

# Walmart

2010 ANNUAL REPORT

We save people money  
so they can live better.



## TO OUR *Shareholders, Associates and Customers*

**Our Priorities: Growth. Leverage. Returns.** One of the most gratifying days for me during the past year was the important sales day after Thanksgiving in the United States. As I walked through one of our stores, the engineer in me loved seeing the efficiency and smoothness of how our operations executed and performed. But I loved even more hearing from customers who were going to be able to afford an enjoyable Christmas for their families. They were so thankful for Walmart, and we were so thankful for the opportunity to help them.

Customers all around the world trust us to fulfill our mission of saving people money so they can live better. They expect quality, low prices and the absolute best value. Last year, we delivered on those expectations. By doing so, we showed how much we care about our customers, especially in difficult times. And just as important, we produced strong results for our shareholders. I want to thank our two million associates around the world for this success. I appreciate them for all they do every day to serve our customers and uphold our company's beliefs and values.



*Michael T. Duke  
President and Chief Executive Officer  
Wal-Mart Stores, Inc.*

## OUR FINANCIAL *Priorities*

- **Growth:** We are continuing to grow around the world. We have many opportunities to grow by opening new stores, entering new markets, making acquisitions, integrating online channels, and developing new, innovative formats to allow people to experience the Walmart brands.
- **Leverage:** We are leveraging our scale and best practices to create competitive advantages. We also remain committed to leveraging operating expenses and finding additional ways to benefit from our global expertise, talented associates and company scale.
- **Returns:** We have a rich heritage of delivering strong shareholder returns. Each operating segment is focused on contributing to consistent, strong company returns.

**Financial and operating results.** Throughout my career, I've always emphasized performance. And I'm really proud of the performance of our team around the world and the results Walmart delivered for fiscal year 2010 in a year challenged by a difficult economy in all of our markets. Our results reflect the underlying strength of our business and our strategies to improve shareholder value.

For the full year, Walmart reported earnings per share of \$3.72. Net sales were more than \$405 billion this year, with International net sales exceeding \$100 billion for the first time in Walmart's history. Our free cash flow performance continues to be impressive, closing the year with \$14.1 billion in free cash flow. We also posted a pre-tax return on investment (ROI) of 19.3 percent for the year, equal to last year's ROI performance.

We strongly believe that Walmart is the best positioned global retailer and that we can continue to build on our momentum. As amazed as I've been by the global growth I've seen during my 15 years at Walmart, I'm even more impressed by the opportunities that are ahead both in the United States and around the world.

Specifically, we're focused on enhancing shareholder value by driving three important priorities: growth, leverage and returns.

**Growth.** First, we continue to have aggressive growth plans. I believe that no other global retailer can deliver the kind of growth that Walmart can over the next several years. In the United States, we have considerable opportunities in major metropolitan markets, with innovative new formats and by making our existing assets more productive. We also have lots of opportunities in Walmart International by accelerating square footage growth, entering new markets and making acquisitions. Sam's membership initiatives will attract new members. We'll continue to expand into new channels, so customers can shop and experience Walmart when, where and how they want.

**Leverage.** Second, we are committed throughout the organization to leverage expenses and improve productivity. Our goal remains very clear: we will grow operating expenses slower than sales and grow operating income faster than sales. By lowering expenses, passing those savings on to customers, bringing more customers in our doors, and selling more merchandise, we're reenergizing the "productivity loop" that's been so vital to Walmart throughout our history. We will do even more to leverage the scale, expenses and expertise of our total company all around the world. We'll continue to make investments in technology that are clearly driving greater efficiency throughout our company. And we plan to move even quicker and be a more innovative company.

**Returns.** Third, we have a track record of generating solid returns at Walmart. Each operating segment has a long-term plan to contribute to strong company returns. Our goal is also to continue to produce significant free cash flow to drive our ROI performance and deliver greater shareholder value.

**Live better.** Throughout my first year in this new role, I was continually impressed with Walmart's opportunity to lead on big issues in the world. We are proud of our work to be a more sustainable company, to make health care in the United States more affordable and accessible, and to create economic opportunity through jobs and investments in our communities. With our reach and the people, communities and customers we represent, we must continue to make a difference on the issues that matter.

Looking ahead, we will expand our commitment to providing even more career opportunities to associates. We'll also build on our leadership in sustainability through progress on the Sustainable Product Index and our commitment to reduce the greenhouse gas emissions in the life cycle of the products on our shelves. The fact is our leadership has helped people and communities think even better of Walmart, as well as drive innovation and change throughout our company.

**This time and this world.** We live at a time and in a world that I believe truly calls out for Walmart and the work that our two million associates do every day. Sam Walton may not have been able to guess the specific challenges we've all faced over the past year or the challenges we'll face in the future. But he had a vision for a company that would help people "save and do better" in life. And he believed that vision could apply everywhere. It's up to us to fulfill this vision to the greatest extent possible. That's our responsibility. When I speak with customers, I know this is what they expect from Walmart -- no matter how good or challenging the economy.

At the same time, we will live and uphold our extraordinary values and beliefs that are the foundation of everything we do. We'll show that we respect individuals and always put our customers first, while driving the changes needed to be an even better company.

We will make the absolute most of our opportunity and capacity to lead as a retailer, as a company, and as people who truly care about serving and helping other people around the world.



*Listening to our customers is an important part of our culture. It's through customer interactions that we truly understand their expectations of Walmart as we work to save people money so they can live better.*

*Michael T. Duke*

Michael T. Duke  
President and Chief Executive Officer  
Wal-Mart Stores, Inc.

# Walmart

## 2010 FINANCIAL REVIEW

### Five-Year Financial Summary

(Amounts in millions except per share and unit count data)  
 As of and for the Fiscal Years Ended January 31,

	2010	2009	2008	2007	2006
<b>Operating Results<sup>(1)</sup></b>					
Net sales	\$405,046	\$401,087	\$373,821	\$344,759	\$308,945
Net sales increase	1.0%	7.3%	8.4%	11.6%	9.8%
Comparable store sales in the United States <sup>(2)</sup>	-0.8%	3.5%	1.6%	2.0%	3.4%
Walmart U.S.	-0.7%	3.2%	1.0%	1.9%	3.0%
Sam's Club	-1.4%	4.9%	4.9%	2.5%	5.0%
Gross profit margin	24.8%	24.2%	24.0%	23.4%	23.1%
Operating, selling, general and administrative expenses, as a percentage of net sales	19.7%	19.3%	19.0%	18.5%	18.0%
Operating income	\$ 23,950	\$ 22,798	\$ 21,952	\$ 20,497	\$ 18,693
Income from continuing operations attributable to Walmart	14,414	13,254	12,863	12,189	11,386
<b>Per share of common stock</b>					
Income from continuing operations attributable to Walmart, diluted	\$ 3.72	\$3.35	\$3.16	\$2.92	\$2.72
Dividends	1.09	0.95	0.88	0.67	0.60
<b>Financial Position</b>					
Inventories	\$ 33,160	\$ 34,511	\$ 35,159	\$ 33,667	\$ 31,910
Property, equipment and capital lease assets, net	102,307	95,653	96,867	88,287	77,863
Total assets	170,706	163,429	163,514	151,587	138,793
Long-term debt, including obligations under capital leases	36,401	34,549	33,402	30,735	30,096
Total Walmart shareholders' equity	70,749	65,285	64,608	61,573	53,171
<b>Unit Counts</b>					
Walmart U.S. Segment	3,708	3,656	3,550	3,443	3,289
International Segment	4,112	3,605	3,098	2,734	2,158
Sam's Club Segment	596	602	591	579	567
Total units	8,416	7,863	7,239	6,756	6,014

(1) In connection with the company's finance transformation project, we reviewed and adjusted the classification of certain revenue and expense items within our Consolidated Statements of Income for financial reporting purposes. Although the reclassifications impacted net sales, gross margin and operating, selling, general and administrative expenses, they did not impact operating income or income from continuing operations attributable to Walmart. The changes were effective February 1, 2009 and have been reflected for fiscal years 2010, 2009 and 2008.

(2) Comparable store and club sales include fuel. For fiscal 2006, we considered comparable sales to be sales at stores and clubs that were open as of February 1st of the prior fiscal year and which had not been converted, expanded or relocated since that date. Fiscal 2008 and fiscal 2007 comparable sales includes all stores and clubs that have been open for at least the previous 12 months. Additionally, for those fiscal years, stores and clubs that are relocated, expanded or converted are excluded from comparable sales for the first 12 months following the relocation, expansion or conversion. Fiscal 2010 and 2009 comparable sales include sales from stores and clubs open for the previous 12 months, including remodels, relocations and expansions. Fiscal 2008 and prior fiscal years' comparable sales do not reflect reclassifications effective February 1, 2009, as noted above.