WAL MART STORES INC
Form DEF 14A
April 20, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Wal-Mart Stores, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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702 Southwest 8th Street

Bentonville, Arkansas 72716-0215

(479) 273-4000

Corporate website: www.walmartstores.com

NOTICE OF 2009 ANNUAL SHAREHOLDERS MEETING

To Be Held June 5, 2009

Please join us for the 2009 Annual Shareholders Meeting of Wal-Mart Stores, Inc. The meeting will be held on Friday, June 5, 2009, at 7:00 a.m. Central time in Bud Walton Arena, University of Arkansas, Fayetteville, Arkansas.

The purposes of the 2009 Annual Shareholders Meeting are:

(1) to elect as directors the 15 nominees named in the attached proxy statement;

(2) to ratify the appointment of Ernst & Young LLP as the independent accountants of Wal-Mart Stores, Inc. for the fiscal year ending January 31, 2010;

(3) to vote on the six shareholder proposals described in the attached proxy statement; and

(4) to transact other business properly brought before the 2009 Annual Shareholders Meeting.

Important Notice Regarding the Availability of Proxy Materials for the 2009 Annual Shareholders Meeting. This year, we will be taking advantage of the rules of the Securities and Exchange Commission that allow us to furnish our proxy materials over the internet. As a result, for the first time, we are mailing a notice of availability of the proxy materials over the internet, rather than a full paper set of the proxy materials, to many of our shareholders. The notice of availability contains instructions on how to access our proxy materials on the internet, as well as instructions on how shareholders may obtain a paper copy of the proxy materials. All shareholders who do not receive such a notice of availability, including shareholders who have previously requested to receive a paper copy of the materials, will receive a full set of paper proxy materials by U.S. mail. This distribution process will contribute to our sustainability efforts and will reduce the costs of printing and distributing our proxy materials.

You must be the holder of record of shares of Wal-Mart Stores, Inc. common stock at the close of business on April 9, 2009 to vote at the 2009 Annual Shareholders Meeting. **If you plan to attend, please bring the admittance slip on the back of this proxy statement or other proof of ownership of Wal-Mart Stores, Inc. common stock on the record date (such as the notice of availability if you received one) and picture identification.** Regardless of whether you will attend, please vote as described on pages 4 and 5 of the proxy statement. Voting in any of the ways described will not prevent you from attending the 2009 Annual Shareholders Meeting.

This proxy statement and our Annual Report to Shareholders for the fiscal year ended January 31, 2009 are available at the Investors section of our corporate website at www.walmartstores.com/annualmeeting. In accordance with the rules of the Securities and Exchange Commission, we do not use cookies or other software that identifies visitors accessing these materials on our website.

By Order of the Board of Directors

Thomas D. Hyde

Secretary

Bentonville, Arkansas

April 20, 2009

Admittance Requirements on Back Cover

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PROXY STATEMENT

On April 20, 2009, we began mailing to some of our shareholders a notice that these proxy materials are available on the internet. This notice contains instructions on how to access the proxy materials on the internet. On April 20, 2009, we also began mailing a full set of proxy materials to certain shareholders, including shareholders who have previously requested to receive a paper copy of the proxy materials. These proxy materials are in connection with the solicitation of proxies by the Board of Directors of Wal-Mart Stores, Inc., a Delaware corporation, for use at the 2009 Annual Shareholders Meeting. The meeting will be held in Bud Walton Arena, University of Arkansas, Fayetteville, Arkansas, on Friday, June 5, 2009, at 7:00 a.m. Central time.

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TABLE OF ABBREVIATIONS

The following abbreviations are used for certain terms that appear in this proxy statement:

2005 Stock Incentive Plan: the Wal-Mart Stores, Inc. Stock Incentive Plan of 2005, as it amended and restated the Wal-Mart Stores, Inc. Stock Incentive Plan of 1998

Annual Report to Shareholders: the Wal-Mart 2009 Annual Report to Shareholders

Associate: an employee of Wal-Mart or one of its subsidiaries

Audit Committee: the Audit Committee of the Board

Board: the Board of Directors of Wal-Mart

Board committees: the Audit Committee, the CNGC, the Equity Compensation Committee, the Executive Committee, and the SPFC

Broadridge: Broadridge Financial Solutions, Inc., representatives of which will serve as the inspectors of election at the 2009 Annual Shareholders Meeting

Bylaws: the amended and restated Bylaws of Wal-Mart, effective as of September 21, 2006

Categorical Standards: standards adopted by the Board that describe types of relationships that a director might have with Wal-Mart or its subsidiaries that the Board believes are *per se* immaterial to a director s independence, as permitted by the NYSE Listed Company Manual

CD&A: the Compensation Discussion and Analysis, located in this proxy statement

CEO: the Chief Executive Officer of a company

CFO: the Chief Financial Officer of a company

Chairman: the Chairman of a board of directors of a corporation or of the board of managers of a limited liability company

CNGC: the Compensation, Nominating and Governance Committee of the Board

Deferred Compensation Plan: the Wal-Mart Stores, Inc. Officer Deferred Compensation Plan, as amended and restated effective January 1, 2009

Director Compensation Plan: the Wal-Mart Stores, Inc. Director Compensation Plan, as amended and restated effective January 1, 2009

E&Y: Ernst & Young LLP, Wal-Mart s independent registered public accounting firm

Equity Compensation Committee: the Equity Compensation Committee of the Board, formerly called the Stock Option Committee

Exchange Act: the Securities Exchange Act of 1934, as amended

Executive Committee: the Executive Committee of the Board

Executive Officers: certain senior officers of the Company designated by the Board as executive officers (as defined by Rule 3b-7 under the Exchange Act) that have certain disclosure obligations and who also must report certain transactions in equity securities of the Company under Section 16

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Fiscal 2006, fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010 and fiscal 2011: Wal-Mart s fiscal years ending January 31, 2006, 2007, 2008, 2009, 2010, and 2011, respectively

GAAP: generally accepted accounting principles in effect in the United States from time to time

Independent Directors: the directors whom the Board has determined have no material relationships with the Company pursuant to the standards set forth in the NYSE Listed Company Manual and, as to members of the Audit Committee, who meet the requirements of Section 10A of the Exchange Act and Rule 10A-3 under the Exchange Act

Management Incentive Plan or MIP: the Wal-Mart Stores, Inc. Management Incentive Plan, as amended and restated effective February 1, 2008

Named Executive Officers or NEOs: the Company s President and CEO, CFO, and the next three most highly compensated Executive Officers for a particular fiscal year

Non-Management Directors: the members of the Board who are not employed by Wal-Mart or any of its subsidiaries

NYSE: the New York Stock Exchange

NYSE Listed Company Manual: the manual of the NYSE that sets forth policies, practices, and procedures for companies with securities listed for trading on the NYSE

Profit Sharing/401(k) Plan: the Wal-Mart Profit Sharing and 401(k) Plan, as amended and restated effective February 1, 2009

SEC: the Securities and Exchange Commission

Section 16: Section 16 of the Exchange Act

SERP: the Wal-Mart Stores, Inc. Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2009

Share or Shares: a share or shares of Wal-Mart common stock, $0.10 par value per share

SOX: the Sarbanes-Oxley Act of 2002

SPFC: the Strategic Planning and Finance Committee of the Board

Stock Purchase Plan: the Wal-Mart Stores, Inc. 2004 Associate Stock Purchase Plan, as restated effective February 1, 2004, and subsequently amended

Wal-Mart, the Company, we, our or us : Wal-Mart Stores, Inc.

Your proxy is solicited by the Board. The Company pays the cost of soliciting your proxy and reimburses brokers and others for forwarding to you the proxy statement, proxy card, Annual Report to Shareholders and notice of availability.

VOTING AND OTHER INFORMATION

Who may vote? You may vote if you were the holder of record of Shares at the close of business on April 9, 2009. You are entitled to one vote on each matter presented at the 2009 Annual Shareholders Meeting for each Share you owned at that time. If your Shares are held in street name through a bank, broker, or other nominee, you must obtain a proxy, executed in your favor, from the holder of record as of the close of business on April 9, 2009, to be able to vote at the meeting. As of April 9, 2009, Wal-Mart had 3,912,873,022 Shares outstanding.

What am I voting on? You are voting on:

- the election of the 15 nominees named in this proxy statement as directors of the Company;

- the ratification of the appointment of E&Y as Wal-Mart s independent accountants for fiscal 2010;

- the six shareholder proposals described in this proxy statement; and

- other matters properly brought before the 2009 Annual Shareholders Meeting.

Who counts the votes? Broadridge will count the votes. The Board has appointed two employees of Broadridge as the inspectors of election.

Is my vote confidential? Yes, your proxy card or ballot and voting records will not be disclosed unless the law requires disclosure, you request disclosure, or your vote is cast in a contested election. If you write comments on your proxy card or ballot, your comments will be provided to Wal-Mart by Broadridge, but how you voted will remain confidential.

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What is the quorum requirement for holding the 2009 Annual Shareholders Meeting? The holders of a majority of the Shares outstanding as of the record date for the meeting must be present in person or represented by proxy for the meeting to be held.

What vote is required to elect a director at the 2009 Annual Shareholders Meeting? In an uncontested election of directors, to be elected, a director nominee must receive affirmative votes representing a majority of the votes cast by the holders of Shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors (a majority vote). In a contested election of directors, to be elected, a director nominee must receive a plurality of the votes of the holders of Shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Under the Bylaws, an uncontested election is an election in which the number of nominees for director is not greater than the number of directors to be elected and a contested election is an election in which the number of nominees for director is greater than the number of directors to be elected.

What happens if a director nominee does not receive a majority vote in an uncontested election at the 2009 Annual Shareholders Meeting? Any incumbent director who is a director nominee and who does not receive a majority vote must promptly tender his or her offer of resignation as a director for consideration by the Board. Each incumbent director standing for re-election at the 2009 Annual Shareholders Meeting has agreed to resign, effective upon acceptance of such resignation by the Board, if he or she does not receive a majority vote. The Board must accept or reject such resignation within 90 days following certification of the shareholder vote in accordance with the procedures established by the Bylaws. If a director s resignation offer is not accepted by the Board, that director will continue to serve until the Company s next annual shareholders meeting and his or her successor is duly elected and qualified or until the director s earlier death, resignation, or removal.

Any director nominee who is not an incumbent Board member and who does not receive a majority vote in an uncontested election will not be elected as a director and a vacancy will be left on the Board. All of the director nominees named in this proxy statement are incumbent Board members.

The Board, in its sole discretion, may either fill a vacancy resulting from a director nominee not receiving a majority vote pursuant to the Bylaws or decrease the size of the Board to eliminate the vacancy.

What vote is required to pass the other proposals at the 2009 Annual Shareholders Meeting? The affirmative vote of the holders of a majority of the Shares present in person or represented by proxy at the meeting and entitled to vote is required for ratification of the appointment of E&Y as Wal-Mart s independent accountants and for adoption of each of the shareholder proposals.

What is the effect of an abstain vote on the proposals to be voted on at the 2009 Annual Shareholders Meeting? A Share voted abstain with respect to any proposal is considered as present and entitled to vote with respect to that proposal, but is not considered a vote cast with respect to that proposal. Therefore, an abstention will not have any effect on the election of directors. Because each of the other proposals requires the affirmative vote of the holders of a majority of the Shares present and entitled to vote on each such proposal in order to pass, an abstention will have the effect of a vote against each of the other proposals.

What is the effect of a broker non-vote on the proposals to be voted on at the 2009 Annual Shareholders Meeting? A broker non-vote occurs if your Shares are not registered in your name and you do not provide the record holder of your Shares (usually a bank, broker, or other nominee) with voting instructions on a matter and the record holder is not permitted to vote on the matter without instructions from you under applicable NYSE rules. A broker non-vote is considered present for purposes of determining whether a quorum exists, but is not considered a vote cast or entitled to vote with respect to such matter. Therefore, broker non-votes will not have any effect on any of the matters to be voted on at the 2009 Annual Shareholders Meeting.

Under NYSE rules, the six shareholder proposals described in this proxy statement are not considered discretionary items. Therefore, if you do not provide instructions to the record holder of your Shares with respect to these proposals, a broker non-vote will result with respect to these proposals. The election of directors and the ratification of appointment of independent accountants are routine items under NYSE rules. As a result, brokers who do not receive instructions as to how to vote on these matters generally may vote on these matters in their discretion.

How do I vote? The process for voting your Shares depends on how your Shares are held. Generally, you may hold Shares in your name as a record holder (that is, in your own name) or in street name (that is, through a nominee, such as a broker or bank). If you hold Shares in street name, you are considered to be the beneficial owner of those Shares.

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If you are a record holder, you may vote by proxy or you may vote in person at the 2009 Annual Shareholders Meeting. If you are a record holder and would like to vote your Shares by proxy prior to the 2009 Annual Shareholders Meeting, there are three ways for you to vote:

- call 1-800-690-6903 (toll charges may apply for calls made from outside the United States) and follow the instructions provided;
- log on to the internet at www.proxyvote.com and follow the instructions at that site; or
- if you received a proxy card in the mail, complete, sign, and mail the proxy card in the return envelope provided to you.

Please note that telephone and internet voting will close at 11:59 p.m. Eastern time on June 4, 2009. If you wish to vote by telephone or internet, follow the instructions on your proxy card (if you received a paper copy of the proxy materials) or notice of availability of the proxy materials.

If you plan to attend the 2009 Annual Shareholders Meeting and wish to vote in person, you will be given a ballot at the 2009 Annual Shareholders Meeting. Please note that you may vote by proxy prior to June 5, 2009 and still attend the 2009 Annual Shareholders Meeting.

If your Shares are held in the name of a broker, bank, or other nominee, you should receive separate instructions from the holder of your Shares describing how to vote. Nonetheless, if your Shares are held in the name of a broker, bank, or other nominee and you want to vote in person, you will need to obtain (and bring with you to the 2009 Annual Shareholders Meeting) a legal proxy from the record holder of your Shares (who must have been the record holder of your Shares as of the close of business on April 9, 2009) indicating that you were a beneficial owner of Shares as of the close of business on April 9, 2009, as well as the number of Shares of which you were the beneficial owner on the record date, and appointing you as the record holder s proxy to vote the Shares covered by that proxy at the 2009 Annual Shareholders Meeting.

If your Shares are held through the Profit Sharing/401(k) Plan or the Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan and you do not vote your Shares in one of the methods described above, your Shares will be voted by the Retirement Plans Committee of the Company in accordance with the rules of the applicable plan.

What if I do not specify a choice for a matter when returning a proxy? Unless you indicate otherwise, the persons named as proxies on the proxy card will vote your Shares: FOR all of the nominees for director named in this proxy statement; FOR the ratification of E&Y as Wal-Mart s independent accountants; and AGAINST each of the six shareholder proposals.

Can I revoke my proxy? Yes, you may revoke your proxy if you are a record holder by:

- filing written notice of revocation with Wal-Mart s Corporate Secretary at the address on the front cover of this proxy statement before the 2009 Annual Shareholders Meeting;
- signing a proxy bearing a later date than the proxy being revoked and submitting it to Wal-Mart s Corporate Secretary at the address on the front cover of this proxy statement before the 2009 Annual Shareholders Meeting; or
- voting in person at the 2009 Annual Shareholders Meeting.

If your Shares are held in street name through a broker, bank, or other nominee, you need to contact the record holder of your Shares regarding how to revoke your proxy.

Why did I receive a notice regarding the internet availability of the proxy materials instead of a paper copy of the proxy materials? As a part of its sustainability initiatives and to reduce the costs of printing and distributing its proxy materials, Wal-Mart for the first time this year is taking advantage of the SEC rule that allows companies to furnish their proxy materials over the internet to some or all of their shareholders. As a result, Wal-Mart is sending to some shareholders a notice regarding the internet availability of the proxy materials instead of a paper copy of its proxy materials. This notice explains how you can access the proxy materials over the internet and also describes how to request to receive a paper copy of the proxy materials by mail or a printable copy electronically.

Why didn t I receive a notice regarding the internet availability of the proxy materials? Wal-Mart is mailing to many of its shareholders, including shareholders who have previously requested to receive a paper copy, a paper copy of the proxy materials.

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How can I access the proxy materials over the internet? You can access the proxy statement and the Annual Report to Shareholders in the Investors section of Wal-Mart s corporate website at www.walmartstores.com/annualmeeting. If you wish to join in Wal-Mart s sustainability efforts, you can instruct Wal-Mart to deliver its proxy materials for future Annual Shareholders Meetings to you electronically by e-mail. If you choose to access future proxy materials electronically, you will receive an e-mail with instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to access proxy materials electronically will remain in effect until you terminate it. You may choose this method of delivery in the Investors section of Wal-Mart s corporate website at www.walmartstores.com/annualmeeting.

How may I obtain a paper copy of the proxy materials? If you received a notice regarding the internet availability of the proxy materials, you will find instructions about how to obtain a paper copy of the proxy materials in your notice. If you received an e-mail notification as to the availability of the proxy materials, you will find instructions about how to obtain a paper copy of the proxy materials as part of that e-mail notification. We will mail a paper copy of the proxy materials to all shareholders to whom we do not send a notice of availability or an e-mail notification regarding the internet availability of the proxy materials.

What should I do if I receive more than one notice or e-mail notification about the internet availability of the proxy materials or more than one paper copy of the proxy materials? Certain shareholders may receive more than one notice of availability, more than one e-mail notification, or more than one paper copy of the proxy materials, including multiple proxy cards. For example, if you hold your Shares in more than one brokerage account, you may receive a separate notice, a separate e-mail notification, or a separate voting instruction card for each brokerage account in which you hold Shares. If you are a shareholder of record and your Shares are registered in more than one name, you may receive a separate notice, a separate e-mail notification, or a separate set of paper proxy materials and proxy card for each name in which you hold Shares. To vote all of your Shares, you must complete, sign, date and return each proxy card and voting instruction card that you receive and vote over the internet or by telephone the Shares represented by each notice and e-mail notification that you receive.

How can I attend the 2009 Annual Shareholders Meeting? **Only shareholders who own Shares as of the close of business on April 9, 2009 will be entitled to attend the 2009 Annual Shareholders Meeting.** A valid admittance slip (or other written proof of stock ownership as described below) and a photo identification (such as a valid driver s license or passport) will be required for admission to the 2009 Annual Shareholders Meeting.

- If your Shares are registered in your name and you received your proxy materials by mail, an admittance slip is attached to the back of this proxy statement. You should bring that admittance slip with you to the 2009 Annual Shareholders Meeting.

- If your Shares are registered in your name and you received or accessed your proxy materials electronically over the internet, we will admit you if we are able to verify that you are a record shareholder. You may print a copy of the admittance slip on the back page of this proxy statement when you access your proxy statement on the internet or bring other proof of Share ownership, such as the notice of internet availability of the proxy materials.

- If you are a beneficial owner of Shares and your Shares are held in street name as described above, you will be admitted to the 2009 Annual Shareholders Meeting only if you present either a valid legal proxy from your bank or broker as to your Shares, the notice of internet availability of the proxy materials (if you received one), or a recent bank or brokerage statement demonstrating that you owned Shares as of the close of business on April 9, 2009.

No cameras, camcorders, video taping equipment, other recording devices or large packages will be permitted in the Bud Walton Arena. Photographs taken at the 2009 Annual Shareholders Meeting may be used by Wal-Mart, and by attending the 2009 Annual Shareholders Meeting, you waive any claim or rights with respect to those photographs and their use.

INFORMATION ABOUT THE BOARD

Wal-Mart s directors are elected at each annual shareholders meeting and hold office until their successors are elected and qualified or, if earlier, their resignation or removal. All nominees for election to the Board are presently directors of Wal-Mart. If the shareholders elect all of the director nominees named in this proxy statement at the 2009 Annual Shareholders Meeting, Wal-Mart will have 15 directors. The Board has authority under the Bylaws to fill vacancies and to increase or, upon the occurrence of a vacancy, decrease the Board s size between annual shareholders meetings. The Board has established the size of the Board immediately after the 2009 Annual Shareholders Meeting to be 15 directors.

Your proxy holder will vote your Shares for the Board s nominees unless you instruct otherwise. If a nominee is unable to serve as a director, your proxy holder may vote for any substitute nominee proposed by the Board.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

The following candidates for election at the 2009 Annual Shareholders Meeting have been nominated by the Board based on the recommendation of the CNGC. They have held the positions shown for at least five years unless otherwise noted. They were selected on the basis of outstanding achievement in their professional careers; broad experience; wisdom; personal and professional integrity; ability to make independent, analytical inquiries; experience with and understanding of the business environment; and willingness and ability to devote adequate time to Board duties. The Board is committed to a diverse membership. In selecting nominees, the Board does not discriminate on the basis of race, color, national origin, gender, religion, disability, or sexual preference.

Aida M. Alvarez, 59

Ms. Alvarez is the former Administrator of the U.S. Small Business Administration and was a member of President Clinton s Cabinet from 1997 to 2001. She was the founding Director of the Office of Federal Housing Enterprise Oversight from 1993 to 1997. Ms. Alvarez was a vice president in public finance at First Boston Corporation and Bear Stearns & Co., Inc. prior to 1993. She is Chair of the Latino Community Foundation of San Francisco and a director of UnionBanCal Corporation and Union Bank, N.A. Ms. Alvarez also serves on the diversity advisory board for Deloitte & Touche LLP. Ms. Alvarez has been a member of the Board since 2006.

James W. Breyer, 47

Mr. Breyer is a Partner of Accel Partners, a venture capital firm. He also serves as a director of Dell Inc., Marvel Entertainment, Inc., and several private companies. Mr. Breyer has been a member of the Board since 2001.

M. Michele Burns, 51

Ms. Burns is the Chairman and CEO of Mercer LLC, a subsidiary of Marsh & McLennan Companies, Inc. She joined Marsh & McLennan Companies, Inc., a global professional services and consulting firm, in March 2006 and served as its Executive Vice President and CFO until September 2006. She is the former Executive Vice President, CFO, and Chief Restructuring Officer of Mirant Corporation, an energy company, where she served from May 2004 to January 2006. She served as the Executive Vice President and CFO of Delta Air Lines, Inc., an air carrier, from August 2000 through April 2004. She also serves as a director of Cisco Systems, Inc. Ms. Burns has been a member of the Board since 2003.

James I. Cash, Jr., 61

Dr. Cash is the James E. Robison Emeritus Professor of Business Administration at Harvard Business School, where he served from July 1976 to October 2003. Dr. Cash also served as the Senior Associate Dean and Chairman of HBS Publishing while on the faculty of the Harvard Business School. Dr. Cash serves as a director of The Chubb Corporation, General Electric Company, Phase Forward Inc., and Microsoft Corporation. Dr. Cash has been a member of the Board since 2006.

Roger C. Corbett, 66

Mr. Corbett is the retired CEO and Group Managing Director of Woolworths Limited, the largest retail company in Australia. Mr. Corbett is a director of The Reserve Bank of Australia, Fairfax Media Limited (a major Australian newspaper publisher), and Deputy Chairman of PrimeAg Australia (a major Australian farming enterprise). He is a former member of the Prime Minister s Community Business Partnership and serves on the board of Outback Stores (a joint venture with the Australian government providing indigenous Australians in small outback communities with retail facilities). He is a member of the Advisory Council of the Australian Graduate School of Management for the University of New South Wales, and is also the former Chairman of CIES Food Business Forum (France). Mr. Corbett is also Chairman of the Salvation Army Advisory Committee, is Chairman of the Children s Hospital of Westmead Advisory Board, is Chairman of the Council and a member of the Executive Committee of Shore School, and is a member of the Dean s Advisory Group of the Faculty of Medicine at the University of Sydney. Mr. Corbett has been a member of the Board since 2006.

Douglas N. Daft, 66

Mr. Daft is the retired Chairman and CEO of The Coca-Cola Company, a beverage manufacturer, where he served in that capacity from February 2000 until May 2004 and in various other capacities since 1969. Mr. Daft serves as a director of The McGraw Hill Companies, Inc. and Sistema-Hals. Mr. Daft has been a member of the Board since 2005.

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Michael T. Duke, 59

Mr. Duke is the President and CEO of Wal-Mart and has served in that position since February 1, 2009. Prior to this appointment, he held other positions with Wal-Mart since joining the Company in July 1995, including Vice Chairman with responsibility for Wal-Mart International beginning in September 2005 and Executive Vice President and President and CEO of Walmart US beginning in April 2003. Mr. Duke has been a member of the Board since November 2008.

Gregory B. Penner, 39 +

Mr. Penner has been a General Partner of Madrone Capital Partners, an investment management firm, since 2005. From 2002 to 2005, he served as Wal-Mart s Senior Vice President and CFO - Japan. Prior to working for Wal-Mart, Mr. Penner was a General Partner at Peninsula Capital, an early stage venture capital fund, and a financial analyst for Goldman, Sachs & Co. Mr. Penner is a member of the board of directors of Baidu.com, Inc., 99Bill Corporation, Cuil Inc., and Global Hyatt Corporation. Mr. Penner has been a member of the Board since 2008.

Allen I. Questrom, 69

Mr. Questrom was the Chairman and CEO of J.C. Penney Company, Inc. from September 2000 to December 2004. Between May 1999 and September 2000, Mr. Questrom served as Chairman, CEO and President of Barneys New York, Inc., a fashion retailer. Previously, Mr. Questrom was President and CEO of The Neiman Marcus Group, Inc. and also has served as Chairman and CEO of Federated Department Stores, Inc. from January 1990 through April 1997. Mr. Questrom is a member of the board of directors of Sotheby s and is a senior adviser with Lee Equity Partners, LLC. Mr. Questrom has been a member of the Board since 2007.

H. Lee Scott, Jr., 60

Mr. Scott was Wal-Mart s President and CEO from January 2000 through his retirement from that position on January 31, 2009. Mr. Scott continues to serve as the Chairman of the Executive Committee. Prior to serving as President and CEO of Wal-Mart, he held other positions with Wal-Mart since joining the Company in September 1979, including Vice Chairman and Chief Operating Officer from January 1999 to January 2000, and Executive Vice President and President and CEO, Walmart US from January 1998 to January 1999. He has been a member of the Board since 1999.

Arne M. Sorenson, 50

Mr. Sorenson is the Executive Vice President and CFO of Marriott International, Inc. (Marriott), a position he has held since 1998. Effective May 1, 2009, Mr. Sorenson will become President and Chief Operating Officer of Marriott. Since 2003, Mr. Sorenson has also held the additional title of President, Continental European Lodging. Mr. Sorenson joined Marriott in 1996 as Senior Vice President of Business Development. Prior to joining Marriott, he was a partner in the law firm of Latham & Watkins in Washington, D.C. Mr. Sorenson has been a member of the Board since 2008.

Jim C. Walton, 60 *

Mr. Walton is the Chairman and CEO of Arvest Bank Group, Inc., a group of banks operating in the states of Arkansas, Kansas, Missouri, and Oklahoma. Mr. Walton also serves as Chairman of Community Publishers, Inc., which operates newspapers in Arkansas, Missouri, and Oklahoma. Mr. Walton has been a member of the Board since 2005.

S. Robson Walton, 64 *+

Mr. Walton is the Chairman of Wal-Mart and has been a member of the Board since 1978.

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Christopher J. Williams, 51

Mr. Williams is the Chairman and CEO of The Williams Capital Group, L.P., an investment bank. Since 2003, he has also served as the Chairman and CEO of Williams Capital Management, LLC, an investment management firm. He also serves as a director of Harrah s Entertainment, Inc. Mr. Williams has been a member of the Board since 2004.

Linda S. Wolf, 61

Ms. Wolf is the former Chairman and CEO of Leo Burnett Worldwide, Inc., an advertising agency and division of Publicis Groupe S.A. Ms. Wolf served in various positions with Leo Burnett Worldwide, Inc. and its predecessors from 1978 to April 2005. She serves as a trustee for investment funds advised by the Janus Capital Group Inc. and serves on the board of InnerWorkings, Inc. Ms. Wolf has been a member of the Board since 2005.

* S. Robson Walton and Jim C. Walton are brothers.

\+ Gregory B. Penner is the son-in-law of S. Robson Walton.

The Board recommends that the shareholders vote FOR all of the nominees named above for election to the Board.

DIRECTOR INDEPENDENCE

Pursuant to the NYSE Listed Company Manual, Wal-Mart must have a majority of independent directors on its Board. In addition, the Audit Committee and the CNGC must be composed solely of independent directors. The NYSE Listed Company Manual defines specific relationships that disqualify directors from being independent under the NYSE s requirements and further requires that for a director to qualify as independent the Board must affirmatively determine that the director has no material relationship with Wal-Mart.

As permitted by the NYSE s requirements and policies, the Board has determined categorically that any relationship that is within one or more of the Categorical Standards described below will not be considered to be a material relationship that impairs a director s independence:

(1) the director, an entity with which a director is affiliated, or one or more members of the director s immediate family, purchased property or services from Wal-Mart in retail transactions on terms generally available to Associates during Wal-Mart s last fiscal year;

(2) the director or one or more members of the director s immediate family owns or has owned during the entity s last fiscal year, directly or indirectly, five percent or less of an entity that has a business relationship with Wal-Mart;

(3) the director or one or more members of the director s immediate family owns or has owned during the entity s last fiscal year, directly or indirectly, more than five percent of an entity that has a business relationship with Wal-Mart so long as the amount paid to or received from Wal-Mart during the entity s last fiscal year accounts for less than $1,000,000 or, if greater, less than one percent of the entity s consolidated gross revenues for that entity s last fiscal year;

(4) the director or one or more members of the director s immediate family is a director or trustee or was a director or trustee of an entity during the entity s last fiscal year that has a business or charitable relationship with Wal-Mart and that made payments to, or received payments from, Wal-Mart during the entity s last fiscal year in an amount representing less than $5,000,000 or, if greater, less than five percent of the entity s consolidated gross revenues for that entity s last fiscal year;

(5) Wal-Mart paid to, employed, or retained one or more members of the director s immediate family for compensation not exceeding $60,000 during Wal-Mart s last fiscal year;

(6) the director or a member of the director s immediate family is, or has been during the entity s last fiscal year, an executive officer or employee of an entity that made payments to, or received payments from, Wal-Mart during the entity s last fiscal year that account for less than $1,000,000 or, if greater, less than one percent of the entity s consolidated gross revenues for that entity s last fiscal year; or

(7) the director or one or more members of the director s immediate family received from Wal-Mart, during Wal-Mart s last fiscal year, personal benefits having an aggregate value of less than $5,000, other than as compensation for Board service.

In developing the Categorical Standards, the Board considered that: (1) directors (or their immediate family members) regularly purchase items at Wal-Mart s stores, Neighborhood Markets, and Sam s Clubs; (2) directors (or their immediate family members) may hold minor investments in companies that do business with Wal-Mart; (3) directors (or their immediate family members) may hold more than a minor investment in companies that do business with Wal-Mart, but the amount of business done with Wal-Mart is immaterial; (4) directors (or their immediate family members) may serve on the board of commercial or charitable entities with immaterial relationships with Wal-Mart; (5) directors may have immediate family members employed by Wal-Mart in positions earning $60,000 per year or less; (6) directors (or their immediate family members) may be officers or employees of companies that receive payments from Wal-Mart or its affiliates that account for less than $1,000,000 or, if greater, less than 1 percent of such company s consolidated gross revenues for its last fiscal year; and (7) former officers who are directors (or their immediate family members) may continue to receive from Wal-Mart certain residual benefits from their service with Wal-Mart.

Our Board has determined that the following current directors nominated for reelection are independent directors under the independence standards set forth by the NYSE Listed Company Manual: Aida M. Alvarez; James W. Breyer; M. Michele Burns; James I. Cash, Jr.; Roger C. Corbett; Douglas N. Daft; Allen I. Questrom; Arne M. Sorenson; Christopher J. Williams; and Linda S. Wolf. Roland A. Hernandez and Jack C. Shewmaker served as directors of the Company during the portion of fiscal 2009 preceding the 2008 Annual Shareholders Meeting, but did not stand for reelection at that meeting. Our Board determined that Mr. Hernandez and Mr. Shewmaker were independent under the NYSE Listed Company Manual independence standards during the period in fiscal 2009 for which they were directors.

In making these determinations, the Board found that the current Independent Directors who are standing for reelection do not have a material or other disqualifying relationship with Wal-Mart. In making these determinations, the Board reviewed all relationships that may be deemed to exist between the directors and the Company. Except for Mr. Breyer, none of the current Independent Directors currently have, or during fiscal 2009 have had, any relationship with the Company that did not fall within the Categorical Standards. As a partner in Accel Partners, Mr. Breyer may be deemed to have an indirect interest in certain companies in which Accel Partners has an indirect ownership interest that engaged in transactions with the Company in fiscal 2009. In the case of two such companies, transactions between the Company and such companies do not fall within the Categorical Standards. Based on the Board s understanding of the nature of Mr. Breyer s indirect interests in each of these two companies and the fact that Mr. Breyer is not a director or officer of, and has no other interest in, either such company, the Board has determined that Mr. Breyer s interest in these companies does not give rise to a material relationship that would impair Mr. Breyer s independence. More information regarding the Company s transactions with these companies is disclosed under Related-Party Transactions beginning on page 51.

COMPENSATION OF THE DIRECTORS

Annual Director Compensation

The base compensation for Non-Management Directors upon their election to the Board on June 6, 2008 consisted of a Share award and an annual retainer. H. Lee Scott, Jr., S. Robson Walton and Michael T. Duke received compensation only for their services as Executive Officers of the Company and not in their capacities as directors.

For service on the Board for the term beginning upon election at the 2008 Annual Shareholders Meeting on June 6, 2008, each Non-Management Director received an annual equity award of Shares with a market value of $160,000. These Shares were awarded in two separate grants, with a grant of $140,000 worth of Shares on June 6, 2008, and a grant of $20,000 worth of Shares on September 30, 2008. This annual equity award was paid directly in Shares or deferred in stock units under the Director Compensation Plan, as elected by each Non-Management Director. In addition, each Non-Management Director elected to the Board at the 2008 Annual Shareholders Meeting was entitled to receive an annual retainer of $60,000, payable in arrears in equal quarterly installments for the Board term that commenced upon election at the 2008 Annual Shareholders Meeting. This annual retainer could be taken in cash, Shares, deferred in stock units under the Director Compensation Plan, or deferred into an interest-credited account under the Director Compensation Plan, as elected by each Non-Management Director.

The Board committee chairs who are Non-Management Directors also receive a chair retainer for the additional time required for Board committee business. For the Board term commencing at the 2008 Annual Shareholders Meeting, the retainer for the Audit Committee and CNGC chairs is $25,000, and the retainer for the SPFC chair is $15,000. In addition, Christopher J. Williams receives a retainer of $15,000 for his service on the Executive Committee because he serves on more than one Board committee. These additional retainers are payable in arrears in equal quarterly installments, and could be taken in cash, Shares, deferred in stock units under the Director Compensation Plan, or deferred into an interest-credited account under the Director Compensation Plan, as elected by the director.

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Pursuant to the CNGC charter, director compensation for the Non-Management Directors is reviewed at least annually by the CNGC, which recommends to the Board the annual compensation for those directors. The compensation paid to the directors during fiscal 2009 is described in the table below.

DIRECTOR COMPENSATION FOR FISCAL 2009 (1)

Director	Fees Earned or Paid in Cash ($) (2)	Stock Awards ($) (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (4)	All Other Compensation ($) (5)	Total ($)
Aida M. Alvarez	60,000	160,000	0	0	220,000
James W. Breyer	75,000	160,000	0	1,646	236,646
M. Michele Burns	60,000	160,000	4,509	0	224,509
James I. Cash, Jr.	60,000	160,000	0	1,006	221,006
Roger C. Corbett	60,000	160,000	0	46,490	266,490
Douglas N. Daft	60,000	160,000	2,787	0	222,787
David D. Glass	60,000	160,000	472	113	220,585
Roland A. Hernandez (6)	36,896	0	457	109	37,462
Gregory B. Penner	34,121	160,000	0	109	194,230
Allen I. Questrom	60,000	160,000	0	209	220,209
Jack C. Shewmaker (6)	26,044	0	0	188	26,232
Arne M. Sorenson	34,121	160,000	0	1,633	195,754
Jim C. Walton	60,000	160,000	0	828	220,828
Christopher J. Williams	89,217	160,000	0	115	249,332
Linda S. Wolf	80,687	160,000	0	96	240,783

(1) The table omits the columns for Option Awards and Non-Equity Incentive Plan Compensation because the Company neither issues stock options to, nor provides non-equity incentive compensation for, Non-Management Directors. Michael T. Duke, H. Lee Scott, Jr., and S. Robson Walton are omitted from this table because they received compensation only as Executive Officers of the Company and did not receive any additional compensation for their duties as directors. The compensation for Mr. Scott and Mr. Duke for fiscal 2009 is disclosed in the Summary Compensation table on page 36. Mr. Walton s annual compensation as Chairman is $220,000. During fiscal 2009, the Company also paid health insurance premiums and made Profit Sharing/401(k) Plan contributions for Mr. Walton on the same basis as for other Associates in the amounts of $5,456 and $8,401, respectively.

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(2) This column represents the annual retainer paid to directors, the Board committee chair retainers, and the additional payment to Christopher J. Williams for serving on two committees during fiscal 2009. Mr. Williams became chair of the Audit Committee effective June 6, 2008, and therefore received a committee chair retainer for part of fiscal 2009. Gregory B. Penner and Arne M. Sorenson were first elected to the Board on June 6, 2008 and, as a result, received only a portion of the annual retainer paid in fiscal 2009. The following amounts included in this column were deferred under the Director Compensation Plan, either in the form of cash into an interest-bearing account or in the form of stock units:

Director	Fiscal 2009 ($)
M. Michele Burns	60,000
Douglas N. Daft	60,000
David D. Glass	60,000
Roland A. Hernandez	36,896
Allen I. Questrom	60,000
Christopher J. Williams	89,217

(3) Each Non-Management Director elected to the Board at the Company s 2008 Annual Shareholders Meeting received a stock award on June 6, 2008 with a value of $140,000, with the number of Shares granted based on a Share price of $58.37, which was the closing price of a Share on the NYSE on the grant date, and an additional stock award on September 30, 2008 with a value of $20,000, with the number of Shares granted based on a Share price of $59.89, which was the closing price of a Share on the NYSE on the grant date. Ms. Alvarez, Dr. Cash, Mr. Daft, Mr. Glass, Mr. Questrom, Mr. Williams, and Ms. Wolf deferred the receipt of these Shares under the Director Compensation Plan. Mr. Breyer held outstanding options to purchase 5,512 Shares at the end of fiscal 2009. These options were issued in previous fiscal years as part of the compensation paid to directors. No other current Non-Management Directors held options to purchase Shares as of the end of fiscal 2009. Options held by Mr. Scott and Mr. Duke at the end of fiscal 2009 are disclosed in the Outstanding Equity Awards at Fiscal 2009 Year-End table below. Those options were granted to Mr. Scott and Mr. Duke as part of their compensation for their service as Executive Officers and not as compensation for serving as directors of the Company.

(4) The amounts in this column represent above-market interest earned on director compensation deferred to an interest-credited account under the Director Compensation Plan, as elected by the director. The interest rate on the interest bearing account is set by the Director Compensation Plan based on the ten-year Treasury note rate on the first day of January plus 2.70 percent. This rate was 6.605 percent for the calendar year ended December 31, 2008, and decreased to 5.071 percent for the calendar year ending December 31, 2009.

(5) This column includes tax gross-ups paid for fiscal 2009 relating to income attributable to spousal travel expenses, meals, and related activities in connection with certain Board meetings. For Mr. Corbett, this column also includes the value of the related spousal travel expenses, meals, and related activities, none of which exceeded $25,000. For each of the other Non-Management Directors, the value of the related spousal travel expenses, meals and related activities is not included in this column because the total value was less than $10,000.

(6) Roland A. Hernandez and Jack C. Shewmaker served on the Board until their successors were elected at the 2008 Annual Shareholders Meeting on June 6, 2008.

Director Stock Ownership Guidelines

The Board has adopted stock ownership guidelines for the Non-Management Directors. Each Non-Management Director must own, within five years of his or her initial election or appointment to the Board, an amount of Shares, restricted stock, or stock units having a value equal to five times the annual retainer component of the Non-Management Director s compensation approved by the Board in the year the director was initially elected or appointed. All Non-Management Directors subject to these guidelines currently own enough Shares to satisfy the guidelines.

BOARD MEETINGS

The Board held a total of seven meetings (four regular meetings and three telephonic meetings) during fiscal 2009 to review significant developments affecting the Company, engage in strategic planning, and act on matters requiring Board approval. During fiscal 2009, each director attended at least 75 percent of the aggregate of the number of Board meetings and the number of meetings of Board committees on which he or she served. The Non-Management Directors and Independent Directors meet regularly in executive sessions.

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BOARD COMMITTEES

Committee	Members during Fiscal 2009	Functions and Additional Information	Number of Meetings in Fiscal 2009
Audit Committee	Aida M. Alvarez James I. Cash, Jr. Roland A. Hernandez (2) Arne M. Sorenson Christopher J. Williams (1)	Reviews financial reporting, policies, procedures, and internal controls of Wal-Mart Responsible for the appointment, compensation, and oversight of the independent accountants Pre-approves audit, audit-related, and non-audit services to be performed by the Company s independent accountants Reviews related-party transactions Reviews the Company s policies, processes, and procedures regarding compliance with applicable laws and regulations and the statements of ethics The Board has determined that the members are independent as defined by Section 10A(m)(3) of the Exchange Act and the NYSE Listed Company Manual	9
Compensation, Nominating and Governance Committee	Douglas N. Daft Allen I. Questrom Linda S. Wolf (1)	In consultation with the CEO, approves the total compensation of the Executive Officers, other than the CEO, and reviews the compensation of certain other senior officers Reviews and approves the total compensation of the CEO and Chairman Reviews and makes recommendations to the Board regarding the compensation of the Non-Management Directors Sets and verifies the attainment of performance goals under performance-based incentive compensation plans Reviews salary and benefits issues for the Company Oversees corporate governance issues Identifies, evaluates, and recommends candidates to the Board for nomination for election or appointment to the Board Reviews and makes recommendations to the Board regarding director independence The Board has determined that the members are independent as defined in the NYSE Listed Company Manual	9
Equity Compensation Committee	Michael T. Duke (3) H. Lee Scott, Jr. (1) S. Robson Walton	Administers Wal-Mart s equity compensation plans for Associates who are not directors or Executive Officers	3
Executive Committee	Michael T. Duke (3)	Implements policy decisions of the Board	1 (5)

	H. Lee Scott, Jr. (1) S. Robson Walton Christopher J. Williams	Acts on the Board s behalf between Board meetings	
Strategic Planning and Finance Committee	James W. Breyer (1) M. Michele Burns Roger C. Corbett David D. Glass (4) Gregory B. Penner Jack C. Shewmaker (2) Jim C. Walton	Reviews and analyzes financial matters Oversees long-range strategic planning Reviews and recommends a dividend policy to the Board Reviews the preliminary annual budget to be approved by the Board	4

(1) Committee chair.
(2) Mr. Hernandez and Mr. Shewmaker did not stand for re-election and retired from the Board as of the 2008 Annual Shareholders Meeting on June 6, 2008.
(3) Mr. Duke was appointed to the Executive Committee and the Equity Compensation Committee upon his election as a director on November 20, 2008.
(4) Mr. Glass is not standing for re-election and will retire from the Board as of the 2009 Annual Shareholders Meeting on June 5, 2009.
(5) The Executive Committee acted by unanimous written consent 16 times during fiscal 2009.

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CORPORATE GOVERNANCE

BOARD AND COMMITTEE GOVERNING DOCUMENTS

The Board has adopted Corporate Governance Guidelines and charters for the Audit Committee, the CNGC, the Equity Compensation Committee, the Executive Committee, and the SPFC. You may review each of these documents on our corporate website at www.walmartstores.com by clicking on Investors and then Corporate Governance. In addition, these documents are available in print at no charge to any shareholder who requests a copy from our Investor Relations Department by submitting a request through the Investors page of our website or by writing to our Investor Relations Department at: Wal-Mart Stores, Inc., Investor Relations Department, 702 Southwest 8th Street, Bentonville, Arkansas 72716-0100.

COMMUNICATIONS WITH THE BOARD

The Board welcomes communications from shareholders and other interested parties. Shareholders and other interested parties may write to the Board at:

Wal-Mart Stores, Inc. Board of Directors

c/o Elizabeth Bolen, Liaison to the Board of Directors

702 Southwest 8th Street

Bentonville, Arkansas 72716-0215

Shareholders and other interested parties also may e-mail: the Board at directors@wal-mart.com; the Independent Directors at independentdirectors@wal-mart.com; the Non-Management Directors at nonmanagementdirectors@wal-mart.com; and any individual director, including the presiding director, at the full name of the director as listed in this proxy statement followed by @wal-mart.com. For example, shareholders may e-mail S. Robson Walton, Chairman, at srobsonwalton@wal-mart.com.

A company of our size receives a large number of inquiries regarding a wide range of subjects each day. As a result, the Independent Directors, Non-Management Directors, and individual directors are not able to respond to all inquiries directly. Therefore, our directors, in consultation with Wal-Mart, have developed a process to assist in managing inquiries directed to the Board.

Letters and e-mails directed to the Board, the Independent Directors, the Non-Management Directors, and individual directors are reviewed by Wal-Mart to determine whether a response on behalf of the Board is appropriate. While the Board oversees management, it does not participate in day-to-day management functions or business operations and is not normally in the best position to respond to inquiries relating to those matters. Thus, we will direct those types of inquiries to an appropriate Associate for a response. Responses to letters and e-mails by Wal-Mart on behalf of the Board, Independent Directors, Non-Management Directors, or individual directors are maintained by Wal-Mart and are available for any director s review.

If a response on behalf of the Board, Independent Directors, Non-Management Directors, or individual directors is appropriate, Wal-Mart gathers any information and documentation necessary for answering the inquiry and provides the information and documentation, as well as a proposed response, to the appropriate director or directors. Wal-Mart also may attempt to communicate with the shareholder or interested party for any necessary clarification. S. Robson Walton, Wal-Mart s Chairman, reviews and approves responses on behalf of the Board, and James W. Breyer, Wal-Mart s presiding director, reviews and approves the responses on behalf of the Independent Directors and Non-Management Directors. In certain situations, Mr. Walton or Mr. Breyer may respond directly to a shareholder s inquiry.

For inquiries forwarded to individual directors, each director has provided instructions for responding to those inquiries. Currently, all directors have requested that Wal-Mart review letters and e-mails, gather any information or documentation necessary to respond to the inquiry, and propose a response. The director will review the proposed response and either direct Wal-Mart to send such response on behalf of the director, or the director may choose to respond directly to the shareholder.

Certain circumstances may require that the Board depart from the procedures described above, such as the receipt of threatening letters or e-mails or voluminous inquiries with respect to the same subject matter. The Board, nevertheless, does consider shareholder questions and comments important and endeavors to respond to them promptly and appropriately.

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PRESIDING DIRECTOR

James W. Breyer currently serves as the presiding director of executive sessions of the Non-Management Directors and Independent Directors.

NOMINATION PROCESS FOR DIRECTOR CANDIDATES

The CNGC is, among other things, responsible for identifying and evaluating potential candidates and recommending candidates to the Board for nomination for election to the Board. The CNGC is governed by a written charter, a copy of which can be found in the Corporate Governance section of the Investors page of our corporate website at www.walmartstores.com.

The CNGC regularly reviews the composition of the Board and the Board committees and considers whether the addition of directors with particular experience, skills, or characteristics would make the Board and one or more Board committees more effective. When a need arises to fill a vacancy or it is determined that a director candidate possessing particular experiences, skills, or characteristics would make the Board more effective, the CNGC initiates a search. As a part of the search process, the CNGC may consult with other directors and senior officers and may hire a search firm to assist in identifying and evaluating potential candidates.

SpencerStuart currently serves as the Company s director candidate search consultant. In that capacity, SpencerStuart seeks out candidates who have the experiences, skills, and characteristics that the CNGC has determined are necessary to serve as a member of the Board. SpencerStuart researches the background of all candidates, conducts extensive interviews with candidates and their references, and then presents the most qualified candidates to the CNGC and the Company s management.

When considering a candidate, the CNGC reviews the candidate s experience, skills, and characteristics. The CNGC also considers whether a potential candidate will otherwise qualify for membership on the Board, and whether the potential candidate would satisfy applicable independence requirements.

Candidates are selected on the basis of outstanding achievement in their professional careers; broad experience; wisdom; personal and professional integrity; ability to make independent, analytical inquiries; experience with and understanding of the business environment; and willingness and ability to devote adequate time to Board duties. With respect to the minimum experience, skills, or characteristics necessary to serve on the Board, the CNGC will only consider candidates who:

(1) have the experience, skills, and characteristics necessary to gain a basic understanding of:

- the principal operational and financial objectives and plans of the Company;
- the results of operations and financial condition of our Company and its business segments; and
- the relative standing of our Company and its business segments in relation to our competitors;

(2) have a perspective that will enhance the Board s strategic discussions; and

(3) are capable of and committed to devoting adequate time to Board duties and are available to attend the regularly-scheduled Board and Board committee meetings.

In addition, at least a majority of the Board must be independent as determined by the Board under the guidelines of the NYSE Listed Company Manual, and at least one member of the Board should have the qualifications and skills necessary to be considered an audit committee financial expert as that term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC.

Potential candidates are generally interviewed by our Chairman, our CEO, and the chair of the CNGC, and may be interviewed by other directors and senior officers as desired and as schedules permit. The CNGC then meets to consider and approve the final candidates, and either makes its recommendation to the Board to fill a vacancy or add an additional member, or recommends to the Board a slate of candidates for nomination for election to the Board. The selection process for candidates is intended to be flexible, and the CNGC, in the exercise of its discretion, may deviate from the selection process when particular circumstances warrant a different approach.

S. Robson Walton and Jim C. Walton are members of a group that beneficially owns more than five percent of the outstanding Shares. Any participation by them in the nomination process was considered to be in their capacities as members of the Board and was not considered to be recommendations from security holders that beneficially own more than five percent of the outstanding Shares.

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Shareholders may recommend candidates for consideration by the Board by writing to:

Wal-Mart Stores, Inc. Board of Directors

c/o Elizabeth Bolen, Liaison to the Board of Directors

702 Southwest 8th Street

Bentonville, Arkansas 72716-0215

The recommendation must include the following information:

(1) the candidate s name and business address;

(2) a resume or curriculum vitae describing the candidate s qualifications, which clearly indicates that he or she has the minimum experience, skills, and qualifications that the CNGC has determined are necessary to serve as a director;

(3) a statement as to whether or not, during the past ten years, the candidate has been convicted in a criminal proceeding (excluding minor traffic violations) and, if so, the dates, the nature of the conviction, the name or other disposition of the case, and whether the individual has been involved in any other legal proceeding during the past five years;

(4) a statement from the candidate that he or she consents to serve on the Board if elected; and

(5) a statement from the person submitting the candidate that he or she is the registered holder of Shares, or if the shareholder is not the registered holder, a written statement from the record holder of the Shares (usually a broker or bank) verifying that at the time the shareholder submitted the candidate that he or she was a beneficial owner of Shares.

All candidates recommended to the Board for nomination by a shareholder pursuant to the requirements above will be submitted to the CNGC for its review, which may include an analysis of the candidate s qualifications prepared by the Company s management.

AUDIT COMMITTEE REPORT

The Audit Committee consists of four directors, each of whom has been determined by the Board to be independent as defined by the listing standards of the NYSE and the applicable rules of the SEC. The members of the Audit Committee are Aida M. Alvarez; James I. Cash, Jr.; Arne M. Sorenson; and Christopher J. Williams, the chair of the Audit Committee. The Audit Committee is governed by a written charter adopted by the Board. A copy of the current Audit Committee charter is available in the Corporate Governance section of the Investors page of our corporate website at www.walmartstores.com. In addition, the Audit Committee charter is available in print at no charge to any shareholder who requests a copy from our Investor Relations department by submitting a request through the Investors page of our corporate website or by writing to our Investor Relations department at: Wal-Mart Stores, Inc., Investor Relations Department, 702 Southwest 8th Street, Bentonville, Arkansas 72716-0100.

Wal-Mart s management is responsible for Wal-Mart s internal control over financial reporting and the preparation of Wal-Mart s consolidated financial statements. Wal-Mart s independent accountants are responsible for auditing Wal-Mart s annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board. The independent accountants are also responsible for issuing a report on those financial statements and a report on Wal-Mart s internal control over financial reporting. The Audit Committee monitors and oversees these processes. The Audit Committee is responsible for selecting, engaging, and overseeing Wal-Mart s independent accountants.

As part of the oversight process, the Audit Committee regularly meets with management of the Company, the Company s independent accountants, and the Company s internal auditors. The Audit Committee often meets with each of these groups separately in closed sessions.

Throughout the year, the Audit Committee had full access to management, the independent accountants and the Company s internal auditors. To fulfill its responsibilities, the Audit Committee did, among other things, the following:

- reviewed and discussed with Wal-Mart s management and the independent accountants Wal-Mart s audited consolidated financial statements for fiscal 2009;

- reviewed management s representations that those consolidated financial statements were prepared in accordance with generally accepted accounting principles and fairly present the consolidated results of operations and consolidated financial position of the Company for the fiscal years covered by those consolidated financial statements;

- discussed with the independent accountants the matters required by Statement on Auditing Standards 61, as modified or supplemented, and SEC rules, including matters related to the conduct of the audit of Wal-Mart s consolidated financial statements;

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- received written disclosures and the letter from E&Y required by applicable independence standards, rules and regulations relating to E&Y s independence from Wal-Mart and has discussed with E&Y its independence from Wal-Mart;

- based on the discussions with management and the independent accountants, the independent accountants disclosures and letter to the Audit Committee, the representations of management and the reports of the independent accountants, recommended to the Board that Wal-Mart s audited annual consolidated financial statements for fiscal 2009 be included in Wal-Mart s Annual Report on Form 10-K for fiscal 2009 filed with the SEC;

- reviewed all audit and non-audit services performed for Wal-Mart by E&Y and considered whether E&Y s provision of non-audit services was compatible with maintaining its independence from Wal-Mart;

- selected and appointed E&Y as Wal-Mart s independent accountants to audit and report on the annual consolidated financial statements of Wal-Mart to be filed with the SEC prior to Wal-Mart s Annual Shareholders Meeting to be held in calendar year 2010;

- monitored the progress and results of the testing of internal controls over financial reporting pursuant to Section 404 of SOX, reviewed a report from management and the internal auditors of the Company regarding the design, operation and effectiveness of internal controls over financial reporting, and reviewed an attestation report from E&Y regarding the effectiveness of internal controls over financial reporting; and

- received reports from management regarding the Company s policies, processes, and procedures regarding compliance with applicable laws and regulations and the Statement of Ethics, all in accordance with the Audit Committee s charter.

The Audit Committee submits this report:

Aida M. Alvarez

James I. Cash, Jr.

Arne M. Sorenson

Christopher J. Williams, Chair

AUDIT COMMITTEE FINANCIAL EXPERTS

The Board has determined that James I. Cash, Jr., Arne M. Sorenson and Christopher J. Williams are audit committee financial experts as that term is defined in Item 407(d)(5)(ii) of Regulation S-K of the SEC, and that all members of the Audit Committee are independent under Section 10A(m)(3) of the Exchange Act, the SEC s Rule 10A-3, and the requirements set forth in the NYSE Listed Company Manual.

AUDIT COMMITTEE PRE-APPROVAL POLICY

To ensure the independence of our Company s independent accountants and to comply with applicable securities laws, NYSE listing standards, and the Audit Committee charter, the Audit Committee is responsible for reviewing, deliberating and, if appropriate, pre-approving all audit, audit-related, and non-audit services to be performed by the independent accountants. For that purpose, the Audit Committee has established a policy and related procedures regarding the pre-approval of all audit, audit-related, and non-audit services to be performed by our Company s independent accountants (the Pre-Approval Policy).

The Pre-Approval Policy provides that our Company s independent accountants may not perform any audit, audit-related, or non-audit service for Wal-Mart, subject to those exceptions that may be permitted by applicable law, unless: (1) the service has been pre-approved by the Audit Committee; or (2) Wal-Mart engaged the independent accountants to perform the service pursuant to the pre-approval provisions of the Pre-Approval Policy. In addition, the Pre-Approval Policy prohibits the Audit Committee from pre-approving certain non-audit services that are prohibited from being performed by the Company s independent accountants by applicable securities laws. The Pre-Approval Policy also provides that Wal-Mart s corporate controller will periodically update the Audit Committee as to services provided by the independent accountants. With respect to each such service, the independent accountants provide detailed back-up documentation to the Audit Committee and to the corporate controller.

Pursuant to its Pre-Approval Policy, the Audit Committee has pre-approved certain categories of services to be performed by the independent accountants and a maximum amount of fees for each category. The Audit Committee annually re-assesses these service categories and the associated fees. Individual projects within the approved service categories have been pre-approved only to the extent that the fees for each individual project do not exceed a specified dollar limit, which amount is re-assessed annually.

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Projects within a pre-approved service category with fees in excess of the specified fee limit for individual projects may not proceed without the specific prior approval of the Audit Committee (or a member to whom pre-approval authority has been delegated). In addition, no project within a pre-approved service category will be considered to have been pre-approved by the Audit Committee if the project causes the maximum amount of fees for the service category to be exceeded, and the project may only proceed with the prior approval of the Audit Committee (or a member to whom pre-approval authority has been delegated) to increase the aggregate amount of fees for the service category.

At least annually, the Audit Committee designates a member of the Audit Committee to whom it delegates its pre-approval responsibilities. That member has the authority to approve interim requests as set forth above within the defined, pre-approved service categories, as well as interim requests to engage Wal-Mart s independent accountants for services outside the Audit Committee s pre-approved service categories. The member has the authority to pre-approve any audit, audit-related, or non-audit service that falls outside the pre-approved service categories, provided that the member determines that the service would not compromise the independent accountants independence and the member informs the Audit Committee of his or her decision at the Audit Committee s next regular meeting.

COMPENSATION, NOMINATING AND GOVERNANCE COMMITTEE

The CNGC is charged with discharging the Board s responsibilities relating to the compensation of the Company s directors, Executive Officers, and Associates. With respect to its compensation functions, the CNGC is responsible, pursuant to its charter, for annually:

- reviewing and approving corporate goals and objectives relevant to the compensation of our CEO, Chairman, and any other Executive Officers who are directors; evaluating their performance in light of those goals and objectives; and, based on this evaluation, establishing their total compensation;

- evaluating and approving the compensation of our CEO and Chairman;

- evaluating and approving, in consultation with our CEO, the compensation of Executive Officers who are not directors; and

- reviewing the compensation of certain other senior officers of Wal-Mart.

The CNGC may delegate its functions to a subcommittee, to the extent such delegation is consistent with the requirements of the NYSE Listed Company Manual and applicable laws and regulations. However, the CNGC may not delegate its authority over the evaluation and approval of Executive Officer compensation. The CNGC met nine times in fiscal 2009. Agendas for the meetings of the CNGC are determined in consultation with the chair of the CNGC.

COMPENSATION COMMITTEE REPORT

The CNGC has reviewed and discussed with the Company s management the CD&A included in this proxy statement and, based on such review and discussion, the CNGC recommended to the Board that the CD&A be included in this proxy statement.

The CNGC submits this report:

Douglas N. Daft

Allen I. Questrom

Linda S. Wolf, Chair

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members who served on the CNGC at any time during fiscal 2009 were officers or Associates of Wal-Mart or were former officers or Associates of Wal-Mart. None of the members who served on the CNGC at any time during fiscal 2009 had any relationship with the

Company requiring disclosure under the section of this proxy statement entitled Related-Party Transactions. Finally, no Executive Officer serves, or in the past fiscal year has served, as a member of the compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on the CNGC.

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TRANSACTION REVIEW POLICY

The Board has adopted a written policy (the Transaction Review Policy) applicable to all Wal-Mart officers who are Executive Vice Presidents or above; to all directors and director nominees; to all shareholders beneficially owning more than five percent of Wal-Mart s Shares; and to the immediate family members of each of the preceding persons (collectively, the Covered Persons). Any entity in which a Covered Person has a direct or indirect material financial interest or of which a Covered Person is an officer or holds a significant management position (each a Covered Entity) is also covered by the policy. The Transaction Review Policy applies to any transaction or series of similar or related transactions in which a Covered Person or Covered Entity has a direct or indirect material financial interest in which the Company is a participant (each a Covered Transaction).

Under the Transaction Review Policy, each Covered Person is responsible for reporting to Wal-Mart s Chief Audit Executive any Covered Transactions of which he or she has knowledge. Wal-Mart s Chief Audit Executive, with the assistance of other appropriate Company personnel, reviews each Covered Transaction and submits the results of such review to the Audit Committee. The Audit Committee reviews each Covered Transaction and either approves or disapproves the transaction. To approve a Covered Transaction, the Audit Committee must find that:

- the substantive terms and negotiation of the transaction are fair to Wal-Mart and its shareholders and the substantive terms are no less favorable to Wal-Mart and its shareholders than those in similar transactions negotiated at an arm s-length basis; and

- if the Covered Person is a director or officer of Wal-Mart, he or she has otherwise complied with the terms of Wal-Mart s Statement of Ethics as it applies to the transaction.

The Audit Committee may also ratify a Covered Transaction if prior approval and review is not sought if the Audit Committee determines that the transaction meets the criteria above and the failure to obtain pre-approval was unintentional, inadvertent, or due to a lack of knowledge.

The following categories of transactions are exempt from review and approval under the Transaction Review Policy:

- transactions that involve a monetary value of less than $120,000;

- transactions that result from a competitive bid process;

- ordinary banking transactions; and

- any series of substantially similar transactions after the Audit Committee has reviewed and approved a single transaction of that type as meeting the requirements of the policy.

CODE OF ETHICS FOR THE CEO AND SENIOR FINANCIAL OFFICERS

You may review Wal-Mart s Code of Ethics for the CEO and Senior Financial Officers in the Corporate Governance section of the Investors page of our corporate website at www.walmartstores.com. Wal-Mart s Code of Ethics for the CEO and Senior Financial Officers supplements Wal-Mart s Statement of Ethics, which is applicable to all directors, Executive Officers, and Associates and is also available in the Corporate Governance section of the Investors page of our corporate website. A description of any substantive amendment or waiver of Wal-Mart s Code of Ethics for the CEO and Senior Financial Officers or Wal-Mart s Statement of Ethics will be disclosed in the Corporate Governance section of the Investors page of our corporate website for a period of 12 months after the date of the amendment or waiver. Copies of Wal-Mart s Code of Ethics for the CEO and Senior Financial Officers and of Wal-Mart s Statement of Ethics are also available in print at no charge to any shareholder who requests a copy from our Investor Relations department by submitting a request through the Investors page of our corporate website or by writing to the Investor Relations Department at: Wal-Mart Stores, Inc., Investor Relations Department, 702 Southwest 8th Street, Bentonville, Arkansas 72716-0100.

BOARD ATTENDANCE AT ANNUAL SHAREHOLDERS MEETINGS

The Board has adopted a policy stating that all directors are expected to attend annual shareholders meetings. While the Board understands that there may be situations that prevent a director from attending an annual shareholders meeting, the Board strongly encourages all directors to make attendance at all annual shareholders meetings a priority. Each person nominated by the Board for election to the Board at the 2008 Annual Shareholders Meeting attended the 2008 Annual Shareholders Meeting. Mr. Hernandez and Mr. Shewmaker, former directors who did not stand for reelection at the 2008 Annual Shareholders Meeting, also attended that meeting.

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SUBMISSION OF SHAREHOLDER PROPOSALS

If you wish to present a proposal for possible inclusion in our 2010 proxy statement pursuant to the SEC s rules, send the proposal to Gordon Y. Allison, Vice President and General Counsel, Corporate Division, 702 Southwest 8th Street, Bentonville, Arkansas 72716-0215, by registered, certified, or express mail. Shareholder proposals for inclusion in our proxy statement for the 2010 Annual Shareholders Meeting must be received by the Company on or before December 21, 2009.

Shareholders who wish to bring business before the 2010 Annual Shareholders Meeting other than through a shareholder proposal pursuant to the SEC s rules must notify the Corporate Secretary of the Company in writing and provide the information required by the provision of the Bylaws dealing with shareholder proposals. The notice must be delivered to or mailed and received at Wal-Mart s principal executive offices not less than 75 nor more than 100 days prior to the date of the 2010 Annual Shareholders Meeting, unless less than 85 days notice or public disclosure of that date is given or made, in which case the shareholder s notice must be received by the close of business on the tenth day after the notice or public disclosure of the date of the 2010 Annual Shareholders Meeting is made or given. The requirements for such notice are set forth in the Bylaws, a copy of which can be found in the Corporate Governance section of the Investors page of our corporate website at www.walmartstores.com. In addition, the Bylaws were filed as an exhibit to the Company s Current Report on Form 8-K dated September 25, 2006.

OTHER MATTERS

The Company is not aware of any matters that will be considered at the 2009 Annual Shareholders Meeting other than the matters described herein. If any other matters are properly brought before the 2009 Annual Shareholders Meeting, the proxy holders will vote the Shares as to which they hold proxies in their discretion.

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Overview

In the following pages, we discuss how our CEO, CFO, and certain other current Executive Officers (our Named Executive Officers or NEOs) were compensated in fiscal 2009, and describe how this compensation fits within our executive compensation philosophy.

During fiscal 2009, under the leadership of our senior executive team, our company performed well, especially relative to our competitors. We reported strong financial results for the fiscal year, despite some very challenging economic conditions worldwide. While many retailers experienced disappointing sales and earnings and other financial challenges, our earnings for fiscal 2009 were within the range of guidance we provided at the beginning of the fiscal year, we recorded increased comparable store sales growth over fiscal 2008, our free cash flow was more than double what it was in fiscal 2008, and we finished the fiscal year with a strong balance sheet. Walmart US differentiated itself from its competitors with its price leadership and improved store operations and inventory management. Walmart US continues to be well positioned in the current economic environment. International continues to be our fastest-growing division, with sales growing by more than 9 percent in fiscal 2009. Factoring out the lower value of international currencies against the U.S. dollar, that growth would have been 11.6 percent. Sam s Club also experienced continued growth, with comparable club sales, excluding fuel, increasing by 3.6 percent. Our stock price decreased slightly during fiscal 2009, but outperformed the broader stock market and the retail sector in particular. These accomplishments resulted in the compensation described below for fiscal 2009 and were considered by the CNGC when establishing the compensation of our NEOs for fiscal 2010.

Our Compensation Program Emphasizes Performance

We design our NEO compensation with an emphasis on performance. Base salary typically comprises less than 15 percent of each NEO s total annual compensation opportunity, and a substantial majority of each NEO s annual compensation is contingent on meeting performance goals that we believe have a meaningful impact on shareholder value. For fiscal 2009, the performance-based portion of NEO compensation consisted of performance shares and a cash incentive opportunity, and was contingent on meeting certain goals for pre-tax profit growth, operating income (for divisions), return on investment, comparative store sales growth and international revenue growth.

Because it is our goal to provide our executives with performance-based compensation on criteria they can actually control, we consider underlying operational performance, adjusted to ensure that operating results for the fiscal year are comparable to the prior year. During fiscal 2009, these adjustments include, among other items, adjustments to remove the impact of currency fluctuations and settlement charges relating to litigation arising in prior years. The adjustments made for purposes of determining fiscal 2009 performance under our compensation programs are described in more detail below.

Between September 2007 and March 2008, the CNGC undertook a full review of our compensation programs for NEOs and other members of management. As a result of this review, the CNGC concluded that changes could be made to our executive compensation program for fiscal 2009 to more closely tie executive compensation to measures of our performance that can be influenced by our executives and that we believe are likely to impact shareholder value. For fiscal 2009, 75 percent of the target value of our NEOs annual equity awards was subject to performance goals, up from two-thirds in fiscal 2008. The CNGC also reviewed the performance metrics used in our executive compensation program to ensure that the metrics used are metrics that the CNGC believes are important to our overall financial performance and likely to drive shareholder value. As a result of this review, beginning in fiscal 2009, in addition to the return on investment and pre-tax profit metrics that were already part of our program, a portion of each NEO s compensation was tied to our U.S. comparable store sales and/or international revenue growth, depending on each NEO s role with our company.

Consistent with our philosophy of tying executive compensation to performance that is within our executives control, our NEOs that are responsible for an operating division have a portion of their compensation directly tied to the performance of that division. Our Walmart US and International divisions performed well this year. As a result, our executives responsible for the Walmart US division received a maximum cash incentive payout for fiscal 2009, while executives responsible for the International division received a payout equal to approximately 97 percent of the maximum possible cash incentive payout. Because the performance of Sam s Club was not as strong, executives responsible for that division received a payout equal to approximately 76 percent of the maximum cash incentive payout for fiscal 2009.

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Compensation Established by a Committee of Independent Directors

The CNGC, whose members are all independent directors, oversees the programs used to determine our executives compensation. These compensation programs are designed to provide our NEOs with compensation that is fair and competitive in light of individual job responsibilities, individual performance, and contributions to our overall performance.

Since early 2007, Watson Wyatt & Company (Watson Wyatt) has served as the CNGC s independent consultant to advise the CNGC on executive compensation matters. Watson Wyatt reports directly and exclusively to the CNGC, and the CNGC has sole authority to retain, terminate, and approve the fees of Watson Wyatt. Under the terms of this engagement, Watson Wyatt may not be engaged to provide any additional consulting services to our company without the approval of the CNGC. Watson Wyatt advised the CNGC regarding the compensation of our NEOs and the design of our executive compensation programs for fiscal 2009.

In view of the size and complexity of our company, the CNGC reviews data from three different peer groups to determine how our NEOs compensation compares to the compensation paid to executives at other companies. Because our company is significantly larger than most companies in our peer groups, the CNGC generally sets compensation so that our NEOs have the opportunity to earn total compensation in the top quartile of the total compensation earned by executive officers who hold comparable positions in each of our peer groups. This benchmarking process and the peer groups used in this process are described in more detail below. In addition, when establishing NEO compensation, the CNGC considered the nature of each NEO s responsibilities and experience; the need to retain and motivate our executives; long-term succession planning; each NEO s contributions to our overall performance; and, where applicable, the performance of each NEO s operating division.

Executive Compensation Overview

Who are our NEOs?

For fiscal 2009, our NEOs were:

- H. Lee Scott, Jr., our President and CEO until his retirement from that position on January 31, 2009. Mr. Scott joined our company in 1979.

- Michael T. Duke, who became our President and CEO effective February 1, 2009. Prior to his promotion, Mr. Duke served as our Vice Chairman with responsibility for our International division. Mr. Duke joined our company in 1995.

- Thomas M. Schoewe, our Executive Vice President and CFO. Mr. Schoewe joined our company in 2000.

- Eduardo Castro-Wright, who was promoted to Vice Chairman of our company on November 20, 2008 and who oversees our Walmart US division. Prior to his promotion, Mr. Castro-Wright served as Executive Vice President and President and CEO, Walmart US. Mr. Castro-Wright joined our company in 2001.

- C. Douglas McMillon, who became Executive Vice President, President and CEO of our International division on February 1, 2009. Prior to that time, Mr. McMillon served as our Executive Vice President and President and CEO of Sam s Club. Mr. McMillon joined our company in 1990.

What are the primary components of our executive compensation program?

The annual compensation of our NEOs consists of three main components:

- base salary;
- a performance-based annual cash incentive payment; and
- annual equity-based compensation, comprised of a long-term performance-based award and a long-term service-based award.

For purposes of setting NEO compensation, the CNGC considers the amount that each NEO could earn from these three components, assuming performance goals are achieved and all service-based equity awards vest, as that NEO s total direct compensation, or TDC. We discuss each of these components of TDC in greater detail below.

Our NEOs also receive other benefits generally available to our Associates, such as participation in our Profit Sharing/401(k) Plan, our Stock Purchase Plan, and other plans available to our officers, such as our Deferred Compensation Plan. Our NEOs also receive certain perquisites and supplemental benefits. Our company does not maintain a defined benefit pension plan for our NEOs. With the exception of Mr. Scott, who continues to serve as Chairman of the Executive Committee pursuant to the terms of an agreement relating to his retirement as our President and CEO, all of our NEOs are employed on an at will basis.

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Fiscal 2009 Compensation

What were the significant changes to our executive compensation program for fiscal 2009?

Prior to setting compensation for fiscal 2009, the CNGC undertook a comprehensive review and analysis of our executive compensation program to determine if any improvements could be made to more closely tie executive compensation with performance metrics that are important to our overall results and that can be affected by our executives, and to otherwise more closely align our executive compensation program with shareholder interests. This process began with a review of our existing compensation programs by the consulting firm of Mercer LLC (Mercer) and included a review and recommendations from our People division and advice to the CNGC regarding these recommendations from Watson Wyatt. As a result of this review, the CNGC approved changes to our executive compensation program for fiscal 2009, including:

- setting a target performance goal, in addition to the threshold and maximum goals used in prior years, under our cash incentive plan, and adding a discretionary component to this plan;
- the addition of U.S. comparable store sales and international revenue growth as performance metrics on which a portion of our NEOs performance-based compensation is contingent;
- reviewing and establishing, as needed, performance share goals on an annual basis, rather than setting a single set of goals for the full three-year term of the performance shares;
- increasing the portion of annual equity awards that are conditioned on performance goals; and
- for the time-vested portion of annual equity awards, granting restricted stock in lieu of stock options.

These changes are discussed in more detail below.

What was the TDC for each of our NEOs during fiscal 2008 and fiscal 2009?

When setting NEO compensation, the CNGC establishes a TDC amount for each NEO and then allocates that TDC among the various components of compensation. TDC represents the compensation opportunity available to an NEO for a given fiscal year if performance goals are achieved. As shown in the table below, Target TDC represents the amounts our NEOs would receive if target performance goals are achieved. Maximum TDC represents the amounts that our NEOs would receive if maximum performance goals are achieved, and is therefore intended to reflect the amounts our NEOs would receive only in the event of exceptional performance.

The Summary Compensation table that appears on page 36 provides specific compensation information for the three most recent fiscal years for our NEOs in the manner required by SEC rules. The amounts in the Summary Compensation table do not reflect the compensation opportunities approved by the CNGC, nor do they necessarily provide insight into the compensation actually earned by each NEO upon satisfaction of applicable performance conditions. For example, the SEC rules require us to report an NEO s stock-based compensation for each year in the Summary Compensation table based on the amounts expensed for financial reporting purposes in accordance with Statement of Financial Accounting Standards No. 123R, so that the expense relating to portions of an equity award granted to one of our NEOs generally will appear in the Summary Compensation table over a period of years.

The following table shows the TDC established for each NEO for fiscal 2008 and fiscal 2009. Inclusion of this information is not designed to replace the Summary Compensation table, but rather to provide insight into the CNGC s decision-making process when establishing NEO compensation.

TDC, for purposes of the table below, is defined as the sum of:

base salary;

potential annual performance-based cash incentive payout; and

estimated grant date value of annual equity awards, assuming performance goals are satisfied.

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Because TDC is established through a benchmarking process, as described below, TDC does not include any one-time or special awards, as these types of awards are generally not reflected in the benchmarking data that is available for our peer group companies.

	Fiscal 2008 TDC ($)		Fiscal 2009 TDC ($)	
Name	Target	Maximum	Target	Maximum
H. Lee Scott, Jr.	26,000,000	32,365,000	25,115,201	34,405,000
Thomas M. Schoewe	5,820,000	7,020,000	5,628,000	7,290,000
Michael T. Duke	9,900,000	11,900,000	10,570,000	13,825,000
Eduardo Castro-Wright	7,212,500	8,712,500	8,560,000	11,162,500
C. Douglas McMillon	5,700,000	6,900,000	6,580,000	8,587,500

A significant percentage of the TDC amounts shown above consisted of performance-based equity. For fiscal 2009, approximately 57 percent of our CEO s target TDC consisted of performance shares, and at least 48 percent of each of the other NEO s TDC consisted of performance shares. During fiscal 2008, our NEOs did not receive any payout for performance shares.

The differences in TDC among our NEOs are due to many factors that the CNGC considers in evaluating and establishing the compensation of our NEOs. These factors include the CNGC s review of peer group compensation information through benchmarking, which is described in more detail below; differences in job scope and responsibilities among our NEOs; expertise and years of experience; historical compensation levels; retention and succession considerations; and individual and, where relevant, divisional performance. The TDC levels set forth in the table above represent the CNGC s judgment as to the appropriate compensation opportunities in light of these factors, and are not the result of any specific policy or formula.

How is the TDC of our NEOs allocated among the various elements of compensation?

Each NEO s TDC is comprised of the following elements: base salary, annual cash incentive opportunity, and equity. Each NEO s equity award is comprised of performance shares and restricted stock. For fiscal 2009, the CNGC allocated a majority of each NEO s target TDC to performance-based elements of compensation, as follows:

Breakdown of Fiscal 2009 Target TDC*

	Performance-Based Compensation	All Performance-Based