

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Wal-Mart Stores, Inc. ("Walmart," the "Company" or "we") operates retail stores in various formats around the world and is committed to saving people money so they can live better. We earn the trust of our customers every day by providing a broad assortment of quality merchandise and services at every day low prices ("EDLP"), while fostering a culture that rewards and embraces mutual respect, integrity and diversity. EDLP is our pricing philosophy under which we price items at a low price every day so 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 and private label merchandise at "members only" prices for both business and personal use. Internationally, we operate with similar philosophies. Our fiscal year ends on January 31 for our U.S. and Canada operations and on December 31 for all other operations. We discuss how the results of our various operations are consolidated for financial reporting purposes in Note 1 in the "Notes to Consolidated Financial Statements."

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. We also discuss certain performance metrics that management uses to assess our performance. The discussion also provides information about the financial results of the various segments of our business to provide a better understanding of how those segments and their results affect the financial condition and results of operations of the Company as a whole. This discussion should be read in conjunction with our Consolidated Financial Statements as of January 31, 2011, and the fiscal year then ended and accompanying notes.

Currently, our operations consist of three reportable business segments: (1) the Walmart U.S. segment; (2) the Walmart International segment; and (3) the Sam's Club segment. The Walmart U.S. segment includes the Company's mass merchant concept in the United States and Puerto Rico, operating under the "Walmart" or "Wal-Mart" brand, as well as walmart.com. The Walmart International segment consists of the Company's operations outside of the United States and Puerto Rico. The Sam's Club segment includes the warehouse membership clubs in the United States and Puerto Rico, as well as samsclub.com.

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

The amounts representing "Other" in the leverage discussion of the Company Performance Metrics are unallocated corporate overhead items.

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

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

In connection with the Company's new financial system implementation, we changed the level at which we apply the retail method of accounting for inventory. The retrospective application of this accounting change impacted both segment and consolidated operating income, as well as consolidated net income for all comparable periods presented. See "Notes to Consolidated Financial Statements," Note 2. "Accounting Change."

In addition, we reclassified certain revenue and expense items within our Consolidated Statements of Income for financial reporting purposes. The reclassifications did not impact consolidated operating income or consolidated net income attributable to Walmart. All prior period amounts have been reclassified to conform to the current period's presentation.

The Retail Industry

We operate in the highly competitive retail industry in all of the countries we serve. 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

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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 (whom we call "associates"). We, along with other retail companies, are influenced by a number of factors including, but not limited to: general economic conditions, cost of goods, consumer disposable income, consumer debt levels and buying patterns, consumer credit availability, interest rates, customer preferences, unemployment, labor costs, inflation, deflation, currency exchange fluctuations, fuel and energy prices, weather patterns, climate change, catastrophic events, competitive pressures and insurance costs. Further information on certain risks to our Company can be located in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 31, 2011.

Company Performance Metrics

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

Growth

Net Sales

(Dollar amounts in millions)	Fiscal Years Ended January 31,							
	2011			2010			2009	
	Net Sales	Percent of Total	Percent Change	Net Sales	Percent of Total	Percent Change	Net Sales	Percent of Total
Walmart U.S.	\$260,261	62.1%	0.1%	\$259,919	64.2%	1.1%	\$256,970	64.0%
Walmart International	109,232	26.1%	12.1%	97,407	24.0%	1.3%	96,141	24.0%
Sam's Club	49,459	11.8%	3.5%	47,806	11.8%	-0.4%	47,976	12.0%
Net Sales	\$418,952	100.0%	3.4%	\$405,132	100.0%	1.0%	\$401,087	100.0%

Our consolidated net sales increased by 3.4% and 1.0% in fiscal 2011 and fiscal 2010, respectively, when compared to the previous fiscal year. Net sales in fiscal 2011 increased primarily due to our continued expansion activities as we added 3.4% of additional retail square feet during fiscal 2011. In addition, foreign currency exchange rates favorably impacted our fiscal 2011 sales growth by approximately \$4.5 billion, offset by a 0.6% decline in total U.S. comparable store and club sales. Net sales in fiscal 2010 increased

due to increased customer traffic, continued global expansion activities and the acquisition of our Chilean subsidiary, Distribución y Servicio S.A. de CV. ("D&S") in January 2009, offset primarily by a \$9.8 billion unfavorable currency exchange rate impact in our Walmart International segment and adversely affected by price deflation in certain merchandise categories in our Walmart U.S. segment. Volatility in currency exchange rates may continue to impact the Company's net sales in the future.

Calendar Comparable Store and Club Sales

Comparable store and club sales is a measure which indicates the performance of our existing U.S. stores and clubs by measuring the growth in sales for such stores and clubs for a particular period over the corresponding period in the prior year. Comparable store and club sales, including fuel impact, for the fiscal years ended January 31, 2011, 2010 and 2009 are as follows:

	With Fuel			Fuel Impact		
	Fiscal Years Ended January 31,			Fiscal Years Ended January 31,		
	2011	2010	2009	2011	2010	2009
Walmart U.S.	-1.5%	-0.7%	3.2%	0.0%	0.0%	0.0%
Sam's Club	3.9%	-1.4%	4.9%	2.0%	-2.1%	1.2%
Total U.S.	-0.6%	-0.8%	3.5%	0.4%	-0.3%	0.2%

Comparable store and club sales in the U.S., including fuel, decreased 0.6% and 0.8% in fiscal 2011 and 2010, respectively, and increased 3.5% in fiscal 2009. Total U.S. comparable store and club sales decreased during fiscal 2011 primarily due to a decline in customer traffic. Although customer traffic increased in fiscal 2010, comparable store sales in the United States were lower than those in fiscal 2009 due to deflation in certain merchandise categories and lower fuel prices. 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. We estimate the negative impact on comparable store sales as a result of opening new stores was approximately 0.8% in fiscal 2011, 0.6% in fiscal 2010 and 1.1% in fiscal 2009.

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Leverage

Operating Income

(Dollar amounts in millions)	Fiscal Years Ended January 31,								
	2011			2010			2009		
	Operating Income	Percent of Total	Percent Change	Operating Income	Percent of Total	Percent Change	Operating Income	Percent of Total	
Walmart U.S.	\$19,914	78.0%	3.1%	\$19,313	80.5%	5.5%	\$18,310	80.4%	
Walmart International	5,606	21.9%	14.4%	4,901	20.4%	1.4%	4,832	21.2%	
Sam's Club	1,711	6.7%	12.9%	1,515	6.3%	-8.1%	1,649	7.2%	
Other	(1,689)	-6.6%	-2.2%	(1,727)	-7.2%	-14.7%	(2,024)	-8.8%	
Total operating income	\$25,542	100.0%	6.4%	\$24,002	100.0%	5.4%	\$22,767	100.0%	

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

Operating Expenses

For fiscal 2011, we met our objective of growing operating expenses at a slower rate than net sales. Our operating expenses increased 1.7% in fiscal 2011 when compared to fiscal 2010, while net sales increased 3.4% during fiscal 2011 when compared to fiscal 2010. Operating expenses grew at a slower rate than net sales due to improved labor productivity and organizational changes made at the end of fiscal 2010 designed to strengthen and streamline our operations, as well as a reduction regarding certain incentive plan expenses. In fiscal 2010, we did not meet our objective of growing operating expenses at a slower rate than net sales. Our fiscal 2010 operating expenses increased 2.7% when compared to fiscal 2009, while net sales increased 1.0% over the same period. Operating expenses grew at a faster rate than net sales due to higher health benefit costs, restructuring charges and higher advertising expenses.

Operating Income

We met our objective of growing operating income at a faster rate than net sales in each of the last two fiscal years. In fiscal 2011, our operating income increased by 6.4% when compared to fiscal 2010, while net sales increased by 3.4% over the same period in fiscal 2010. Our operating income increased by 5.4% in fiscal 2010 when compared to fiscal 2009, while net sales increased by 1.0% over the prior year. Our Walmart U.S. and Walmart International segments met this objective in fiscal 2010. Our Sam's Club segment fell short of this objective primarily due to a \$174 million pre-tax charge relating to a restructure of its operations, including the closure of 10 clubs.

Returns

Return on Investment

Management believes that return on investment is a meaningful metric to share with investors because it helps investors assess how effectively Walmart is employing its assets. Trends in ROI can fluctuate over time as management balances long-term potential strategic initiatives with any possible short-term impacts. ROI was relatively stable at 19.2 percent and 19.3 percent for the fiscal years ended January 31, 2011 and 2010, respectively.

We define ROI as adjusted operating income (operating income plus interest income, depreciation and amortization, and rent expense) for the fiscal year 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 multiplied by a factor of eight.

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

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

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

(Dollar amounts in millions)	For the Fiscal Years Ended January 31,	
	2011	2010 As Adjusted ⁽³⁾
CALCULATION OF RETURN ON INVESTMENT		
Numerator		
Operating income	\$ 25,542	\$ 24,002
+ Interest income	201	181
+ Depreciation and amortization	7,641	7,157
+ Rent	1,972	1,808
= Adjusted operating income	\$ 35,356	\$ 33,148
Denominator		
Average total assets of continuing operations ⁽¹⁾	\$175,400	\$166,584
+ Average accumulated depreciation and amortization ⁽¹⁾	43,911	38,359
- Average accounts payable ⁽¹⁾	32,004	29,650
- Average accrued liabilities ⁽¹⁾	18,718	18,423
+ Rent x 8	15,776	14,464
= Average invested capital	\$184,365	\$171,334
Return on investment (ROI)	19.2%	19.3%
CALCULATION OF RETURN ON ASSETS		
Numerator		
Income from continuing operations	\$ 15,959	\$ 14,962
Denominator		
Average total assets of continuing operations ⁽¹⁾	\$175,400	\$166,584
Return on assets (ROA)	9.1%	9.0%

Certain Balance Sheet Data	As of January 31,		
	2011	2010 As Adjusted ⁽³⁾	2009 As Adjusted ⁽³⁾
Total assets of continuing operations ⁽²⁾	\$180,532	\$170,267	\$162,901
Accumulated depreciation and amortization	46,611	41,210	35,508
Accounts payable	33,557	30,451	28,849
Accrued liabilities	18,701	18,734	18,112

⁽¹⁾The average is based on the addition of the account balance at the end of the current period to the account balance at the end of the prior period and dividing by 2.

⁽²⁾Based on continuing operations only and therefore excludes the impact of discontinued operations. Total assets as of January 31, 2011, 2010 and 2009 in the table above exclude assets of discontinued operations that are reflected in the Consolidated Balance Sheets of \$131 million, \$140 million and \$195 million, respectively.

⁽³⁾Effective May 1, 2010, the Company implemented a new financial system for its operations in the United States, Canada and Puerto Rico. Concurrent with this implementation and the increased system capabilities, the Company changed the level at which it applies the retail method of accounting for inventory in these operations from 13 divisions to 49 departments. See "Notes to Consolidated Financial Statements," Note 2. "Accounting Change."

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Free Cash Flow

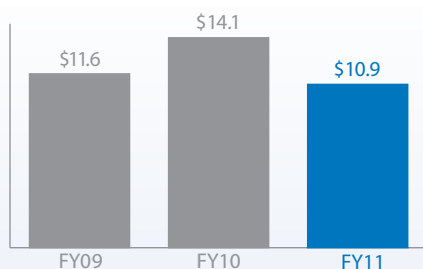
We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. We generated positive free cash flow of \$10.9 billion, \$14.1 billion and \$11.6 billion for the years ended January 31, 2011, 2010 and 2009, respectively. The decline in free cash flow during fiscal 2011 as compared to fiscal 2010 is principally due to our increased investment in inventory, partially offset by an increase in accounts payable. The increase in free cash flow in fiscal 2010 as compared to fiscal 2009 resulted primarily from improved operating results and relatively low inventory levels at January 31, 2010.

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

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

Free cash flow (dollars in billions)



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

(Amounts in millions)	Fiscal Years Ended January 31,		
	2011	2010	2009
Net cash provided by operating activities	\$ 23,643	\$ 26,249	\$ 23,147
Payments for property and equipment	(12,699)	(12,184)	(11,499)
Free cash flow	\$ 10,944	\$ 14,065	\$ 11,648
Net cash used in investing activities	\$(12,193)	\$(11,620)	\$(10,742)
Net cash used in financing activities	\$(12,028)	\$(14,191)	\$(9,918)

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.

Certain items that impacted our income from continuing operations during the fiscal years ended 2011, 2010 and 2009 were as follows (in millions):

	2011	2010	2009
Credit for certain net tax benefits ⁽¹⁾	\$434	\$372	\$ —
Restructuring charges ⁽²⁾	—	(260)	—
Settlement of wage and hour class action lawsuits ⁽³⁾	—	—	(382)

⁽¹⁾ In fiscal 2011, we recorded \$434 million in net tax benefits that resulted primarily from the repatriation of certain non-U.S. earnings that increased U.S. foreign tax credits and favorable adjustments to transfer pricing agreements.

In fiscal 2010, we recorded \$372 million in net tax benefits primarily from the repatriation of certain non-U.S. earnings that increased U.S. foreign tax credits.

⁽²⁾ In fiscal 2010, we announced several organizational changes, including the closure of 10 Sam's Clubs, designed to strengthen and streamline our operations. As a result, we recorded \$260 million in pre-tax restructuring charges.

⁽³⁾ In fiscal 2009, we settled 63 wage and hour class action lawsuits. As a result of the settlement, we recorded a pre-tax charge of approximately \$382 million during the fourth quarter of fiscal 2009.

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Consolidated Results of Operations

	Fiscal Years Ended January 31,		
	2011	2010	2009
Net sales ⁽¹⁾	\$418,952	\$405,132	\$401,087
Percentage change from comparable period	3.4%	1.0%	7.3%
Total U.S. calendar comparable store and club sales	-0.6%	-0.8%	3.5%
Gross profit margin as a percentage of sales	24.7%	24.9%	24.2%
Operating income ⁽¹⁾	\$ 25,542	\$ 24,002	\$ 22,767
Operating income as a percentage of net sales	6.1%	5.9%	5.7%
Income from continuing operations ⁽¹⁾	\$ 15,959	\$ 14,962	\$ 13,734
Unit counts	8,970	8,459	7,909
Retail square feet ⁽²⁾	984,949	952,237	918,044

⁽¹⁾ Dollar amounts in millions

⁽²⁾ Amounts in thousands

Our consolidated net sales increased by 3.4% and 1.0% in fiscal 2011 and 2010, respectively. Net sales in fiscal 2011 primarily increased due to our continued expansion activities as we added 3.4% of additional retail square feet during the year. In addition, \$4.5 billion of the increase in net sales during fiscal 2011 resulted from currency exchange rate fluctuations, offset by a 0.6% decline in U.S. comparable store and club sales. Net sales in fiscal 2010 increased due to the growth in customer traffic, continued global expansion activities and the acquisition of D&S in January 2009, offset primarily by a \$9.8 billion unfavorable currency exchange rate impact in our Walmart International segment and price deflation in certain merchandise categories in our Walmart U.S. segment. Volatility in currency exchange rates may continue to impact the Company's net sales in the future.

Our gross profit, as a percentage of net sales (our "gross profit margin"), was 24.7%, 24.9% and 24.2% in fiscal 2011, 2010 and 2009, respectively. Our Walmart U.S. segment and Walmart International segment net sales yield higher gross profit margins than our Sam's Club segment, which operates on lower margins as a membership club warehouse. In fiscal 2011, gross profit margin was relatively flat compared to fiscal 2010. In fiscal 2010, gross profit margin increased primarily due to enhanced merchandising strategies in our Walmart U.S. and Sam's Club segments.

Operating expenses, as a percentage of net sales, were 19.3%, 19.7% and 19.3% for fiscal 2011, 2010 and 2009, respectively. In fiscal 2011, operating expenses as a percentage of net sales decreased primarily due to improved labor productivity and organizational changes implemented at the end of fiscal 2010 designed to strengthen and streamline our operations, as well as a reduction in certain incentive plan expenses. In fiscal 2010, operating expenses increased primarily due to higher health benefit costs, a pre-tax charge of \$260 million relating to the restructuring of U.S. operations, and higher advertising expenses.

Operating income was \$25.5 billion, \$24.0 billion and \$22.8 billion for fiscal 2011, 2010 and 2009, respectively. Operating income in fiscal 2011 was aided by \$231 million due to the effects of currency exchange fluctuations. Operating income in fiscal 2010 was reduced by \$540 million due to the effect of currency exchange rate fluctuations. Volatility in currency exchange rates may continue to impact the Company's operating income in the future.

Our effective income tax rate was 32.2%, 32.4% and 34.2% for fiscal 2011, 2010 and 2009, respectively. The fiscal 2011 and fiscal 2010 provision for taxes include certain tax benefits that caused the effective tax rates for each of those two years to be less than the effective tax rate in fiscal 2009. During fiscal 2011 and 2010, we recorded certain tax benefits totaling \$434 million and \$372 million, respectively, primarily from the repatriation of certain non-U.S. earnings that increased our U.S. foreign tax credits. We expect the fiscal 2012 annual effective tax rate to be approximately 33.5% to 34.5%. Significant factors that may impact the annual effective tax rate include changes in our assessment of certain tax contingencies, settlement of tax contingencies and the mix of earnings among our U.S. and international operations.

As a result of the factors discussed above, we reported \$16.0 billion, \$15.0 billion and \$13.7 billion of income from continuing operations for the fiscal years ended January 31, 2011, 2010 and 2009, respectively.

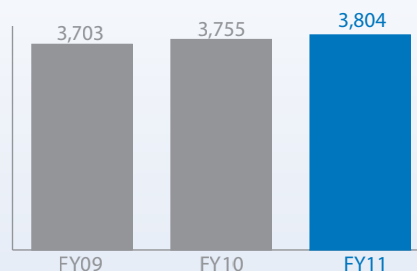
Walmart U.S. Segment

	Fiscal Years Ended January 31,		
	2011	2010	2009
Net sales ⁽¹⁾	\$260,261	\$259,919	\$256,970
Percentage change from comparable period	0.1%	1.1%	7.6%
Calendar comparable store sales	-1.5%	-0.7%	3.2%
Operating income ⁽¹⁾	\$ 19,914	\$ 19,313	\$ 18,310
Operating income as a percentage of net sales	7.7%	7.4%	7.1%
Unit counts	3,804	3,755	3,703
Retail square feet ⁽²⁾	617,067	605,852	592,256

⁽¹⁾ Dollar amounts in millions

⁽²⁾ Amounts in thousands

Walmart U.S. unit counts



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Walmart U.S. net sales were relatively flat for fiscal 2011 compared to fiscal 2010 as growth in retail square feet was offset by a decline in comparable store sales of 1.5 percent as a result of slower customer traffic. The net sales growth in fiscal 2010 resulted from an increase in customer traffic and strength in our grocery and health and wellness categories, as well as our continued expansion activities.

Gross profit margin was relatively flat for fiscal 2011 as compared to fiscal 2010. In fiscal 2010, gross profit margin increased 0.7 percentage points compared to the prior year due to enhanced merchandising strategies and lower inventory shrinkage.

Operating expenses, as a percentage of net sales, decreased by 0.3 percentage points in fiscal 2011 compared to fiscal 2010 due to expense leveraging principally related to improved labor productivity and a reduction in incentive plan expenses. Operating expenses, as a percentage of net sales, increased by 0.4 percentage points in fiscal 2010 compared to the prior year due to a smaller increase in net sales as compared to the prior year, higher health benefit costs, higher advertising expenses and a pre-tax charge of \$73 million relating to the restructuring of Walmart U.S. operations.

As a result of the factors discussed above, operating income was \$19.9 billion, \$19.3 billion and \$18.3 billion for fiscal 2011, 2010 and 2009, respectively.

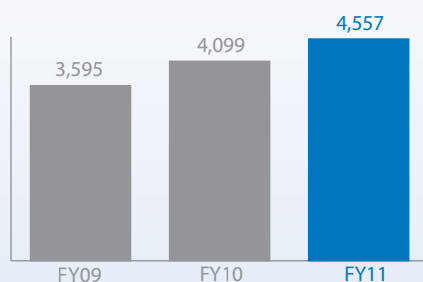
Walmart International Segment

	Fiscal Years Ended January 31,		
	2011	2010	2009
Net Sales ⁽¹⁾	\$109,232	\$97,407	\$96,141
Percentage change from comparable period	12.1%	1.3%	6.2%
Operating income ⁽¹⁾	\$ 5,606	\$ 4,901	\$ 4,832
Operating income as a percentage of net sales	5.1%	5.0%	5.0%
Unit counts	4,557	4,099	3,595
Retail square feet ⁽²⁾	286,680	265,846	244,802

⁽¹⁾ Dollar amounts in millions

⁽²⁾ Amounts in thousands

Walmart International unit counts



Net sales for the Walmart International segment increased 12.1% and 1.3% in fiscal 2011 and 2010, respectively. Fluctuations in foreign exchange rates provided a favorable impact of \$4.5 billion in fiscal 2011. The remaining fiscal 2011 increase in net sales is primarily due to our markets growing constant currency sales over last year, as overall retail square feet increased 7.8% during the year. Brazil, China and Mexico contributed some of the highest sales increases to Walmart International's net sales growth in fiscal 2011. The fiscal 2010 increase in the Walmart International segment's net sales primarily resulted from our expansion activities and the inclusion of the results of D&S, acquired in January 2009, offset by the unfavorable impact of changes in currency exchange rates of \$9.8 billion. For additional information regarding our acquisitions, refer to Note 15 of the "Notes to Consolidated Financial Statements." Volatility in currency exchange rates may continue to impact the Walmart International segment's net sales in the future.

Gross profit margin was relatively flat in fiscal 2011 as compared to fiscal 2010. In fiscal 2010, the Walmart International segment's gross profit margin increased 0.2 percentage points compared to the prior year. The increase was primarily driven by currency exchange rate fluctuations and the inclusion of D&S, which was acquired in January 2009.

Operating expenses, as a percentage of net sales, decreased 0.3 percentage points in fiscal 2011 compared to fiscal 2010 due to effective expense management in Japan and the United Kingdom. Operating expenses, as a percentage of net sales, increased 0.3 percentage points in fiscal 2010 compared to the prior year primarily as a result of the inclusion of D&S, which was acquired in January 2009.

Currency exchange rate fluctuations increased operating income by \$231 million in fiscal 2011 and reduced operating income by \$540 million in fiscal 2010. Volatility in currency exchange rates may continue to impact the Walmart International segment's operating results in the future.

As a result of the factors discussed above, operating income was \$5.6 billion, \$4.9 billion and \$4.8 billion for fiscal 2011, 2010 and 2009, respectively.

Sam's Club Segment

	Fiscal Years Ended January 31,		
	2011	2010	2009
Net Sales ⁽¹⁾	\$49,459	\$47,806	\$47,976
Percentage change from comparable period	3.5%	-0.4%	8.2%
Calendar comparable club sales ⁽²⁾	3.9%	-1.4%	4.9%
Operating income ⁽¹⁾	\$ 1,711	\$ 1,515	\$ 1,649
Operating income as a percentage of net sales	3.5%	3.2%	3.4%
Unit counts	609	605	611
Retail square feet ⁽³⁾	81,202	80,539	80,986

⁽¹⁾ Dollar amounts in millions

⁽²⁾ Includes fuel sales, which impacted our comparable club sales by 2.0%, (2.1%) and 1.2%, respectively, in fiscal 2011, 2010 and 2009

⁽³⁾ Amounts in thousands

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Net sales for the Sam's Club segment increased 3.5% and decreased 0.4% for fiscal 2011 and 2010, respectively. The fiscal 2011 growth in net sales is primarily due to the increase in average ticket and member traffic. Average ticket increased at a faster rate than net sales. In addition, fuel sales, driven by higher fuel prices and gallons sold, positively impacted comparable club sales by 2.0 percentage points in fiscal 2011. The fiscal 2010 decrease in net sales primarily resulted from the decline in comparable club sales due to the negative impact of 2.1 percentage points from lower fuel prices when compared to the previous fiscal year, partially offset by sales increases in fresh food, consumables and certain health and wellness categories. Volatility in fuel prices may continue to impact the net sales and operating income of the Sam's Club segment in the future.

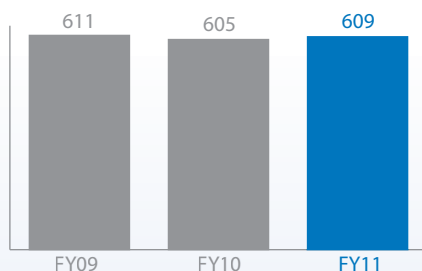
Gross profit margin was relatively flat for fiscal 2011 compared to fiscal 2010. Gross profit margin increased 0.6 percentage points during fiscal 2010 compared to the prior year due to continued strength in sales of consumables, fresh food and other food-related categories.

Operating expenses, as a percentage of net sales, decreased approximately 0.5 percentage points in fiscal 2011 compared to fiscal 2010 and increased 0.8 percentage points in fiscal 2010 compared to fiscal 2009 primarily due to the \$174 million pre-tax charge related to the restructuring of Sam's Club operations, including the closure of 10 clubs, incurred during the fourth quarter of fiscal 2010.

Membership and other income, as a percentage of net sales, decreased slightly in fiscal 2011 when compared to fiscal 2010 and decreased slightly for fiscal 2010 when compared to fiscal 2009. The decrease in both years was driven by decreases in other income.

As a result of the factors discussed above, operating income was \$1.7 billion, \$1.5 billion and \$1.6 billion for fiscal 2011, 2010 and 2009, respectively.

Sam's Club unit counts



Liquidity and Capital Resources

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

(Amounts in millions)	Fiscal Years Ended January 31,		
	2011	2010	2009
Net cash provided by operating activities	\$ 23,643	\$ 26,249	\$ 23,147
Payments for property and equipment	(12,699)	(12,184)	(11,499)
Free cash flow	\$ 10,944	\$ 14,065	\$ 11,648
Net cash used in investing activities	\$(12,193)	\$(11,620)	\$(10,742)
Net cash used in financing activities	\$(12,028)	\$(14,191)	\$(9,918)

Cash Flows from Operating Activities

Cash flows provided by operating activities were \$23.6 billion, \$26.2 billion and \$23.1 billion for fiscal years ended January 31, 2011, 2010 and 2009, respectively. The fiscal 2011 decrease in cash flow from operating activities was primarily the result of our increased investments in inventories, partially offset by an increase in accounts payable. The fiscal 2010 increase in cash flows provided by operating activities was primarily attributable to an increase in income from continuing operations and relatively low inventory levels at January 31, 2010.

Cash Equivalents and Working Capital

Cash and cash equivalents were \$7.4 billion and \$7.9 billion at January 31, 2011 and 2010, respectively. Our working capital deficits were \$6.6 billion and \$7.5 billion at January 31, 2011 and 2010, respectively. We generally operate with a working capital deficit due to our efficient use of cash in funding operations and in providing returns to our shareholders in the form of stock repurchases and the payment of dividends.

Cash Flows from Investing Activities

Cash flows from investing activities generally consist of payments for property and equipment, which were \$12.7 billion, \$12.2 billion and \$11.5 billion during fiscal 2011, 2010 and 2009, respectively. These capital expenditures primarily relate to new store growth, as well as remodeling costs for existing stores. We expect capital expenditures for fiscal 2012 to range between \$12.5 billion and \$13.5 billion, excluding any business acquisitions.

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Global Expansion Activities

We expect to finance our fiscal 2012 global expansion plans primarily through cash flows from operations and future debt financings. The following table represents our estimated range for growth in retail square feet by segment for fiscal 2012. This table does not include growth in retail square feet from pending or future acquisitions.

(In thousands)	Fiscal Year 2012 Projected Growth in Retail Square Feet
Walmart U.S. segment	10,000 – 11,000
Sam's Club segment	400 – 600
Total U.S.	10,400 – 11,600
Walmart International segment	23,000 – 24,000
Grand Total	33,400 – 35,600

The following table represents an allocation of our capital expenditures for property and equipment:

Capital Expenditures	Allocation of Capital Expenditures Fiscal Years Ending January 31,		
	Projected 2012	Actual 2011	2010
New stores, including expansions and relocations	33%	24%	29%
Remodels	11%	26%	17%
Information systems, distribution and other	23%	19%	23%
Total U.S.	67%	69%	69%
International	33%	31%	31%
Total Capital Expenditures	100%	100%	100%

Pending Business Acquisitions

As discussed in Note 15 to the consolidated financial statements, the Company currently anticipates completing the following business combinations during fiscal 2012:

- *Netto*: On May 27, 2010, the Company announced an agreement with Dansk Supermarked A/S, whereby ASDA, our subsidiary in the United Kingdom (U.K.), will purchase Netto Foodstores Limited. Netto operates 193 units, each averaging 8,000 square feet. On March 9, 2011, the U.K. Office of Fair Trading confirmed its clearance of ASDA's proposed purchase of Netto, subject to the requirement that ASDA divest 47 Netto units. The original estimated purchase price was approximately £778 million (\$1.2 billion), subject to finalizing any divestitures; and
- *Massmart*: On November 29, 2010, the Company announced an offer to purchase 51% of Massmart for approximately ZAR 17 billion (\$2.3 billion). Massmart operates 288 units under several wholesale and retail banners in South Africa and 13 other sub-Saharan African countries. The transaction is subject to final regulatory approval.

Cash Flows from Financing Activities

Short-Term Borrowings

Net short-term borrowings increased by \$503 million in fiscal 2011, and decreased by \$1.0 billion and \$3.7 billion in fiscal 2010 and 2009, respectively. From time to time, we utilize the liquidity under our short-term borrowing programs to fund our operations, dividend payments, share repurchases, capital expenditures, and for other cash requirements and corporate purposes on an as needed basis.

Long-Term Debt

Proceeds from the issuance of long-term debt were \$11.4 billion, \$5.5 billion, and \$6.6 billion for the fiscal years ended January 31, 2011, 2010 and 2009, respectively. The proceeds from the issuance of long-term debt were used to pay down or refinance existing debt, and for other general corporate purposes.

Dividends

On March 3, 2011, our Board of Directors approved an increase in the annual dividend for fiscal 2012 to \$1.46 per share, an increase of approximately 21% over the dividends paid in fiscal 2011. Dividends per share were \$1.21 and \$1.09 in fiscal 2011 and 2010, respectively. For the fiscal year ending January 31, 2012, the annual dividend will be paid in four quarterly installments according to the following record and payable dates:

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

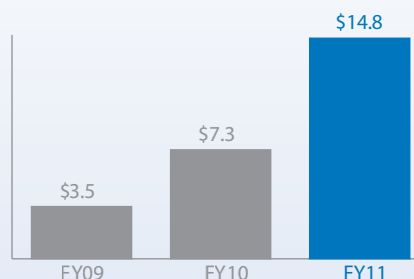
We paid dividends of \$4.4 billion, \$4.2 billion and \$3.7 billion for fiscal 2011, 2010 and 2009, respectively. We expect to pay aggregate dividends of approximately \$5.1 billion in fiscal 2012.

Company Share Repurchase Program

On June 3, 2010, the Board of Directors authorized a new \$15.0 billion share repurchase program, which was announced on June 4, 2010. The program has no expiration date or other restriction limiting the period over which we can make our share repurchases and will expire only when and if we have repurchased \$15.0 billion of our shares under the program or we earlier terminate or replace the program. Any repurchased shares are constructively retired and returned to an unissued status. We spent approximately \$14.8 billion, \$7.3 billion and \$3.5 billion for share repurchases during the fiscal years ended January 31, 2011, 2010 and 2009, respectively. We consider several factors in determining when to execute the share repurchases, including, among other things, our current cash needs, our capacity for leverage, our cost of borrowings and the market price of our common stock. At January 31, 2011, we had approximately \$4.8 billion of remaining authorization to spend for share repurchases under the existing program.

Share repurchases

(dollars in billions)



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Capital Resources

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

Our access to the commercial paper and long-term debt markets have historically provided us with substantial sources of liquidity. We anticipate no difficulty in obtaining financing from those markets in the future in view of our favorable experiences in the debt markets in the recent past. Our ability to continue to access the commercial paper and long-term debt markets on favorable interest rate and other terms will depend, to a significant degree, on the ratings assigned by the credit rating agencies to our indebtedness continuing to be at or above the level of our current ratings. At January 31, 2011, the ratings assigned to our commercial paper and rated series of our outstanding long-term debt were as follows:

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

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

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

To monitor our credit ratings 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, 2011 and 2010, the ratio of our debt-to-total capitalization was 42.1% and 37.0%, respectively. For the purpose of this calculation, debt is defined as the sum of short-term borrowings, long-term debt due within one year, obligations under capital leases due within one year, long-term debt and long-term obligations under capital leases. Total capitalization is defined as debt plus total Walmart shareholders' equity. Our ratio of debt to our total capitalization increased in fiscal 2011 resulting from an increase in long-term debt coupled with a decline in shareholders' equity primarily due to our increase in share repurchases.

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 certain contingent commitments:

(Amounts in millions)	Payments Due During Fiscal Years Ending January 31,				
	Total	2012	2013-2014	2015-2016	Thereafter
Recorded Contractual Obligations:					
Long-term debt	\$ 45,080	\$ 4,655	\$ 6,857	\$ 7,494	\$26,074
Short-term borrowings	1,031	1,031	—	—	—
Capital lease obligations	5,916	609	1,119	958	3,230
Unrecorded Contractual Obligations:					
Non-cancelable operating leases	14,123	1,406	2,607	2,325	7,785
Estimated interest on long-term debt	31,799	1,890	3,503	3,040	23,366
Trade letters of credit	2,620	2,620	—	—	—
Purchase obligations	4,141	3,200	692	205	44
Total commercial commitments	\$104,710	\$15,411	\$14,778	\$14,022	\$60,499

Additionally, the Company has approximately \$11.5 billion in undrawn lines of credit and standby letters of credit which, if drawn upon, would be included in the liabilities section of the Consolidated Balance Sheets.

Estimated interest payments are based on our principal amounts and expected maturities of all debt outstanding at January 31, 2011 and management's forecasted market rates for our variable rate debt.

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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, \$795 million of unrecognized tax benefits are considered uncertain tax positions and have been recorded as liabilities. The timing of the payment associated with these liabilities is uncertain. Refer to Note 10 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, the Company could be liable for early termination payments if certain unlikely events were to occur. At January 31, 2011, the aggregate termination payment would have been \$84 million. The arrangement pursuant to which this payment could be made will expire in fiscal 2019.

The Company has future lease commitments for land and buildings for approximately 424 future locations. These lease commitments have lease terms ranging from 4 to 30 years and provide for certain minimum rentals. If executed, payments under operating leases would increase by \$109 million for fiscal 2012, based on current cost estimates.

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 currency exchange rates.

The analysis presented below for each of our market risk sensitive instruments is based on a hypothetical scenario used to calibrate potential risk and does not represent our view of future market changes. The effect of a change in a particular assumption is calculated without adjusting any other assumption. In reality, however, a change in one factor could cause a change in another, which may magnify or negate other sensitivities.

Interest Rate Risk

The table below provides information about the Company's financial instruments that are sensitive to changes in interest rates. For debt obligations, the table represents the principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table represents the contractual cash flows and weighted-average interest rates by the contractual maturity date. The notional amounts are used to calculate contractual cash flows to be exchanged under the contracts. The weighted-average variable rates are based upon prevailing market rates at January 31, 2011.

	Expected Maturity Date						Total
	FY12	FY13	FY14	FY15	FY16	Thereafter	
Liabilities							
Short-term borrowings:							
Variable rate	\$ 1,031	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,031
Average interest rate	0.2%	—	—	—	—	—	0.2%
Long-term debt:							
Fixed rate	\$ 3,095	\$ 1,744	\$ 4,295	\$ 2,601	\$ 4,273	\$ 26,074	\$ 42,082
Average interest rate	3.5%	4.8%	3.9%	2.5%	2.3%	5.3%	4.6%
Variable rate	\$ 1,560	\$ —	\$ 818	\$ 231	\$ 389	\$ —	\$ 2,998
Average interest rate	2.5%	—	2.0%	1.5%	0.9%	—	2.0%
Interest rate derivatives							
Interest rate swaps:							
Variable to fixed	\$ —	\$ —	\$ (18)	\$ (3)	\$ 3	\$ —	\$ (18)
Average pay rate	—	—	2.0%	1.5%	0.9%	—	1.6%
Average receive rate	—	—	0.9%	1.1%	1.0%	—	1.0%
Fixed to variable	\$ —	\$ 10	\$ 205	\$ 52	\$ —	\$ —	\$ 267
Average pay rate	—	3.3%	1.2%	1.4%	—	—	1.7%
Average receive rate	—	4.6%	5.0%	3.1%	—	—	4.5%

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As of January 31, 2011, our variable rate borrowings, including the effect of our interest rate swaps, represented 15% of our total short-term and long-term debt. Based on January 31, 2011 debt levels, a 100 basis point change in prevailing market rates would cause our annual interest costs to change by approximately \$59 million.

Foreign Currency Risk

We hold currency swaps to hedge the currency exchange component of our net investments in the United Kingdom. In fiscal 2010, we entered into currency swaps to hedge the currency exchange rate fluctuation exposure associated with the forecasted payments of principal and interest of non-U.S. denominated debt. The aggregate fair value of these swaps at January 31, 2011 and 2010 represented a gain of \$471 million and \$475 million, respectively. A hypothetical 10% increase or decrease in the 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 \$74 million and \$58 million at January 31, 2011 and 2010, respectively. A hypothetical 10% change in interest rates underlying these swaps from the market rates in effect at January 31, 2011 would have resulted in a loss or gain in value of the swaps of \$7 million on the value of the swaps.

In addition to currency swaps, we have designated debt of approximately £3.0 billion as of January 31, 2011 and 2010, as a hedge of our net investment in the United Kingdom. At January 31, 2011 and 2010, 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, respectively, in the value of the debt of \$480 million. In addition, we have designated debt of approximately ¥437.0 billion as of January 31, 2011 and 2010 as a hedge of our net investment in Japan. At January 31, 2011, 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 \$533 million. At January 31, 2010, 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 \$485 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 the Company's 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

The Company values inventories at the lower of cost or market as determined primarily by the retail method of accounting, using the last-in, first-out ("LIFO") method for substantially all of the Walmart U.S. segment's merchandise inventories. The retail method of accounting results in inventory being valued at the lower of cost or market since permanent markdowns

are currently taken as a reduction of the retail value of inventory. The Sam's Club segment's merchandise is valued based on the weighted-average cost using the LIFO method. Inventories for the Walmart International operations are primarily valued by the retail method of accounting and are stated using the first-in, first-out ("FIFO") method. At January 31, 2011 and 2010, our inventories valued at LIFO approximated those inventories as if they were valued at FIFO.

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 profit 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, 2011 and 2010, 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 based on historical results to reflect the estimated trend of the actual physical inventory count results.

As discussed in Note 2, effective May 1, 2010, the Company changed the level at which it applies the retail method for valuing its inventory for its operations in the United States, Canada and Puerto Rico. The retrospective application of this accounting change impacted both segment and consolidated operating income, as well as consolidated net income for all comparable periods presented.

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 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

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impairment indicators exist and require impairment tests be performed, which could result in management determining the value of long-lived assets is impaired, resulting in a write-down 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 benefits 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. We account for uncertain tax positions by determining the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. This determination requires the use of judgment in assessing the timing and amounts of deductible and taxable items.

Self-Insurance

We use a combination of third-party insurance, self-insured retention and self-insurance for a number of risks, including, but not limited to, workers' compensation, general liability, vehicle liability, property and the Company's obligation for employee-related health care benefits. Liabilities associated with any claims 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 accrual, a 1% increase or decrease to the assumptions for claims costs or loss development factors would increase or decrease our self-insurance accrual by \$27 million.

Forward-Looking Statements

This Annual Report contains statements that Walmart believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Those statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. Those forward-looking statements include statements in Management's Discussion and Analysis of Financial Condition and Results of Operations: under the captions "Company Performance Metrics –

Growth – Net Sales" and "Results of Operations – *Consolidated Results of Operations*" with respect to the volatility of currency exchange rates possibly continuing to affect Walmart's net sales in the future; under the caption "Results of Operations – *Consolidated Results of Operations*" with respect to the volatility of currency exchange rates possibly continuing to affect Walmart's operating income in the future and with respect to Walmart's fiscal 2012 annual effective tax rate and the factors that may impact that annual effective tax rate; under the caption "Results of Operations – *Walmart International Segment*" with respect to the volatility of currency exchange rates possibly continuing to affect our Walmart International segment's net sales and operating results in the future; under the caption "Results of Operations – *Sam's Club Segment*" with respect to the volatility of fuel prices possibly continuing to affect our Sam's Club segment's net sales and operating income in the future; under the caption "Liquidity and Capital Resources – Cash Flows from Investing Activities" with respect to Walmart's expected capital expenditures in fiscal 2012; under the caption "Liquidity and Capital Resources – Cash Flows from Investing Activities – *Global Expansion Activities*" with respect to Walmart's expectation that it will finance its fiscal 2012 global expansion plans primarily through cash flows from operations and future debt financings, with respect to Walmart's expected capital expenditures in fiscal 2012, with respect to the estimated/projected growth in retail square feet in total and by operating segment in fiscal 2012 and with respect to the allocation of capital expenditures for property and equipment in fiscal 2012; under the caption "Liquidity and Capital Resources – Cash Flows from Investing Activities – *Pending Business Acquisitions*", as well as in Note 15 to our Consolidated Financial Statements, with respect to Walmart's expected consummation of certain acquisitions in fiscal 2012; under the caption "Liquidity and Capital Resources – Cash Flows from Financing Activities – *Dividends*", as well as in Note 17 to our Consolidated Financial Statements and elsewhere under the caption "Dividends payable per share", regarding the payment of dividends in fiscal 2011 with respect to Walmart's expected payment of dividends on certain dates in fiscal 2012 and the expected total amount of dividends to be paid in fiscal 2012; under the caption "Liquidity and Capital Resources – *Capital Resources*" with respect to Walmart's ability to finance seasonal build-ups in inventories and to meet other cash requirements with cash flows from operations and short-term borrowings, Walmart's ability to fund certain cash flow shortfalls by short-term borrowings and long-term debt, Walmart's plan to refinance long-term debt as it matures, Walmart's anticipated funding of any shortfall in cash to pay dividends and make capital expenditures through short-term borrowings and long-term debt, Walmart's plan to refinance existing long-term debt as it matures and may obtain additional long-term financing for other corporate purposes, Walmart's ability to obtain financing from the commercial paper and long-term debt markets, the factors that influence Walmart's ability to access those markets on favorable terms and the factors that could adversely affect Walmart's ability to access those markets on favorable terms; under the caption "Liquidity and Capital Resources – *Off Balance Sheet Arrangements*" with respect to the amount of increases in payments under operating leases if certain leases are executed; and under the caption "Market Risk" regarding future cash flows regarding certain instruments. These forward-looking statements also include statements in: Note 4 to our Consolidated Financial Statements regarding the weighted-average periods over which certain compensation cost is expected to be recognized; Note 10 to our Consolidated Financial Statements regarding the possible reduction of U.S. tax liability on accumulated but undistributed earnings of our non-U.S. subsidiaries, the realization of certain deferred tax assets, possible reduction of

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unrecognized tax benefits, the reasons for such reductions and the magnitude of their impact on our results of operations and financial condition, and the possibility that the resolution of certain non-U.S. federal income tax matters could result in a material liability for us; Note 12 regarding an adverse decision in, or settlement of, certain litigation to which Walmart is a party possibly resulting in liability adverse to Walmart; and Note 14 regarding a charge as to a benefit plan being recorded in the first quarter of fiscal 2012. In addition, these statements include a statement in the material in this Annual Report entitled "Our Financial Priorities" relating to Walmart's expectation as to the growth of its net sales and the methods of that growth. The letter of our President and Chief Executive Officer appearing in this Annual Report includes forward-looking statements that relate to: management's expectation that sales momentum for Walmart's Sam's Club segment will continue in fiscal 2012, Walmart's Global Customer Insight Group helping drive growth and Walmart continuing to leverage its resources, lower costs and increasing its speed to market. Forward-looking statements appear in this Annual Report under the heading "Walmart – Leveraging our foundation to reach more American families" and relate to management's expectations regarding implementation of a four-point plan to improve comparable stores sales, opening our Walmart U.S. segment's first convenience format stores in the second quarter of fiscal 2012 and the size of, and merchandise to be sold in, those stores, and that top line sales growth will further enhance the Walmart U.S. segment's ability to drive expense leverage. In addition, a forward-looking statement appears in this Annual Report under the heading "Walmart International – Driving aggressive global growth and increased leverage" regarding management's expectation for growth in the Walmart International segment in fiscal 2012, both through growth in square footage in current markets and through investments in certain formats in emerging markets. Moreover, a forward-looking statement appears under the heading "Sam's Club – Delivering growth through Savings Made Simple" and relates to management's expectations for our Sam's Club segment that new merchandise items will be added and that initiatives are on the way to help the Sam's segment better leverage its expenses in fiscal 2012. The forward-looking statements described above are identified by the use in such statements of one or more of the words or phrases "anticipate," "could be," "could reduce," "estimated," "expansion," "expect," "grow," "is expected," "is implementing," "may be reduced," "may continue," "may impact," "may result," "on the way," "projected," "will be," "will be paid," "will be recorded," "will continue," "will depend," "will further enhance," "will expand," "will help drive," "will open," "would be," and "would 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, future initiatives and the anticipation and expectations of Walmart and its management as to future occurrences and trends.

The forward-looking statements included in this Annual Report and that we make elsewhere are subject to certain factors, in the United States and internationally, could materially affect our financial performance, our results of operations, including our sales, earnings per share or comparable store sales or comparable club sales for any period, our effective tax rate, business operations, business strategy, plans, goals and objectives. These factors include, but are not limited to: general economic conditions, including changes in the economy of the United States or other countries,

economic instability, changes in the monetary policies of the United States, the Board of Governors of the Federal Reserve System, other governments or central banks, the current economic crisis and disruptions in the financial markets, including as a result of sovereign debt crises, governmental budget deficits, unemployment levels, credit availability to consumers and businesses, levels of consumer disposable income, consumer confidence, consumer spending patterns and debt levels, inflation, deflation, the cost of the goods we sell, labor costs, transportation costs, the cost of diesel fuel, gasoline, natural gas and electricity, the cost of healthcare benefits, accident costs, our casualty and other insurance costs, information security costs, the cost of construction materials, availability of acceptable building sites for new stores, clubs and other formats, competitive pressures, accident-related costs, weather patterns, catastrophic events, storm and other damage to our stores and distribution centers, weather-related closing of stores, availability and transport of goods from domestic and foreign suppliers, currency exchange fluctuations and volatility, trade restrictions, changes in tariff and freight rates, adoption of or changes in tax, labor and other laws and regulations that affect our business, costs of compliance with laws and regulations, the resolution of tax matters, the outcome of legal proceedings to which we are a party, interest rate fluctuations, and other capital market, economic and geopolitical conditions and events, including civil unrest and terrorist attacks. 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 (the "SEC"), including our Annual Report on Form 10-K. We filed our Annual Report on Form 10-K for the year ended January 31, 2011, with the SEC on March 30, 2011. 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.