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

FORM 8-K

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

**Date of Report (Date of earliest event reported):
November 12, 2009**

Wal-Mart Stores, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

001-06991
(Commission File
Number)

71-0415188
(IRS Employer
Identification No.)

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

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

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

Wal-Mart Stores, Inc. is furnishing this Current Report on Form 8-K in order to furnish to the Securities and Exchange Commission a press release (the "Press Release") that we will issue on November 12, 2009. The Press Release will disclose information regarding our results of operations and financial condition as of, and for the three-month period ended, October 31, 2009 (the "FY2010 Third Quarter") and for the nine-month period ended October 31, 2009.

The Press Release provides information regarding certain financial measures that may be considered non-GAAP financial measures under the rules of the Securities and Exchange Commission. Those financial measures include:

- (i) Our net sales for the FY2010 Third Quarter, (ii) our International operating segment's net sales and segment operating income for the FY2010 Third Quarter and (iii) the increases in our net sales and our International segment's net sales and segment operating income for the FY2010 Third Quarter over our net sales and our International segment's net sales and segment operating income, respectively, for the three months ended October 31, 2008 (the "FY2009 Third Quarter"), calculated on a constant currency basis. We also state in the Press Release, without providing any numerical measures, that we have delivered year-over-year growth of our net sales and diluted earnings per share from continuing operations attributable to Wal-Mart Stores, Inc. calculated on a constant currency basis. Results for any fiscal period calculated on a constant currency basis are calculated by converting the results of our International segment's operations for that fiscal period as stated in the local currencies in which we operate in countries other than the United States into an equivalent amount of U.S. dollars using the currency exchange rates that were used to convert the similar results of our International segment's operations for the corresponding prior year fiscal period into U.S. dollars for purposes of reporting those results in our consolidated financial statements. The financial measures calculated and presented in accordance with generally accepted accounting principles ("GAAP") that are most directly comparable to such measures are (i) our net sales as reported in our Condensed Consolidated Statements of Income for the three months ended October 31, 2009, (ii) our International operating segment's net sales and segment operating income computed in accordance with GAAP as reflected in our net sales and our operating income as reported in our Condensed Consolidated Statements of Income for the three months ended October 31, 2009, (iii) the increases in our net sales and our International segment's net sales and segment operating income for the FY2010 Third Quarter over our net sales and our International segment's net sales and segment operating income, respectively, for the FY2009 Third Quarter calculated using our net sales as reported in, and our International segment's net sales and segment operating income as reflected in, our Condensed Consolidated Statements of

Income for the three months ended October 31, 2009 and 2008, and (iv) the increase or decrease of our net sales or our earnings per share from continuing operations attributable to Wal-Mart Stores, Inc., as the case may be, calculated using our net sales or our diluted earnings per share from continuing operations attributable to Wal-Mart Stores, Inc. as reflected in our Consolidated Statements of Income or Condensed Consolidated Statements of Income for the pertinent fiscal periods.

- Our total U.S. comparable store sales and our Sam's Club operating segment's comparable store sales for the thirteen weeks and thirty-nine weeks ended October 30, 2009 and October 31, 2008 calculated excluding the fuel sales of our Sam's Club segment for such periods. The financial measure calculated and presented using amounts calculated in accordance with GAAP that is most directly comparable to our comparable store sales for those periods calculated excluding such fuel sales are our comparable store sales calculated including the fuel sales of our Sam's Club segment.

Our management believes that presentation of the non-GAAP financial measures discussed above provides useful information to investors regarding our results of operations and financial condition as to the periods for which they are presented for the following reasons:

- We are required to convert our International segment's operating results as stated in local currencies into U.S. dollars for purposes of reporting our results of operations in accordance with GAAP. Period over period comparisons of our operating results can be affected by the differences between currency exchange rates in the prior fiscal period to which the comparison is made and the currency exchange rates in the current fiscal period as reflected in our operating results reported in U.S. dollars, making an investor's assessment of the underlying performance of our International segment and its effect on total company underlying performance for the current fiscal period more difficult. The presentation of our net sales, our International operating segment's net sales and segment operating income for the current fiscal period calculated on a constant currency basis and the period over period increases or decreases in those items and our diluted earnings per share from continuing operations attributable to Wal-Mart Stores, Inc. calculated on a constant currency basis permits investors to understand important aspects of the underlying performance of our International operating segment in the current fiscal period without the effect of any fluctuations in applicable currency exchange rates occurring since the corresponding fiscal period of the immediately preceding fiscal year and how that performance would have affected our net sales in the current fiscal period and the period over period increase or decrease of our net sales and diluted earnings per share from continuing operations attributable to Wal-Mart Stores, Inc. had currency exchange rates remained constant since the corresponding fiscal period of the immediately preceding fiscal year.
- Our comparable store sales excluding the fuel sales at our Sam's Club segment permits investors to understand the effect of such fuel sales on our comparable store sales for the periods presented.

The Press Release provides information reconciling each non-GAAP financial measure for which numerical information is provided to the most directly comparable financial measure calculated and presented in accordance with GAAP. The Press Release also includes discussion of our free cash flow, another non-GAAP financial measure, for the nine months ended October 31, 2009 and 2008. A reconciliation of our free cash flow to our net cash from operating activities, which we believe to be the most directly comparable GAAP financial measure, for such periods, and a statement of why our management believes the presentation of information regarding our free cash flow provides useful information to investors regarding our results of operations and financial condition are contained in the Press Release.

Item 9.01. Financial Statements and Exhibits.

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

SIGNATURES

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

Dated: November 12, 2009

WAL-MART STORES, INC.

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

Name: Charles M. Holley, Jr.

Title: Executive Vice President,
Finance and Treasurer

**FOR IMMEDIATE RELEASE****Media Relations Contact**

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Pre-recorded Conference Call

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Walmart Third Quarter Earnings Per Share Exceeds Guidance and First Call Consensus

- Q3 EPS of \$0.84 Exceeds First Call Consensus of \$0.81
- Income from Continuing Operations Increases 7 Percent
- Raises Range of Full-Year EPS Guidance to \$3.57 to \$3.61

BENTONVILLE, Ark., Nov. 12, 2009 – Wal-Mart Stores, Inc. (NYSE: WMT) today reported diluted earnings per share from continuing operations for the third quarter of fiscal year 2010 of \$0.84, exceeding the company's guidance of \$0.78 to \$0.82. Walmart earned \$0.77 per share from continuing operations in the third quarter last year.

Net sales for the third quarter were \$98.667 billion, an increase of 1.1 percent from \$97.619 billion in the third quarter last year. On a constant currency basis (which assumes currency exchange rates remained the same as the prior year), net sales for the third quarter would have been \$2.617 billion higher, increasing 3.8 percent to approximately \$101.284 billion. Income from continuing operations increased to \$3.246 billion from \$3.033 billion in the same period last year, on a reported basis.

"Walmart's record third-quarter earnings of 84 cents per share exceeded our guidance and were well above First Call consensus," said Mike Duke, Walmart president and chief executive officer. "Increased productivity and improved inventory management led to a better customer experience and contributed to our strong financial performance.

"The sales environment continued to be difficult this quarter, but customer traffic is up throughout the company. We gained market share, especially in the United States, the United Kingdom and Mexico, as customers around the globe continued to count on Walmart for quality and low prices," Duke said. "During the recession of the last two years, we delivered year-over-year sales and EPS growth on a constant currency basis.

"We are encouraged by both our traffic and market share gains across the company," he added. "Few companies have the momentum or opportunity that Walmart has around the world."

The company continues to generate strong free cash flow – nearly \$3.6 billion through the first three quarters of fiscal year 2010. A reconciliation of free cash flow (a non-GAAP measure) to net cash provided by operating activities is included at the end of this release.

Net Sales

Net sales were as follows (dollars in billions):

| | Three Months Ended October 31, | | | Nine Months Ended October 31, | | |
|---------------|-----------------------------------|----------|-------------------|----------------------------------|-----------|-------------------|
| | 2009 | 2008 | Percent Change | 2009 | 2008 | Percent Change |
| Net Sales: | | | | | | |
| Walmart U.S. | \$61.807 | \$61.075 | 1.2% | \$187.260 | \$184.055 | 1.7% |
| International | 25.307 | 24.905 | 1.6% | 70.535 | 74.089 | -4.8% |
| Sam's Club | 11.553 | 11.639 | -0.7% | 34.425 | 35.063 | -1.8% |
| Total Company | \$98.667 | \$97.619 | 1.1% | \$292.220 | \$293.207 | -0.3% |

Reported International sales for the three months ended Oct. 31, 2009 were reduced by \$2.617 billion as a result of the effect of currency exchange rates. On a constant currency basis, International sales increased 12.1 percent to \$27.924 billion in the third quarter, compared to the same quarter last year.

Segment Operating Income

Segment operating income was as follows (dollars in billions):

| | Three Months Ended October 31, | | | Nine Months Ended October 31, | | |
|---------------------------|-----------------------------------|---------|-------------------|----------------------------------|----------|-------------------|
| | 2009 | 2008 | Percent Change | 2009 | 2008 | Percent Change |
| Segment Operating Income: | | | | | | |
| Walmart U.S. | \$4.525 | \$4.232 | 6.9% | \$13.890 | \$13.219 | 5.1% |
| International | 1.119 | 1.182 | -5.3% | 3.142 | 3.450 | -8.9% |
| Sam's Club | 0.395 | 0.374 | 5.6% | 1.207 | 1.208 | -0.1% |

Reported International operating income for the three months ended Oct. 31, 2009 was reduced by \$172 million because of the effect of currency exchange rates. On a constant currency basis, International operating income increased 9.2 percent to \$1.291 billion in the third quarter, compared to the prior year's third quarter.

Comparable Store Sales

The company reports U.S. comparable store sales in this earnings release based on its 13-week retail calendar periods ended Oct. 30, 2009 and Oct. 31, 2008, as follows:

| | Without Fuel 13 Weeks Ended | | With Fuel 13 Weeks Ended | | Fuel Impact 13 Weeks Ended | |
|--------------|--------------------------------|----------|-----------------------------|----------|-------------------------------|----------|
| | 10/30/09 | 10/31/08 | 10/30/09 | 10/31/08 | 10/30/09 | 10/31/08 |
| Walmart U.S. | -0.5% | 2.2% | -0.5% | 2.2% | 0.0% | 0.0% |
| Sam's Club | 0.1% | 4.1% | -1.9% | 6.3% | -2.0% | 2.2% |
| Total U.S. | -0.4% | 2.5% | -0.8% | 2.9% | -0.4% | 0.4% |

| | Without Fuel 39 Weeks Ended | | With Fuel 39 Weeks Ended | | Fuel Impact 39 Weeks Ended | |
|--------------|--------------------------------|----------|-----------------------------|----------|-------------------------------|----------|
| | 10/30/09 | 10/31/08 | 10/30/09 | 10/31/08 | 10/30/09 | 10/31/08 |
| Walmart U.S. | 0.5% | 2.9% | 0.5% | 2.9% | 0.0% | 0.0% |
| Sam's Club | 1.6% | 3.7% | -2.3% | 6.5% | -3.9% | 2.8% |
| Total U.S. | 0.6% | 3.0% | 0.0% | 3.4% | -0.6% | 0.4% |

Data in the condensed consolidated financial statements included in this news release are based on the calendar quarters ended Oct. 31, 2009 and 2008.

Operating Segments Review

During the third quarter, Walmart U.S. delivered very strong operating performance, fueled by productivity initiatives and efficient inventory management. Operating income increased 6.9 percent on a sales increase of 1.2 percent. Comparable store sales were below expectations, but continued increases in customer traffic and market share gains, especially in grocery and health and wellness, underscore the strength of the underlying business.

Walmart U.S. expects comparable store sales during the 13-week period from Sat., Oct. 31, 2009 through Fri., Jan. 29, 2010 to be flat, plus or minus one percent – as compared to the 2.4 percent comp for the same period last year. The company will report this comparable store sales result when it reports fourth quarter earnings on Feb. 18, 2010.

During the third quarter, Sam's Club upgraded and added memberships, driven by its eValues program. Gross margin increased from improved margin mix. Sam's also improved operating profits and expense management. Comparable club sales were within its guidance, due to strong performance in food, consumables and health and beauty aids.

Sam's Club expects comparable club sales during the fourth-quarter 13-week period to be approximately flat, plus or minus one percent, and also will report its comparable club sales result on Feb. 18, 2010.

International remains Walmart's fastest-growing segment, with strong sales performances in the United Kingdom, Mexico and Brazil. Including the Chilean acquisition, sales increased 12.1 percent and operating income increased 9.2 percent, both on a constant currency basis. Price leadership and strong underlying operating performance continue to drive market share gains in every major market.

Earnings Guidance

"We continue to operate in a very challenging economy and remain dedicated to provide the lowest prices to our customers around the world," said Tom Schoewe, Walmart executive vice president and chief financial officer. "We believe Walmart is positioned better than any other retailer to succeed with customers this holiday season.

"Based on our view of the business, we expect diluted earnings per share from continuing operations for the fourth quarter of fiscal year 2010 to be between \$1.08 and \$1.12," Schoewe said. "As a result, we are raising the range of our guidance for diluted earnings per share from continuing operations for the full fiscal year to \$3.57 to \$3.61, from \$3.50 to \$3.60."

Notes

After adoption of a new accounting standard, Walmart has made modifications to its financial statement presentation for minority interests (now referred to as "noncontrolling interests") in its majority-owned subsidiaries. These changes are reflected in Walmart's third quarter condensed consolidated financial statements included in this release. As a result, all references to income from continuing operations or earnings per share from continuing operations in this release refer to income from continuing operations attributable to Walmart, or diluted income per share from continuing operations attributable to Walmart, respectively.

In addition to these changes, beginning Feb. 1, 2009, the company changed the classification of certain revenue and expense items within the financial statements. These changes are reflected in the third quarter condensed consolidated statements of income for all periods presented and did not have an impact on the company's consolidated operating or net income.

After this earnings release has been furnished to the SEC, a pre-recorded call offering additional comments on the quarter will be available to all investors. Callers may listen to this call by dialing 800-778-6902, or 585-219-6420 outside the U.S. and Canada. Information included in this release, including reconciliations,

and the pre-recorded phone call is available in the investor information area on the company's Web site at www.walmartstores.com/investors.

Wal-Mart Stores, Inc. (NYSE: WMT) serves customers and members more than 200 million times per week at more than 8,000 retail units under 53 different banners in 15 countries. With fiscal year 2009 sales of \$401 billion, Walmart employs more than 2.1 million associates worldwide. A leader in sustainability, corporate philanthropy and employment opportunity, Walmart ranked first among retailers in *Fortune* Magazine's 2009 Most Admired Companies survey. Additional information about Walmart can be found by visiting www.walmartstores.com. Online merchandise sales are available at www.walmart.com and www.samsclub.com.

This release contains statements as to Walmart management's forecasts of the company's earnings per share for the fiscal quarter and fiscal year to end January 31, 2010 and the comparable store sales of each of the Walmart U.S. and Sam's Club segments of the company for the 13-week period from October 31, 2009 through January 29, 2010, and management's expectation regarding Walmart's position to succeed with customers during the holiday season that the company believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that act. These statements can be identified by the use of the word or phrase "expect," "expects," "guidance" and "believe," in the statements. These forward-looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including general economic conditions, the cost of goods, competitive pressures, geopolitical events and conditions, levels of unemployment, levels of consumer disposable income, changes in laws and regulations, consumer credit availability, inflation, deflation, consumer spending patterns and debt levels, currency exchange rate fluctuations, trade restrictions, changes in tariff and freight rates, changes in the costs of gasoline, diesel fuel, other energy, transportation, utilities, labor and health care, accident costs, casualty and other insurance costs, interest rate fluctuations, financial and capital market conditions, developments in litigation to which the company is a party, weather conditions, damage to the company's facilities from natural disasters, regulatory matters and other risks. The company discusses certain of these factors more fully in its additional filings with the SEC, including its last annual report on Form 10-K filed with the SEC, and this release should be read in conjunction with that annual report on Form 10-K, together with all of the company's other filings, including current reports on Form 8-K, made with the SEC through the date of this release. The company urges you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in this release. As a result of these matters, changes in facts, assumptions not being realized or other circumstances, the company's actual results may differ materially from the expected results discussed in the forward-looking statements contained in this release. The forward-looking statements made in this release are made only as of the date of this release, and the company undertakes no obligation to update them to reflect subsequent events or circumstances.

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

SUBJECT TO RECLASSIFICATION

| | Three Months Ended October 31, | | Nine Months Ended October 31, | |
|--|-----------------------------------|-----------------|----------------------------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 |
| <i>(Amounts in millions except per share data)</i> | | | | |
| Revenues: | | | | |
| Net sales | \$98,667 | \$97,619 | \$292,220 | \$293,207 |
| Membership and other income | 744 | 726 | 2,343 | 2,420 |
| | <u>99,411</u> | <u>98,345</u> | <u>294,563</u> | <u>295,627</u> |
| Costs and expenses: | | | | |
| Cost of sales | 73,805 | 73,621 | 219,346 | 222,111 |
| Operating, selling, general and administrative expenses | <u>20,013</u> | <u>19,432</u> | <u>58,525</u> | <u>57,095</u> |
| Operating income | <u>5,593</u> | <u>5,292</u> | <u>16,692</u> | <u>16,421</u> |
| Interest: | | | | |
| Debt | 442 | 464 | 1,337 | 1,402 |
| Capital leases | 68 | 73 | 206 | 222 |
| Interest income | (35) | (81) | (128) | (216) |
| Interest, net | <u>475</u> | <u>456</u> | <u>1,415</u> | <u>1,408</u> |
| Income from continuing operations before income taxes | <u>5,118</u> | <u>4,836</u> | <u>15,277</u> | <u>15,013</u> |
| Provision for income taxes | <u>1,758</u> | <u>1,690</u> | <u>5,214</u> | <u>5,186</u> |
| Income from continuing operations | <u>3,360</u> | <u>3,146</u> | <u>10,063</u> | <u>9,827</u> |
| (Loss) income from discontinued operations, net of tax | <u>(7)</u> | <u>105</u> | <u>(22)</u> | <u>146</u> |
| Consolidated net income | <u>3,353</u> | <u>3,251</u> | <u>10,041</u> | <u>9,973</u> |
| Less consolidated net income attributable to noncontrolling interest | <u>(114)</u> | <u>(113)</u> | <u>(338)</u> | <u>(365)</u> |
| Consolidated net income attributable to Walmart | <u>\$ 3,239</u> | <u>\$ 3,138</u> | <u>\$ 9,703</u> | <u>\$ 9,608</u> |
| Income from continuing operations attributable to Walmart: | | | | |
| Income from continuing operations | \$ 3,360 | \$ 3,146 | \$ 10,063 | \$ 9,827 |
| Less consolidated net income attributable to noncontrolling interest | (114) | (113) | (338) | (365) |
| Income from continuing operations attributable to Walmart | <u>\$ 3,246</u> | <u>\$ 3,033</u> | <u>\$ 9,725</u> | <u>\$ 9,462</u> |
| Basic net income per common share: | | | | |
| Basic income per share from continuing operations attributable to Walmart | \$ 0.84 | \$ 0.77 | \$ 2.50 | \$ 2.40 |
| Basic income per share from discontinued operations attributable to Walmart | — | 0.03 | — | 0.04 |
| Basic net income per share attributable to Walmart | <u>\$ 0.84</u> | <u>\$ 0.80</u> | <u>\$ 2.50</u> | <u>\$ 2.44</u> |
| Diluted net income per common share: | | | | |
| Diluted income per share from continuing operations attributable to Walmart | \$ 0.84 | \$ 0.77 | \$ 2.50 | \$ 2.39 |
| Diluted income (loss) per share from discontinued operations attributable to Walmart | — | 0.03 | (0.01) | 0.04 |
| Diluted net income per share attributable to Walmart | <u>\$ 0.84</u> | <u>\$ 0.80</u> | <u>\$ 2.49</u> | <u>\$ 2.43</u> |
| Weighted-average number of common shares: | | | | |
| Basic | 3,851 | 3,931 | 3,887 | 3,944 |
| Diluted | <u>3,861</u> | <u>3,944</u> | <u>3,897</u> | <u>3,956</u> |
| Dividends declared per common share | \$ — | \$ — | \$ 1.09 | \$ 0.95 |

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

SUBJECT TO RECLASSIFICATION

| <i>(Amounts in millions)</i> | October 31, | | January 31, |
|--|--------------------|------------------|--------------------|
| | 2009 | 2008 | 2009 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 6,003 | \$ 5,920 | \$ 7,275 |
| Receivables | 3,776 | 3,250 | 3,905 |
| Inventories | 38,775 | 40,416 | 34,511 |
| Prepaid expenses and other | 3,249 | 3,245 | 3,063 |
| Current assets of discontinued operations | 145 | 262 | 195 |
| Total current assets | 51,948 | 53,093 | 48,949 |
| Property and equipment, at cost: | | | |
| Property and equipment, at cost | 135,152 | 125,173 | 125,820 |
| Less accumulated depreciation | (36,716) | (31,467) | (32,964) |
| Property and equipment, net | 98,436 | 93,706 | 92,856 |
| Property under capital lease: | | | |
| Property under capital lease | 5,618 | 5,420 | 5,341 |
| Less accumulated amortization | (2,833) | (2,581) | (2,544) |
| Property under capital lease, net | 2,785 | 2,839 | 2,797 |
| Goodwill | 16,162 | 15,416 | 15,260 |
| Other assets and deferred charges | 3,603 | 2,789 | 3,567 |
| Total assets | \$172,934 | \$167,843 | \$ 163,429 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Commercial paper and other short-term borrowings | \$ 5,239 | \$ 7,932 | \$ 1,506 |
| Accounts payable | 30,920 | 30,782 | 28,849 |
| Dividends payable | 1,021 | 993 | — |
| Accrued liabilities | 16,638 | 15,343 | 18,112 |
| Accrued income taxes | 810 | 355 | 677 |
| Long-term debt due within one year | 4,169 | 4,753 | 5,848 |
| Obligations under capital leases due within one year | 344 | 314 | 315 |
| Current liabilities of discontinued operations | 38 | 152 | 83 |
| Total current liabilities | 59,179 | 60,624 | 55,390 |
| Long-term debt | 34,394 | 30,803 | 31,349 |
| Long-term obligations under capital leases | 3,207 | 3,268 | 3,200 |
| Deferred income taxes and other | 6,202 | 5,575 | 6,014 |
| Redeemable noncontrolling interest | 310 | — | 397 |
| Commitments and contingencies | | | |
| Equity: | | | |
| Common stock and capital in excess of par value | 4,134 | 4,219 | 4,313 |
| Retained earnings | 64,105 | 59,809 | 63,660 |
| Accumulated other comprehensive (loss) income | (551) | 1,511 | (2,688) |
| Total Walmart shareholders' equity | 67,688 | 65,539 | 65,285 |
| Noncontrolling interest | 1,954 | 2,034 | 1,794 |
| Total equity | 69,642 | 67,573 | 67,079 |
| Total liabilities and equity | \$172,934 | \$167,843 | \$ 163,429 |

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

SUBJECT TO RECLASSIFICATION

| | Nine Months Ended October 31, | |
|--|----------------------------------|-----------------|
| <i>(Amounts in millions)</i> | 2009 | 2008 |
| Cash flows from operating activities: | | |
| Consolidated net income | \$10,041 | \$ 9,973 |
| Loss (income) from discontinued operations, net of tax | 22 | (146) |
| Income from continuing operations | 10,063 | 9,827 |
| Adjustments to reconcile income from continuing operations to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,255 | 5,054 |
| Other | 225 | 637 |
| Changes in certain assets and liabilities, net of effects of acquisitions: | | |
| Decrease in accounts receivable | 540 | 394 |
| Increase in inventories | (3,415) | (5,655) |
| Increase in accounts payable | 1,028 | 914 |
| Decrease in accrued liabilities | (1,256) | (745) |
| Net cash provided by operating activities | 12,440 | 10,426 |
| Cash flows from investing activities: | | |
| Payments for property and equipment | (8,885) | (8,174) |
| Proceeds from disposal of property and equipment | 265 | 779 |
| Proceeds from disposal of certain international operations, net | — | 838 |
| Investment in international operations, net of cash acquired | — | (74) |
| Other investing activities | (41) | (166) |
| Net cash used in investing activities | (8,661) | (6,797) |
| Cash flows from financing activities: | | |
| Increase in commercial paper and other short-term borrowings, net | 3,475 | 2,949 |
| Proceeds from issuance of long-term debt | 5,465 | 5,568 |
| Payment of long-term debt | (4,799) | (5,064) |
| Dividends paid | (3,179) | (2,814) |
| Purchase of Company stock | (5,105) | (3,521) |
| Purchase of redeemable noncontrolling interest | (456) | — |
| Other financing activities | (327) | (165) |
| Net cash used in financing activities | (4,926) | (3,047) |
| Effect of exchange rates on cash | (125) | (231) |
| Net (decrease) increase in cash and cash equivalents | (1,272) | 351 |
| Cash and cash equivalents at beginning of year (1) | 7,275 | 5,569 |
| Cash and cash equivalents at end of period | <u>\$ 6,003</u> | <u>\$ 5,920</u> |

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

Free Cash Flow

We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. We generated positive free cash flow of \$3.6 billion and \$2.3 billion for the nine months ended October 31, 2009 and 2008, respectively. The increase in our free cash flow is primarily the result of improved inventory management.

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 and net cash provided by operating activities as a measure of our liquidity.

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

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

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, a GAAP measure, which we believe to be the GAAP financial measure most directly comparable to free cash flow, for the nine months ended October 31, 2009 and 2008, as well as information regarding net cash used in investing activities and net cash used in financing activities in those periods.

| <i>(Amounts in millions)</i> | Nine Months Ended | |
|---|-------------------|------------------|
| | October 31, 2009 | October 31, 2008 |
| Net cash provided by operating activities | \$ 12,440 | \$ 10,426 |
| Payments for property and equipment | (8,885) | (8,174) |
| Free cash flow | <u>\$ 3,555</u> | <u>\$ 2,252</u> |
| Net cash used in investing activities | \$ (8,661) | \$ (6,797) |
| Net cash used in financing activities | \$ (4,926) | \$ (3,047) |