiar)
- Honduras - 1 hypermarket (Hiper Paiz), 7 supermarkets (Paiz), 7 warehouse stores (Maxi Bodega) and 32 discount stores (Despensa Familiar)
- Japan - 105 hypermarkets (Livin, Seiyu), 263 supermarkets (Seiyu, Sunny) and 3 general merchandise stores (Seiyu)
- Mexico - 136 supercenters, 83 Sam's Clubs, 129 supermarkets (Superama, Mi Bodega), 246 combination discount and grocery stores (Bodega), 76 department stores (Suburbia), 349 restaurants and 4 discount stores (Mi Bodega Express)
- Nicaragua - 6 supermarkets (La Unión) and 40 discount stores (Pali)
- Puerto Rico - 6 supercenters, 8 discount stores, 9 Sam's Clubs and 31 supermarkets (Amigo)
- United Kingdom - 29 supercenters (Asda), 298 supermarkets (Asda, Asda Small Town), 13 general merchandise stores (Asda Living) and 12 apparel stores (George). We plan to close the George stores in fiscal 2009.

WAL-MART STORES, INC. AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges

	Fiscal Year				
	2008	2007	2006	2005	2004
Income from continuing operations before income taxes and minority interest	\$ 20,158	\$ 18,968	\$ 17,513	\$ 16,289	\$ 14,396
Capitalized interest	(150)	(182)	(157)	(120)	(144)
Minority interest	(406)	(425)	(324)	(249)	(214)
Adjusted income before income taxes	19,602	18,361	17,032	15,920	14,038
Fixed Charges:					
Interest *	2,267	2,009	1,603	1,326	1,150
Interest component of rent	464	368	328	319	306
Total fixed charges	2,731	2,377	1,931	1,645	1,456
Income from continuing operations before income taxes and fixed charges	\$ 22,333	\$ 20,738	\$ 18,963	\$ 17,565	\$ 15,494
Ratio of earnings to fixed charges	8.2	8.7	9.8	10.7	10.6

* Includes interest on debt, capital leases, uncertain tax positions, amortization of debt issuance costs and capitalized interest.

Certain reclassifications have been made to prior periods to conform to the current period presentation. In addition, the impact of McLane Company, Inc., a wholly owned subsidiary sold in fiscal 2004, and the impact of our South Korean and German operations, disposed of in fiscal 2007, the impact of our Gazeley operations disposed of in fiscal 2009, and the impact of The Seiyu, Ltd. store closures in fiscal 2009, have been removed for all periods presented.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	Three Months Ended April 30,	
	2008	2007
Revenues:		
Net sales	\$ 94,070	\$ 85,335
Membership and other income	1,169	988
	<u>95,239</u>	<u>86,323</u>
Costs and expenses:		
Cost of sales	71,845	65,271
Operating, selling, general and administrative expenses	18,077	16,224
Operating income	<u>5,317</u>	<u>4,828</u>
Interest:		
Debt	488	406
Capital leases	72	69
Interest income	(64)	(85)
Interest, net	<u>496</u>	<u>390</u>
Income from continuing operations before income taxes and minority interest	4,821	4,438
Provision for income taxes	1,670	1,532
Income from continuing operations before minority interest	3,151	2,906
Minority interest	(122)	(100)
Income from continuing operations	3,029	2,806
(Loss) income from discontinued operations, net of tax	(7)	20
Net income	<u>\$ 3,022</u>	<u>\$ 2,826</u>
Net income per common share:		
Basic income per common share from continuing operations	\$ 0.77	\$ 0.68
Basic (loss) income per common share from discontinued operations	(0.01)	0.01
Basic net income per common share	<u>\$ 0.76</u>	<u>\$ 0.69</u>
Diluted income per common share from continuing operations	\$ 0.76	\$ 0.68
Diluted (loss) income per common share from discontinued operations	-	-
Diluted net income per common share	<u>\$ 0.76</u>	<u>\$ 0.68</u>
Weighted-average number of common shares:		
Basic	3,957	4,122
Diluted	3,967	4,128
Dividends declared per common share	\$ 0.95	\$ 0.88

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

	April 30, 2008	April 30, 2007	January 31, 2008
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 8,042	\$ 6,537	\$ 5,492
Receivables	3,249	2,916	3,642
Inventories	35,521	35,182	35,159
Prepaid expenses and other	2,990	2,504	2,760
Current assets of discontinued operations	955	440	967
Total current assets	50,757	47,579	48,020
Property and equipment, at cost	124,256	112,592	122,256
Less accumulated depreciation	(29,926)	(25,490)	(28,531)
Property and equipment, net	94,330	87,102	93,725
Property under capital leases	5,808	5,445	5,736
Less accumulated amortization	(2,680)	(2,420)	(2,594)
Property under capital leases, net	3,128	3,025	3,142
Goodwill	16,428	14,393	15,879
Other assets and deferred charges	2,840	2,883	2,748
Non-current assets of discontinued operations	-	440	-
Total assets	\$ 167,483	\$ 155,422	\$ 163,514
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current liabilities:</i>			
Commercial paper	\$ 5,924	\$ 4,627	\$ 5,040
Accounts payable	29,027	27,541	30,344
Dividends payable	3,322	3,088	-
Accrued liabilities	14,882	13,353	15,725
Accrued income taxes	1,699	1,544	1,000
Long-term debt due within one year	5,864	4,212	5,913
Obligations under capital leases due within one year	321	246	316
Current liabilities of discontinued operations	90	89	140
Total current liabilities	61,129	54,700	58,478
Long-term debt	32,379	29,567	29,799
Long-term obligations under capital leases	3,584	3,548	3,603
Deferred income taxes and other	5,283	5,404	5,087
Minority interest	1,878	2,270	1,939
Non-current liabilities of discontinued operations	-	22	-
Commitments and contingencies			
<i>Shareholders' equity:</i>			
Common stock and capital in excess of par value	3,628	3,284	3,425
Retained earnings	55,257	53,956	57,319
Accumulated other comprehensive income	4,345	2,671	3,864
Total shareholders' equity	63,230	59,911	64,608
Total liabilities and shareholders' equity	\$ 167,483	\$ 155,422	\$ 163,514

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

	Three Months Ended April 30,	
	2008	2007
Cash flows from operating activities:		
Net income	\$ 3,022	\$ 2,826
Loss (income) from discontinued operations, net of tax	7	(20)
Income from continuing operations	3,029	2,806
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	1,628	1,488
Other	187	490
Changes in certain assets and liabilities, net of effects of acquisitions:		
Decrease in accounts receivable	450	62
Increase in inventories	(213)	(1,280)
Decrease in accounts payable	(1,191)	(1,115)
Decrease in accrued liabilities	(185)	(604)
Net cash provided by operating activities	3,705	1,847
Cash flows from investing activities:		
Payments for property and equipment	(2,447)	(3,157)
Proceeds from disposal of property and equipment	126	170
Investment in international operations, net of cash acquired	-	(466)
Other investing activities	88	11
Net cash used in investing activities	(2,233)	(3,442)
Cash flows from financing activities:		
Increase in commercial paper, net	892	1,988
Proceeds from issuance of long-term debt	2,521	3,170
Payment of long-term debt	(361)	(2,232)
Dividends paid	(940)	(908)
Purchase of Company stock	(1,375)	(943)
Other financing activities	128	(276)
Net cash provided by financing activities	865	799
Effect of exchange rates on cash	166	(14)
Net increase (decrease) in cash and cash equivalents	2,503	(810)
Cash and cash equivalents at beginning of year (1)	5,569	7,373
Cash and cash equivalents at end of period (2)	\$ 8,072	\$ 6,563

(1) Includes cash and cash equivalents of discontinued operations of \$77 million and \$51 million at January 31, 2008 and 2007, respectively.

(2) Includes cash and cash equivalents of discontinued operations of \$30 million at April 30, 2008, and \$26 million at April 30, 2007.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Basis of Presentation

The Condensed Consolidated Balance Sheets of Wal-Mart Stores, Inc. and its subsidiaries (the “Company”) as of April 30, 2008 and 2007, and the related Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Cash Flows for the three-month periods ended April 30, 2008 and 2007, are unaudited. The Condensed Consolidated Balance Sheet as of January 31, 2008, is derived from the audited financial statements at that date.

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 and do not contain certain information included in the Company’s Annual Report to Shareholders for the fiscal year ended January 31, 2008. Therefore, the interim condensed consolidated financial statements should be read in conjunction with that Annual Report to Shareholders.

NOTE 2. Net Income Per Common Share

Basic net income per common share is based on the weighted-average number of outstanding common shares. Diluted net income per common share is based on the weighted-average number of outstanding shares adjusted for the dilutive effect of stock options and other share-based awards. The dilutive effect of stock options and other share-based awards was 10 million and 6 million shares in the first quarter of fiscal 2009 and 2008, respectively. The Company had approximately 25 million and 54 million option shares outstanding at April 30, 2008 and 2007, respectively, which were not included in the diluted net income per share calculation because their effect would be antidilutive.

NOTE 3. 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 US segment’s merchandise inventories. The Sam’s Club segment’s merchandise and merchandise in our distribution warehouses are valued based on the weighted-average cost using the LIFO method. Inventories of foreign operations are primarily valued by the retail method of accounting, using the first-in, first-out (“FIFO”) method. At April 30, 2008 and 2007, our inventories valued at LIFO approximate those inventories as if they were valued at FIFO.

NOTE 4. Significant Long-term Debt Transactions

During the first three months of fiscal 2009, the Company issued \$1.0 billion of 4.250% Notes Due 2013 and \$1.5 billion of 6.200% Notes Due 2038. Beginning on October 15, 2008, the Company will pay interest on the notes of each series on April 15 and October 15 of each year. Interest started accruing on such notes on April 15, 2008. The 2013 notes will mature on April 15, 2013 and the 2038 notes will mature on April 15, 2038.

NOTE 5. Fair Value Measurements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value within generally accepted accounting principles and expands required disclosures about fair value measurements. In November 2007, the FASB provided a one year deferral for the implementation of SFAS 157 for nonfinancial assets and liabilities. The Company adopted SFAS 157 on February 1, 2008, as required. The adoption of SFAS 157 did not have a material impact on the Company’s financial condition and results of operations.

SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. As of April 30, 2008, 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 related to receive fixed-rate, pay floating rate interest rate swaps and receive fixed-rate, pay fixed-rate cross-currency interest rate swaps. The fair values of these interest rate swaps have been measured in accordance with Level 2 inputs in the fair value hierarchy, and as of April 30, 2008, are as follows (asset/(liability)):

<i>(Amounts in millions)</i>	Notional Amount April 30, 2008	Fair Value April 30, 2008
Receive fixed-rate, pay floating rate interest rate swaps designated as fair value hedges	\$ 5,195	\$ 248
Receive fixed-rate, pay fixed-rate cross-currency interest rate swaps designated as net investment hedges (Cross-currency notional amount: GBP 795 at 4/30/2008)	1,250	(88)
Total	\$ 6,445	\$ 160

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits companies to measure many financial instruments and certain other items at fair value at specified election dates. The Company adopted SFAS 159 on February 1, 2008. Since the Company has not utilized the fair value option for any allowable items, the adoption of SFAS 159 did not have a material impact on the Company's financial condition and results of operations.

NOTE 6. Segments

The Company is engaged in the operations of retail stores located in all 50 states of the United States, Argentina, Brazil, Canada, Puerto Rico and the United Kingdom and through majority-owned subsidiaries in Central America, Japan and Mexico. The Company operates in China and India through joint ventures. The Company identifies segments in accordance with the criteria set forth in Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" and is primarily based on the operations of the Company that our chief operating decision maker regularly reviews to analyze performance and allocate resources among business units of the Company.

The Walmart U.S. segment includes the Company's mass merchant concept in the United States under the Wal-Mart brand, as well as walmart.com. The Sam's Club segment includes the warehouse membership clubs in the United States, as well as samsclub.com. The International segment consists of the Company's operations outside of the fifty United States. The amounts under the caption "Other" in the table below relating to operating income are unallocated corporate overhead items.

The Company measures the profit of its segments as "segment operating income," which is defined as income from continuing operations before net interest expense, income taxes and minority interest and excludes unallocated corporate overhead. At February 1, 2008, the Company reclassified certain unallocated corporate expenses to be included within each segment's measurement of operating income. As a result, all prior year measurements of segment operating income have been restated for comparative purposes.

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

	Three Months Ended April 30,	
	2008	2007
Net Sales:		
Walmart U.S.	\$ 59,073	\$ 55,437
International	23,885	19,575
Sam's Club	11,112	10,323
Total net sales	\$ 94,070	\$ 85,335

Segment operating income and the reconciliation to income before income taxes and minority interest are as follows (amounts in millions):

	Three Months Ended April 30,	
	2008	2007
Operating Income:		
Walmart U.S.	\$ 4,362	\$ 3,979
International	1,051	881
Sam's Club	386	370
Other	(482)	(402)
Operating income	\$ 5,317	\$ 4,828
Interest expense, net	(496)	(390)
Income from continuing operations before income taxes and minority interest	\$ 4,821	\$ 4,438

Goodwill is recorded on the condensed consolidated balance sheets in the operating segments as follows (amounts in millions):

	April 30, 2008	April 30, 2007	January 31, 2008
International	\$ 16,123	\$ 14,088	\$ 15,574
Sam's Club	305	305	305
Total goodwill	\$ 16,428	\$ 14,393	\$ 15,879

The change in the International segment's goodwill since April 30, 2007 primarily resulted from the acquisition of substantially all of the outstanding common and preferred shares of our Japanese subsidiary, The Seiyu Ltd., that the Company did not previously own, final purchase price allocation of its investment in Bounteous Company Ltd. ("BCL") and foreign exchange rate fluctuations.

NOTE 7. Comprehensive Income

Comprehensive income is net income plus certain other items that are recorded directly to shareholders' equity. Amounts included in accumulated other comprehensive income for the Company's derivative instruments and minimum pension liabilities are recorded net of the related income tax effects. Comprehensive income was \$3.5 billion and \$3.0 billion for the three months ended April 30, 2008 and 2007, respectively.

NOTE 8. Common Stock Dividends

On March 6, 2008, the Company's Board of Directors approved an increase in annual dividends to \$0.95 per share. The annual dividend will be paid in four quarterly installments on April 7, 2008, June 2, 2008, September 2, 2008, and January 2, 2009, to holders of record on March 14, May 16, August 15 and December 15, 2008, respectively.

NOTE 9. Income and Other Taxes

The Company's effective tax rate was 34.6% for the three months ended April 30, 2008. The Company expects the fiscal 2009 annual effective tax rate to be approximately 34-35%. Significant factors that could impact the annual effective tax rate include management's assessment of certain tax matters and the composition of taxable income between domestic and international operations.

In determining the quarterly provision for income taxes, the Company uses an estimated annual effective tax rate based on forecasted annual income and permanent items, statutory tax rates and tax planning opportunities in the various jurisdictions in which the Company operates. The impact of significant discrete items is separately recognized in the quarter in which they occur.

The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," ("FIN 48") effective February 1, 2007. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

In the normal course of its business the Company provides for uncertain tax positions, and the related interest, and adjusts its unrecognized tax benefits and accrued interest accordingly. During the first quarter of fiscal 2009, unrecognized tax benefits related to continuing operations increased by \$45 million and accrued interest increased by \$18 million. As of April 30, 2008 the Company's unrecognized tax benefits relating to continuing operations were \$913 million, of which \$628 million would, if recognized, affect the Company's effective tax rate.

Additionally, the Company has unrecognized tax benefits of up to \$1.8 billion which, if recognized, would be recorded as discontinued operations. Of this, \$1.7 billion relates to a worthless stock deduction to be claimed for the Company's disposition of its German operations in fiscal year 2007. The Company cannot reasonably predict if this matter will be resolved within the next twelve months.

During the next twelve months, it is reasonably possible that tax audit resolutions could reduce unrecognized tax benefits by \$50 million to \$200 million, either because our tax positions are sustained on audit or because the Company agrees to their disallowance. Such unrecognized tax benefits relate primarily to timing recognition issues and resolution of the gain determination on a discontinued operation in fiscal year 2004. The Company does not expect any such audit resolutions to cause a significant change in its effective tax rate. As of April 30, 2008, there were no material changes to the amount of unrecognized tax benefits or the related accrued interest and penalties.

The Company classifies interest on uncertain tax benefits as interest expense and income tax penalties as operating, selling, general and administrative costs. At April 30, 2008, before any tax benefits, the Company had \$245 million of accrued interest and penalties on unrecognized tax benefits.

The Company is subject to income tax examinations for its U.S. federal income taxes generally for the fiscal years 2007 and 2008, with fiscal years 2004 through 2006 remaining open for a limited number of issues, for non-U.S. income taxes for the tax years 2002 through 2008, and for state and local income taxes for the fiscal years 2004 through 2007 generally and from 1997 for a limited number of issues.

Additionally, the Company is subject to tax examinations for payroll, value added, sales-based and other taxes. A number of these examinations are ongoing and, in certain cases, have resulted in assessments from the taxing authorities. Where appropriate, the Company has made accruals for these matters which are reflected in the Company's consolidated financial statements. While these matters are individually immaterial, a group of related matters, if decided adversely to the Company, may result in liability material to the Company's financial condition or results of operations.

NOTE 10. Legal Proceedings

The Company is involved in a number of legal proceedings. In accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," the Company has made accruals with respect to these matters, where appropriate, which are reflected in the Company's consolidated financial statements. 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 interests 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, may result in liability material to the Company's financial condition or results of operations.

Wage and Hour "Off the Clock" Class Actions: The Company is a defendant in numerous cases containing class-action allegations in which the plaintiffs are current and former hourly associates who allege that the Company forced them to work "off the clock" or failed to provide work breaks, or otherwise that they were not paid correctly for work performed. The complaints generally seek unspecified monetary damages, injunctive relief, or both. Class or collective-action certification has yet to be addressed by the court in a majority of these cases. Where it has been addressed, certification has been denied in nine of these cases; has been granted in whole or in part in eleven of these cases; and has been conditionally granted for notice purposes only in three of these cases. In another nine such cases, certification was denied and the case was then dismissed, and in two additional such cases, certification was granted and the case was then dismissed. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits, except as noted below.

One of the class-action lawsuits described above is *Savaglio v. Wal-Mart Stores, Inc.*, a class-action lawsuit in which the plaintiffs allege that they were not provided meal and rest breaks in accordance with California law, and seek monetary damages and injunctive relief. A trial on the plaintiffs' claims for monetary damages concluded on December 22, 2005. The jury returned a verdict of approximately \$57 million in statutory penalties and \$115 million in punitive damages. In June 2006, the judge entered an order allowing some, but not all, of the injunctive relief sought by the plaintiffs. On December 27, 2006, the judge entered an order awarding the plaintiffs an additional amount of approximately \$26 million in costs and attorneys' fees. The Company believes it has substantial factual and legal defenses to the claims at issue, and on January 31, 2007, the Company filed its Notice of Appeal.

In another of the class-action lawsuits described above, *Braun/Hummel v. Wal-Mart Stores, Inc.*, a trial was commenced in September 2006, 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, the 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. 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.

In another of the class-action lawsuits described above, *Braun v. Wal-Mart Stores, Inc.*, a trial commenced on September 24, 2007, in the First Judicial District Court for Dakota County, Minnesota, on the plaintiffs' claims for backpay damages. The plaintiffs allege that class members worked off the clock and were not provided meal and rest breaks in accordance with Minnesota law, and seek monetary damages in an unspecified amount, together with attorneys' fees, interest, statutory penalties, and punitive damages, if any. Testimony concluded on December 11, 2007, on the plaintiffs' backpay claims, and the judge took the matter under advisement. No ruling has been received. The judge has not determined whether the plaintiffs will be allowed to proceed to trial on their claims for punitive damages, but a separate trial has been scheduled for October 20, 2008, in the event those claims are allowed to proceed to trial. The Company believes that it has substantial factual and legal defenses to the claims at issue. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this litigation.

Exempt Status Cases: The Company is currently a defendant in four putative class actions in which the plaintiffs seek class certification of various groups of salaried managers and challenge their exempt status under state and federal laws. In one of those cases (*Sepulveda v. Wal-Mart Stores, Inc.*), class certification was denied by the trial court on May 5, 2006. On April 25, 2008, a three-judge panel of the United States Court of Appeals for the Ninth Circuit affirmed the trial court's ruling in part and reversed it in part, and remanded the case for further proceedings. On May 16, 2008, the Company filed a petition seeking review of that ruling by a larger panel of the court. Class certification has not been addressed in the other cases. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits.

Gender Discrimination Cases: The Company is a defendant in *Dukes v. Wal-Mart Stores, Inc.*, a class-action lawsuit commenced in June 2001 and pending in the United States District Court for the Northern District of California. The case was brought on behalf of all past and present female employees in all of the Company's retail stores and warehouse clubs in the United States. 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. The class as certified currently includes approximately 1.6 million present and former female associates.

The Company believes that the district court's ruling is incorrect. 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, Wal-Mart's Petition for Rehearing En Banc was denied as moot. Wal-Mart filed a new Petition for Rehearing En Banc on January 8, 2008. 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 from the district court's certification decision, 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 award 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.

The Company is a defendant in a lawsuit that was filed by the EEOC on August 24, 2001, in the United States District Court for the Eastern District of Kentucky on behalf of Janice Smith and all other females who made application or transfer requests at the London, Kentucky, distribution center from 1998 to the present, and who were not hired or transferred into the warehouse positions for which they applied. The complaint alleges that the Company based hiring decisions on gender in violation of Title VII of the 1964 Civil Rights Act as amended. The EEOC can maintain this action as a class without certification. The EEOC seeks back pay and front pay for those females not selected for hire or transfer during the relevant time period, plus compensatory and punitive damages and injunctive relief. The EEOC has asserted that the hiring practices in question resulted in a shortfall of 245 positions. The claims for compensatory and punitive damages are capped by statute at \$300,000 per shortfall position. The amounts of back pay and front pay that are being sought have not been specified.

California 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 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.

Additionally, the U.S. Attorney's Office in the Northern District of California has initiated its own investigation regarding the Company's handling of hazardous materials and hazardous waste and the Company has received administrative document requests from the California Department of Toxic Substances Control requesting documents and information with respect to two of the Company's distribution facilities. Further, the Company also received a subpoena from the Los Angeles County District Attorney's Office for documents and administrative interrogatories requesting information, among other things, regarding the Company's handling of materials and hazardous waste. California state and local government authorities and the State of Nevada have also initiated investigations into these matters. The Company is cooperating fully with the respective 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.

NOTE 11. Recent Accounting Pronouncements

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand the effects of the derivative instruments on an entity's financial position, financial performance, and cash flows. The Company will adopt SFAS 161 on February 1, 2009. The Company is currently assessing the potential impact of SFAS 161 on its financial statements.

NOTE 12. Discontinued Operations

In July 2008, the Company disposed of Gazeley, an ASDA commercial property development subsidiary in the United Kingdom. Consequently, the results of operations associated with Gazeley are presented as discontinued operations in our Condensed Consolidated Statements of Income and Condensed Consolidated Balance Sheets for all periods presented. The cash flows related to this operation were insignificant for all periods presented.

During the third quarter of fiscal 2009, the Company initiated a restructuring program under which the Company's Japanese subsidiary, The Seiyu Ltd., will close 23 stores and dispose of certain excess properties. This restructuring will involve incurring costs associated with lease termination obligations, asset impairment charges and employee separation benefits. The costs associated with this restructuring are presented as discontinued operations in our Condensed Consolidated Statements of Income and Condensed Consolidated Balance Sheets for all periods presented. The cash flows and accrued liabilities related to this restructuring were insignificant for all periods presented.

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

This discussion relates to Wal-Mart Stores, Inc. and its consolidated subsidiaries (the "Company") and should be read in conjunction with our condensed consolidated financial statements as of April 30, 2008, and the period then ended and accompanying notes included under Part I, Item 1, of this Quarterly Report on Form 10-Q, as well as our consolidated financial statements as of January 31, 2008, and for the year then ended, 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, 2008, and included as an exhibit to our Annual Report on Form 10-K for the year ended January 31, 2008.

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 year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. The discussion also provides information about the financial results of the various segments of our business 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.

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, we discuss segment operating income and comparable store sales. Segment operating income refers to income from continuing operations before net interest expense, income taxes and minority interest and excludes unallocated corporate overhead. At February 1, 2008, the Company reclassified certain unallocated corporate expenses to be included within each segment's measurement of operating income. As a result, all prior year measurements of segment operating income have been restated for comparative purposes.

Comparable store sales is a measure which indicates the performance of our existing stores by measuring the growth in sales for such stores for a particular period over the corresponding period in the prior year. Comparable store sales is 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.

During fiscal 2008, the Company reviewed its definition of comparable store sales for consistency with other retailers. For fiscal 2009, beginning February 1, 2008, the Company has revised its definition of comparable store sales to include 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. Since the impact of this revision is inconsequential, the Company did not restate comparable store sales results for previously reported fiscal periods.

Company Performance Metrics

Management uses a number of metrics to assess the Company's performance including:

- Total sales and comparable store sales;
- Operating income;
- Diluted income per common share from continuing operations;
- Return on investment; and
- Free cash flow.

Total Sales and Comparable Store Sales
(Dollar amounts in millions)

Three Months Ended April 30,						
	2008			2007		
	Net sales	Percent of total	Percent increase	Net sales	Percent of total	Percent increase
Walmart U.S.	\$ 59,073	62.8%	6.6%	\$ 55,437	65.0%	5.6%
International	23,885	25.4%	22.0%	19,575	22.9%	18.6%
Sam's Club	11,112	11.8%	7.6%	10,323	12.1%	5.6%
Total net sales	<u>\$ 94,070</u>	<u>100.0%</u>	10.2%	<u>\$ 85,335</u>	<u>100.0%</u>	8.3%

Three Months Ended April 30,		
	2008	2007
Walmart U.S.	2.7%	-0.1%
Sam's Club ⁽¹⁾	6.5%	4.1%
Total U.S. ⁽²⁾	3.3%	0.6%

(1) Fuel sales had a positive impact of 2.9 percentage points and a negative 0.6 percentage points on comparable club sales for the first quarter of fiscal 2009 and 2008, respectively.

(2) Fuel sales had a positive impact of 0.4 percentage points and no impact on comparable store sales for the first quarter of fiscal 2009 and 2008, respectively.

Our total net sales increased by 10.2% and 8.3% for the first quarter of fiscal 2009 and 2008, respectively, when compared to the previous year. Those increases resulted from our global store expansion programs and comparable store sales increases. During the first quarter of fiscal 2009 and 2008, foreign currency exchange rates had a \$1.3 billion and \$621 million favorable impact, respectively, on the International segment's net sales.

Comparable store sales in the United States increased 3.3% for the first quarter of fiscal 2009 compared to 0.6% for the first quarter of fiscal 2008. Comparable store sales in fiscal 2009 were higher than fiscal 2008 due to strength in grocery and increases in customer traffic and average transaction size per customer. Also, the first quarter of fiscal 2009 includes the benefit of one additional day, February 29, 2008, due to Leap Year.

Operating Income
(Amounts in millions)

	Three Months Ended April 30,					
	2008			2007		
	Operating income	Percent of total	Percent increase	Operating income	Percent of total	Percent increase
Walmart U.S.	\$ 4,362	82.0%	9.6%	\$ 3,979	82.4%	2.1%
International	1,051	19.8%	19.3%	881	18.2%	15.9%
Sam's Club	386	7.3%	4.3%	370	7.7%	20.1%
Other	(482)	-9.1%	19.9%	(402)	-8.3%	-13.9%
Total operating income	\$ 5,317	100.0%	10.1%	\$ 4,828	100.0%	7.3%

Operating income growth compared to net sales growth is a meaningful measure because it indicates how effectively we manage costs and leverage expenses. Our objective is to grow operating income faster than net sales. For the first quarter of fiscal 2009, our operating income increased by 10.1% when compared to the prior year, while net sales increased by 10.2% over the same period. For the individual segments, our Walmart U.S. segment met this target; however, our Sam's Club and International segments did not. The International segment fell short of this objective due to accruals for certain legal matters. The Sam's Club segment fell short of this objective as gross profit as a percentage of segment net sales (our "gross margin") was down compared to the first quarter of fiscal 2008 due to the excise tax refund of \$39 million recorded in the prior year.

Diluted Income per Common Share from Continuing Operations

	Three Months Ended April 30,	
	2008	2007
Diluted income per common share from continuing operations	\$ 0.76	\$ 0.68

Diluted earnings per share from continuing operations increased 11.8% for the first quarter of fiscal 2009 compared to the prior year as a result of a 7.9% increase in income from continuing operations and the impact of share repurchases since first quarter of fiscal 2008 reducing the number of weighted average shares outstanding.

Return on Investment

Management believes return on investment ("ROI") is a meaningful metric to share with investors because it helps investors assess how efficiently Wal-Mart is employing its assets. ROI was 19.1% and 19.6% for the first quarter of fiscal year 2009 and 2008, respectively. The decrease in ROI for the first quarter of fiscal 2009 resulted from our operating income growing at a slower rate than our invested capital. Our announcement last year to moderate capital expenditures under our revised capital efficiency model was a first step in our drive to grow operating income faster than the increase in expenditures for property and equipment. Additionally, higher cash balances at April 30, 2008, subsequently used to repay debt, also contributed to the decline in ROI from the prior year.

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 under the SEC's rules. 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 before minority interest for the fiscal year or the trailing twelve months divided by average of total assets of continuing operations for the period) because ROI: adjusts operating income to exclude certain expense items and add 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 method other companies use to calculate their ROI. We urge you to understand the method used by another company to calculate its ROI before comparing our ROI to that of the other company.

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

	Twelve Months Ended April 30, 2008	Twelve Months Ended April 30, 2007	
<i>(Dollar amounts in millions)</i>			
Calculation of Return on Investment			
NUMERATOR			
Operating Income ⁽¹⁾	\$ 22,441	\$ 20,828	
+ Interest Income ⁽¹⁾	290	297	
+ Depreciation and Amortization ⁽¹⁾	6,463	5,648	
+ Rent ⁽¹⁾	1,667	1,447	
= Adjusted Operating Income	<u>\$ 30,861</u>	<u>\$ 28,220</u>	
DENOMINATOR			
Average Total Assets of Continuing Operations ⁽²⁾	\$ 160,535	\$ 145,972	
+ Average Accumulated Depreciation and Amortization ⁽²⁾	30,258	25,938	
- Average Accounts Payable ⁽²⁾	28,284	26,324	
- Average Accrued Liabilities ⁽²⁾	14,118	12,968	
+ Rent * 8	13,336	11,576	
= Invested Capital	<u>\$ 161,727</u>	<u>\$ 144,194</u>	
ROI	<u>19.1%</u>	<u>19.6%</u>	
Calculation of Return on Assets			
NUMERATOR			
Income From Continuing Operations Before Minority Interest ⁽¹⁾	<u>\$ 13,514</u>	<u>\$ 12,779</u>	
DENOMINATOR			
Average Total Assets of Continuing Operations ⁽²⁾	<u>\$ 160,535</u>	<u>\$ 145,972</u>	
ROA	<u>8.4%</u>	<u>8.8%</u>	
CERTAIN BALANCE SHEET DATA			
	<u>April 30, 2008</u>	<u>April 30, 2007</u>	<u>April 30, 2006</u>
Total Assets of Continuing Operations ⁽¹⁾	\$ 166,528	\$ 154,542	\$ 137,402
Accumulated Depreciation and Amortization ⁽¹⁾	32,606	27,910	23,966
Accounts Payable ⁽¹⁾	29,027	27,541	25,106
Accrued Liabilities ⁽¹⁾	14,882	13,353	12,583

(1) Based on continuing operations only; therefore, this excludes the impact of our South Korean and German operations, which were sold in fiscal 2007, the impact of Gazeley which will be reflected as a sale in the third quarter of fiscal 2009, and the impact of The Seiyu, Ltd. store closures in fiscal 2009, all of which are classified as discontinued operations for all periods presented. Total assets as of April 31, 2008, 2007 and 2006 in the table above exclude assets of discontinued operations of \$955 million, \$880 million and \$3,082 million, respectively.

(2) The average is calculated by adding 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.

Free Cash Flow

We define free cash flow as net cash provided by operating activities in the period minus payments for property and equipment made in the period. We generated positive free cash flow for the first quarter of fiscal 2009 compared to a deficit in the prior year. The significant increase in our free cash flow is the result of our improved inventory management and reduced capital expenditures in connection with our planned slowing of store expansion in the United States.

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

The following table reconciles net cash provided by operating activities, a GAAP measure, to free cash flow, a non-GAAP measure.

<i>(Amounts in millions)</i>	Three Months Ended	
	April 30, 2008	April 30, 2007
Net cash provided by operating activities	\$ 3,705	\$ 1,847
Payments for property and equipment	(2,447)	(3,157)
Free cash flow	<u>\$ 1,258</u>	<u>\$ (1,310)</u>
Net cash used in investing activities	\$ (2,233)	\$ (3,442)
Net cash provided by financing activities	\$ 865	\$ 799

Results of Operations

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

Consolidated

Quarter ended April 30, 2008

Our total net sales increased by 10.2% and 8.3% for the first quarter of fiscal 2009 and 2008, respectively, when compared to the previous year. Those increases resulted from our global store expansion programs and comparable store sales increases. During the first quarter of fiscal 2009 and 2008, foreign currency exchange rates had a \$1.3 billion and \$621 million favorable impact, respectively, on the International segment's net sales, causing an increase in the International segment's net sales as a percentage of total Company net sales.

Our gross margin increased from 23.5% for the first quarter of fiscal 2008 to 23.6% in the first quarter of fiscal 2009. This increase is primarily due to lower inventory shrink and less markdown activity as a result of improved inventory management in our Walmart U.S. segment. The effect of these benefits was partially offset by the \$97 million excise tax refund recorded in the first quarter of fiscal 2008.

Operating, selling, general and administrative expenses ("operating expenses") as a percentage of net sales increased 0.2 percentage points compared to the corresponding period in fiscal 2008 due to higher utility, repairs and maintenance expenses as well as increased corporate expenses. Corporate expenses have increased primarily due to our long-term transformation projects to enhance our information systems for merchandising, finance and human resources. We expect these increases to continue for the foreseeable future. Operating expenses as a percentage of net sales for the first quarter of fiscal 2008 included accruals for certain legal matters of \$83 million.

Membership and other income, which includes a variety of income categories such as Sam's Club membership fee revenues, tenant income and financial services income, increased 18.3% in the first quarter of fiscal 2009 from the prior year due to continued growth in our financial services area and increases in recycling income resulting from our sustainability efforts.

Interest, net, increased 27.2% in the first quarter of fiscal 2009 when compared with the same period last year largely due to higher borrowing levels in the first quarter of fiscal 2009.

Our effective income tax rate from continuing operations was 34.6% for the first quarter of fiscal 2009, which was relatively consistent with the first quarter of fiscal 2008 effective rate of 34.5%.

Walmart U.S. Segment

Quarter ended April 30, 2008

(Amounts in millions)

Quarter ended April 30,	Segment net sales	Segment net sales increase from prior fiscal year first quarter	Segment operating income	Segment operating income increase from prior fiscal year first quarter	Segment operating income as a percentage of segment net sales
2008	\$ 59,073	6.6%	\$ 4,362	9.6%	7.4%
2007	\$ 55,437	5.6%	\$ 3,979	2.1%	7.2%

The net sales increase for the Walmart U.S. segment in the first quarter of fiscal 2009 resulted from our continued expansion activities, strength in the grocery, health and wellness, and entertainment categories and a comparable store sales increase of 2.7%. Comparable store sales increased for the first quarter of fiscal 2009 primarily due to an increase in average transaction size per customer.

Gross margin increased by 0.3 percentage points due to decreased markdowns and lower inventory shrinkage, partially offset by the \$46 million excise tax refund recorded in the first quarter of fiscal 2008.

Operating expenses as a percentage of segment net sales increased by 0.2 percentage points primarily due to higher bonus expenses for store associates and increased utilities expenses when compared to the corresponding quarter in fiscal 2008. Partially offsetting these increased expenses were lower wage-related expenses from improvements in labor productivity in the current year, in conjunction with the favorable comparison from accruals for certain legal matters of \$73 million recorded in the prior year.

Other income increased in the first quarter of fiscal 2009 from the prior year due to continued growth in financial services and recycling income.

International Segment

Quarter ended April 30, 2008

(Amounts in millions)

Quarter ended April 30,	Segment net sales	Segment net sales increase from prior fiscal year first quarter	Segment operating income	Segment operating income increase from prior fiscal year first quarter	Segment operating income as a percentage of segment net sales
2008	\$ 23,885	22.0%	\$ 1,051	19.3%	4.4%
2007	\$ 19,575	18.6%	\$ 881	15.9%	4.5%

At April 30, 2008, our International segment was comprised of wholly-owned operations in Argentina, Brazil, Canada, Puerto Rico and the United Kingdom, the operation of joint ventures in China and India and the operations of majority-owned subsidiaries in Central America, Japan and Mexico.

The first quarter fiscal 2009 increase in the International segment's net sales primarily resulted from net sales growth from existing units, our international expansion program, acquisitions and the favorable impact of changes in foreign currency exchange rates of \$1.3 billion during first quarter fiscal 2009.

In first quarter fiscal 2009, gross margin decreased 0.1 percentage point primarily due to actions taken to establish price leadership in Japan and a mix shift toward lower-margin fuel, partially offset by slight improvements across most other markets.

Operating expenses as a percentage of segment net sales were flat compared to the first quarter of fiscal 2008 due to strong underlying improvements in the United Kingdom, Japan and Mexico, partially offset by accruals for certain legal matters.

Other income as a percentage of segment net sales for the first quarter of fiscal 2009 was consistent with the corresponding period in fiscal 2008.

Segment operating income for the first quarter of fiscal 2009 was favorably impacted by changes in foreign currency exchange rates of \$45 million.

Sam's Club Segment

Quarter ended April 30, 2008
(Amounts in millions)

Quarter ended April 30,	Segment net sales	Segment net sales increase from prior fiscal year first quarter	Segment operating income	Segment operating income increase from prior fiscal year first quarter	Segment operating income as a percentage of segment net sales
2008	\$ 11,112	7.6%	\$ 386	4.3%	3.5%
2007	\$ 10,323	5.6%	\$ 370	20.1%	3.6%

Growth in net sales for the Sam's Club segment in the first quarter of fiscal 2009 resulted from comparable club sales increases of 6.5% in the first quarter of fiscal 2009 and continued expansion activities. Comparable club sales in the first quarter of fiscal 2009 increased primarily due to higher growth rates in dry grocery, consumables and certain general merchandise including video games, office supplies and residential furniture, as well as an increase in both member traffic and average transaction size. In addition, fuel sales had a positive impact of 2.9 percentage points on comparable club sales in the first quarter of fiscal 2009.

Gross margin decreased 0.1 percentage point during the first quarter of fiscal 2009 primarily due to the \$39 million excise tax refund recorded in the prior year quarter.

Operating expenses as a percentage of segment net sales decreased slightly in the first quarter of fiscal 2009 when compared to the first quarter of fiscal 2008 primarily due to lower property tax expenses in the current year, in conjunction with the favorable comparison from accruals for certain legal matters of \$10 million recorded in the prior year.

Membership and other income, which includes membership, recycling, tenant lease, financial services and a variety of other income categories, increased in the first quarter. Membership income, which is recognized over the term of the membership, increased slightly in the quarter.

Unit Data By Segment

Square Footage in Thousands

	April 30, 2008	Square Footage	April 30, 2007	Square Footage	January 31, 2008	Square Footage
Walmart US						
Discount Stores	937	101,286	1,051	112,129	971	104,561
Supercenters	2,527	470,831	2,307	430,807	2,447	456,516
Neighborhood Markets	138	5,803	118	4,945	132	5,552
Total Walmart US	3,602	577,920	3,476	547,881	3,550	566,629
Sam's Club	593	78,527	582	76,762	591	78,236
United States Total	4,195	656,447	4,058	624,643	4,141	644,865
International Segment						
Argentina	23	3,979	14	2,494	21	3,789
Brazil	315	25,093	300	23,892	313	24,958
Canada	305	36,695	290	33,739	305	36,590
Central America	463	7,868	422	7,210	457	7,822
Trust-Mart - China	101	17,653	101	17,653	101	17,653
Wal-Mart - China	105	19,433	83	15,493	101	18,738
Japan	369	24,381	368	26,884	371	24,532
Mexico	1,037	57,615	907	51,401	1,023	56,804
Puerto Rico	54	3,829	54	3,829	54	3,829
United Kingdom	353	28,095	336	26,858	352	27,868
Total International	3,125	224,641	2,875	209,453	3,098	222,583
Grand Totals	7,320	881,088	6,933	834,096	7,239	867,448

Liquidity and Capital Resources

Overview

Cash flows provided by operating activities supply us with a significant source of liquidity. The increase in cash flows provided by operating activities for the first quarter of fiscal 2009 was primarily attributable to increased net income and improved inventory management.

(Amounts in millions)

	Three Months Ended April 30,	
	2008	2007
Net cash provided by operating activities	\$ 3,705	\$ 1,847
Purchase of Company stock	(1,375)	(943)
Dividends paid	(940)	(908)
Proceeds from issuance of long-term debt	2,521	3,170
Payment of long-term debt	(361)	(2,232)
Increase in commercial paper, net	892	1,988
Current assets	\$ 50,757	\$ 47,579
Current liabilities	61,129	54,700

Working Capital

Current liabilities exceeded current assets at April 30, 2008, by \$10.4 billion, a slight decrease from January 31, 2008. Our ratio of current assets to current liabilities was 0.8 at April 30, 2008 and January 31, 2008 and 0.9 at April 30, 2007. We generally have a working capital deficit due to our efficient use of cash in funding operations and in providing returns to shareholders in the form of stock repurchases and payment of dividends.

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 May 31, 2007. Under the share repurchase program, there is no expiration date or other restriction limiting the period over which we can make our share repurchases under the program, which will expire only when and if we have repurchased \$15.0 billion of our shares under the program. Any repurchased shares are constructively retired and returned to unissued status. 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. At April 30, 2008, approximately \$7.1 billion remained of the \$15.0 billion authorization.

Capital Resources

Management believes that cash flows from operations and proceeds from the sale of commercial paper 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 compensating for any shortfall in funding these expenditures with a combination of commercial paper 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. We anticipate no difficulty in obtaining long-term financing in view of our credit rating and favorable experiences in the debt market in the recent past.

To monitor our credit rating and our capacity for long-term financing, we consider various qualitative and quantitative factors. We monitor the ratio of our debt to our total capitalization as support for our long-term financing decisions. At April 30, 2008, 2007 and January 31, 2008, the ratio of our debt to total capitalization was approximately 43.2%, 41.3% and 40.9%, respectively. For the purpose of this calculation, debt is defined as the sum of commercial paper, long-term debt due within one year, obligations under capital leases due within one year, long-term debt and long-term obligations under capital leases. Total capitalization is defined as debt plus shareholders' equity. Our ratio of debt to our total capitalization increased in the first quarter of fiscal 2009 due to increased borrowing to fund our share repurchases as well as other business needs.

We also use the ratio of adjusted cash flow from operations to adjusted average debt as a metric to review leverage. Adjusted cash flow from operations, the numerator in the calculation, is defined as cash flow from operations of continuing operations for the current year plus two-thirds of the current year operating rent expense less current year capitalized interest expense. Adjusted average debt, the denominator in the calculation, is defined as average debt plus eight times average operating rent expense. Average debt is the simple average of beginning and ending commercial paper, long-term debt due within one year, obligations under capital leases due within one year, long-term debt and long-term obligations under capital leases. Average operating rent expense is the simple average of current year and prior year operating rent expense. We believe this metric is useful to investors as it provides them with a tool to measure our leverage. This metric was 40% and 38% for the twelve months ended April 30, 2008 and 2007, respectively. The increase in the metric is primarily due to the increase in net cash flow from continuing operations.

The ratio of adjusted cash flow to adjusted average debt is considered a non-GAAP financial measure under the SEC's rules. The most recognized directly comparable GAAP measure is the ratio of cash flow from operations of continuing operations for the current year to average total debt (which excludes any effect of operating leases or capitalized interest), which was 49% and 45% for the twelve months ended April 30, 2008 and 2007, respectively.

A detailed calculation of the adjusted cash flow from operations to adjusted average debt is set forth below along with a reconciliation to the corresponding measurement calculated in accordance with generally accepted accounting principles.

	Twelve Months Ended April 30, 2008	Twelve Months Ended April 30, 2007	
<i>(Dollar amounts in millions)</i>			
Calculation of adjusted cash flow from operations to average debt			
Numerator			
Net cash provided by operating activities of continuing operations	\$ 22,212	\$ 18,268	
+ Two-thirds current period operating rent expense (1)	1,111	965	
– Current year capitalized interest expense	143	173	
Adjusted cash flow from operations	<u>\$ 23,180</u>	<u>\$ 19,060</u>	
Denominator			
Average debt (2)	\$ 45,136	\$ 40,288	
Eight times average operating rent expense (3)	12,456	10,220	
Average debt	<u>\$ 57,592</u>	<u>\$ 50,508</u>	
Adjusted cash flow from operations to average debt (4)	40%	38%	
Calculation of cash flows from operating activities of continuing operations to average debt			
Numerator			
Net cash provided by operating activities of continuing operations	\$ 22,212	\$ 18,268	
Denominator			
Average debt (2)	\$ 45,136	\$ 40,288	
Cash flows from operating activities of continuing operations to average debt	49%	45%	
Selected Financial Information			
Current period operating rent expense	\$ 1,667	\$ 1,447	
Prior period operating rent expense	1,447	1,108	
Current period capitalized interest	143	173	
Certain Balance Sheet Information			
	April 30, 2008	April 30, 2007	April 30, 2006
Commercial paper	\$ 5,924	\$ 4,627	\$ 3,653
Long-term debt due within one year	5,864	4,212	5,528
Obligations under capital leases due within one year	321	246	239
Long-term debt	32,379	29,567	25,036
Long-term obligations under capital leases	3,584	3,548	3,920
Total debt	<u>\$ 48,072</u>	<u>\$ 42,200</u>	<u>\$ 38,376</u>

- (1) $2/3 \times \$1,667$ for the twelve months ended April 30, 2008 and $2/3 \times \$1,447$ for the twelve months ended April 30, 2007.
(2) $(\$48,072 + \$42,200)/2$ for the twelve months ended April 30, 2008 and $(\$42,200 + \$38,376)/2$ for the twelve months ended April 30, 2007.
(3) $8 \times ((\$1,667 + \$1,447)/2)$ for the twelve months ended April 30, 2008 and $8 \times ((\$1,447 + \$1,108)/2)$ for the twelve months ended April 30, 2007.
(4) The calculation of the ratio as defined.

Item 5. Other Information

This Quarterly Report contains statements that Wal-Mart believes are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, and intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. These forward-looking statements include a statement in Note 9 to our condensed consolidated financial statements regarding the forecasted full year tax rate for our fiscal 2009 and the factors affecting that rate, regarding the effect of the future recognition of certain tax benefits on the Company’s tax rate and regarding the possible effect of the resolution of certain tax audit issues in the future, including the effect on the Company’s tax rate, a statement under the caption “Results of Operations—Quarter ended April 30, 2008” in Management’s Discussion and Analysis of Financial Condition and Results of Operations regarding our expectations relating to continuing increases in certain operating expenses, and statements under the subcaption “Capital Resources” under the caption “Liquidity and Capital Resources” in Management’s Discussion and Analysis of Financial Condition and Results of Operations regarding our intent and ability to fund certain cash flow shortfalls by the sale of commercial paper and long-term debt securities, our plans to refinance existing long-term debt as it matures and our ability to sell our long-term debt securities. These statements are identified by the use of the words “anticipate,” “could reduce,” “expect,” “plan,” “would, if recognized, affect” or a variation of one of those words 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, cost of goods, consumer credit availability, competitive pressures, inflation, consumer spending patterns and debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, fluctuations in the costs of gasoline, diesel fuel and other energy, transportation, utilities, labor and health care, accident costs, casualty and other insurance costs, interest rate fluctuations, capital market conditions, geopolitical conditions, weather conditions, storm-related damage to our facilities, regulatory matters and other risks. We discuss certain of these matters more fully, as well as certain risk factors that may affect our business operations, financial condition and results of operations, in Part II, Item 1A, of this Quarterly Report and in other of our filings with the SEC, including our Annual Report on Form 10-K for the year ended January 31, 2008. This Quarterly Report should be read in conjunction with that Annual Report on Form 10-K, and all our other filings, including Current Reports on Form 8-K, made with the SEC through the date of this report. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in this Quarterly Report. As a result of these 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 may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this Quarterly Report are made only as of the date of this report and we undertake no obligation to update any of these forward-looking statements to reflect subsequent events or circumstances.

WAL-MART STORES, INC. AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges

	Three Months Ended			Fiscal Year			
	Apr. 30, 2008	Apr. 30, 2007	2008	2007	2006	2005	2004
Income from continuing operations before income taxes and minority interest	\$ 4,821	\$ 4,438	\$ 20,158	\$ 18,968	\$ 17,513	\$ 16,289	\$ 14,396
Capitalized interest	(29)	(36)	(150)	(182)	(157)	(120)	(144)
Minority interest	(122)	(100)	(406)	(425)	(324)	(249)	(214)
Adjusted income before income taxes	4,670	4,302	19,602	18,361	17,032	15,920	14,038
Fixed Charges:							
Interest *	590	514	2,267	2,009	1,603	1,326	1,150
Interest component of rent	104	91	464	368	328	319	306
Total fixed charges	694	605	2,731	2,377	1,931	1,645	1,456
Income from continuing operations before income taxes and fixed charges	\$ 5,364	\$ 4,907	\$ 22,333	\$ 20,738	\$ 18,963	\$ 17,565	\$ 15,494
Ratio of earnings to fixed charges	7.7	8.1	8.2	8.7	9.8	10.7	10.6

* Includes interest on debt, capital leases, uncertain tax positions, amortization of debt issuance costs and capitalized interest.

Certain reclassifications have been made to prior periods to conform to the current period presentation. In addition, the impact of McLane Company, Inc., a wholly owned subsidiary sold in fiscal 2004, and the impact of our South Korean and German operations, disposed of in fiscal 2007, the impact of our Gazeley operations disposed of in fiscal 2009, and the impact of The Seiyu, Ltd. store closures in fiscal 2009, have been removed for all periods presented.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2008	2007	2008	2007
Revenues:				
Net sales	\$ 101,544	\$ 91,938	\$ 195,614	\$ 177,273
Membership and other income	1,065	1,006	2,234	1,994
	<u>102,609</u>	<u>92,944</u>	<u>197,848</u>	<u>179,267</u>
Costs and expenses:				
Cost of sales	77,599	70,551	149,444	135,822
Operating, selling, general and administrative expenses	19,197	17,106	37,274	33,330
Operating income	<u>5,813</u>	<u>5,287</u>	<u>11,130</u>	<u>10,115</u>
Interest:				
Debt	450	446	938	852
Capital leases	77	42	149	111
Interest income	(71)	(84)	(135)	(169)
Interest, net	<u>456</u>	<u>404</u>	<u>952</u>	<u>794</u>
Income from continuing operations before income taxes and minority interest	<u>5,357</u>	<u>4,883</u>	<u>10,178</u>	<u>9,321</u>
Provision for income taxes	<u>1,826</u>	<u>1,676</u>	<u>3,496</u>	<u>3,208</u>
Income from continuing operations before minority interest	<u>3,531</u>	<u>3,207</u>	<u>6,682</u>	<u>6,113</u>
Minority interest	<u>(130)</u>	<u>(106)</u>	<u>(252)</u>	<u>(206)</u>
Income from continuing operations	<u>3,401</u>	<u>3,101</u>	<u>6,430</u>	<u>5,907</u>
Income (loss) from discontinued operations, net of tax	<u>48</u>	<u>(149)</u>	<u>41</u>	<u>(129)</u>
Net income	<u>\$ 3,449</u>	<u>\$ 2,952</u>	<u>\$ 6,471</u>	<u>\$ 5,778</u>
Net income per common share:				
Basic income per common share from continuing operations	\$ 0.86	\$ 0.76	\$ 1.63	\$ 1.44
Basic income (loss) per common share from discontinued operations	0.01	(0.04)	0.01	(0.03)
Basic net income per common share	<u>\$ 0.87</u>	<u>\$ 0.72</u>	<u>\$ 1.64</u>	<u>\$ 1.41</u>
Diluted income per common share from continuing operations	\$ 0.86	\$ 0.75	\$ 1.62	\$ 1.43
Diluted income (loss) per common share from discontinued operations	0.01	(0.03)	0.01	(0.03)
Diluted net income per common share	<u>\$ 0.87</u>	<u>\$ 0.72</u>	<u>\$ 1.63</u>	<u>\$ 1.40</u>
Weighted-average number of common shares:				
Basic	3,945	4,102	3,951	4,112
Diluted	3,958	4,108	3,962	4,118
Dividends declared per common share	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.95</u>	<u>\$ 0.88</u>

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

	July 31, 2008	July 31, 2007	January 31, 2008
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 6,903	\$ 6,069	\$ 5,492
Receivables	3,221	2,758	3,642
Inventories	35,365	34,166	35,159
Prepaid expenses and other	3,311	2,915	2,760
Current assets of discontinued operations	974	479	967
Total current assets	49,774	46,387	48,020
Property and equipment, at cost	126,289	116,301	122,256
Less accumulated depreciation	(31,335)	(26,557)	(28,531)
Property and equipment, net	94,954	89,744	93,725
Property under capital leases	5,740	5,515	5,736
Less accumulated amortization	(2,645)	(2,448)	(2,594)
Property under capital leases, net	3,095	3,067	3,142
Goodwill	16,400	14,463	15,879
Other assets and deferred charges	2,672	2,872	2,748
Non-current assets of discontinued operations	-	416	-
Total assets	\$ 166,895	\$ 156,949	\$ 163,514
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current liabilities:</i>			
Commercial paper	\$ 4,347	\$ 8,117	\$ 5,040
Accounts payable	29,912	27,736	30,344
Dividends payable	1,927	1,794	-
Accrued liabilities	15,607	14,025	15,725
Accrued income taxes	555	168	1,000
Long-term debt due within one year	2,180	3,176	5,913
Obligations under capital leases due within one year	324	189	316
Current liabilities of discontinued operations	77	45	140
Total current liabilities	54,929	55,250	58,478
Long-term debt	34,168	27,966	29,799
Long-term obligations under capital leases	3,544	3,594	3,603
Deferred income taxes and other	5,385	5,428	5,087
Minority interest	2,076	2,404	1,939
Non-current liabilities of discontinued operations	-	21	-
Commitments and contingencies			
<i>Shareholders' equity:</i>			
Common stock and capital in excess of par value	3,986	3,412	3,425
Retained earnings	57,883	55,414	57,319
Accumulated other comprehensive income	4,924	3,460	3,864
Total shareholders' equity	66,793	62,286	64,608
Total liabilities and shareholders' equity	\$ 166,895	\$ 156,949	\$ 163,514

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

	Six Months Ended July 31,	
	2008	2007
Cash flows from operating activities:		
Net income	\$ 6,471	\$ 5,778
(Income) loss from discontinued operations, net of tax	(41)	129
Income from continuing operations	6,430	5,907
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	3,366	3,060
Other operating activities	290	92
Changes in certain assets and liabilities, net of effects of acquisitions:		
Decrease in accounts receivable	578	255
Decrease (increase) in inventories	95	(64)
Decrease in accounts payable	(150)	(1,134)
Decrease in accrued liabilities	(626)	(1,918)
Net cash provided by operating activities	9,983	6,198
Cash flows from investing activities:		
Payments for property and equipment	(5,074)	(6,971)
Proceeds from disposal of property and equipment	492	319
Investment in international operations, net of cash acquired	(74)	(467)
Other investing activities	129	(61)
Net cash used in investing activities	(4,527)	(7,180)
Cash flows from financing activities:		
(Decrease) increase in commercial paper, net	(639)	5,487
Proceeds from issuance of long-term debt	4,648	3,818
Payment of long-term debt	(4,061)	(5,435)
Dividends paid	(1,878)	(1,811)
Purchase of Company stock	(2,184)	(2,484)
Other financing activities	(85)	(435)
Net cash used in financing activities	(4,199)	(860)
Effect of exchange rates on cash	115	169
Net increase (decrease) in cash and cash equivalents	1,372	(1,673)
Cash and cash equivalents at beginning of year (1)	5,569	7,767
Cash and cash equivalents at end of period (2)	\$ 6,941	\$ 6,094

(1) Includes cash and cash equivalents of discontinued operations of \$77 million and \$51 million at January 31, 2008 and 2007, respectively.

(2) Includes cash and cash equivalents of discontinued operations of \$38 million and \$25 million at July 31, 2008 and 2007, respectively.

WAL-MART STORES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Basis of Presentation

The Condensed Consolidated Balance Sheets of Wal-Mart Stores, Inc. and its subsidiaries (the "Company") as of July 31, 2008 and 2007, the related Condensed Consolidated Statements of Income for the three and six months ended July 31, 2008 and 2007, and the related Condensed Consolidated Statements of Cash Flows for the six-month periods ended July 31, 2008 and 2007, are unaudited. The Condensed Consolidated Balance Sheet as of January 31, 2008, is derived from the audited financial statements at that date.

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 ("SEC") and do not contain certain information included in the Company's Annual Report to Shareholders for the fiscal year ended January 31, 2008. Therefore, the interim condensed consolidated financial statements should be read in conjunction with that Annual Report to Shareholders.

General Liability and Workers' Compensation Change in Estimate

Liabilities associated with general liability and workers' compensation claims against the Company are estimated by considering the Company's historical claims experience, including frequency and severity of claims, and certain actuarial assumptions. In estimating our liability for such claims, we periodically analyze our historical trends, including loss development, and apply appropriate loss development factors to the incurred costs associated with the claims. During the last few years, we have enhanced how we manage claims. As a result, our loss experience with respect to such claims has improved and the actuarially determined ultimate loss estimates, primarily for fiscal year 2004 through 2007 claims, were reduced during the quarter ended July 31, 2007. The reductions in ultimate loss estimates resulted primarily from improved claims handling experience, which impacts loss development factors and other actuarial assumptions. Due to the beneficial change in estimate of our ultimate losses, accrued liabilities for general liability and workers' compensation claims were reduced by \$196 million after tax, resulting in an increase in net income per basic and diluted common share from continuing operations of \$0.05 for the three and six months ended July 31, 2007.

NOTE 2. Net Income Per Common Share

Basic net income per common share is based on the weighted-average number of outstanding common shares. Diluted net income per common share is based on the weighted-average number of outstanding shares adjusted for the dilutive effect of stock options and other share-based awards. The dilutive effect of outstanding stock options and restricted stock was 13 million and 11 million shares for the three and six months ended July 31, 2008, respectively, and 6 million shares for the three and six months ended July 31, 2007. The Company had approximately 1 million and 59 million option shares outstanding at July 31, 2008 and 2007, respectively, which were not included in the diluted net income per share calculation because their effect would be antidilutive.

NOTE 3. 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 Sam's Club segment's merchandise and merchandise in our distribution warehouses are valued based on the weighted-average cost using the LIFO method. Inventories of foreign operations are primarily valued by the retail method of accounting, using the first-in, first-out ("FIFO") method. At July 31, 2008 and 2007, our inventories valued at LIFO approximate those inventories as if they were valued at FIFO.

NOTE 4. Certain Long-term Debt Transactions

In April 2008, the Company issued \$1.0 billion of 4.250% Notes Due 2013 and \$1.5 billion of 6.200% Notes Due 2038. Beginning on October 15, 2008, the Company will pay interest on the notes of each series on April 15 and October 15 of each year. Interest started accruing on such notes on April 15, 2008. The 2013 notes will mature on April 15, 2013 and the 2038 notes will mature on April 15, 2038. The notes of each such series are senior, unsecured and unsubordinated obligations of Wal-Mart Stores, Inc.

In May 2008, Wal-Mart Stores, Inc. entered into a term loan facility with a syndicate of banks. Pursuant to that facility, the Company borrowed ¥220 billion to refinance outstanding debt of its wholly-owned subsidiary, The Seiyu, Ltd., that was scheduled to mature in December, 2008. Borrowings under such facility are senior, unsecured obligations of Wal-Mart Stores, Inc. and generally bear interest at a floating rate equal to the one, three or six month London Interbank Offered Rate plus a spread of 0.35%. Such debt matures on June 26, 2011. The amount of such debt in United States dollars as reflected on the Company's Condensed Consolidated Balance Sheets at July 31, 2008 was approximately \$2.1 billion. The facility is designated as a hedge of the Company's net investment in Japan.

NOTE 5. Fair Value Measurements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value within generally accepted accounting principles ("GAAP") and expands required disclosures about fair value measurements. In November 2007, the FASB provided a one year deferral for the implementation of SFAS 157 for nonfinancial assets and liabilities. The Company adopted SFAS 157 on February 1, 2008, as required. The adoption of SFAS 157 did not have a material impact on the Company's financial condition and results of operations.

SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. As of July 31, 2008, 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 related to receive fixed-rate, pay floating-rate interest rate swaps and receive fixed-rate, pay fixed-rate cross-currency interest rate swaps. The fair values of these interest rate swaps have been measured in accordance with Level 2 inputs in the fair value hierarchy, and as of July 31, 2008, are as follows (asset/(liability)):

<i>(Amounts in millions)</i>	Notional Amount July 31, 2008	Fair Value July 31, 2008
Receive fixed-rate, pay floating-rate interest rate swaps designated as fair value hedges	\$ 5,195	\$ 209
Receive fixed-rate, pay fixed-rate cross-currency interest rate swaps designated as net investment hedges (Cross-currency notional amount: GBP 795 at 7/31/2008)	1,250	(137)
Total	\$ 6,445	\$ 72

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits companies to measure many financial instruments and certain other items at fair value at specified election dates. The Company adopted SFAS 159 on February 1, 2008. Since the Company has not utilized the fair value option for any allowable items, the adoption of SFAS 159 did not have a material impact on the Company's financial condition and results of operations.

NOTE 6. Segments

The Company is engaged in the operations of retail stores located in all 50 states of the United States, Argentina, Brazil, Canada, Japan, Puerto Rico and the United Kingdom and through majority-owned subsidiaries in Central America and Mexico. The Company operates in China and India through joint ventures. The Company identifies segments in accordance with the criteria set forth in Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," and is primarily based on the operations of the Company that our chief operating decision maker regularly reviews to analyze performance and allocate resources among business units of the Company.

The Walmart U.S. segment includes the Company's mass merchant concept in the United States under the "Wal-Mart" or "Walmart" brand, as well as walmart.com. The Sam's Club segment includes the warehouse membership clubs in the United States, as well as samsclub.com. The International segment consists of the Company's operations outside of the 50 United States. The amounts under the caption "Other" in the table below relating to operating income are unallocated corporate overhead items.

The Company measures the profit of its segments as "segment operating income," which is defined as income from continuing operations before net interest expense, income taxes and minority interest and excludes unallocated corporate overhead. At February 1, 2008, the Company reclassified certain unallocated corporate expenses to be included within each segment's measurement of segment operating income. As a result, all prior year measurements of segment operating income have been restated for comparative purposes.

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2008	2007	2008	2007
Net Sales:				
Walmart U.S.	\$ 64,053	\$ 59,013	\$ 123,126	\$ 114,450
International	25,207	21,548	49,092	41,123
Sam's Club	12,284	11,377	23,396	21,700
Total Company	<u>\$ 101,544</u>	<u>\$ 91,938</u>	<u>\$ 195,614</u>	<u>\$ 177,273</u>

Segment operating income and the reconciliation to income from continuing operations before income taxes and minority interest are as follows (amounts in millions):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2008	2007	2008	2007
Operating Income:				
Walmart U.S.	\$ 4,715	\$ 4,256	\$ 9,077	\$ 8,235
International	1,218	1,036	2,269	1,917
Sam's Club	432	445	818	815
Other	(552)	(450)	(1,034)	(852)
Operating income	\$ 5,813	\$ 5,287	\$ 11,130	\$ 10,115
Interest expense, net	(456)	(404)	(952)	(794)
Income from continuing operations before income taxes and minority interest	<u>\$ 5,357</u>	<u>\$ 4,883</u>	<u>\$ 10,178</u>	<u>\$ 9,321</u>

Goodwill is recorded on the Condensed Consolidated Balance Sheets in the operating segments as follows (amounts in millions):

	July 31, 2008	July 31, 2007	January 31, 2008
International	\$ 16,095	\$ 14,158	\$ 15,574
Sam's Club	305	305	305
Total goodwill	<u>\$ 16,400</u>	<u>\$ 14,463</u>	<u>\$ 15,879</u>

The change in the International segment's goodwill since January 31, 2008, primarily resulted from foreign currency exchange rate fluctuations in the Japanese yen and Mexican peso, offset by an adjustment to allocate goodwill for the sale of Gazeley Limited ("Gazeley"), an ASDA commercial property development subsidiary in the United Kingdom.

The change in the International segment's goodwill since July 31, 2007, resulted from the final purchase price allocation of the Company's investment in Bounteous Company Ltd. ("BCL"), the acquisition of substantially all of the outstanding common and preferred shares of our Japanese subsidiary, The Seiyu Ltd., foreign currency exchange rate fluctuations in the Japanese yen, Mexican peso and Chinese yuan renminbi and purchase price adjustments related to continuing the repurchase of Walmex shares throughout the period, offset by an adjustment to allocate goodwill for the sale of Gazeley.

NOTE 7. Comprehensive Income

Comprehensive income is net income plus certain other items that are recorded directly to shareholders' equity. Amounts included in accumulated other comprehensive income for the Company's derivative instruments and minimum pension liabilities are recorded net of the related income tax effects. Comprehensive income was \$4.0 billion and \$7.5 billion for the three and six months ended July 31, 2008, respectively. Comprehensive income was \$3.7 billion and \$6.7 billion for the three and six months ended July 31, 2007, respectively.

NOTE 8. Common Stock Dividends

On March 6, 2008, the Company's Board of Directors approved an increase in annual dividends to \$0.95 per share. The annual dividend will be paid in four quarterly installments on April 7, 2008, June 2, 2008, September 2, 2008, and January 2, 2009, to holders of record on March 14, May 16, August 15 and December 15, 2008, respectively.

NOTE 9. Income and Other Taxes

The Company's effective tax rate was 34.1% for the three months ended July 31, 2008. The Company expects the fiscal 2009 annual effective tax rate to be approximately 34% to 35%. Significant factors that could impact the annual effective tax rate include management's assessment of certain tax matters and the composition of taxable income between domestic and international operations.

In determining the quarterly provision for income taxes, the Company uses an estimated annual effective tax rate based on forecasted annual income and permanent items, statutory tax rates and tax planning opportunities in the various jurisdictions in which the Company operates. The impact of significant discrete items is separately recognized in the quarter in which they occur.

The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," ("FIN 48") effective February 1, 2007. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

In the normal course of its business, the Company provides for uncertain tax positions, and the related interest and penalties, and adjusts its unrecognized tax benefits, accrued interest and penalties accordingly. During the second quarter of fiscal 2009, unrecognized tax benefits related to continuing operations decreased by \$65 million and accrued interest decreased by \$13 million. For the first six months of fiscal 2009, unrecognized tax benefits related to continuing operations decreased by \$20 million and accrued interest increased by \$5 million. As of July 31, 2008, the Company's unrecognized tax benefits relating to continuing operations were \$848 million, of which \$575 million would, if recognized, affect the Company's effective tax rate.

Additionally, at April 30, 2008 the Company had unrecognized tax benefits of up to \$1.8 billion which, if recognized, would be recorded as discontinued operations. Of this, \$63 million was recognized in discontinued operations during the second quarter of fiscal year 2009 from the successful resolution of a tax contingency related to McLane Company, Inc., a former Wal-Mart subsidiary. The balance of \$1.7 billion at July 31, 2008 relates to a worthless stock deduction which the Company has now claimed for the Company's fiscal year 2007 disposition of its German operations. The Company cannot predict with reasonable certainty if this matter will be resolved within the next twelve months.

During the next twelve months, it is reasonably possible that tax audit resolutions could reduce unrecognized tax benefits by \$140 million to \$260 million, either because our tax positions are sustained on audit or because the Company agrees to their disallowance. The Company does not expect any such audit resolutions to cause a significant change in its effective tax rate. As of July 31, 2008, there were no material changes to the amount of unrecognized tax benefits or the related accrued interest and penalties reported in continuing operations.

The Company classifies interest on uncertain tax benefits as interest expense and income tax penalties as operating, selling, general and administrative costs. At July 31, 2008, before any tax benefits, the Company had \$232 million of accrued interest and penalties on unrecognized tax benefits.

The Company is subject to income tax examinations for its U.S. federal income taxes generally for the fiscal years 2007 and 2008, with fiscal years 2004 through 2006 remaining open for a limited number of U.S. income tax positions. Non-U.S. income taxes are subject to income tax examination for the tax years 2002 through 2008. State and local income taxes are open for examination for the fiscal years 2004 through 2007 generally and for the fiscal years 1997 through 2003 for a limited number of positions.

Additionally, the Company is subject to tax examinations for payroll, value added, sales-based and other taxes. A number of these examinations are ongoing and, in certain cases, have resulted in assessments from the taxing authorities. Where appropriate, the Company has made accruals for these matters which are reflected in the Company's condensed consolidated financial statements. While these matters are individually immaterial, a group of related matters, if decided adversely to the Company, may result in liability material to the Company's financial condition or results of operations.

NOTE 10. Legal Proceedings

The Company is involved in a number of legal proceedings. In accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," the Company has made accruals with respect to these matters, where appropriate, which are reflected in the Company's condensed consolidated financial statements. 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, may result in liability material to the Company's financial condition or results of operations.

Wage-and-Hour Class Actions: The Company is a defendant in numerous cases containing class-action allegations in which the plaintiffs are current and former hourly associates who allege that the Company forced or encouraged them to work “off the clock,” failed to provide rest breaks or meal periods, or otherwise failed to pay them correctly. The complaints generally seek unspecified monetary damages, injunctive relief, or both. Class or collective-action certification has yet to be addressed by the court in a majority of these cases. In the majority of wage-and-hour class actions filed against the Company in which the courts have addressed the issue, class certification has been denied. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits, except as noted below.

One of the class-action lawsuits described above is *Savaglio v. Wal-Mart Stores, Inc.*, a class-action lawsuit in which the plaintiffs allege that they were not provided meal and rest breaks in accordance with California law, and seek monetary damages and injunctive relief. A trial on the plaintiffs' claims for monetary damages concluded on December 22, 2005. The jury returned a verdict of approximately \$57 million in statutory penalties and \$115 million in punitive damages. In June 2006, the judge entered an order allowing some, but not all, of the injunctive relief sought by the plaintiffs. On December 27, 2006, the judge entered an order awarding the plaintiffs an additional amount of approximately \$26 million in costs and attorneys' fees. The Company believes it has substantial factual and legal defenses to the claims at issue, and on January 31, 2007, the Company filed its Notice of Appeal.

In another of the class-action lawsuits described above, *Braun/Hummel v. Wal-Mart Stores, Inc.*, a trial was commenced in September 2006, 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, the 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. 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.

In another of the class-action lawsuits described above, *Braun v. Wal-Mart Stores, Inc.*, a trial commenced on September 24, 2007, in the First Judicial District Court for Dakota County, Minnesota, on the plaintiffs' claims that class members worked off the clock and were not provided meal and rest breaks in accordance with Minnesota law. Testimony concluded on December 11, 2007. On June 30, 2008, the trial judge issued an Order awarding the class approximately \$6.5 million in compensatory and liquidated damages. The judge also set the plaintiffs' claims for punitive damages and statutory penalties for trial on October 20, 2008, but invited the parties to seek an immediate appeal of the findings made thus far. On July 29, the Company filed a petition with the Minnesota Court of Appeals requesting immediate appeal. No ruling has been received. The Company believes that it has substantial factual and legal defenses to the claims at issue. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this litigation.

Another of the class-action lawsuits described above, *Hale v. Wal-Mart Stores, Inc.*, is scheduled for jury trial beginning on April 6, 2009, in the Circuit Court of Jackson County, Missouri. The plaintiffs allege that class members worked off the clock and were not provided meal and rest breaks in accordance with Missouri law, and seek monetary damages in an unspecified amount, plus interest and attorneys' fees. The trial court granted class certification in November 2005 and the certification was affirmed by the Missouri Court of Appeals in June 2007. The Company believes that it has substantial factual and legal defenses to the claims at issue. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this litigation.

Another of the class-action lawsuits described above, *Carter v. Wal-Mart Stores, Inc.*, is scheduled for jury trial beginning in April 2009 in the Court of Common Pleas of Colleton County, South Carolina. The plaintiffs allege that class members worked off the clock and were not provided meal and rest breaks in accordance with South Carolina law, and seek monetary damages in an unspecified amount, plus statutory penalties, punitive damages, interest, and attorneys' fees. The trial court granted class certification in May 2005. The Company believes that it has substantial factual and legal defenses to the claims at issue. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this litigation.

Exempt Status Cases: The Company is currently a defendant in four putative class actions in which the plaintiffs seek class certification of various groups of salaried managers and challenge their exempt status under state and federal laws. In one of those cases (*Sepulveda v. Wal-Mart Stores, Inc.*), class certification was denied by the trial court on May 5, 2006. On April 25, 2008, a three-judge panel of the United States Court of Appeals for the Ninth Circuit affirmed the trial court's ruling in part and reversed it in part, and remanded the case for further proceedings. On May 16, 2008, the Company filed a petition seeking review of that ruling by a larger panel of the court. Class certification has not been addressed in the other cases. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits.

Gender Discrimination Cases: The Company is a defendant in *Dukes v. Wal-Mart Stores, Inc.*, a class-action lawsuit commenced in June 2001 and pending in the United States District Court for the Northern District of California. The case was brought on behalf of all past and present female employees in all of the Company's retail stores and warehouse clubs in the United States. 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. The class as certified currently includes approximately 1.6 million present and former female associates.

The Company believes that the district court's ruling is incorrect. 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, Wal-Mart's Petition for Rehearing En Banc was denied as moot. Wal-Mart filed a new Petition for Rehearing En Banc on January 8, 2008. 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 from the district court's certification decision, 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 award 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.

The Company is a defendant in a lawsuit that was filed by the Equal Employment Opportunity Commission ("EEOC") on August 24, 2001, in the United States District Court for the Eastern District of Kentucky on behalf of Janice Smith and all other females who made application or transfer requests at the London, Kentucky, distribution center from 1998 to the present, and who were not hired or transferred into the warehouse positions for which they applied. The complaint alleges that the Company based hiring decisions on gender in violation of Title VII of the 1964 Civil Rights Act as amended. The EEOC can maintain this action as a class without certification. The EEOC seeks back pay and front pay for those females not selected for hire or transfer during the relevant time period, plus compensatory and punitive damages and injunctive relief. The EEOC has asserted that the hiring practices in question resulted in a shortfall of 245 positions. The claims for compensatory and punitive damages are capped by statute at \$300,000 per shortfall position. The amounts of back pay and front pay that are being sought have not been specified.

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 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.

Additionally, the U.S. Attorney's Office in the Northern District of California has initiated its own investigation regarding the Company's handling of hazardous materials and hazardous waste and the Company has received administrative document requests from the California Department of Toxic Substances Control requesting documents and information with respect to two of the Company's distribution facilities. Further, the Company also received a subpoena from the Los Angeles County District Attorney's Office for documents and administrative interrogatories requesting information, among other things, regarding the Company's handling of materials and hazardous waste. California state and local government authorities and the State of Nevada have also initiated investigations into these matters. The Company is cooperating fully with the respective 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.

NOTE 11. Recent Accounting Pronouncements

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand the effects of the derivative instruments on an entity's financial position, financial performance and cash flows. The Company will adopt SFAS 161 on February 1, 2009. The Company is currently assessing the potential impact of SFAS 161 on its financial statements.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles. SFAS 162 directs the hierarchy to the entity, rather than the independent auditors, as the entity is responsible for selecting accounting principles for financial statements that are presented in conformity with generally accepted accounting principles. SFAS 162 is effective 60 days following SEC approval of the Public Company Accounting Oversight Board amendments to remove the hierarchy of generally accepted accounting principles from the auditing standards. SFAS 162 is not expected to have an impact on our financial condition, results of operations or cash flows.

In June 2008, the FASB issued Staff Position EITF 03-06-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("FSP EITF 03-06-1"). FSP EITF 03-06-1 provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method in SFAS No. 128, "Earnings per Share". FSP EITF 03-06-1 is effective for fiscal years beginning after December 15, 2008, and interim periods within those years and requires all prior-period earnings per share data to be adjusted retrospectively. FSP EITF 03-06-1 is effective for the Company on February 1, 2009. The Company is currently assessing the potential impact of FSP EITF 03-06-1 on its financial statements.

NOTE 12. Discontinued Operations

As previously reported, in July 2006 the Company agreed to dispose of its German operations to Metro AG. The Company reported the disposal as discontinued operations and recorded a loss of \$863 million during the second quarter ended July 31, 2006. An additional loss of \$55 million on the disposal was recorded to discontinued operations in the third quarter of fiscal 2007 as a result of various closing adjustments. In addition, the Company recognized a tax benefit of \$126 million related to this transaction in the third quarter of fiscal 2007. The Company also recorded a second quarter fiscal 2008 charge of \$153 million to discontinued operations related to the settlement of a post-closing adjustment and certain other indemnification obligations associated with this disposition.

During fiscal 2009, the Company disposed of Gazeley, an ASDA commercial property development subsidiary in the United Kingdom. Consequently, the results of operations associated with Gazeley are presented as discontinued operations in our Condensed Consolidated Statements of Income and Condensed Consolidated Balance Sheets for all periods presented. The cash flows related to this operation were insignificant for all periods presented. The Company has estimated the gain from the sale of Gazeley to be approximately \$200 million, after tax, which is subject to further analysis of the investment basis and foreign currency translation gains; determination of the fair value of the reporting unit; and subject to any closing adjustments or indemnification obligations.

During the third quarter of fiscal 2009, the Company initiated a restructuring program under which the Company's Japanese subsidiary, The Seiyu Ltd., will close 23 stores and dispose of certain excess properties. This restructuring will involve incurring costs associated with lease termination obligations, asset impairment charges and employee separation benefits. The costs associated with this restructuring are presented as discontinued operations in our Condensed Consolidated Statements of Income and Condensed Consolidated Balance Sheets for all periods presented. The cash flows and accrued liabilities related to this restructuring were insignificant for all periods presented.

In addition, the Company recorded a \$63 million benefit to discontinued operations for the three months ended July 31, 2008, from the successful resolution of a tax contingency related to McLane Company, Inc., a former Wal-Mart subsidiary.

NOTE 13. Subsequent Event

On August 5, 2008, the Company issued ¥25 billion of its Japanese Yen Bonds - First Series (2008), which bear interest at the rate of 1.72% per annum and mature on August 5, 2011, ¥25 billion of its Japanese Yen Bonds - Second Series (2008), which bear interest at the rate of 2.01% per annum and mature on August 5, 2013, and ¥50 billion of its Japanese Yen Floating Rate Bonds - First Series (2008), which bear interest at a per annum rate equal to the six-month London Interbank Offered Rate for deposits in Japanese yen (as applicable from interest period to interest period) plus 0.50 per cent and mature on August 5, 2013. The bonds of each series are denominated and payable in Japanese yen and are designated as a hedge of the Company's net investment in Japan. Interest is payable on the bonds of each series on each February 5 and August 5 prior to maturity and on the maturity date, commencing on February 5, 2009. The bonds of each series are senior, unsecured and unsubordinated obligations of Wal-Mart Stores, Inc. Based on an exchange rate equal to the noon buying rate quoted by the Federal Reserve Bank of New York for August 5, 2008, which was \$1.00 = ¥108.20, the United States dollar equivalent of the aggregate original principal amount of all such bonds was \$924 million, the ¥25 billion original principal amount of the Japanese Yen Bonds - First Series (2008) was equivalent to \$231 million, the ¥25 billion original principal amount of the Japanese Yen Bonds - Second Series (2008) was equivalent to \$231 million, and the ¥50 billion original principal amount of the Japanese Yen Floating Rate Bonds - First Series (2008) was the equivalent of \$462 million.

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

This discussion relates to Wal-Mart Stores, Inc. and its consolidated subsidiaries and should be read in conjunction with our condensed consolidated financial statements as of July 31, 2008, and the period then ended and accompanying notes included under Part I, Item 1, of this Quarterly Report on Form 10-Q, as well as our condensed consolidated financial statements as of January 31, 2008, and for the year then ended, 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, 2008, and included as an exhibit to our Annual Report on Form 10-K for the year ended January 31, 2008.

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 year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. The discussion also provides information about the financial results of the various segments of our business 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.

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, we discuss segment operating income and comparable store sales. Segment operating income refers to income from continuing operations before net interest expense, income taxes and minority interest and excludes unallocated corporate overhead. At February 1, 2008, the Company reclassified certain unallocated corporate expenses to be included within each segment's measurement of operating income. As a result, all prior year measurements of segment operating income have been restated for comparative purposes.

Comparable store sales is a measure which indicates the performance of our existing stores by measuring the growth in sales for such stores for a particular period over the corresponding period in the prior year. Comparable store sales is 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.

During fiscal 2008, the Company reviewed its definition of comparable store sales for consistency with other retailers. For fiscal 2009, beginning February 1, 2008, the Company has revised its definition of comparable store sales to include sales from stores and clubs open for the previous 12 months, including remodels, relocations and expansions. Changes in store format continue to be excluded from comparable store sales when the conversion is accompanied by a relocation or by an expansion that results in a change in square footage of more than five percent. Since the impact of this revision is inconsequential, the Company did not restate comparable store sales results for previously reported fiscal periods.

Company Performance Metrics

Management uses a number of metrics to assess the Company's performance including:

- Total sales and comparable store sales;
- Operating income;
- Diluted income per common share from continuing operations;
- Return on investment; and
- Free cash flow.

Total Sales (Amounts in millions)

		Three Months Ended July 31,						Six Months Ended July 31,								
		Percent	Percent		Percent of	Percent			Percent	Percent		Percent	Percent			
		2008	of Total	Change	2007	Total	Change	2008	of Total	Change	2007	of Total	Change			
Net Sales:																
Walmart U.S.	\$	64,053	63.1%	8.5%	\$	59,013	64.2%	6.5%	\$	123,126	62.9%	7.6%	\$	114,450	64.6%	6.1%
International		25,207	24.8%	17.0%		21,548	23.4%	15.8%		49,092	25.1%	19.4%		41,123	23.2%	17.1%
Sam's Club		12,284	12.1%	8.0%		11,377	12.4%	8.6%		23,396	12.0%	7.8%		21,700	12.2%	7.2%
Total net sales	\$	101,544	100.0%	10.4%	\$	91,938	100.0%	8.8%	\$	195,614	100.0%	10.3%	\$	177,273	100.0%	8.6%

Our total net sales increased by 10.4% and 10.3% for the three and six months ended July 31, 2008, respectively, when compared to corresponding periods in the prior year. Those increases resulted from our global store expansion programs and comparable store sales increases. Foreign currency exchange rates had a \$1.1 billion and \$2.4 billion favorable impact on the International segment's net sales for the three and six months ended July 31, 2008, respectively. For the three and six months ended July 31, 2007, foreign currency exchange rates had a favorable impact of \$1.0 billion and \$1.6 billion, respectively, on the International segment's net sales.

Comparable Store Sales

	Without Fuel		With Fuel		Fuel Impact	
	Three Months Ended July 31,		Three Months Ended July 31,		Three Months Ended July 31,	
	2008	2007	2008	2007	2008	2007
Walmart U.S.	4.6%	1.2%	4.6%	1.2%	0.0%	0.0%
Sam's Club	3.7%	5.9%	7.2%	6.5%	3.5%	0.6%
Total U.S.	4.5%	1.9%	5.0%	2.0%	0.5%	0.1%

	Without Fuel		With Fuel		Fuel Impact	
	Six Months Ended July 31,		Six Months Ended July 31,		Six Months Ended July 31,	
	2008	2007	2008	2007	2008	2007
Walmart U.S.	3.7%	0.6%	3.7%	0.6%	0.0%	0.0%
Sam's Club	3.7%	5.3%	6.9%	5.4%	3.2%	0.1%
Total U.S.	3.7%	1.3%	4.2%	1.3%	0.5%	0.0%

Comparable store sales in the United States, including fuel sales, increased 5.0% for the second quarter of fiscal 2009 compared to 2.0% for the second quarter of fiscal 2008. For the six months ended July 31, 2008, comparable store sales in the United States, including fuel sales, increased 4.2% compared to 1.3% for the corresponding period in the prior year. Comparable store sales in fiscal 2009 were higher than fiscal 2008 due to strength in grocery, health and wellness, and entertainment categories, as well as increases in customer traffic and average transaction size per customer. The information regarding comparable store sales excluding fuel sales is included in the information above to permit investors to understand the effect of fuel sales on the comparable club sales for our Sam's Club segment and comparable stores sales in the United States for the periods shown.

Operating Income
(Amounts in millions)

	Three Months Ended July 31,						Six Months Ended July 31,					
	2008	Percent of Total	Percent Change	2007	Percent of Total	Percent Change	2008	Percent of Total	Percent Change	2007	Percent of Total	Percent Change
Operating Income:												
Walmart U.S.	\$ 4,715	81.1%	10.8%	\$ 4,256	80.5%	3.8%	\$ 9,077	81.6%	10.2%	\$ 8,235	81.4%	3.0%
International	1,218	21.0%	17.6%	1,036	19.6%	5.3%	2,269	20.4%	18.4%	1,917	19.0%	9.9%
Sam's Club	432	7.4%	-2.9%	445	8.4%	11.5%	818	7.3%	0.4%	815	8.1%	15.3%
Other	(552)	-9.5%	22.7%	(450)	-8.5%	16.6%	(1,034)	-9.3%	21.4%	(852)	-8.5%	-0.1%
Total operating income	<u>\$ 5,813</u>	<u>100.0%</u>	<u>9.9%</u>	<u>\$ 5,287</u>	<u>100.0%</u>	<u>3.7%</u>	<u>\$ 11,130</u>	<u>100.0%</u>	<u>10.0%</u>	<u>\$ 10,115</u>	<u>100.0%</u>	<u>5.4%</u>

Operating income growth compared to net sales growth is a meaningful metric to share with investors because it indicates how effectively we manage costs and leverage expenses. Our objective is to grow operating income faster than net sales. For the second quarter of fiscal 2009, our operating income increased 9.9% when compared to the prior year, while net sales increased by 10.4% over the same period. For the individual segments, our Walmart U.S. segment met this target; however, our International and Sam's Club segments did not. The International segment fell short of this objective due to the impact of foreign currency exchange rate fluctuations. For the Sam's Club segment, the negative impact from growth in the lower-margin fuel business on gross profit as a percentage of segment net sales (our "gross margin") contributed to falling short of this objective.

For the six months ended July 31, 2008, our operating income increased by 10.0% when compared to the prior year, while net sales increased by 10.3% over the same period. For the individual segments, our Walmart U.S. segment met the target of growing operating income faster than net sales; however, our International and Sam's Club segments did not. The International segment fell short of this objective due to the impact of foreign currency fluctuations and accruals for certain legal matters. For the Sam's Club segment, the negative impact from growth in the lower-margin fuel business in the current year period on the segment's gross margin and the excise tax refund of \$39 million recorded in the prior year contributed to falling short of this objective.

Diluted Income per Common Share from Continuing Operations

	Three Months Ended July 31,		Six Months Ended July 31,	
	2008	2007	2008	2007
Diluted income per common share from continuing operations	\$ 0.86	\$ 0.75	\$ 1.62	\$ 1.43

Diluted earnings per share from continuing operations increased 14.7% for the three months ended July 31, 2008, compared to the prior year period as a result of a 9.7% increase in income from continuing operations and the impact of share repurchases reducing the number of weighted average shares outstanding.

Diluted earnings per share from continuing operations increased 13.3% for the six months ended July 31, 2008, compared to the prior year period as a result of an 8.9% increase in income from continuing operations and the impact of share repurchases reducing the number of weighted-average shares outstanding.

Return on Investment

Management believes return on investment ("ROI") is a meaningful metric to share with investors because it helps investors assess how efficiently Wal-Mart is employing its assets. ROI was 19.4% for the twelve months ended July 31, 2008 and 2007.

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 under the SEC's rules. We consider return on assets ("ROA") to be the financial measure computed in accordance with generally accepted accounting principles 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 before minority interest for the fiscal year or the trailing twelve months divided by average of total assets of continuing operations for the period) because ROI: adjusts operating income to exclude certain expense items and add 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 method other companies use to calculate their ROI. We urge you to understand the method used by another company to calculate its ROI before comparing our ROI to that of the other company.

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

<i>(Amounts in millions)</i>	Twelve Months Ended July 31, 2008	Twelve Months Ended July 31, 2007	
Calculation of Return on Investment			
NUMERATOR			
Operating Income ⁽¹⁾	\$ 22,967	\$ 21,015	
+ Interest Income ⁽¹⁾	277	317	
+ Depreciation and Amortization ⁽¹⁾	6,636	5,869	
+ Rent ⁽¹⁾	1,706	1,500	
= Adjusted Operating Income	<u>\$ 31,586</u>	<u>\$ 28,701</u>	
DENOMINATOR			
Average Total Assets of Continuing Operations ⁽²⁾	\$ 160,988	\$ 149,212	
+ Average Accumulated Depreciation and Amortization ⁽²⁾	31,493	27,121	
- Average Accounts Payable ⁽²⁾	28,824	26,875	
- Average Accrued Liabilities ⁽²⁾	14,816	13,516	
+ Rent * 8	13,648	12,000	
= Invested Capital	<u>\$ 162,489</u>	<u>\$ 147,942</u>	
ROI	<u>19.4%</u>	<u>19.4%</u>	
Calculation of Return on Assets			
NUMERATOR			
Income From Continuing Operations Before Minority Interest ⁽¹⁾	<u>\$ 13,839</u>	<u>\$ 12,916</u>	
DENOMINATOR			
Average Total Assets of Continuing Operations ⁽²⁾	<u>\$ 160,988</u>	<u>\$ 149,212</u>	
ROA	<u>8.6%</u>	<u>8.7%</u>	
CERTAIN BALANCE SHEET DATA			
	July 31, 2008	July 31, 2007	July 31, 2006
Total Assets of Continuing Operations ⁽¹⁾	\$ 165,921	\$ 156,054	\$ 142,370
Accumulated Depreciation and Amortization ⁽¹⁾	33,980	29,005	25,236
Accounts Payable ⁽¹⁾	29,912	27,736	26,014
Accrued Liabilities ⁽¹⁾	15,607	14,025	13,007

(1) Based on continuing operations only; therefore, this excludes the impact of our South Korean and German operations, which were sold in fiscal 2007, the impact of Gazeley which will be reflected as a sale in the third quarter of fiscal 2009, and the impact of The Seiyu, Ltd. store closures in fiscal 2009, all of which are classified as discontinued operations for all periods presented. Total assets as of July 31, 2008, 2007 and 2006 in the table above exclude assets of discontinued operations of \$974 million, \$895 million and \$2,419 million, respectively.

(2) The average is calculated by adding 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.

Free Cash Flow

We define free cash flow as net cash provided by operating activities in the period minus payments for property and equipment made in the period. We generated positive free cash flow of \$4.9 billion for the six months ended July 31, 2008, compared to a deficit of \$773 million in the prior year. The significant increase in our free cash flow is the result of our improved inventory management as well as reduced capital expenditures in connection with our planned slowing of store expansion in the United States.

Free cash flow is considered a non-GAAP financial measure under the SEC's rules. Management believes, however, that free cash flow is an important financial measure for use in evaluating the Company's financial performance, which measures our ability to generate additional cash from our business operations. Free cash flow should be considered in addition to, rather than as a substitute for, net income 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. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statement of cash flows.

The following table reconciles net cash provided by operating activities, a GAAP measure, to free cash flow, a non-GAAP measure.

<i>(Amounts in millions)</i>	Six Months Ended	
	July 31, 2008	July 31, 2007
Net cash provided by operating activities	\$ 9,983	\$ 6,198
Payments for property and equipment	(5,074)	(6,971)
Free cash flow	\$ 4,909	\$ (773)
Net cash used in investing activities	\$ (4,527)	\$ (7,180)
Net cash used in financing activities	\$ (4,199)	\$ (860)

Results of Operations

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

Consolidated

Three Months Ended July 31, 2008

Our total net sales increased by 10.4% and 8.8% for the second quarter of fiscal 2009 and fiscal 2008, respectively, when compared to the previous year. Those increases resulted from our global store expansion programs and comparable store sales increases. During the second quarter of fiscal 2009 and 2008, foreign currency exchange rates had a \$1.1 billion and \$1.0 billion favorable impact, respectively, on the International segment's net sales, which contributed to the increase in the International segment's net sales as a percentage of total Company net sales.

Our gross margin increased from 23.3% for the second quarter of fiscal 2008 to 23.6% in the second quarter of fiscal 2009. This increase is primarily due to lower inventory shrink and less markdown activity as a result of improved inventory management in our Walmart U.S. segment. However, our Sam's Club and International segments experienced declines in gross margin largely due to the negative impact of growth in the lower-margin fuel business.

Operating, selling, general and administrative expenses ("operating expenses") as a percentage of net sales increased 0.3 percentage points compared to the corresponding period in fiscal 2008. Operating expenses for the three months ended July 31, 2007, were favorably affected by the change in estimated losses associated with our general liability and workers' compensation claims, which reduced accrued liabilities for such claims by \$298 million before tax, partially offset by pre-tax charges of \$100 million for certain legal and other contingencies. The net favorable impact of these items reduced our operating expenses as a percentage of net sales in fiscal 2008 by 0.2 percentage points. Otherwise, operating expenses as a percentage of net sales increased in the second quarter of fiscal 2009 primarily due to higher bonus expenses for store associates and increased corporate expenses compared to the corresponding quarter in fiscal 2008. Corporate expenses have increased primarily due to our long-term transformation projects to enhance our information systems for merchandising, finance and human resources. We expect these increased expenses from the transformation projects to continue for the foreseeable future.

Membership and other income, which includes a variety of income categories such as Sam's Club membership fee revenues, tenant lease, financial services and recycling income, increased 5.9% in the second quarter of fiscal 2009 from the prior year quarter due to continued growth in our financial services area and increases in recycling income resulting from our sustainability efforts. Membership and other income for the second quarter of fiscal 2008 includes recognition of \$63 million in pre-tax gains from the sale of certain real estate properties.

Interest, net, increased 12.9% in the second quarter of fiscal 2009 when compared with the same period last year largely due to higher borrowing levels during the three months ended July 31, 2008, partially offset by lower short-term interest rates.

Our effective income tax rate from continuing operations decreased from 34.3% for the second quarter of fiscal 2008 to 34.1% for the second quarter of fiscal 2009, due to changes in the mix of taxable income among our domestic and international operations.

Six Months Ended July 31, 2008

Our total net sales increased by 10.3% and 8.6% for the six months ended July 31, 2008 and 2007, respectively. Those increases resulted from our global store expansion programs and comparable store sales increases. During the first six months of fiscal 2009 and 2008, foreign currency exchange rates had a \$2.4 billion and \$1.6 billion favorable impact, respectively, on the International segment's net sales, which contributed to the increase in the International segment's net sales as a percentage of total Company net sales.

Our gross margin increased from 23.4% for the six months ended July 31, 2007 to 23.6% in the six months ended July 31, 2008. This increase is primarily due to lower inventory shrink and less markdown activity as a result of improved inventory management in our Walmart U.S. segment. The effect of these benefits in comparison to the prior year period was partially offset by the \$97 million excise tax refund recorded in the six months ended July 31, 2007.

Operating expenses as a percentage of net sales increased 0.3 percentage points compared to the corresponding period in fiscal 2008. Operating expenses for the six months ended July 31, 2007, were favorably affected by the change in estimated losses associated with our general liability and workers' compensation claims, which reduced accrued liabilities for such claims by \$298 million before tax, partially offset by pre-tax charges of \$183 million for certain legal and other contingencies. The net favorable impact of these items reduced our operating expenses as a percentage of net sales in the comparable fiscal 2008 period by 0.1 percentage points. Otherwise, operating expenses as a percentage of net sales increased in the six months ended July 31, 2008, primarily due to higher bonus expenses for store associates and increased corporate expenses compared to the corresponding period in fiscal 2008. Corporate expenses have increased primarily due to our long-term transformation projects to enhance our information systems for merchandising, finance and human resources. We expect these increased expenses from the transformation projects to continue for the foreseeable future.

Membership and other income increased 12.0% for the first six months of fiscal 2009 from the prior year due to continued growth in our financial services area and increases in recycling income resulting from our sustainability efforts. Membership and other income for the six months ended July 31, 2007, includes recognition of \$63 million in pre-tax gains from the sale of certain real estate properties.

Interest, net, increased 19.9% in the first six months of fiscal 2009 when compared with the same period last year largely due to higher borrowing levels during the six months ended July 31, 2008, partially offset by lower short-term interest rates.

Our effective income tax rate from continuing operations decreased from 34.4% for the first six months of fiscal 2008 to 34.3% for same period in the current year, due to changes in the mix of taxable income among our domestic and international operations.

Walmart U.S. Segment

Three Months Ended July 31, 2008 (Amounts in millions)

Three months ended July 31,	Segment net sales	Segment net sales increase from prior fiscal year second quarter	Segment operating income	Segment operating income increase from prior fiscal year second quarter	Segment operating income as a percentage of segment net sales
2008	\$ 64,053	8.5%	\$ 4,715	10.8%	7.4%
2007	\$ 59,013	6.5%	\$ 4,256	3.8%	7.2%

The net sales increase for the Walmart U.S. segment in the second quarter of fiscal 2009 resulted from our continued expansion activities, strength in the grocery, health and wellness, and entertainment categories and a comparable store sales increase of 4.6%. Comparable store sales for the second quarter of fiscal 2009 increased primarily due to an increase in average transaction size per customer as well as an increase in customer traffic in our comparable stores.

Gross margin increased 0.6 percentage points during the second quarter of fiscal 2009 due to lower inventory shrink and less markdown activity as a result of improved inventory management.

Operating expenses as a percentage of segment net sales for the second quarter of fiscal 2009 increased 0.3 percentage points compared to the corresponding period in fiscal 2008. Operating expenses for the second quarter of fiscal 2008 were favorably affected by the change in estimated losses associated with our general liability and workers' compensation claims, which reduced accrued liabilities for such claims by \$274 million pre-tax, partially offset by \$72 million in pre-tax charges for certain legal and other contingencies. The net favorable impact of these items reduced our operating expenses as a percentage of segment net sales in fiscal 2008 by 0.3 percentage points. Otherwise, operating expenses as a percentage of segment net sales were comparable with the prior year.

Other income for the three months ended July 31, 2008, decreased from the prior year's quarter due to the recognition of \$63 million in pre-tax gains from the sale of certain real estate properties recorded in the prior year. Otherwise, other income increased as a result of continued growth in our financial services area and increases in recycling income.

Six Months Ended July 31, 2008
(Amounts in millions)

Six months ended July 31,	Segment net sales	Segment net sales increase from prior fiscal year period	Segment operating income	Segment operating income increase from prior fiscal year period	Segment operating income as a percentage of segment net sales
2008	\$ 123,126	7.6%	\$ 9,077	10.2%	7.4%
2007	\$ 114,450	6.1%	\$ 8,235	3.0%	7.2%

The net sales increase for the Walmart U.S. segment in the first six months of fiscal 2009 resulted from our continued expansion activities, strength in the grocery, health and wellness, and entertainment categories and a comparable store sales increase of 3.7%. Comparable store sales for the first half of fiscal 2009 increased primarily due to an increase in average transaction size per customer, as well as an increase in customer traffic in our comparable stores.

Gross margin increased 0.4 percentage points for the first six months of fiscal 2009 due to lower inventory shrink and less markdown activity as a result of improved inventory management, partially offset by the \$46 million excise tax refund recorded in the first six months of fiscal 2008.

Operating expenses as a percentage of segment net sales for the six months ended July 31, 2008, increased 0.3 percentage points compared to the corresponding period in fiscal 2008. Operating expenses for the first six months of fiscal 2008 were favorably affected by the change in estimated losses associated with our general liability and workers' compensation claims, which reduced accrued liabilities for such claims by \$274 million, partially offset by pre-tax charges of \$145 million for certain legal and other contingencies. The net favorable impact of these items reduced our operating expenses as a percentage of segment net sales in fiscal 2008 by 0.1 percentage points. Otherwise, operating expenses as a percentage of segment net sales in the first six months of fiscal 2009 increased primarily due to higher bonus expenses for store associates and increased utilities expenses when compared to the corresponding period in fiscal 2008.

Other income increased for the first six months of fiscal 2009 from the prior year period due to continued growth in our financial services area and increases in recycling income resulting from our sustainability efforts. Other income for the six months ended July 31, 2007, includes recognition of \$63 million in pre-tax gains from the sale of certain real estate properties.

International Segment

At July 31, 2008, our International segment was comprised of wholly-owned operations in Argentina, Brazil, Canada, Japan, Puerto Rico and the United Kingdom, the operation of joint ventures in China and India and the operations of majority-owned subsidiaries in Central America and Mexico.

Three Months Ended July 31, 2008

(Amounts in millions)

Three months ended July 31,	Segment net sales	Segment net sales increase from prior fiscal year second quarter	Segment operating income	Segment operating income increase from prior fiscal year second quarter	Segment operating income as a percentage of segment net sales
2008	\$ 25,207	17.0%	\$ 1,218	17.6%	4.8%
2007	\$ 21,548	15.8%	\$ 1,036	5.3%	4.8%

The second quarter fiscal 2009 increase in the International segment's net sales primarily resulted from net sales growth from existing units, our international expansion program and the favorable impact of changes in foreign currency exchange rates of \$1.1 billion during second quarter fiscal 2009.

In second quarter fiscal 2009, gross margin was down 0.1 percentage point due to the growth in lower-margin fuel sales in the United Kingdom and the transition to the every day low pricing strategy in our stores in Japan.

Operating expenses as a percentage of segment net sales were relatively consistent with the second quarter of fiscal 2008 largely due to strong underlying improvements in the United Kingdom, Japan, Brazil and China, partially offset by accruals for certain legal matters.

Other income as a percentage of segment net sales increased 0.1 percentage point for the three months ended July 31, 2008, compared to the prior year due to the sale of certain real estate properties in Canada.

Operating income for the three months ended July 31, 2008, was favorably impacted by changes in foreign currency exchange rates of \$39 million.

Six Months Ended July 31, 2008

(Amounts in millions)

Six months ended July 31,	Segment net sales	Segment net sales increase from prior fiscal year period	Segment operating income	Segment operating income increase from prior fiscal year period	Segment operating income as a percentage of segment net sales
2008	\$ 49,092	19.4%	\$ 2,269	18.4%	4.6%
2007	\$ 41,123	17.1%	\$ 1,917	9.9%	4.7%

The increase in the International segment's net sales during the first six months of fiscal 2009 resulted primarily from net sales growth from existing units, our international expansion program and the favorable impact of changes in foreign currency exchange rates of \$2.4 billion during the first six months of fiscal 2009.

In the first half of fiscal 2009, gross margin decreased 0.1 percentage point due to the growth in lower-margin fuel sales in the United Kingdom and the transition to the every day low pricing strategy in our stores in Japan.

Operating expenses as a percentage of segment net sales were relatively consistent with the corresponding period in the prior year largely due to strong underlying improvements in the United Kingdom, Canada, Brazil and Mexico, partially offset by accruals for certain legal matters.

Other income as a percentage of segment net sales increased 0.1 percentage point for the six months ended July 31, 2008, compared to the prior year period due to the sale of certain real estate properties in Canada.

Operating income for the six months ended July 31, 2008, was favorably impacted by changes in foreign currency exchange rates of \$84 million.

Sam's Club Segment

Three Months Ended July 31, 2008

(Amounts in millions)

Three months ended July 31,	Segment net sales	Segment net sales increase from prior fiscal year second quarter	Segment operating income	Segment operating income increase (decrease) from prior fiscal year second quarter	Segment operating income as a percentage of segment net sales
2008	\$ 12,284	8.0%	\$ 432	-2.9%	3.5%
2007	\$ 11,377	8.6%	\$ 445	11.5%	3.9%

Growth in net sales for the Sam's Club segment in the second quarter of fiscal 2009 resulted from a comparable club sales increase of 7.2% in the second quarter of fiscal 2009 and continued expansion activities. Comparable club sales in the second quarter of fiscal 2009 increased primarily due to higher growth rates in food and consumables, as well as an increase in both member traffic and average transaction size. In addition, fuel sales had a positive impact of 3.5 percentage points on comparable club sales in the second quarter of fiscal 2009.

Gross margin decreased 0.2 percentage points during the second quarter of fiscal 2009 primarily due to the negative impact on gross margin from growth in the lower-margin fuel business.

Operating expenses as a percentage of segment net sales increased slightly in the second quarter of fiscal 2009 compared to the second quarter of fiscal 2008. Operating expenses for the three months ended July 31, 2007, were favorably affected by the change in estimated losses associated with our general liability and workers' compensation claims, which reduced accrued liabilities for such claims by \$21 million, partially offset by pre-tax charges of \$5 million for certain legal contingencies. Otherwise, operating expenses as a percentage of segment net sales decreased compared to the prior year quarter.

Membership and other income, which includes membership, recycling, tenant lease, financial services and a variety of other income categories, increased in the second quarter of fiscal 2009. Membership income, which is recognized over the term of the membership, was consistent with the prior year quarter.

Six Months Ended July 31, 2008

(Amounts in millions)

Six months ended July 31,	Segment net sales	Segment net sales increase from prior fiscal year period	Segment operating income	Segment operating income increase from prior fiscal year period	Segment operating income as a percentage of segment net sales
2008	\$ 23,396	7.8%	\$ 818	0.4%	3.5%
2007	\$ 21,700	7.2%	\$ 815	15.3%	3.8%

Growth in net sales for the Sam's Club segment for the first half of fiscal 2009 resulted from a comparable club sales increase of 6.9% for the first half of fiscal 2009 and continued expansion activities. Comparable club sales for the first half of fiscal 2009 increased primarily due to higher growth rates in food and consumables, as well as an increase in both member traffic and average transaction size. In addition, fuel sales had a positive impact of 3.2 percentage points on comparable club sales in the first six months of fiscal 2009.

Gross margin decreased 0.2 percentage points during the first half of fiscal 2009 due to the negative impact on gross margin from growth in the lower-margin fuel business and the \$39 million excise tax refund recorded in the first six months of fiscal 2008.

Operating expenses as a percentage of segment net sales decreased for the first half of fiscal 2009 when compared to the first half of fiscal 2008 primarily due to lower property tax expenses in the current year. In addition, operating expenses for the six months ended July 31, 2007, were favorably affected by the change in estimated losses associated with our general liability and workers' compensation claims, which reduced accrued liabilities for such claims by \$21 million, partially offset by pre-tax charges of \$15 million for certain legal contingencies. Otherwise, operating expenses as a percentage of segment net sales were comparable with the prior year period.

Membership and other income, which includes membership, recycling, tenant lease, financial services and a variety of other income categories, increased in the first six months of fiscal 2009. Membership income, which is recognized over the term of the membership, increased slightly for the first half of fiscal 2009.

Unit Data By Segment
Square Footage in Thousands

	July 31, 2008		July 31, 2007		January 31, 2008	
	Units	Square Footage	Units	Square Footage	Units	Square Footage
Walmart U.S.						
Discount Stores	915	99,198	1,033	110,500	971	104,561
Supercenters	2,572	479,388	2,349	438,870	2,447	456,516
Neighborhood Markets	143	6,009	124	5,232	132	5,552
Total Walmart U.S.	3,630	584,595	3,506	554,602	3,550	566,629
Sam's Club	594	78,719	585	77,339	591	78,236
United States Total	4,224	663,314	4,091	631,941	4,141	644,865
International						
Argentina	24	4,047	15	2,614	21	3,789
Brazil	318	25,200	297	23,834	313	24,958
Canada	309	37,345	290	33,739	305	36,590
Central America	468	7,885	430	7,467	457	7,822
Trust-Mart - China	100	17,343	101	17,653	101	17,653
Wal-Mart - China	106	19,620	84	15,628	101	18,738
Japan	369	24,381	370	27,082	371	24,532
Mexico	1,074	59,061	930	52,657	1,023	56,804
Puerto Rico	55	4,027	54	3,829	54	3,829
United Kingdom	346	28,130	337	27,046	352	27,868
Total International	3,169	227,039	2,908	211,549	3,098	222,583
Grand Total	7,393	890,353	6,999	843,490	7,239	867,448

Liquidity and Capital Resources

Overview

Cash flows provided by operating activities supply us with a significant source of liquidity. The increase in cash flows provided by operating activities for the six months ended July 31, 2008, was primarily attributable to increased net income and improved inventory management. Selected cash flow data for the six month periods ended July 31, 2008 and 2007 and current assets and liabilities for the periods then ended, are as follows:

	Six Months Ended July 31,	
	2008	2007
Net cash provided by operating activities	\$ 9,983	\$ 6,198
Purchase of Company stock	(2,184)	(2,484)
Dividends paid	(1,878)	(1,811)
Proceeds from issuance of long-term debt	4,648	3,818
Payment of long-term debt	(4,061)	(5,435)
(Decrease) increase in commercial paper, net	(639)	5,487
Current assets	\$ 49,774	\$ 46,387
Current liabilities	54,929	55,250

Future Expansion

In June 2008, the Company revised its capital expenditure forecast for the current fiscal year ending January 31, 2009. Capital expenditures for fiscal year 2009 are expected to fall within a range of \$13.0 billion to \$14.0 billion.

Working Capital

Current liabilities exceeded current assets at July 31, 2008, by \$5.2 billion, an improvement of \$5.3 billion from January 31, 2008. Our ratio of current assets to current liabilities was 0.9 at July 31, 2008, and 0.8 at July 31, 2007 and at January 31, 2008. We generally have a working capital deficit due to our efficient use of cash in funding operations and in providing returns to shareholders in the form of share repurchases and payment of dividends.

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 May 31, 2007. Under the share repurchase program, there is no expiration date or other restriction limiting the period over which we can make our share repurchases under the program, which will expire only when and if we have repurchased \$15.0 billion of our shares under the program. Any repurchased shares are constructively retired and returned to unissued status. 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. At July 31, 2008, approximately \$6.3 billion remained of the \$15.0 billion authorization.

Capital Resources

Management believes that cash flows from operations and proceeds from the sale of commercial paper 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 compensating for any shortfall in funding these expenditures with a combination of commercial paper 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. We anticipate no difficulty in obtaining long-term financing in view of our credit rating and favorable experiences in the debt market in the recent past.

To monitor our credit rating and our capacity for long-term financing, we consider various qualitative and quantitative factors. We monitor the ratio of our debt to total capitalization as support for our long-term financing decisions. At July 31, 2008 and 2007 and January 31, 2008, the ratio of our debt to total capitalization was approximately 40.0%, 40.9% and 40.9%, respectively. For the purpose of this calculation, debt is defined as the sum of commercial paper, long-term debt due within one year, obligations under capital leases due within one year, long-term debt and long-term obligations under capital leases. Total capitalization is defined as debt plus shareholders' equity. Our ratio of debt to our total capitalization decreased in the second quarter of fiscal 2009 due to lower commercial paper outstanding and the increase to our total shareholders' equity resulting from a 12.0% increase in net income for the six months ended July 31, 2008, compared to the corresponding period in the prior year.

We also use the ratio of adjusted cash flow from operations to adjusted average debt as a metric to review leverage. Adjusted cash flow from operations, the numerator in the calculation, is defined as net cash provided by operating activities of continuing operations plus two-thirds of operating rent expense less capitalized interest expense for the trailing twelve months. Adjusted average debt, the denominator in the calculation, is defined as average debt plus eight times average operating rent expense. Average debt is the simple average of beginning and ending commercial paper, long-term debt due within one year, obligations under capital leases due within one year, long-term debt and long-term obligations under capital leases. Average operating rent expense is the simple average of operating rent expense over the current and prior twelve month periods. We believe this metric is useful to investors as it provides them with a tool to measure our leverage. This metric was 44% and 39% for the twelve months ended July 31, 2008 and 2007, respectively. The increase in the metric is primarily due to the increase in net cash flow from continuing operations.

The ratio of adjusted cash flow to adjusted average debt is considered a non-GAAP financial measure under the SEC's rules. The most recognized directly comparable GAAP measure is the ratio of net cash flow provided by operating activities of continuing operations for the current year to average total debt (which excludes any effect of operating leases or capitalized interest), which was 55% and 47% for the twelve months ended July 31, 2008 and 2007, respectively.

A detailed calculation of the adjusted cash flow from operations to adjusted average debt is set forth below along with a reconciliation to the corresponding measurement calculated in accordance with generally accepted accounting principles.

(Amounts in millions)	Twelve Months Ended July 31, 2008	Twelve Months Ended July 31, 2007	
Calculation of adjusted cash flow from operations to average debt			
Numerator			
Net cash provided by operating activities of continuing operations	\$ 24,139	\$ 19,495	
+ Two-thirds current period operating rent expense (1)	1,137	1,000	
– Current year capitalized interest expense	126	158	
Adjusted cash flow from operations	\$ 25,150	\$ 20,337	
Denominator			
Average debt (2)	\$ 43,803	\$ 41,764	
Eight times average operating rent expense (3)	12,824	10,976	
Average debt	\$ 56,627	\$ 52,740	
Adjusted cash flow from operations to average debt (4)	44%	39%	
Calculation of cash flows from operating activities of continuing operations to average debt			
Numerator			
Net cash provided by operating activities of continuing operations	\$ 24,139	\$ 19,495	
Denominator			
Average debt (2)	\$ 43,803	\$ 41,764	
Cash flows from operating activities of continuing operations to average debt	55%	47%	
Selected Financial Information			
Current period operating rent expense	\$ 1,706	\$ 1,500	
Prior period operating rent expense	1,500	1,244	
Current period capitalized interest	126	158	
Certain Balance Sheet Information			
	July 31, 2008	July 31, 2007	July 31, 2006
Commercial paper	\$ 4,347	\$ 8,117	\$ 6,072
Long-term debt due within one year	2,180	3,176	6,235
Obligations under capital leases due within one year	324	189	196
Long-term debt	34,168	27,966	24,099
Long-term obligations under capital leases	3,544	3,594	3,883
Total debt	\$ 44,563	\$ 43,042	\$ 40,485

(1) 2/3 X \$1,706 for the twelve months ended July 31, 2008 and 2/3 X \$1,500 for the twelve months ended July 31, 2007.

(2) (\$44,563 + \$43,042)/2 for the twelve months ended July 31, 2008 and (\$43,042 + \$40,485)/2 for the twelve months ended July 31, 2007.

(3) 8 X ((\$1,706 + \$1,500)/2) for the twelve months ended July 31, 2008 and 8 X ((\$1,500 + \$1,244)/2) for the twelve months ended July 31, 2007.

(4) The calculation of the ratio as defined.

Certain Long-term Debt Transactions

In April 2008, the Company issued \$1.0 billion of 4.250% Notes Due 2013 and \$1.5 billion of 6.200% Notes Due 2038. Beginning on October 15, 2008, the Company will pay interest on the notes of each series on April 15 and October 15 of each year. Interest started accruing on such notes on April 15, 2008. The 2013 notes will mature on April 15, 2013 and the 2038 notes will mature on April 15, 2038. The notes of each such series are senior, unsecured and unsubordinated obligations of Wal-Mart Stores, Inc.

In May 2008, Wal-Mart Stores, Inc. entered into a term loan facility with a syndicate of banks. Pursuant to that facility, the Company borrowed ¥220 billion to refinance outstanding debt of its wholly-owned subsidiary, The Seiyu, Ltd., that was scheduled to mature in December, 2008. Borrowings under such facility are senior, unsecured obligations of Wal-Mart Stores, Inc. and generally bear interest at a floating rate equal to the one, three or six month London Interbank Offered Rate plus a spread of 0.35%. Such debt matures on June 26, 2011. The amount of such debt in United States dollars as reflected on the Company's Condensed Consolidated Balance Sheets at July 31, 2008 was approximately \$2.1 billion. The facility is designated as a hedge of the Company's net investment in Japan.

Item 5. Other Information

This Quarterly Report contains statements that Wal-Mart believes are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, and intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. These forward-looking statements include a statement in Note 9 to our condensed consolidated financial statements regarding the forecasted full year tax rate for our fiscal 2009 and the factors affecting that rate, regarding the effect of the future recognition of certain tax benefits on the Company’s tax rate and regarding the possible effect of the resolution of certain tax audit issues in the future, including the effect on the Company’s tax rate, a statement under the caption “Results of Operations—Quarter ended July 31, 2008” and a statement under “Results of Operations—Six Months Ended July 31, 2008,” each in Management’s Discussion and Analysis of Financial Condition and Results of Operations, regarding our expectations relating to continuing increased corporate expenses relating to transformation projects in the future, a statement under the caption “Liquidity and Capital Resources—Future Expansion” in Management’s Discussion and Analysis of Financial Condition and Results of Operations regarding our management’s expectations regarding our total capital expenditures in fiscal 2009, and statements under the caption “Liquidity and Capital Resources—Capital Resources” in Management’s Discussion and Analysis of Financial Condition and Results of Operations regarding our intent and ability to fund certain cash flow shortfalls by the sale of commercial paper and long-term debt securities, our plans to refinance existing long-term debt as it matures and our ability to sell our long-term debt securities. These statements are identified by the use of the words “anticipate,” “could reduce,” “expect,” “plan,” “would, if recognized, affect” 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 geopolitical events and conditions, general economic conditions, cost of goods, consumer credit availability, competitive pressures, inflation, consumer spending patterns and debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, fluctuations in the costs of gasoline, diesel fuel and other energy, transportation, utilities, labor and health care, accident costs, casualty and other insurance costs, interest rate fluctuations, capital market conditions, weather conditions, damage to our facilities as a result of natural disasters, regulatory matters and other risks. We discuss certain of these matters more fully, as well as certain risk factors that may affect our business operations, financial condition and results of operations, in Part II, Item 1A, of this Quarterly Report and in other of our filings with the SEC, including our Annual Report on Form 10-K for the year ended January 31, 2008. This Quarterly Report should be read in conjunction with that Annual Report on Form 10-K, and all our other filings, including Current Reports on Form 8-K, made with the SEC through the date of this report. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in this Quarterly Report. 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 may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this Quarterly Report are made only as of the date of this report and we undertake no obligation to update any of these forward-looking statements to reflect subsequent events or circumstances.

WAL-MART STORES, INC. AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges

	Six Months Ended				Fiscal Year			
	July 31, 2008	July 31, 2007	2008	2007	2006	2005	2004	
Income from continuing operations before income taxes and minority interest	\$ 10,178	\$ 9,321	\$ 20,158	\$ 18,968	\$ 17,513	\$ 16,289	\$ 14,396	
Capitalized interest	(48)	(72)	(150)	(182)	(157)	(120)	(144)	
Minority interest	(252)	(206)	(406)	(425)	(324)	(249)	(214)	
Adjusted income before income taxes	9,878	9,043	19,602	18,361	17,032	15,920	14,038	
Fixed Charges:								
Interest *	1,133	1,048	2,267	2,009	1,603	1,326	1,150	
Interest component of rent	205	209	464	368	328	319	306	
Total fixed charges	1,338	1,257	2,731	2,377	1,931	1,645	1,456	
Income from continuing operations before income taxes and fixed charges	\$ 11,216	\$ 10,300	\$ 22,333	\$ 20,738	\$ 18,963	\$ 17,565	\$ 15,494	
Ratio of earnings to fixed charges (times)	8.4	8.2	8.2	8.7	9.8	10.7	10.6	

* Includes interest on debt and capital leases, amortization of debt issuance costs and capitalized interest.

Certain reclassifications have been made to prior periods to conform to the current period presentation. In addition, the impact of McLane Company, Inc., a wholly owned subsidiary sold in fiscal 2004, the impact of our South Korean and German operations, disposed of in fiscal 2007, and the impact of our Gazeley operations disposed of in fiscal 2009, and the impact of The Seiyu, Ltd. store closures in fiscal 2009, have been excluded for all periods presented.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Stock Option Plan of 1984 of Wal-Mart Stores, Inc., as amended	Form S-8 File Nos. 2-94358 and 1-6991
(2) Stock Option Plan of 1994 of Wal-Mart Stores, Inc., as amended	Form S-8 File No. 33-55325
(3) Director Compensation Plan of Wal-Mart Stores, Inc.	Form S-8 File No. 333-24259
(4) 401(k) Retirement Savings Plan of Wal-Mart Stores, Inc.	Form S-8 File No. 333-29847
(5) 401(k) Retirement Savings Plan of Wal-Mart Puerto Rico, Inc.	Form S-8 File No. 333-44659
(6) Wal-Mart Stores, Inc. Associate Stock Purchase Plan of 1996	Form S-8 File No. 333-62965
(7) Wal-Mart Stores, Inc. Stock Incentive Plan of 1998	Form S-8 File No. 333-60329
(8) The ASDA Colleague Share Ownership Plan 1	Form S-8 File No. 333-84027
The ASDA Group Long Term Incentive Plan 1	
The ASDA Group PLC Sharesave Scheme 1	
The ASDA 1984 Executive Share Option Scheme 1	
The ASDA 1994 Executive Share Option Scheme 1	
(9) The ASDA Colleague Share Ownership Plan 1999	Form S-8 File No. 333-88501
(10) Wal-Mart Profit Sharing and 401(k) Plan	Form S-8 File No. 333-109421
(11) Associate Stock Purchase Plan of 1996	Form S-8 File No. 333-109417
(12) Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan	Form S-8 File No. 333-109414
(13) ASDA Colleague Share Ownership Plan 1999 and ASDA Sharesave Plan 2000	Form S-8 File No. 333-107439
(14) Wal-Mart Stores, Inc. Stock Incentive Plan of 2005	Form S-8 File No. 333-128204

of our report dated March 26, 2008, (except as to the effects of discontinued operations discussed in Note 6, as to which the date is January 8, 2009) with respect to the consolidated financial statements of Wal-Mart Stores, Inc. for the year ended January 31, 2008, included in this Current Report on Form 8-K.

/s/ Ernst & Young LLP

Rogers, Arkansas
January 8, 2009

