

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**
For the quarterly period ended **October 31, 2020**.
- or
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**
For the transition period from _____ to _____.
Commission File Number 001-6991



WALMART INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

702 S.W. 8th Street
Bentonville AR
(Address of principal executive offices)

71-0415188
(I.R.S. Employer
Identification No.)

72716
(Zip Code)

Registrant's telephone number, including area code: **(479) 273-4000**
Former name, former address and former fiscal year, if changed since last report: **N/A**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	WMT	New York Stock Exchange
1.900% Notes Due 2022	WMT22	New York Stock Exchange
2.550% Notes Due 2026	WMT26	New York Stock Exchange

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had 2,829,285,926 shares of common stock outstanding as of November 30, 2020.

Walmart Inc.
Form 10-Q
For the Quarterly Period Ended October 31, 2020

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

Walmart Inc.
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
<i>(Amounts in millions, except per share data)</i>				
Revenues:				
Net sales	\$ 133,752	\$ 126,981	\$ 404,248	\$ 379,318
Membership and other income	956	1,010	2,824	2,975
Total revenues	134,708	127,991	407,072	382,293
Costs and expenses:				
Cost of sales	100,339	95,900	305,054	286,857
Operating, selling, general and administrative expenses	28,591	27,373	84,957	80,190
Operating income	5,778	4,718	17,061	15,246
Interest:				
Debt	455	547	1,542	1,693
Finance lease	86	86	249	254
Interest income	(25)	(44)	(91)	(148)
Interest, net	516	589	1,700	1,799
Other (gains) and losses	(1,853)	(244)	(5,796)	(996)
Income before income taxes	7,115	4,373	21,157	14,443
Provision for income taxes	1,914	1,052	5,443	3,536
Consolidated net income	5,201	3,321	15,714	10,907
Consolidated net income attributable to noncontrolling interest	(66)	(33)	(113)	(167)
Consolidated net income attributable to Walmart	\$ 5,135	\$ 3,288	\$ 15,601	\$ 10,740
Net income per common share:				
Basic net income per common share attributable to Walmart	\$ 1.81	\$ 1.16	\$ 5.51	\$ 3.76
Diluted net income per common share attributable to Walmart	1.80	1.15	5.48	3.74
Weighted-average common shares outstanding:				
Basic	2,833	2,843	2,832	2,855
Diluted	2,849	2,861	2,849	2,872
Dividends declared per common share	\$ —	\$ —	\$ 2.16	\$ 2.12

See accompanying notes.

Walmart Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
<i>(Amounts in millions)</i>				
Consolidated net income	\$ 5,201	\$ 3,321	\$ 15,714	\$ 10,907
Consolidated net income attributable to noncontrolling interest	(66)	(33)	(113)	(167)
Consolidated net income attributable to Walmart	<u>5,135</u>	<u>3,288</u>	<u>15,601</u>	<u>10,740</u>
Other comprehensive income (loss), net of income taxes				
Currency translation and other	1,262	(1,188)	(2,408)	(762)
Net investment hedges	(1)	(113)	(35)	135
Cash flow hedges	—	(12)	34	(301)
Minimum pension liability	16	8	47	13
Other comprehensive income (loss), net of income taxes	1,277	(1,305)	(2,362)	(915)
Other comprehensive (income) loss attributable to noncontrolling interest	(109)	193	551	75
Other comprehensive income (loss) attributable to Walmart	<u>1,168</u>	<u>(1,112)</u>	<u>(1,811)</u>	<u>(840)</u>
Comprehensive income, net of income taxes	6,478	2,016	13,352	9,992
Comprehensive (income) loss attributable to noncontrolling interest	(175)	160	438	(92)
Comprehensive income attributable to Walmart	<u>\$ 6,303</u>	<u>\$ 2,176</u>	<u>\$ 13,790</u>	<u>\$ 9,900</u>

See accompanying notes.

Walmart Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

<i>(Amounts in millions)</i>	October 31, 2020	January 31, 2020	October 31, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,325	\$ 9,465	\$ 8,606
Receivables, net	5,770	6,284	5,612
Inventories	51,842	44,435	51,546
Prepaid expenses and other	1,665	1,622	2,148
Total current assets	<u>73,602</u>	<u>61,806</u>	<u>67,912</u>
Property and equipment, net	102,232	105,208	104,326
Operating lease right-of-use assets	17,128	17,424	16,944
Finance lease right-of-use assets, net	4,929	4,417	4,155
Goodwill	30,236	31,073	30,716
Other long-term assets	22,736	16,567	15,777
Total assets	<u>\$ 250,863</u>	<u>\$ 236,495</u>	<u>\$ 239,830</u>
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	\$ 240	\$ 575	\$ 4,926
Accounts payable	54,152	46,973	49,750
Dividends payable	1,529	—	1,507
Accrued liabilities	24,995	22,296	20,973
Accrued income taxes	548	280	327
Long-term debt due within one year	4,358	5,362	4,093
Operating lease obligations due within one year	1,725	1,793	1,740
Finance lease obligations due within one year	574	511	468
Total current liabilities	<u>88,121</u>	<u>77,790</u>	<u>83,784</u>
Long-term debt	40,849	43,714	44,912
Long-term operating lease obligations	15,982	16,171	15,741
Long-term finance lease obligations	4,750	4,307	4,068
Deferred income taxes and other	13,657	12,961	13,018
Commitments and contingencies			
Equity:			
Common stock	283	284	284
Capital in excess of par value	3,485	3,247	3,091
Retained earnings	92,279	83,943	80,656
Accumulated other comprehensive loss	(14,616)	(12,805)	(12,382)
Total Walmart shareholders' equity	<u>81,431</u>	<u>74,669</u>	<u>71,649</u>
Noncontrolling interest	6,073	6,883	6,658
Total equity	<u>87,504</u>	<u>81,552</u>	<u>78,307</u>
Total liabilities and equity	<u>\$ 250,863</u>	<u>\$ 236,495</u>	<u>\$ 239,830</u>

See accompanying notes.

Walmart Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

	Common Stock		Capital in	Retained	Accumulated	Total	Noncontrolling	Total
	Shares	Amount	Excess of Par Value	Earnings	Other Comprehensive Loss	Walmart Shareholders' Equity	Interest	Equity
<i>(Amounts in millions)</i>								
Balances as of February 1, 2020	2,832	\$ 284	\$ 3,247	\$ 83,943	\$ (12,805)	\$ 74,669	\$ 6,883	\$ 81,552
Consolidated net income	—	—	—	3,990	—	3,990	84	4,074
Other comprehensive loss, net of income taxes	—	—	—	—	(3,363)	(3,363)	(712)	(4,075)
Dividends declared (\$2.16 per share)	—	—	—	(6,117)	—	(6,117)	—	(6,117)
Purchase of Company stock	(6)	(1)	(26)	(666)	—	(693)	—	(693)
Dividends declared to noncontrolling interest	—	—	—	—	—	—	(359)	(359)
Other	6	1	(238)	(9)	—	(246)	(26)	(272)
Balances as of April 30, 2020	2,832	\$ 284	\$ 2,983	\$ 81,141	\$ (16,168)	\$ 68,240	\$ 5,870	\$ 74,110
Consolidated net income	—	—	—	6,476	—	6,476	(37)	6,439
Other comprehensive income, net of income taxes	—	—	—	—	384	384	52	436
Dividends to noncontrolling interest	—	—	—	—	—	—	(3)	(3)
Other	2	(1)	214	(3)	—	210	5	215
Balances as of July 31, 2020	2,834	\$ 283	\$ 3,197	\$ 87,614	\$ (15,784)	\$ 75,310	\$ 5,887	\$ 81,197
Consolidated net income	—	—	—	5,135	—	5,135	66	5,201
Other comprehensive income, net of income taxes	—	—	—	—	1,168	1,168	109	1,277
Purchase of Company stock	(4)	—	(17)	(469)	—	(486)	—	(486)
Dividends to noncontrolling interest	—	—	—	—	—	—	(8)	(8)
Other	1	—	305	(1)	—	304	19	323
Balances as of October 31, 2020	2,831	\$ 283	\$ 3,485	\$ 92,279	\$ (14,616)	\$ 81,431	\$ 6,073	\$ 87,504

See accompanying notes.

Walmart Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

<i>(Amounts in millions)</i>	Common Stock		Capital in	Retained	Accumulated	Total	Noncontrolling	Total
	Shares	Amount	Excess of		Other			
			Par Value	Earnings	Loss	Equity		Equity
Balances as of February 1, 2019	2,878	\$ 288	\$ 2,965	\$ 80,785	\$ (11,542)	\$ 72,496	\$ 7,138	\$ 79,634
Adoption of new accounting standards on February 1, 2019, net of income taxes	—	—	—	(266)	—	(266)	(34)	(300)
Consolidated net income	—	—	—	3,842	—	3,842	64	3,906
Other comprehensive income, net of income taxes	—	—	—	—	451	451	34	485
Dividends declared (\$2.12 per share)	—	—	—	(6,071)	—	(6,071)	—	(6,071)
Purchase of Company stock	(21)	(2)	(73)	(2,012)	—	(2,087)	—	(2,087)
Dividends declared to noncontrolling interest	—	—	—	—	—	—	(481)	(481)
Other	5	—	(158)	(2)	—	(160)	(16)	(176)
Balances as of April 30, 2019	2,862	\$ 286	\$ 2,734	\$ 76,276	\$ (11,091)	\$ 68,205	\$ 6,705	\$ 74,910
Consolidated net income	—	—	—	3,610	—	3,610	70	3,680
Other comprehensive income (loss), net of income taxes	—	—	—	—	(179)	(179)	84	(95)
Dividends	—	—	—	15	—	15	—	15
Purchase of Company stock	(15)	(2)	(54)	(1,499)	—	(1,555)	—	(1,555)
Dividends to noncontrolling interest	—	—	—	—	—	—	6	6
Other	—	1	200	30	—	231	(61)	170
Balances as of July 31, 2019	2,847	\$ 285	\$ 2,880	\$ 78,432	\$ (11,270)	\$ 70,327	\$ 6,804	\$ 77,131
Consolidated net income	—	—	—	3,288	—	3,288	33	3,321
Other comprehensive loss, net of income taxes	—	—	—	—	(1,112)	(1,112)	(193)	(1,305)
Dividends	—	—	—	5	—	5	—	5
Purchase of Company stock	(10)	(1)	(39)	(1,068)	—	(1,108)	—	(1,108)
Dividends to noncontrolling interest	—	—	—	—	—	—	3	3
Other	2	—	250	(1)	—	249	11	260
Balances as of October 31, 2019	2,839	\$ 284	\$ 3,091	\$ 80,656	\$ (12,382)	\$ 71,649	\$ 6,658	\$ 78,307

See accompanying notes.

Walmart Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended October 31,	
	2020	2019
<i>(Amounts in millions)</i>		
Cash flows from operating activities:		
Consolidated net income	\$ 15,714	\$ 10,907
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	8,333	8,159
Unrealized (gains) and losses	(6,883)	(911)
Losses and (gains) on disposal of business operations	1,028	(1)
Deferred income taxes	1,246	574
Other operating activities	930	938
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:		
Receivables, net	165	661
Inventories	(8,260)	(7,558)
Accounts payable	8,553	2,925
Accrued liabilities	1,796	(1,107)
Accrued income taxes	258	(48)
Net cash provided by operating activities	22,880	14,539
Cash flows from investing activities:		
Payments for property and equipment	(6,438)	(7,765)
Proceeds from the disposal of property and equipment	99	218
Proceeds from the disposal of certain operations	12	833
Payments for business acquisitions, net of cash acquired	(180)	(56)
Other investing activities	—	485
Net cash used in investing activities	(6,507)	(6,285)
Cash flows from financing activities:		
Net change in short-term borrowings	(301)	(282)
Proceeds from issuance of long-term debt	—	5,492
Repayments of long-term debt	(4,132)	(1,907)
Dividends paid	(4,582)	(4,545)
Purchase of Company stock	(1,186)	(4,829)
Dividends paid to noncontrolling interest	(76)	(407)
Other financing activities	(1,063)	(735)
Net cash used in financing activities	(11,340)	(7,213)
Effect of exchange rates on cash, cash equivalents and restricted cash	(170)	(166)
Net increase in cash, cash equivalents and restricted cash	4,863	875
Cash, cash equivalents and restricted cash at beginning of year	9,515	7,756
Cash, cash equivalents and restricted cash at end of period	<u>\$ 14,378</u>	<u>\$ 8,631</u>

See accompanying notes.

Walmart Inc.
Notes to Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The Condensed Consolidated Financial Statements of Walmart Inc. and its subsidiaries ("Walmart" or the "Company") and the accompanying notes included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for the fair presentation of the Condensed Consolidated Financial Statements have been included. Such adjustments are of a normal, recurring nature. The Condensed Consolidated Financial Statements, and the accompanying notes, are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and do not contain certain information included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020 ("fiscal 2020"). Therefore, the interim Condensed Consolidated Financial Statements should be read in conjunction with that Annual Report on Form 10-K.

The Company's Consolidated Financial Statements are based on a fiscal year ending January 31 for the United States ("U.S.") and Canadian operations. The Company consolidates all other operations generally using a one-month lag and based on a calendar year. There were no significant intervening events during the month of October related to the consolidated operations using a lag that materially affected the Condensed Consolidated Financial Statements.

The Company's business is seasonal to a certain extent due to calendar events and national and religious holidays, as well as weather patterns. Historically, the Company's highest sales volume and operating income have occurred in the fiscal quarter ending January 31.

Use of Estimates

The Consolidated Financial Statements have been prepared in conformity with GAAP. Those principles require management to make estimates and assumptions, including potential impacts arising from the COVID-19 pandemic and related government actions, that affect the reported amounts of assets and liabilities. Management's estimates and assumptions also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ materially from those estimates.

Receivables

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which modifies the measurement of expected credit losses of certain financial instruments. The Company adopted this ASU on February 1, 2020 with no material impact to the Company's Condensed Consolidated Financial Statements.

Receivables are stated at their carrying values, net of a reserve for credit losses, and are primarily due from the following: customers, which also includes insurance companies resulting from pharmacy sales, banks for customer credit, debit cards and electronic transfer transactions that take in excess of seven days to process; suppliers for marketing or incentive programs; governments for income taxes; and real estate transactions.

Note 2. Net Income Per Common Share

Basic net income per common share attributable to Walmart is based on the weighted-average common shares outstanding during the relevant period. Diluted net income per common share attributable to Walmart is based on the weighted-average common shares outstanding during the relevant period adjusted for the dilutive effect of share-based awards. The Company did not have significant share-based awards outstanding that were anti-dilutive and not included in the calculation of diluted net income per common share attributable to Walmart for the three and nine months ended October 31, 2020 and 2019.

The following table provides a reconciliation of the numerators and denominators used to determine basic and diluted net income per common share attributable to Walmart:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
<i>(Amounts in millions, except per share data)</i>				
Numerator				
Consolidated net income	\$ 5,201	\$ 3,321	\$ 15,714	\$ 10,907
Consolidated net income attributable to noncontrolling interest	(66)	(33)	(113)	(167)
Consolidated net income attributable to Walmart	<u>\$ 5,135</u>	<u>\$ 3,288</u>	<u>\$ 15,601</u>	<u>\$ 10,740</u>
Denominator				
Weighted-average common shares outstanding, basic	2,833	2,843	2,832	2,855
Dilutive impact of share-based awards	16	18	17	17
Weighted-average common shares outstanding, diluted	<u>2,849</u>	<u>2,861</u>	<u>2,849</u>	<u>2,872</u>
Net income per common share attributable to Walmart				
Basic	\$ 1.81	\$ 1.16	\$ 5.51	\$ 3.76
Diluted	1.80	1.15	5.48	3.74

Note 3. Accumulated Other Comprehensive Loss

The following table provides the changes in the composition of total accumulated other comprehensive loss for the three months ended April 30, 2020, July 31, 2020 and October 31, 2020:

	Currency Translation and Other	Net Investment Hedges	Cash Flow Hedges	Minimum Pension Liability	Total
<i>(Amounts in millions and net of immaterial income taxes)</i>					
Balances as of February 1, 2020	\$ (11,827)	\$ 1,517	\$ (539)	\$ (1,956)	\$ (12,805)
Other comprehensive income (loss) before reclassifications, net	(3,256)	157	(295)	(4)	(3,398)
Reclassifications to income, net	—	—	16	19	35
Balances as of April 30, 2020	\$ (15,083)	\$ 1,674	\$ (818)	\$ (1,941)	\$ (16,168)
Other comprehensive income (loss) before reclassifications, net	246	(191)	303	(2)	356
Reclassifications to income, net	—	—	10	18	28
Balances as of July 31, 2020	\$ (14,837)	\$ 1,483	\$ (505)	\$ (1,925)	\$ (15,784)
Other comprehensive income (loss) before reclassifications, net	1,153	(1)	(13)	(3)	1,136
Reclassifications to income, net	—	—	13	19	32
Balances as of October 31, 2020	<u>\$ (13,684)</u>	<u>\$ 1,482</u>	<u>\$ (505)</u>	<u>\$ (1,909)</u>	<u>\$ (14,616)</u>

The following table provides the changes in the composition of total accumulated other comprehensive loss for the three months ended April 30, 2019, July 31, 2019 and October 31, 2019:

	Currency Translation and Other	Net Investment Hedges	Cash Flow Hedges	Minimum Pension Liability	Total
<i>(Amounts in millions and net of immaterial income taxes)</i>					
Balances as of February 1, 2019	\$ (12,085)	\$ 1,395	\$ (140)	\$ (712)	\$ (11,542)
Other comprehensive income (loss) before reclassifications, net	496	108	(145)	(7)	452
Reclassifications to income, net	(23)	—	14	8	(1)
Balances as of April 30, 2019	\$ (11,612)	\$ 1,503	\$ (271)	\$ (711)	\$ (11,091)
Other comprehensive income (loss) before reclassifications, net	(165)	140	(172)	(5)	(202)
Reclassifications to income, net	—	—	14	9	23
Balances as of July 31, 2019	\$ (11,777)	\$ 1,643	\$ (429)	\$ (707)	\$ (11,270)
Other comprehensive income (loss) before reclassifications, net	(995)	(113)	(12)	6	(1,114)
Reclassifications to income, net	—	—	—	2	2
Balances as of October 31, 2019	<u>\$ (12,772)</u>	<u>\$ 1,530</u>	<u>\$ (441)</u>	<u>\$ (699)</u>	<u>\$ (12,382)</u>

Amounts reclassified from accumulated other comprehensive loss to net income for derivative instruments are recorded in interest, net, in the Company's Condensed Consolidated Statements of Income. Amounts reclassified from accumulated other comprehensive loss to net income for the minimum pension liability, as well as the cumulative translation resulting from a disposition of a business, are recorded in other gains and losses in the Company's Condensed Consolidated Statements of Income. Amounts related to the Company's derivatives expected to be reclassified from accumulated other comprehensive loss to net income during the next 12 months are not significant.

Note 4. Short-term Borrowings and Long-term Debt

The Company has various committed lines of credit in the U.S. that are used to support its commercial paper program. In April 2020, the Company renewed and extended its existing 364-day revolving credit facility of \$10.0 billion. In total, the Company had committed lines of credit in the U.S. of \$15.0 billion at October 31, 2020 and January 31, 2020, all undrawn.

The following table provides the changes in the Company's long-term debt for the nine months ended October 31, 2020:

<i>(Amounts in millions)</i>	Long-term debt due within one year	Long-term debt	Total
Balances as of February 1, 2020	\$ 5,362	\$ 43,714	\$ 49,076
Repayments of long-term debt	(4,132)	—	(4,132)
Reclassifications of long-term debt	3,126	(3,126)	—
Other	2	261	263
Balances as of October 31, 2020	<u>\$ 4,358</u>	<u>\$ 40,849</u>	<u>\$ 45,207</u>

Note 5. Fair Value Measurements

Assets and liabilities recorded at fair value are measured using the fair value hierarchy, which prioritizes the inputs used in measuring fair value. The levels of the fair value hierarchy are:

- Level 1: observable inputs such as quoted prices in active markets;
- Level 2: inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3: unobservable inputs for which little or no market data exists, therefore requiring the Company to develop its own assumptions.

The Company measures the fair value of equity investments on a recurring basis in the accompanying Condensed Consolidated Balance Sheets.

The fair value of the Company's equity investments recorded in other long-term assets are as follows:

<i>(Amounts in millions)</i>	Fair Value as of October 31, 2020	Fair Value as of January 31, 2020
Equity investments measured using Level 1 inputs	\$ 5,987	\$ 2,715
Equity investments measured using Level 2 inputs	6,782	2,723
Total	<u>\$ 12,769</u>	<u>\$ 5,438</u>

Derivatives

The Company also has derivatives recorded at fair value. Derivative fair values are the estimated amounts the Company would receive or pay upon termination of the related derivative agreements as of the reporting dates. The fair values have been measured using the income approach and Level 2 inputs, which include the relevant interest rate and foreign currency forward curves. As of October 31, 2020 and January 31, 2020, the notional amounts and fair values of these derivatives were as follows:

<i>(Amounts in millions)</i>	October 31, 2020		January 31, 2020	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Receive fixed-rate, pay variable-rate interest rate swaps designated as fair value hedges	\$ 3,250	\$ 177 ⁽¹⁾	\$ 4,000	\$ 97 ⁽¹⁾
Receive fixed-rate, pay fixed-rate cross-currency swaps designated as net investment hedges	3,500	446 ⁽¹⁾	3,750	455 ⁽¹⁾
Receive fixed-rate, pay fixed-rate cross-currency swaps designated as cash flow hedges	4,206	(722) ⁽²⁾	4,067	(696) ⁽²⁾
Total	<u>\$ 10,956</u>	<u>\$ (99)</u>	<u>\$ 11,817</u>	<u>\$ (144)</u>

⁽¹⁾ Classified in Other long-term assets within the Company's Condensed Consolidated Balance Sheets.

⁽²⁾ Classified in Deferred income taxes and other within the Company's Condensed Consolidated Balance Sheets.

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company's assets and liabilities are also subject to nonrecurring fair value measurements. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges. The Company did not have any material assets or liabilities subject to nonrecurring fair value measurements as of October 31, 2020. Refer to [Note 6](#) for additional information regarding the sale of Walmart Argentina.

Other Fair Value Disclosures

The Company records cash and cash equivalents, restricted cash, and short-term borrowings at cost. The carrying values of these instruments approximate their fair value due to their short-term maturities.

The Company's long-term debt is also recorded at cost. The fair value is estimated using Level 2 inputs based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying value and fair value of the Company's long-term debt as of October 31, 2020 and January 31, 2020, are as follows:

<i>(Amounts in millions)</i>	October 31, 2020		January 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including amounts due within one year	\$ 45,207	\$ 55,257	\$ 49,076	\$ 57,769

Note 6. Divestitures

During fiscal 2021, the Company announced the following actions related to the Company's Walmart International segment.

Asda

In October 2020, the Company entered into a definitive agreement and announced the proposed divestiture of Asda Group Limited, a wholly-owned subsidiary of the Company ("Asda"), for an enterprise value of £6.8 billion, or approximately \$9.1 billion based on current exchange rates. Due to uncertainty of the macro-economic environment and a complex regulatory review process, the outcome of which is uncertain, the held for sale criteria for the disposal group was not met as of October 31, 2020, and accordingly no impacts have been reflected in the Condensed Consolidated Financial Statements.

Walmart Argentina

In November 2020, the Company completed the sale of Walmart Argentina and classified the disposal group as held for sale as of October 31, 2020 in the Condensed Consolidated Balance Sheet. As a result, the Company recorded a pre-tax loss of \$1.0 billion during the three and nine months ended October 31, 2020 in other gains and losses in its Condensed Consolidated Statement of Income primarily due to the impact of cumulative translation losses on the carrying value of the disposal group.

Seiyu

In November 2020, the Company entered into a definitive agreement to sell a majority stake in Seiyu, the Company's retail business in Japan, for an enterprise value of ¥172.5 billion, or approximately \$1.7 billion based on current exchange rates. As the disposal group met the held for sale criteria subsequent to October 31, 2020, the Company will recognize a non-cash loss of approximately \$2.0 billion, after tax, in the fourth quarter of fiscal 2021. This estimate may fluctuate based on currency exchange rates and customary purchase price adjustments up to the closing date of the transaction, which is expected to occur in the first quarter of fiscal 2022 and is subject to regulatory approvals.

Note 7. Contingencies

Legal Proceedings

The Company is involved in a number of legal proceedings. The Company has made accruals with respect to these matters, where appropriate, which are reflected in the Company's Condensed Consolidated Financial Statements. For some matters, a liability is not probable or the amount cannot be reasonably estimated and therefore an accrual has not been made. However, where a liability is reasonably possible and may be material, such matters have been disclosed. The Company may enter into discussions regarding settlement of these matters, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company and its shareholders.

Unless stated otherwise, the matters discussed below, if decided adversely or settled by the Company, individually or in the aggregate, may result in a liability material to the Company's financial condition, results of operations or cash flows.

ASDA Equal Value Claims

ASDA Stores Ltd., an Asda subsidiary, is a defendant in over 40,000 equal value ("Equal Value") claims that began in 2008 and are proceeding before an Employment Tribunal in Manchester (the "Employment Tribunal") in the United Kingdom ("U.K.") on behalf of current and former Asda store employees, and further claims may be asserted in the future. The claimants allege that the work performed by employees in Asda's retail stores is of equal value in terms of, among other things, the demands of their jobs compared to that of employees working in Asda's warehouse and distribution facilities, and that the difference in pay between these job positions disparately impacts women because more women work in retail stores while more men work in warehouses and distribution facilities, and that the pay difference is not objectively justified. The claimants are requesting differential back pay based on higher wage rates in the warehouse and distribution facilities and higher wage rates on a prospective basis.

In October 2016, following a preliminary hearing, the Employment Tribunal ruled that claimants could compare their positions in Asda's retail stores with those of employees in Asda's warehouse and distribution facilities. Asda appealed the ruling and the oral argument was held before the Supreme Court of the United Kingdom in July 2020. The Company is awaiting a decision.

Notwithstanding the appeal, claimants are proceeding in the next phase of their claims. That phase will determine whether the work performed by the claimants is of equal value to the work performed by employees in Asda's warehouse and distribution facilities.

At present, the Company cannot predict the number of such claims that may be filed, and cannot reasonably estimate any loss or range of loss that may arise from these proceedings. Accordingly, the Company can provide no assurance as to the scope and outcomes of these matters and no assurance as to whether its business, financial position, results of operations or cash flows will not be materially adversely affected. The Company believes it has substantial factual and legal defenses to these claims, and intends to defend the claims vigorously.

Prescription Opiate Litigation and Other Matters

In December 2017, the U.S. Judicial Panel on Multidistrict Litigation consolidated numerous lawsuits filed against a wide array of defendants by various plaintiffs, including counties, cities, healthcare providers, Native American tribes, individuals, and third-party payors, asserting claims generally concerning the impacts of widespread opioid abuse. The consolidated multidistrict litigation entitled *In re National Prescription Opiate Litigation* (MDL No. 2804), is pending in the U.S. District Court for the Northern District of Ohio. The Company is named as a defendant in some of the cases included in this multidistrict litigation. Similar cases that name the Company have also been filed in state courts by state, local and tribal governments, health care providers and other plaintiffs. Plaintiffs are seeking compensatory and punitive damages, as well as injunctive relief including abatement. The Company cannot predict the number of such claims that may be filed, but believes it has substantial factual and legal defenses to these claims, and intends to defend the claims vigorously. The Company has also been responding to subpoenas, information requests and investigations from governmental entities related to nationwide controlled substance dispensing and distribution practices involving opioids. On October 22, 2020, the Company filed a declaratory judgment action against the U.S. Department of Justice and the U.S. Drug Enforcement Administration, asking a federal court to clarify the roles and responsibilities of pharmacists and pharmacies as to the dispensing and distribution of opioids under the Controlled Substances Act. The Company cannot reasonably estimate any loss or range of loss that may arise from these matters. Accordingly, the Company can provide no assurance as to the scope and outcome of these matters and no assurance as to whether its business, financial position, results of operations or cash flows will not be materially adversely affected.

Note 8. Segments and Disaggregated Revenue

Segments

The Company is engaged in the operation of retail, wholesale, eCommerce websites and other units located throughout the U.S., Africa, Argentina, Canada, Central America, Chile, China, India, Japan, Mexico, and the United Kingdom. The Company's operations are conducted in three reportable segments: Walmart U.S., Walmart International and Sam's Club. The Company defines its segments as those operations whose results the chief operating decision maker ("CODM") regularly reviews to analyze performance and allocate resources. The Company sells similar individual products and services in each of its segments. It is impractical to segregate and identify revenues for each of these individual products and services.

The Walmart U.S. segment includes the Company's mass merchandising concept in the U.S., as well as eCommerce and omni-channel initiatives. The Walmart International segment consists of the Company's operations outside of the U.S., as well as eCommerce and omni-channel initiatives. The Sam's Club segment includes the warehouse membership clubs in the U.S., as well as samsclub.com and omni-channel initiatives. Corporate and support consists of corporate overhead and other items not allocated to any of the Company's segments.

The Company measures the results of its segments using, among other measures, each segment's net sales and operating income, which includes certain corporate overhead allocations. From time to time, the Company revises the measurement of each segment's operating income, including any corporate overhead allocations, as determined by the information regularly reviewed by its CODM. When the measurement of a segment changes, previous period amounts and balances are reclassified to be comparable to the current period's presentation. Beginning with the first quarter in fiscal 2021, the Company revised its definition of eCommerce net sales to include certain pharmacy transactions and, accordingly, revised prior period amounts to maintain comparability.

Net sales by segment are as follows:

<i>(Amounts in millions)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Net sales:				
Walmart U.S.	\$ 88,353	\$ 83,189	\$ 270,378	\$ 248,733
Walmart International	29,554	29,167	86,487	87,081
Sam's Club	15,845	14,625	47,383	43,504
Net sales	\$ 133,752	\$ 126,981	\$ 404,248	\$ 379,318

Operating income by segment, as well as operating loss for corporate and support, interest, net and other gains and losses are as follows:

<i>(Amounts in millions)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Operating income (loss):				
Walmart U.S.	\$ 4,589	\$ 4,176	\$ 13,948	\$ 12,977
Walmart International	1,078	634	2,696	2,265
Sam's Club	431	327	1,517	1,258
Corporate and support	(320)	(419)	(1,100)	(1,254)
Operating income	5,778	4,718	17,061	15,246
Interest, net	516	589	1,700	1,799
Other (gains) and losses	(1,853)	(244)	(5,796)	(996)
Income before income taxes	\$ 7,115	\$ 4,373	\$ 21,157	\$ 14,443

Disaggregated Revenues

In the following tables, segment net sales are disaggregated by either merchandise category or by market. From time to time, the Company revises the assignment of net sales of a particular item to a merchandise category. When the assignment changes, previous period amounts are reclassified to be comparable to the current period's presentation.

In addition, net sales related to eCommerce are provided for each segment, which include omni-channel sales, where a customer initiates an order digitally and the order is fulfilled through a store or club.

<i>(Amounts in millions)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Walmart U.S. net sales by merchandise category				
Grocery	\$ 50,683	\$ 48,117	\$ 155,149	\$ 142,511
General merchandise	26,927	24,964	84,075	76,602
Health and wellness	9,806	9,225	28,560	27,113
Other categories	937	883	2,594	2,507
Total	\$ 88,353	\$ 83,189	\$ 270,378	\$ 248,733

Of Walmart U.S.'s total net sales, approximately \$10.3 billion and \$5.7 billion related to eCommerce for the three months ended October 31, 2020 and 2019, respectively. Approximately \$29.1 billion and \$15.8 billion related to eCommerce for the nine months ended October 31, 2020 and 2019, respectively.

(Amounts in millions)

Walmart International net sales by market	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Mexico and Central America	\$ 7,429	\$ 7,913	\$ 23,133	\$ 23,765
United Kingdom	7,249	6,961	21,079	21,355
Canada	4,969	4,608	14,383	13,366
China	2,787	2,718	8,735	8,209
Other	7,120	6,967	19,157	20,386
Total	\$ 29,554	\$ 29,167	\$ 86,487	\$ 87,081

Of Walmart International's total net sales, approximately \$4.3 billion and \$2.9 billion related to eCommerce for the three months ended October 31, 2020 and 2019, respectively. Approximately \$10.5 billion and \$7.9 billion related to eCommerce for the nine months ended October 31, 2020 and 2019, respectively.

(Amounts in millions)

Sam's Club net sales by merchandise category	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Grocery and consumables	\$ 10,450	\$ 8,900	\$ 31,526	\$ 26,151
Fuel, tobacco and other categories	1,942	2,646	6,023	8,127
Home and apparel	1,693	1,532	4,926	4,725
Health and wellness	1,017	858	2,849	2,527
Technology, office and entertainment	743	689	2,059	1,974
Total	\$ 15,845	\$ 14,625	\$ 47,383	\$ 43,504

Of Sam's Club's total net sales, approximately \$1.3 billion and \$0.9 billion related to eCommerce for the three months ended October 31, 2020 and 2019, respectively. Approximately \$3.7 billion and \$2.6 billion related to eCommerce for the nine months ended October 31, 2020 and 2019, respectively.

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

Overview

This discussion, which presents Walmart Inc.'s ("Walmart," the "Company," "our," or "we") results for periods occurring in the fiscal year ending January 31, 2021 ("fiscal 2021") and the fiscal year ended January 31, 2020 ("fiscal 2020"), should be read in conjunction with our Condensed Consolidated Financial Statements as of and for the three and nine months ended October 31, 2020, and the accompanying notes included in [Part I, Item 1](#) of this Quarterly Report on Form 10-Q, as well as our Consolidated Financial Statements as of and for the year ended January 31, 2020, the accompanying notes and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in our Annual Report on Form 10-K for the year ended January 31, 2020.

We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from period to period and the primary factors that accounted for those changes. We also discuss certain performance metrics that management uses to assess the Company's performance. Additionally, the discussion provides information about the financial results of each of the three segments of our business to provide a better understanding of how each of those segments and its results of operations affect the financial condition and results of operations of the Company as a whole.

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, we discuss segment operating income, comparable store and club sales and other measures. Management measures the results of the Company's segments using each segment's operating income, including certain corporate overhead allocations, as well as other measures. From time to time, we revise the measurement of each segment's operating income and other measures as determined by the information regularly reviewed by our chief operating decision maker.

Comparable store and club sales, or comparable sales, is a metric that indicates the performance of our existing stores and clubs by measuring the change in sales for such stores and clubs, including eCommerce sales, for a particular period from the corresponding prior year period. Walmart's definition of comparable sales includes sales from stores and clubs open for the previous 12 months, including remodels, relocations, expansions and conversions, as well as eCommerce sales. We measure the eCommerce sales impact by including all sales initiated digitally and those initiated through mobile applications, including omni-channel transactions which are fulfilled through our stores and clubs. Sales at a store that has changed in format are excluded from comparable sales when the conversion of that store is accompanied by a relocation or expansion that results in a change in the store's retail square feet of more than five percent. Additionally, sales related to acquisitions are excluded until such acquisitions have been owned for 12 months. Comparable sales are also referred to as "same-store" sales by others within the retail industry. The method of calculating comparable sales varies across the retail industry. As a result, our calculation of comparable sales is not necessarily comparable to similarly titled measures reported by other companies.

In discussing our operating results, the term currency exchange rates refers to the currency exchange rates we use to convert the operating results for countries where the functional currency is not the U.S. dollar into U.S. dollars or for countries experiencing hyperinflation. We calculate the effect of changes in currency exchange rates as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior year period's currency exchange rates. Additionally, no currency exchange rate fluctuations are calculated for non-USD acquisitions until owned for 12 months. Throughout our discussion, we refer to the results of this calculation as the impact of currency exchange rate fluctuations. Volatility in currency exchange rates may impact the results, including net sales and operating income, of the Company and the Walmart International segment in the future.

Each of our segments contributes to the Company's operating results differently. Each, however, has generally maintained a consistent contribution rate to the Company's net sales and operating income in recent years other than minor changes to the contribution rate for the Walmart International segment due to fluctuations in currency exchange rates. Consistent with our strategy to further position our Walmart International portfolio enabling long-term, sustainable and profitable growth, we have taken the following actions:

- In October 2020, we agreed to sell Asda Group Limited ("Asda") for an enterprise value of £6.8 billion, or approximately \$9.1 billion based on current exchange rates. When the disposal group meets the held for sale criteria, we expect to recognize a non-cash loss of approximately \$5.5 billion, after tax, which includes the estimated loss on sale as well as the loss associated with the derecognition of the Asda pension plan. This loss may fluctuate based on currency exchange rates and customary purchase price adjustments. The loss associated with the derecognition of the Asda pension plan will be recognized at the earlier of either the disposal group meeting the held for sale criteria or the pension buy-out. We expect the impact of removing Asda from our Walmart International segment to dilute earnings per share by \$0.25 in the first full year following completion of the transaction reflecting the absence of net income from Asda. Refer to [Note 6](#).
- In November 2020, we completed the sale of Walmart Argentina and classified the disposal group as held for sale as of October 31, 2020 in our Condensed Consolidated Balance Sheet. As a result, we recorded a non-cash loss of \$1.0 billion, after-tax, during the three and nine months ended October 31, 2020 primarily due to cumulative foreign currency translation losses. Refer to [Note 6](#).

- In November 2020, we agreed to sell a majority stake in Seiyu, our retail business in Japan, for an enterprise value of ¥172.5 billion, or approximately \$1.7 billion based on current exchange rates. As the disposal group met the held for sale criteria subsequent to October 31, 2020, we will recognize a non-cash loss of approximately \$2.0 billion, after tax, in the fourth quarter of fiscal 2021. This estimate may fluctuate based on currency exchange rates and customary purchase price adjustments up to the closing date of the transaction, which is expected to occur in the first quarter of fiscal 2022 and is subject to regulatory approvals. Refer to [Note 6](#).

We operate in the highly competitive omni-channel retail industry in all of the markets we serve. We face strong sales competition from other discount, department, drug, dollar, variety and specialty stores, warehouse clubs and supermarkets, as well as eCommerce businesses. Many of these competitors are national, regional or international chains or have a national or international omni-channel or eCommerce presence. We compete with a number of companies for attracting and retaining quality employees ("associates"). We, along with other retail companies, are influenced by a number of factors including, but not limited to: catastrophic events and global health epidemics, including the ongoing COVID-19 pandemic, weather, competitive pressures, consumer disposable income, consumer debt levels and buying patterns, consumer credit availability, cost of goods, currency exchange rate fluctuations, customer preferences, deflation, inflation, fuel and energy prices, general economic conditions, insurance costs, interest rates, labor costs, tax rates, the imposition of tariffs, cybersecurity attacks and unemployment. Further information on the factors that can affect our operating results and on certain risks to our Company and an investment in our securities can be found herein under "[Item 5. Other Information](#)."

COVID-19 Updates

Our strategy is to make every day easier for busy families, operate with discipline, sharpen our culture, become more digital, and make trust a competitive advantage. These areas of focus are fundamental in running our business every day, and even more so now as Walmart plays an important role during the current COVID-19 pandemic. Throughout fiscal 2021, we have operated with a clear set of priorities to guide our decision making through the COVID-19 pandemic. These priorities are:

- Supporting our associates on the front lines in terms of their physical safety, financial health and emotional well-being. We are providing extra pay and benefits, including \$1.3 billion to date in special cash bonuses to field associates and the introduction of a COVID-19 Emergency Leave Policy.
- Serving our customers as safely as possible and keeping our supply chain operating. We reduced our store operating hours at the onset of the COVID-19 pandemic and have since expanded store hours slightly during the third quarter.
- Helping others which includes waiving or discounting rent for in-store tenants in April and May 2020 as well as hiring more than 500,000 new associates.
- Managing the business well both operationally and financially and driving our long-term strategy. We are maintaining our everyday low-price discipline while investing in our omni-channel offering which continues to resonate with customers around the world who are increasingly seeking convenience.

While we incurred incremental costs associated with operating during a global health crisis, the COVID-19 pandemic resulted in overall net sales growth during the first three quarters of fiscal 2021 with strong comparable sales in the U.S. and the majority of our international markets. Sales trends were positively impacted by eCommerce growth acceleration as well as customers consolidating shopping trips and purchasing larger baskets. For a detailed discussion on results of operations by reportable segment, refer to "[Results of Operations](#)" below.

We expect continued uncertainty in our business and the global economy due to the duration and intensity of the COVID-19 pandemic; the duration and extent of economic stimulus; the length and impact of any stay-at-home orders or government mandates; and volatility in employment trends and consumer confidence which will impact our results in the short term.

Company Performance Metrics

We are committed to helping customers save money and live better through everyday low prices, supported by everyday low costs. At times, we adjust our business strategies to maintain and strengthen our competitive positions in the countries in which we operate. We define our financial framework as:

- strong, efficient growth;
- consistent operating discipline; and
- strategic capital allocation.

As we execute on this financial framework, we believe our returns on capital will improve over time.

The COVID-19 pandemic led to increased demand and overall net sales growth through the first three quarters of fiscal 2021. As our Company continues to respond to the COVID-19 pandemic, we have prioritized our focus on associate care, including extra pay and benefits as well as masks and gloves; increased cleaning and sanitation measures; customer safety; and new associate hiring. Additionally, we've shifted the timing of certain capital spending and consulting projects, and reduced marketing and travel in response to the COVID-19 pandemic.

Strong, Efficient Growth

Our objective of prioritizing strong, efficient growth means we will focus on the most productive growth opportunities, increasing comparable store and club sales, accelerating eCommerce sales growth and expansion of omni-channel initiatives while slowing the rate of growth of new stores and clubs. At times, we make strategic investments which are focused on the long-term growth of the Company.

Comparable sales is a metric that indicates the performance of our existing stores and clubs by measuring the change in sales for such stores and clubs, including eCommerce sales, for a particular period over the corresponding period in the previous year. The retail industry generally reports comparable sales using the retail calendar (also known as the 4-5-4 calendar). To be consistent with the retail industry, we provide comparable sales using the retail calendar in our quarterly earnings releases. However, when we discuss our comparable sales below, we are referring to our calendar comparable sales calculated using our fiscal calendar. As our fiscal calendar differs from the retail calendar, our fiscal calendar comparable sales also differ from the retail calendar comparable sales provided in our quarterly earnings releases. Calendar comparable sales, as well as the impact of fuel, for the three and nine months ended October 31, 2020 and 2019, were as follows:

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2020		2019		2020		2019	
	With Fuel		Fuel Impact		With Fuel		Fuel Impact	
Walmart U.S.	6.6 %	3.3 %	(0.1)%	0.0 %	8.9 %	3.1 %	(0.2)%	0.0 %
Sam's Club	8.3 %	0.6 %	(3.3)%	0.1 %	8.9 %	1.3 %	(3.8)%	0.6 %
Total U.S.	6.8 %	2.9 %	(0.6)%	0.0 %	8.9 %	2.8 %	(0.7)%	0.0 %

Comparable sales in the U.S., including fuel, increased 6.8% and 8.9% for the three and nine months ended October 31, 2020, respectively, when compared to the same period in the previous fiscal year. The Walmart U.S. segment had comparable sales growth of 6.6% and 8.9% for the three and nine months ended October 31, 2020, respectively, driven by growth in average ticket primarily resulting from increased demand due to the COVID-19 pandemic, partially offset by a decline in transactions as customers consolidated shopping trips. Beginning in mid-September, we began seeing improvement in transactions as store hours were slightly expanded. With the shift in purchasing behavior, Walmart U.S. segment's eCommerce sales positively contributed approximately 5.6% and 5.2% to comparable sales for the three and nine months ended October 31, 2020, respectively, and was primarily driven by store pickup and delivery and walmart.com.

Comparable sales at the Sam's Club segment were 8.3% and 8.9% for the three and nine months ended October 31, 2020, respectively. The Sam's Club segment's comparable sales benefited from growth in transactions and average ticket resulting from the COVID-19 pandemic, partially offset by both our decision to remove tobacco from certain club locations and by lower fuel sales. The Sam's Club segment's eCommerce sales positively contributed approximately 2.2% and 2.0% to comparable sales for the three and nine months ended October 31, 2020, respectively.

Consistent Operating Discipline

We operate with discipline by managing expenses and optimizing the efficiency of how we work and creating an environment in which we have sustainable lowest cost to serve. We invest in technology and process improvements to increase productivity, manage inventory and reduce costs. We measure operating discipline through expense leverage, which we define as net sales growing at a faster rate than operating, selling, general and administrative ("operating") expenses.

<i>(Amounts in millions)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Net sales	\$ 133,752	\$ 126,981	\$ 404,248	\$ 379,318
Percentage change from comparable period	5.3 %	2.5 %	6.6 %	1.8 %
Operating, selling, general and administrative expenses	\$ 28,591	\$ 27,373	\$ 84,957	\$ 80,190
Percentage change from comparable period	4.4 %	2.2 %	5.9 %	1.1 %
Operating, selling, general and administrative expenses as a percentage of net sales	21.4 %	21.6 %	21.0 %	21.1 %

For the three and nine months ended October 31, 2020, we leveraged operating expenses, decreasing operating expenses as a percentage of net sales by 18 and 12 basis points, respectively, when compared to the same periods in the previous fiscal year. The primary drivers of the expense leverage for the three and nine months ended October 31, 2020 were strong sales and lapping a non-cash impairment charge in the prior year, partially offset by \$0.6 billion and \$3.0 billion, respectively, of incremental costs related to the COVID-19 pandemic. For the nine months ended October 31, 2020, operating expenses as a percentage of net sales was also impacted by a \$0.4 billion business restructuring charge in the Walmart U.S. segment recorded in the second quarter of fiscal 2021.

Strategic Capital Allocation

Our strategy includes improving our customer-facing initiatives in stores and clubs and creating a seamless omni-channel experience for our customers. In recent years, we have allocated more capital to eCommerce, technology, supply chain, and store remodels and less to new store and club openings. We will continue to remain disciplined with our capital spending in light of the COVID-19 pandemic. Total capital expenditures for the nine months ended October 31, 2020 decreased compared to the prior year due to the COVID-19 pandemic which impacted the timing of store remodeling and front-end technology transformation activities in Walmart U.S.; the following table provides additional detail:

(Amounts in millions)

Allocation of Capital Expenditures	Nine Months Ended October 31,	
	2021	2020
eCommerce, technology, supply chain and other	\$ 3,316	\$ 3,859
Store remodels	1,531	1,855
New stores and clubs, including expansions and relocations	64	67
Total U.S.	4,911	5,781
Walmart International	1,527	1,984
Total Capital Expenditures	\$ 6,438	\$ 7,765

Returns

As we execute our financial framework, we believe our return on capital will improve over time. We measure return on capital with our return on investment and free cash flow metrics. In addition, we provide returns in the form of share repurchases and dividends, which are discussed in the [Liquidity and Capital Resources](#) section.

Return on Assets and Return on Investment

We include Return on Assets ("ROA"), the most directly comparable measure based on our financial statements presented in accordance with generally accepted accounting principles in the U.S. ("GAAP"), and Return on Investment ("ROI") as metrics to assess returns on assets. While ROI is considered a non-GAAP financial measure, management believes ROI is a meaningful metric to share with investors because it helps investors assess how effectively Walmart is deploying its assets. Trends in ROI can fluctuate over time as management balances long-term strategic initiatives with possible short-term impacts. ROA was 8.2% and 6.3% for the trailing twelve months ended October 31, 2020 and 2019, respectively. The increase in ROA was primarily due to the increase in consolidated net income primarily driven by the change in fair value of our equity investments, partially offset by the loss on sale of Walmart Argentina. ROI was flat at 13.7% for the trailing twelve months ended October 31, 2020 and 2019.

We define ROI as adjusted operating income (operating income plus interest income, depreciation and amortization, and rent expense) for the trailing 12 months divided by average invested capital during that period. We consider average invested capital to be the average of our beginning and ending total assets, plus average accumulated depreciation and average amortization, less average accounts payable and average accrued liabilities for that period. For the trailing twelve months ended October 31, 2019, lease related assets and associated accumulated amortization are included in the denominator at their carrying amount as of that balance sheet date, rather than averaged, because they are not directly comparable to the prior year calculation which included rent for the trailing 12 months multiplied by a factor of 8. A two-point average was used for leased assets beginning in fiscal 2021, after one full year from the date of adoption of Accounting Standards Update 2016-02, *Leases (Topic 842)* ("ASU 2016-02").

Our calculation of ROI is considered a non-GAAP financial measure because we calculate ROI using financial measures that exclude and include amounts that are included and excluded in the most directly comparable GAAP financial measure. For example, we exclude the impact of depreciation and amortization from our reported operating income in calculating the numerator of our calculation of ROI. As mentioned above, we consider ROA to be the financial measure computed in accordance with generally accepted accounting principles most directly comparable to our calculation of ROI. ROI differs from ROA (which is consolidated net income for the period divided by average total assets for the period) because ROI: adjusts operating income to exclude certain expense items and adds interest income; adjusts total assets for the impact of accumulated depreciation and amortization, accounts payable and accrued liabilities to arrive at total invested capital. Because of the adjustments mentioned above, we believe ROI more accurately measures how we are deploying our key assets and is more meaningful to investors than ROA. Although ROI is a standard financial measure, numerous methods exist for calculating a company's ROI. As a result, the method used by management to calculate our ROI may differ from the methods used by other companies to calculate their ROI.

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

	For the Trailing Twelve Months Ending October 31	
	2020	2019
<i>(Amounts in millions)</i>		
CALCULATION OF RETURN ON ASSETS		
Numerator		
Consolidated net income	\$ 20,008	\$ 14,720
Denominator		
Average total assets ⁽¹⁾	\$ 245,347	\$ 233,207
Return on assets (ROA)	8.2 %	6.3 %
CALCULATION OF RETURN ON INVESTMENT		
Numerator		
Operating income	\$ 22,383	\$ 21,313
+ Interest income	132	212
+ Depreciation and amortization	11,161	10,889
+ Rent	2,646	2,733
= ROI operating income	\$ 36,322	\$ 35,147
Denominator		
Average total assets ^{(1),(2)}	\$ 245,347	\$ 240,261
+ Average accumulated depreciation and amortization ^{(1),(2)}	95,637	87,982
- Average accounts payable ⁽¹⁾	51,951	49,740
- Average accrued liabilities ⁽¹⁾	22,984	21,884
= Average invested capital	\$ 266,049	\$ 256,619
Return on investment (ROI)	13.7 %	13.7 %

	As of October 31,		
	2020	2019	2018
Certain Balance Sheet Data			
Total assets	\$ 250,863	\$ 239,830	\$ 226,583
Leased assets, net	NP	21,099	6,991
Total assets without leased assets, net	NP	218,731	219,592
Accumulated depreciation and amortization	99,576	91,697	85,827
Accumulated amortization on leased assets	NP	4,140	5,701
Accumulated depreciation and amortization, without leased assets	NP	87,557	80,126
Accounts payable	54,152	49,750	49,729
Accrued liabilities	24,995	20,973	22,795

⁽¹⁾ The average is based on the addition of the account balance at the end of the current period to the account balance at the end of the corresponding prior period and dividing by 2. Average total assets as used in ROA includes the average impact of the adoption of ASU 2016-02.

⁽²⁾ For the twelve months ended October 31, 2019, as a result of adopting ASU 2016-02, average total assets is based on the average of total assets without leased assets, net plus leased assets, net as of October 31, 2019. Average accumulated depreciation and amortization is based on the average of accumulated depreciation and amortization, without leased assets plus accumulated amortization on leased assets as of October 31, 2019.

NP = Not provided

Free Cash Flow

Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate cash from our business operations, is an important financial measure for use in evaluating the Company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. See [Liquidity and Capital Resources](#) for discussions of GAAP metrics including net cash provided by operating activities, net cash used in investing activities and net cash used in financing activities.

We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. We had net cash provided by operating activities of \$22.9 billion for the nine months ended October 31, 2020, which increased when compared to \$14.5 billion for the nine months ended October 31, 2019 primarily due to the impact of the global health crisis which accelerated inventory sell-through, as well as the timing and payment of inventory purchases, incremental COVID-19 related expenses and certain benefit payments. We generated free cash flow of \$16.4 billion for the nine months ended October 31, 2020, which increased when compared to \$6.8 billion for the nine months ended October 31, 2019 due to the same reasons as the increase in net cash provided by operating activities, as well as \$1.3 billion in decreased capital expenditures due to impacts from the COVID-19 pandemic which impacted the timing of store remodeling and front-end technology transformation activities in Walmart U.S.

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

Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by management to calculate our free cash flow may differ from the methods used by other companies to calculate their free cash flow.

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

<i>(Amounts in millions)</i>	Nine Months Ended October 31,	
	2020	2019
Net cash provided by operating activities	\$ 22,880	\$ 14,539
Payments for property and equipment	(6,438)	(7,765)
Free cash flow	\$ 16,442	\$ 6,774
Net cash used in investing activities ⁽¹⁾	\$ (6,507)	\$ (6,285)
Net cash used in financing activities	(11,340)	(7,213)

⁽¹⁾ "Net cash used in investing activities" includes payments for property and equipment, which is also included in our computation of free cash flow.

Results of Operations

Consolidated Results of Operations

(Amounts in millions, except unit counts)	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2021	2020
Total revenues	\$ 134,708	\$ 127,991	\$ 407,072	\$ 382,293
Percentage change from comparable period	5.2%	2.5%	6.5 %	1.8%
Net sales	\$ 133,752	\$ 126,981	\$ 404,248	\$ 379,318
Percentage change from comparable period	5.3%	2.5%	6.6 %	1.8%
Total U.S. calendar comparable sales increase	6.8%	2.9%	8.9 %	2.8%
Gross profit margin as a percentage of net sales	25.0%	24.5%	24.5 %	24.4%
Operating income	\$ 5,778	\$ 4,718	\$ 17,061	\$ 15,246
Operating income as a percentage of net sales	4.3%	3.7%	4.2 %	4.0%
Other (gains) and losses	\$ (1,853)	\$ (244)	\$ (5,796)	\$ (996)
Consolidated net income	\$ 5,201	\$ 3,321	\$ 15,714	\$ 10,907
Unit counts at period end	11,510	11,438	11,510	11,438
Retail square feet at period end	1,128	1,128	1,128	1,128

Our total revenues, which are mostly comprised of net sales, but also include membership and other income, increased \$6.7 billion or 5.2% and \$24.8 billion or 6.5% for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year. These increases in revenue were primarily due to strong positive comparable sales for the Walmart U.S. and Sam's Club segments resulting from strong demand due to the COVID-19 pandemic, along with positive comparable sales in the majority of our international markets. Overall net sales growth was strong despite certain operating limitations in several markets in the second quarter of fiscal 2021 due to government regulations and precautionary measures taken as a result of the COVID-19 pandemic. These increases were partially offset by a \$1.1 billion and \$4.8 billion negative impact of fluctuations in currency exchange rates for the three and nine months ended October 31, 2020, respectively.

At the onset of the COVID-19 pandemic, the mix of sales shifted initially toward food and consumables as consumers initiated stock-up trips. As the pandemic continued into the second and third quarter, sales in food and consumables have remained strong while we saw increased demand in several general merchandise categories, due in part to stimulus dollars in the U.S. during the second quarter of fiscal 2021. U.S. eCommerce sales remained strong throughout the year as more customers gravitated toward convenience and continued using pickup and delivery and our eCommerce websites.

Gross profit as a percentage of net sales ("gross profit rate") increased 50 basis points for the three months ended October 31, 2020 when compared to the same period in the previous fiscal year. The increase was primarily due to strategic sourcing initiatives and fewer markdowns, which was partially offset in the Walmart U.S. segment by carryover of prior year price investment.

Gross profit as a percentage of sales for the nine months ended October 31, 2020 increased 16 basis points when compared to the same period in the previous fiscal year. The increase in the gross profit rate for the nine months ended October 31, 2020 was primarily due to strategic sourcing initiatives, strong sales in higher-margin categories, and fewer markdowns. This was partially offset in the Walmart U.S. segment by carryover of prior year price investment as well as the temporary closure of our Auto Care Centers and Vision Centers in response to the COVID-19 pandemic.

Operating expenses as a percentage of net sales decreased 18 and 12 basis points for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year primarily due to strong sales and lapping a non-cash impairment charge in the prior year, partially offset by \$0.6 billion and \$3.0 billion, respectively, of incremental costs related to the COVID-19 pandemic. For the nine months ended October 31, 2020, operating expenses as a percentage of net sales was also impacted by a \$0.4 billion business restructuring charge in the Walmart U.S. segment recorded in the second quarter of fiscal 2021.

Other gains and losses for the three and nine months ended October 31, 2020 consisted of a gain of \$1.9 billion and \$5.8 billion, respectively, which primarily reflects the respective \$2.7 billion and \$6.0 billion fair value changes of our equity investments, partially offset by the \$1.0 billion loss on sale of Walmart Argentina, which was classified as held for sale as of October 31, 2020. For the three and nine months ended October 31, 2019, other gains and losses consisted of a gain of \$0.2 billion and \$1.0 billion, respectively, primarily representing the fair value change of our JD.com investment.

Our effective income tax rate was 26.9% and 25.7% for the three and nine months ended October 31, 2020, respectively, which increased 284 and 125 basis points, respectively, as compared to 24.1% and 24.5% for the same periods in the previous fiscal year. The increase in effective tax rate is primarily due to the loss on sale of Walmart Argentina recorded in the third quarter of fiscal 2021 as it provided minimal realizable tax benefit. Our effective income tax rate may fluctuate from quarter to quarter as a result of factors including changes in our assessment of certain tax contingencies, valuation allowances, changes in tax law, outcomes of administrative audits, the impact of discrete items and the mix and size of earnings among our U.S. operations and international operations, which are subject to statutory rates that may be different than the U.S. statutory rate.

As a result of the factors discussed above, consolidated net income increased \$1.9 billion and \$4.8 billion for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year. Accordingly, diluted net income per common share attributable to Walmart was \$1.80 and \$5.48 for the three and nine months ended October 31, 2020, respectively, which represents an increase of \$0.65 and \$1.74 when compared to the same periods, respectively, in the previous fiscal year.

Walmart U.S. Segment

<i>(Amounts in millions, except unit counts)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Net sales	\$ 88,353	\$ 83,189	\$ 270,378	\$ 248,733
Percentage change from comparable period	6.2 %	3.2 %	8.7 %	3.1 %
Calendar comparable sales increase	6.6 %	3.3 %	8.9 %	3.1 %
Operating income	\$ 4,589	\$ 4,176	\$ 13,948	\$ 12,977
Operating income as a percentage of net sales	5.2 %	5.0 %	5.2 %	5.2 %
Unit counts at period end	4,748	4,759	4,748	4,759
Retail square feet at period end	703	703	703	703

Net sales for the Walmart U.S. segment increased \$5.2 billion or 6.2% and \$21.6 billion or 8.7% for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year. The increases were due to comparable sales of 6.6% and 8.9% for the three and nine months ended October 31, 2020, respectively, driven by growth in average ticket primarily resulting from increased demand due to economic conditions related to the COVID-19 pandemic. Customers continued to consolidate shopping trips and purchase larger baskets which contributed to the growth in average ticket while transactions decreased. With the shift in purchasing behavior, Walmart U.S. eCommerce sales positively contributed approximately 5.6% and 5.2% to comparable sales during the three and nine months ended October 31, 2020, respectively, and was primarily driven by store pickup and delivery and walmart.com.

Gross profit rate increased 33 basis points for the three months ended October 31, 2020, when compared to the same period in the previous fiscal year due to strategic sourcing initiatives and fewer markdowns, partially offset by the carryover of prior year price investment. Gross profit rate decreased 12 basis points for the nine months ended October 31, 2020, when compared to the same period in the previous fiscal year due to carryover of prior year price investment as well the temporary closure of our Auto Care Centers and Vision Centers in response to the COVID-19 pandemic, partially offset by strategic sourcing initiatives and fewer markdowns.

Despite the increase in net sales, operating expenses as a percentage of net sales increased 9 basis points for the three months ended October 31, 2020 when compared to the same period in the previous fiscal year primarily due to \$0.4 billion of incremental costs related to the COVID-19 pandemic, which included additional costs associated with outfitting our stores and associates with masks, gloves and sanitizer, expanded cleaning practices, and expanded sick and emergency leave pay.

Operating expenses as a percentage of net sales decreased 13 basis points for the nine months ended October 31, 2020 when compared to the same period in the previous fiscal year, primarily due to strong sales, which were partially offset by \$2.3 billion of incremental costs related to the COVID-19 pandemic including special bonuses in the first and second quarter, the incremental COVID-19 costs described above, as well as a \$0.4 billion business restructuring charge recorded in the second quarter of fiscal 2021 resulting from changes to Walmart U.S. support teams to better support its omni-channel strategy.

As a result of the factors discussed above, operating income increased \$0.4 billion and \$1.0 billion for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year.

Walmart International Segment

<i>(Amounts in millions, except unit counts)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Net sales	\$ 29,554	\$ 29,167	\$ 86,487	\$ 87,081
Percentage change from comparable period	1.3 %	1.3 %	(0.7)%	(1.6)%
Operating income	\$ 1,078	\$ 634	\$ 2,696	\$ 2,265
Operating income as a percentage of net sales	3.6 %	2.2 %	3.1 %	2.6 %
Unit counts at period end	6,163	6,080	6,163	6,080
Retail square feet at period end	345	344	345	344

Net sales for the Walmart International segment increased \$0.4 billion or 1.3% for the three months ended October 31, 2020 when compared to the same periods in the previous fiscal year. The increase was primarily due to positive comparable sales growth in the majority of our markets driven by changes in consumer behavior in response to the COVID-19 pandemic, which was partially offset by negative fluctuations in currency exchange rates of \$1.1 billion.

Net sales for the Walmart International segment decreased \$0.6 billion or 0.7% for the nine months ended October 31, 2020 when compared to the same period in the previous fiscal year. The decrease was primarily due to negative fluctuations in currency exchange rates of \$4.8 billion, which was partially offset by positive comparable sales growth in the majority of our markets driven by changes in consumer behavior in response to the COVID-19 pandemic.

As a result of the COVID-19 pandemic, we experienced significant economic pressures, and channel and mix shifts due to changes in consumer behavior, including accelerated growth in eCommerce in several markets. While several of our markets experienced extensive store and operational closures in the second quarter as a result of government mandates, most closed stores and warehouses had resumed operations by the third quarter.

Gross profit rate increased 90 and 56 basis points for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year, primarily due to Flipkart's improved margin mix and reduced fuel sales in the U.K.

Operating expenses as a percentage of net sales decreased 73 and 8 basis points for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year. The decreases were primarily due to lapping a \$0.3 billion non-cash impairment charge in the previous fiscal year as well as the current period impact of a twelve-month property tax abatement in the U.K. and were partially offset by \$0.1 billion and \$0.4 billion of incremental costs related to the COVID-19 pandemic for the three and nine months ended October 31, 2020, respectively.

As a result of the factors discussed above, operating income increased \$0.4 billion for both the three and nine months ended October 31, 2020, when compared to the same periods in the previous fiscal year.

Sam's Club Segment

(Amounts in millions, except unit counts)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Including Fuel				
Net sales	\$ 15,845	\$ 14,625	\$ 47,383	\$ 43,504
Percentage change from comparable period	8.3 %	0.7 %	8.9 %	1.3 %
Calendar comparable sales increase	8.3 %	0.6 %	8.9 %	1.3 %
Operating income	\$ 431	\$ 327	\$ 1,517	\$ 1,258
Operating income as a percentage of net sales	2.7 %	2.2 %	3.2 %	2.9 %
Unit counts at period end	599	599	599	599
Retail square feet at period end	80	80	80	80
Excluding Fuel ⁽¹⁾				
Net sales	\$ 14,596	\$ 13,075	\$ 43,929	\$ 38,979
Percentage change from comparable period	11.6 %	0.6 %	12.7 %	0.8 %
Operating income	\$ 358	\$ 274	\$ 1,283	\$ 1,141
Operating income as a percentage of net sales	2.5 %	2.1 %	2.9 %	2.9 %

⁽¹⁾ We believe the "Excluding Fuel" information is useful to investors because it permits investors to understand the effect of the Sam's Club segment's fuel sales on its results of operations, which are impacted by the volatility of fuel prices. Volatility in fuel prices may continue to impact the operating results of the Sam's Club segment in the future.

Net sales for the Sam's Club segment increased \$1.2 billion or 8.3% and \$3.9 billion or 8.9% for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year. The increases were primarily due to comparable sales, including fuel, of 8.3% and 8.9% for the three and nine months ended October 31, 2020, respectively. Comparable sales benefited from growth in transactions and average ticket resulting from the COVID-19 pandemic and partially offset by both our decision to remove tobacco from certain club locations and by lower fuel sales. Sam's Club eCommerce sales positively contributed approximately 2.2% and 2.0% to comparable sales for the three and nine months ended October 31, 2020, respectively.

Gross profit rate increased 79 and 69 basis points for the three and nine months ended October 31, 2020, when compared to the same period in the previous fiscal year due to higher fuel margins, reduced tobacco sales, and improvements in inventory losses. The increase in gross profit rate for the three months ended October 31, 2020 was partially offset by higher eCommerce fulfillment costs. The increase in gross profit rate for the nine months ended October 31, 2020 was partially offset by price investment and higher eCommerce fulfillment costs.

Membership and other income increased 7.9% and 5.8% for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year. The increases for the three and nine months ended October 31, 2020 were due to increases in overall renewal rates, new member sign-ups and Plus penetration rate primarily as a result of the COVID-19 pandemic.

Despite the increase in net sales from the strong demand resulting from the COVID-19 pandemic, operating expenses as a percentage of segment net sales increased 30 and 31 basis points for the three and nine months ended October 31, 2020,

respectively, when compared to the same periods in the previous fiscal year. The increases were primarily the result of \$0.1 billion and \$0.3 billion of incremental costs related to the COVID-19 pandemic for the three and nine months ended October 31, 2020, respectively, which included additional costs such as special bonuses for club associates in the first and second quarters of fiscal 2021, expanded security and cleaning practices, expanded sick and emergency leave pay, and outfitting our associates with masks and gloves. Additionally, the increases in operating expense as a percentage of segment net sales were affected by reduced tobacco and fuel sales.

As a result of the factors discussed above, operating income increased \$0.1 billion and \$0.3 billion for the three and nine months ended October 31, 2020, respectively, when compared to the same periods in the previous fiscal year.

Liquidity and Capital Resources

Liquidity

The strength and stability of our operations have historically supplied us with a significant source of liquidity. Our cash flows provided by operating activities, supplemented with our long-term debt and short-term borrowings, have been sufficient to fund our operations while allowing us to invest in activities that support the long-term growth of our operations. Generally, some or all of the remaining available cash flow has been used to fund the dividends on our common stock and share repurchases. In the current environment, we believe our sources of liquidity will continue to be adequate to fund operations, finance our global investment and expansion activities, pay dividends and fund our share repurchases for the foreseeable future.

Net Cash Provided by Operating Activities

<i>(Amounts in millions)</i>	Nine Months Ended October 31,	
	2020	2019
Net cash provided by operating activities	\$ 22,880	\$ 14,539

Net cash provided by operating activities was \$22.9 billion and \$14.5 billion for the nine months ended October 31, 2020 and 2019, respectively. The increase in cash provided by operating activities for the nine months ended October 31, 2020, was primarily due to the impact of the global health crisis which accelerated inventory sell-through, as well as the timing and payment of inventory purchases, incremental COVID-19 related expenses and certain benefit payments.

Cash Equivalents and Working Capital Deficit

Cash and cash equivalents were \$14.3 billion and \$8.6 billion at October 31, 2020 and 2019, respectively. We maintained more cash at October 31, 2020 compared to October 31, 2019 in order to provide us with enhanced financial flexibility due to the uncertainties related to the COVID-19 pandemic. Our working capital deficit was \$14.5 billion at October 31, 2020, which decreased when compared to \$15.9 billion at October 31, 2019. We generally operate with a working capital deficit due to our efficient use of cash in funding operations, consistent access to the capital markets and returns provided to our shareholders in the form of payments of cash dividends and share repurchases.

As of October 31, 2020 and January 31, 2020, cash and cash equivalents of \$3.4 billion and \$2.3 billion, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions. Of the \$3.4 billion at October 31, 2020, approximately \$1.4 billion can only be accessed through dividends or intercompany financing arrangements subject to approval of the Flipkart minority shareholders; however, this cash is expected to be utilized to fund the operations of Flipkart.

Net Cash Used in Investing Activities

<i>(Amounts in millions)</i>	Nine Months Ended October 31,	
	2021	2020
Net cash used in investing activities	\$ (6,507)	\$ (6,285)

Net cash used in investing activities was \$6.5 billion and \$6.3 billion for the nine months ended October 31, 2020 and 2019, respectively. Net cash used in investing activities increased \$0.2 billion for the nine months ended October 31, 2020, primarily as a result of lapping the net proceeds received from the sale of our banking operations in Walmart Canada and the change in other investing activities, partially offset by decreased capital expenditures.

Net Cash Used in Financing Activities

(Amounts in millions)	Nine Months Ended October 31,	
	2020	2019
Net cash used in financing activities	\$ (11,340)	\$ (7,213)

Net cash used in financing activities generally consists of transactions related to our short-term and long-term debt, dividends paid and the repurchase of Company stock. Transactions with noncontrolling interest shareholders are also classified as cash flows from financing activities. Net cash used in financing activities was \$11.3 billion and \$7.2 billion for the nine months ended October 31, 2020 and 2019, respectively. The increase is primarily due to the timing of issuances and repayments of long-term debt, partially offset by a reduction in share repurchases as we manage our financial position during the current economic environment.

In April 2020, the Company renewed and extended its existing 364-day revolving credit facility of \$10.0 billion. In total, we had committed lines of credit in the U.S. of \$15.0 billion at October 31, 2020, all undrawn.

Long-term Debt

The following table provides the changes in our long-term debt for the nine months ended October 31, 2020:

(Amounts in millions)	Long-term debt due within one year	Long-term debt	Total
Balances as of February 1, 2020	\$ 5,362	\$ 43,714	\$ 49,076
Repayments of long-term debt	(4,132)	—	(4,132)
Reclassifications of long-term debt	3,126	(3,126)	—
Other	2	261	263
Balances as of October 31, 2020	<u>\$ 4,358</u>	<u>\$ 40,849</u>	<u>\$ 45,207</u>

Dividends

On February 18, 2020, the Board of Directors approved the fiscal 2021 annual dividend of \$2.16 per share, an increase over the fiscal 2020 annual dividend of \$2.12 per share. For fiscal 2021, the annual dividend was or will be paid in four quarterly installments of \$0.54 per share, according to the following record and payable dates:

Record Date	Payable Date
March 20, 2020	April 6, 2020
May 8, 2020	June 1, 2020
August 14, 2020	September 8, 2020
December 11, 2020	January 4, 2021

The dividend installments payable on April 6, 2020, June 1, 2020, and September 8, 2020 were paid as scheduled.

Company Share Repurchase Program

From time to time, the Company repurchases shares of its common stock under share repurchase programs authorized by the Company's Board of Directors. All repurchases made during the nine months ended October 31, 2020 were made under the current \$20 billion share repurchase program approved in October 2017, which has no expiration date or other restrictions limiting the period over which the Company can make share repurchases. As of October 31, 2020, authorization for \$4.5 billion of share repurchases remained under the share repurchase program. Any repurchased shares are constructively retired and returned to an unissued status.

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We continue to review our share repurchase activity in light of the COVID-19 pandemic and consider several factors in determining when to execute share repurchases, including, among other things, current cash needs, capacity for leverage, cost of borrowings, our results of operations and the market price of our common stock. We anticipate that a majority of the ongoing share repurchase program will be funded through the Company's free cash flow. The following table provides, on a settlement date basis, share repurchase information for the nine months ended October 31, 2020 and 2019:

<i>(Amounts in millions, except per share data)</i>	Nine Months Ended October 31,	
	2020	2019
Total number of shares repurchased	9.6	46.4
Average price paid per share	\$ 123.54	\$ 103.98
Total amount paid for share repurchases	\$ 1,186	\$ 4,829

Capital Resources

We believe cash flows from operations, our current cash position and access to capital markets will continue to be sufficient to meet our anticipated operating cash needs, which include funding seasonal increases in merchandise inventories, our capital expenditures, acquisitions, dividend payments and share repurchases.

We have strong commercial paper and long-term debt ratings that have enabled and should continue to enable us to refinance our debt as it becomes due at favorable rates in the capital markets. We also have \$15.0 billion in various committed lines of credit in the U.S., all of which currently remains undrawn. At October 31, 2020, the ratings assigned to our commercial paper and rated series of our outstanding long-term debt were as follows:

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

Credit rating agencies review their ratings periodically and, therefore, the credit ratings assigned to us by each agency may be subject to revision at any time. Accordingly, we are not able to predict whether our current credit ratings will remain consistent over time. Factors that could affect our credit ratings include changes in our operating performance, the general economic environment, conditions in the retail industry, our financial position, including our total debt and capitalization, and changes in our business strategy. Any downgrade of our credit ratings by a credit rating agency could increase our future borrowing costs or impair our ability to access capital and credit markets on terms commercially acceptable to us. In addition, any downgrade of our current short-term credit ratings could impair our ability to access the commercial paper markets with the same flexibility that we have experienced historically, potentially requiring us to rely more heavily on more expensive types of debt financing. The credit rating agency ratings are not recommendations to buy, sell or hold our commercial paper or debt securities. Each rating may be subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating. Moreover, each credit rating is specific to the security to which it applies.

Other Matters

In [Note 7](#) to our Condensed Consolidated Financial Statements, which is captioned "Contingencies" and appears in Part I of this Quarterly Report on Form 10-Q under the caption "[Item 1. Financial Statements](#)," we discuss, under the sub-caption "ASDA Equal Value Claims," certain existing employment claims against Asda including certain risks arising therefrom. In that [Note 7](#), we also discuss, under the sub-caption "Prescription Opiate Litigation and Other Matters," the Prescription Opiate Litigation and other matters, including certain risks arising therefrom. We also discuss various legal proceedings related to the ASDA Equal Value Claims, and the Prescription Opiate Litigation in [Part II](#) of this Quarterly Report on Form 10-Q under the caption "[Item 1. Legal Proceedings](#)," under the sub-caption "I. Supplemental Information." The foregoing matters and other matters described elsewhere in this Quarterly Report on Form 10-Q represent contingent liabilities of the Company that may or may not result in the incurrence of a material liability by the Company upon their final resolution.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risks relating to our operations result primarily from changes in interest rates, currency exchange rates or the market value of our investments. Our market risks at October 31, 2020 are similar to those disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2020. The information concerning market risk set forth in Part II, Item 7A. of our Annual Report on Form 10-K for the fiscal year ended January 31, 2020, as filed with the SEC on March 20, 2020, under the caption "Quantitative and Qualitative Disclosures About Market Risk," is hereby incorporated by reference into this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be timely disclosed, is accumulated and communicated to management in a timely fashion. In designing and evaluating such controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management is necessarily required to use judgment in evaluating controls and procedures. Also, we have investments in unconsolidated entities. Since we do not control or manage those entities, our controls and procedures with respect to those entities are substantially more limited than those we maintain with respect to our consolidated subsidiaries.

In the ordinary course of business, we review our internal control over financial reporting and make changes to our systems and processes to improve such controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, updating existing systems, automating manual processes, standardizing controls globally, migrating certain processes to our shared services organizations and increasing monitoring controls. These changes have not materially affected, and are not reasonably likely to materially affect, the Company's internal control over financial reporting and they allow us to continue to enhance our internal controls over financial reporting and ensure that they remain effective.

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report was performed under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

There has been no change in the Company's internal control over financial reporting during the most recently completed fiscal quarter, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

I. SUPPLEMENTAL INFORMATION: We discuss certain legal proceedings in Part I of this Quarterly Report on Form 10-Q under the caption "Item 1. Financial Statements," in [Note 7](#) to our Condensed Consolidated Financial Statements, which is captioned "Contingencies," under the sub-caption "Legal Proceedings." We refer you to that discussion for important information concerning those legal proceedings, including the basis for such actions and, where known, the relief sought. We provide the following additional information concerning those legal proceedings, including the name of the lawsuit, the court in which the lawsuit is pending, and the date on which the petition commencing the lawsuit was filed.

ASDA Equal Value Claims: Ms S Brierley & Others v ASDA Stores Ltd (2406372/2008 & Others - Manchester Employment Tribunal); ASDA Stores Ltd v Brierley & Ors (A2/2016/0973 - United Kingdom Court of Appeal); ASDA Stores Ltd v Ms S Brierley & Others (UKEAT/0059/16/DM - United Kingdom Employment Appeal Tribunal); and ASDA Stores Ltd v Ms S Brierley & Others (UKEAT/0009/16/JOJ - United Kingdom Employment Appeal Tribunal).

Prescription Opiate Litigation: In re National Prescription Opiate Litigation (MDL No. 2804) (the "MDL"). The MDL is pending in the U.S. District Court for the Northern District of Ohio and includes over 2,000 cases as of November 19, 2020; some cases are in the process of being transferred to the MDL or have remand motions pending. A trial previously scheduled to begin on November 9, 2020 against a number of parties, including the Company, regarding opioid distribution claims has been postponed and no new trial date has been set. A trial is currently scheduled to begin in the MDL in May 2021 against a number of parties, including the Company, regarding opioid dispensing and distribution claims. There is one case in which the Company is named as a defendant that was remanded from the MDL court to the United States District Court for the Eastern District of Oklahoma. In addition, there are over 200 state court cases pending as of November 19, 2020, some of which may be removed to federal court to seek MDL transfer. The case citations for the state court cases and other information are included on [Exhibit 99.1](#) to this Form 10-Q. On October 22, 2020, the Company filed a declaratory judgment action against the U.S. Department of Justice and the U.S. Drug Enforcement Administration, asking a federal court to clarify the roles and responsibilities of pharmacists and pharmacies as to the dispensing and distribution of opioids under the Controlled Substances Act. *Walmart Inc. v. DOJ, et al.* is pending before the U.S. District Court for the Eastern District of Texas.

II. CERTAIN OTHER MATTERS: The Company has received grand jury subpoenas issued by the U.S. Attorney's Office for the Middle District of Pennsylvania seeking documents regarding the Company's consumer fraud program and anti-money laundering compliance related to the Company's money transfer services, where Walmart is an agent. The Company has been responding to these subpoenas. The Company has also been responding to civil investigative demands from the U.S. Federal Trade Commission related to money transfers and the Company's anti-fraud program. Due to the investigative stage of these matters, the Company is unable to predict the outcome of the investigations by the governmental entities. While the Company does not currently believe that the outcome of these matters will have a material adverse effect on its business, financial condition, results of operations or cash flows, the Company can provide no assurance as to the scope and outcome of these matters and whether its business, financial position, results of operations or cash flows will not be materially adversely affected.

III. ENVIRONMENTAL MATTERS: Item 103 of SEC Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that the Company reasonably believes will exceed a specified threshold. Pursuant to recent SEC amendments to this item, the Company will be using a threshold of \$1 million for such proceedings. Applying this threshold, there are no environmental matters to disclose for this period.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed in Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended January 31, 2020. The COVID-19 pandemic and related governmental actions have had wide-ranging effects on our business and the global economy and have exacerbated the potential for certain risks identified in that disclosure, including, without limitation, risks related to the successful execution of our omni-channel strategy, operational risks associated with geo-political and catastrophic events, risks associated with our suppliers, reputational risks and risk associated with changes in and failure to comply with laws and regulations, to materially and adversely affect our financial performance. The financial impact to the Company of the COVID-19 pandemic during the nine month period ended October 31, 2020, as well as certain of the actions we have taken to protect the health and safety of our associates, customers, members and the communities we serve, are discussed in Item 2 of Part I, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Given the uncertainty regarding the duration and scope of the COVID-19 pandemic and its economic effect in the U.S and the other markets we serve, there can be no assurance that the pandemic will not materially and adversely affect our business, results of operations, financial condition, or liquidity in the future.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

From time to time, the Company repurchases shares of its common stock under share repurchase programs authorized by the Company's Board of Directors. All repurchases made during the nine months ended October 31, 2020, were made under the current \$20 billion share repurchase program approved in October 2017, which has no expiration date or other restrictions limiting the period over which the Company can make share repurchases. As of October 31, 2020, authorization for \$4.5 billion of share repurchases remained under the share repurchase program. Any repurchased shares are constructively retired and returned to an unissued status.

The Company regularly reviews its share repurchase activity and considers several factors in determining when to execute share repurchases, including, among other things, current cash needs, capacity for leverage, cost of borrowings and the market price of its common stock. Share repurchase activity under our share repurchase program, on a trade date basis, for the three months ended October 31, 2020, was as follows:

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾ (billions)
August 1 - 31, 2020	—	\$ —	—	\$ 5.0
September 1 - 30, 2020	1,901,067	138.31	1,901,067	4.7
October 1 - 31, 2020	1,570,350	142.74	1,570,350	4.5
Total	3,471,417		3,471,417	

⁽¹⁾ Represents approximate dollar value of shares that could have been purchased under the plan in effect at the end of the month.

Item 5. Other Information**Cautionary Statement Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains statements that Walmart believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act as well as protections afforded by other federal securities laws.

Forward-looking Statements

The forward-looking statements in this report include, among other things:

- statements in [Note 3](#) to those Condensed Consolidated Financial Statements regarding the expected insignificance of the amounts relating to certain net investment and cash flow derivative financial instruments to which Walmart is a party that are expected to be reclassified from accumulated other comprehensive loss to net income in the next 12 months; statements in [Note 6](#) to those Condensed Consolidated Financial Statements regarding the possible financial impact of the disclosed transactions; and statements in [Note 7](#) to those Condensed Consolidated Financial Statements regarding the possible outcome of, and future effect on Walmart's financial condition and results of operations of, certain litigation and other proceedings to which Walmart is a party, the possible outcome of, and future effect on Walmart's business of, certain other matters to which Walmart is subject, including Walmart's existing ASDA Equal Value Claims and the Prescription Opiate Litigation and Other Matters, and the liabilities, losses, expenses and costs that Walmart may incur in connection with such matters;

- in Part I, Item 2 "[Management's Discussion and Analysis of Financial Condition and Results of Operations](#)": statements regarding future changes to our business and our expectations about the potential impacts on our business, financial position, results of operations or cash flows as a result of the COVID-19 pandemic, as well as statements related to the sale of Asda Group Limited and Seiyu and their potential financial impact; statements under the caption "[Overview](#)" relating to the possible impact of volatility in currency exchange rates on the results, including net sales and operating income, of Walmart and the Walmart International segment; statements under the caption "[COVID-19 Updates](#)" regarding the continued uncertainty in our business and the global economy due to the duration and intensity of the COVID-19 pandemic; statements under the caption "[Company Performance Metrics - Strong, Efficient Growth](#)" regarding the focus of our investments and the impact of such investments; statements under the caption "[Company Performance Metrics – Strategic Capital Allocation](#)" regarding our strategy and discipline for capital allocation; statements under the caption "[Company Performance Metrics](#)", and the "- [Returns](#)" sub-heading under that caption, regarding our belief that returns on capital will improve as we execute on our strategic framework; statements under the caption "[Results of Operations - Consolidated Results of Operations](#)" regarding the possibility of fluctuations in Walmart's effective income tax rate from quarter to quarter, the factors that may cause those fluctuations and actual and potential impacts on our financial results and operations from the COVID-19 pandemic; a statement under the caption "[Results of Operations - Sam's Club Segment](#)" relating to the possible continuing impact of volatility in fuel prices on the future operating results of the Sam's Club segment; a statement under the caption "[Liquidity and Capital Resources - Liquidity](#)" that Walmart's sources of liquidity will be adequate to fund its operations, finance its global investment and expansion activities, pay dividends and fund share repurchases; statements under the caption "[Liquidity and Capital Resources - Liquidity - Net Cash Provided by Operating Activities - Cash Equivalents and Working Capital Deficit](#)" regarding management's expectation that cash in market will be utilized to fund Flipkart's operations; a statement under the caption "[Liquidity and Capital Resources Liquidity - Net Cash Used in Financing Activities - Dividends](#)" regarding the payment of dividends in fiscal 2020; a statement under the caption "[Liquidity and Capital Resources Liquidity - Net Cash Used in Financing Activities - Company Share Repurchase Program](#)" regarding funding of the ongoing share repurchase program; statements under the caption "[Liquidity and Capital Resources - Capital Resources](#)" regarding management's expectations regarding the Company's cash flows from operations, current cash position and access to capital markets continuing to be sufficient to meet its anticipated operating cash needs, the Company's commercial paper and long-term debt ratings continuing to enable it to refinance its debts at favorable rates, factors that could affect its credit ratings, and the effect that lower credit ratings would have on its access to capital and credit markets and borrowing costs; and statements under the caption "[Other Matters](#)" regarding the contingent liabilities of the Company that may or may not result in the incurrence of a material liability by the Company;
- in Part I, Item 4 "[Controls and Procedures](#)": the statements regarding the effect of changes to systems and processes on our internal control over financial reporting;
- statements in Part II, Item 1 "[Legal Proceedings](#)" regarding the effect that possible losses or the range of possible losses that might be incurred in connection with the legal proceedings and other matters discussed therein may have on our financial condition or results of operations; and
- statements in Part II, Item 1A. "[Risk Factors](#)" regarding the uncertainty of the duration and scope of the COVID-19 pandemic and its potential impact on our business, results of operations, financial condition or liquidity in the future and its effect on other risk factors disclosed in Item 1A. "Risk Factors" of our Annual Report on Form 10-K.

Risks, Factors and Uncertainties Regarding Our Business

These forward-looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including:

Economic Factors

- economic, geo-political, capital markets and business conditions, trends and events around the world and in the markets in which Walmart operates;
- currency exchange rate fluctuations;
- changes in market rates of interest;
- changes in market levels of wages;
- changes in the size of various markets, including eCommerce markets;
- unemployment levels;
- inflation or deflation, generally and in certain product categories;
- transportation, energy and utility costs;
- commodity prices, including the prices of oil and natural gas;
- consumer confidence, disposable income, credit availability, spending levels, shopping patterns, debt levels, and demand for certain merchandise;
- trends in consumer shopping habits around the world and in the markets in which Walmart operates;
- consumer enrollment in health and drug insurance programs and such programs' reimbursement rates and drug formularies; and
- initiatives of competitors, competitors' entry into and expansion in Walmart's markets, and competitive pressures.

Operating Factors

- the amount of Walmart's net sales and operating expenses denominated in U.S. dollar and various foreign currencies;
- the financial performance of Walmart and each of its segments, including the amount of Walmart's cash flow during various periods;
- customer transaction and average ticket in Walmart's stores and clubs and on its eCommerce platforms;
- the mix of merchandise Walmart sells and its customers purchase;
- the availability of goods from suppliers and the cost of goods acquired from suppliers;
- the effectiveness of the implementation and operation of Walmart's strategies, plans, programs and initiatives;
- COVID-19 related challenges, including reduced customer transaction and ticket, reduced store hours, shifts in demand from discretionary products, supply chain disruption and the availability and efficacy of a vaccine;
- the impact of acquisitions, divestitures, store or club closures, and other strategic decisions;
- Walmart's ability to successfully integrate acquired businesses, including within the eCommerce space;
- unexpected changes in Walmart's objectives and plans;
- the amount of shrinkage Walmart experiences;
- consumer acceptance of and response to Walmart's stores and clubs, eCommerce platforms, programs, merchandise offerings and delivery methods;
- Walmart's gross profit margins, including pharmacy margins and margins of other product categories;
- the selling prices of gasoline and diesel fuel;
- disruption of seasonal buying patterns in Walmart's markets;
- disruptions in Walmart's supply chain and inventory management;
- cybersecurity events affecting Walmart and related costs and impact of any disruption in business;
- Walmart's labor costs, including healthcare and other benefit costs;
- Walmart's casualty and accident-related costs and insurance costs;
- the size of and turnover in Walmart's workforce and the number of associates at various pay levels within that workforce;
- the availability of necessary personnel to staff Walmart's stores, clubs and other facilities;
- delays in the opening of new, expanded, relocated or remodeled units;
- developments in, and the outcome of, legal and regulatory proceedings and investigations to which Walmart is a party or is subject, and the liabilities, obligations and expenses, if any, that Walmart may incur in connection therewith;
- changes in the credit ratings assigned to the Company's commercial paper and debt securities by credit rating agencies;
- Walmart's effective tax rate; and
- unanticipated changes in accounting judgments and estimates.

Regulatory and Other Factors

- changes in existing, tax, labor and other laws and changes in tax rates, including the enactment of laws and the adoption and interpretation of administrative rules and regulations;
- the imposition of new taxes on imports, new tariffs and changes in existing tariff rates;
- the imposition of new trade restrictions and changes in existing trade restrictions;
- adoption or creation of new, and modification of existing, governmental policies, programs, initiatives and actions in the markets in which Walmart operates and elsewhere and actions with respect to such policies, programs and initiatives;
- changes in government-funded benefit programs and the extent and effectiveness of any COVID-19 related stimulus packages;
- changes in currency control laws;
- changes in the level of public assistance payments;
- one or more prolonged federal government shutdowns;
- the timing of federal income tax refunds;
- natural disasters, changes in climate, catastrophic events and global health epidemics or pandemics including COVID-19; and
- changes in generally accepted accounting principles in the United States.

Other Risk Factors; No Duty to Update

This Quarterly Report on Form 10-Q should be read in conjunction with Walmart's Annual Report on Form 10-K for the fiscal year ended January 31, 2020 and all of Walmart's subsequent other filings with the Securities and Exchange Commission. Walmart urges investors to consider all of the risks, uncertainties and other factors disclosed in these filings carefully in evaluating the forward-looking statements contained in this Quarterly Report on Form 10-Q. The Company cannot assure you that the results or developments anticipated by the Company and reflected or implied by any forward-looking statement contained in this Quarterly Report on Form 10-Q will be realized or, even if substantially realized, that those results or developments will result in the forecasted or expected consequences for the Company or affect the Company, its operations or its financial performance as the Company has forecasted or expected. As a result of the matters discussed above and other matters, including changes in facts, assumptions not being realized or other factors, the actual results relating to the subject matter of any forward-looking statement in this Quarterly Report on Form 10-Q may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report, and Walmart undertakes no obligation to update any such statements to reflect subsequent events or circumstances.

Item 6. Exhibits

The following documents are filed as an exhibit to this Quarterly Report on Form 10-Q:

Exhibit 3.1	Restated Certificate of Incorporation of the Company dated February 1, 2018 is incorporated herein by reference to Exhibit 3.1 to the Report on Form 8-K that the Company filed on February 1, 2018 (File No. 001-06991)
Exhibit 3.2	Amended and Restated Bylaws of the Company dated July 23, 2019 are incorporated herein by reference to Exhibit 3.1 to the Report on Form 8-K that the Company filed on July 26, 2019 (File No. 001-06991)
Exhibit 31.1*	Chief Executive Officer Section 302 Certification
Exhibit 31.2*	Chief Financial Officer Section 302 Certification
Exhibit 32.1**	Chief Executive Officer Section 906 Certification
Exhibit 32.2**	Chief Financial Officer Section 906 Certification
Exhibit 99.1*	State Court Prescription Opiate Litigation Cases
Exhibit 101.INS*	Inline XBRL Instance Document
Exhibit 101.SCH*	Inline XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2020, formatted in Inline XBRL (included in Exhibit 101)

* Filed herewith as an Exhibit.

** Furnished herewith as an Exhibit.

SIGNATURES

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

WALMART INC.

December 2, 2020 By: _____ /s/ C. Douglas McMillon

C. Douglas McMillon
President and Chief Executive Officer
(Principal Executive Officer)

December 2, 2020 By: _____ /s/ M. Brett Biggs

M. Brett Biggs
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

December 2, 2020 By: _____ /s/ David M. Chojnowski

David M. Chojnowski
Senior Vice President and Controller
(Principal Accounting Officer)

I, C. Douglas McMillon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Walmart Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluations; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 2, 2020

/s/ C. Douglas McMillon

C. Douglas McMillon
President and Chief Executive Officer

I, M. Brett Biggs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Walmart Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluations; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 2, 2020

/s/ M. Brett Biggs

M. Brett Biggs
Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350 (AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002)**

In connection with the Quarterly Report of Walmart Inc. (the "Company") on Form 10-Q for the period ending October 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, C. Douglas McMillon, President and Chief Executive Officer of the Company, certify to my knowledge and in my capacity as an officer of the Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, effective as of December 2, 2020.

/s/ C. Douglas McMillon

C. Douglas McMillon
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350 (AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002)**

In connection with the Quarterly Report of Walmart Inc. (the "Company") on Form 10-Q for the period ending October 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Brett Biggs, Executive Vice President and Chief Financial Officer of the Company, certify to my knowledge and in my capacity as an officer of the Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, effective as of December 2, 2020.

/s/ M. Brett Biggs

M. Brett Biggs
Executive Vice President and Chief Financial Officer

State Court National Prescription Opiate Litigation Case Citations and Currently Scheduled Trial Dates as of November 19, 2020.

A. Case Citations For Pending State Court Cases

State of West Virginia ex rel. Morrissy v. Walmart, Inc., W. Va. Cir. Ct., Putnam Cty., 8/18/2020; City of Fernley v. Teva Pharm. USA, Inc., et al., Nev. Dist. Ct., Lyon Cty., 7/30/2020; City of W. Wendover v. Teva Pharm. USA, Inc., et al., Nev. Dist. Ct., Elko Cty., 7/30/2020; Churchill Cty. v. Teva Pharm. USA, Inc., et al., Nev. Dist. Ct., Churchill Cty., 7/29/2020; Carson City v. Teva Pharm. USA, Inc., et al., Nev. Dist. Ct., Carson City, 7/29/2020; Douglas Cty. v. Teva Pharm. USA, Inc., et al., Nev. Dist. Ct., Douglas Cty., 7/29/2020; City of Sparks v. Teva Pharm. USA, Inc., et al., Nev. Dist. Ct., Washoe Cty., 7/28/2020; Esmeralda Cty. v. Teva Pharm. USA, Inc., et al., Nev. Dist. Ct., Esmeralda Cty.; Cty. of Chester v. Rite Aid of S.C., Inc., et al., S.C. Ct. Com. Pl., 6th Jud. Cir., 7/28/2020; Cty. of Marlboro v. Rite Aid of S.C., Inc., et al., S.C. Ct. Com. Pl., 4th Jud. Cir., 7/28/2020; Washoe Cty. v. Teva Pharm. USA, Inc., et al., Nev. Dist. Ct., Washoe Cty., 7/24/2020; Pulaski Cty., et al. v. Walmart Inc., et al., Ark. Cir. Ct., Jefferson Cty., 7/21/2020; Cty. Comm'rs of Grant Cty. v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 6/17/2020; Cty. Comm'n of Mineral Cty. v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 6/17/2020; Cty. Comm'n of Monroe Cty. v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 6/17/2020; Miss. Baptist Med. Ctr. Inc., et al. v. Amneal Pharm., LLC, et al., Miss. 1st Jud. Dist., Hinds Cty. Cir. Ct., 5/15/2020; City of Holly Springs v. Johnson & Johnson, et al., Miss. 3d Jud. Dist., Marshall Cty. Cir. Ct., 5/13/2020; City of Fairmont v. Allergan PLC, et al., W. Va. Cir. Ct., Kanawha Cty., 4/30/2020; Lester E. Cox Med. Ctrs., et al. v. Amneal Pharm. LLC, et al., Mo. Cir. Ct., Greene Cty., 4/14/2020; City of Beckley v. Allergan PLC, et al., W. Va. Cir. Ct., Kanawha Cty., 3/3/2020; City of Kingston v. Teva Pharm. USA, Inc., et al., N.Y. Sup. Ct., Suffolk Cty., 2/27/2020; Mayor Elmer Ray Spence ex rel. Town of Delbarton v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 2/20/2020; Cty. Comm'n of Tucker Cty. v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 2/20/2020; Cty. Comm'n of Hardy Cty. v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 2/20/2020; Mayor Sheila Kessler ex rel. Town of Matewan v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 2/20/2020; Mayor Virginia Ann Martin ex rel. City of Mullens v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 2/20/2020; Mayor Thomas Evans, Jr. ex rel. Town of Oceana v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 2/20/2020; Cty. Comm'n of Preston Cty. v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 2/20/2020; Mayor Maureen Lasky-Setchell ex rel. City of Belington v. Cardinal Health Inc., et al., W. Va. Cir. Ct., Kanawha Cty., 2/20/2020; Mayor Brian Billings ex rel. 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Purdue Pharma L.P., et al., N.Y. Sup. Ct., Suffolk Cty., 10/23/2018; Cty. of Schuyler v. Purdue Pharma L.P., et al., N.Y. Sup. Ct., Suffolk Cty., 10/23/2018; Cty. of Steuben v. Purdue Pharma L.P., et al., N.Y. Sup. Ct., Suffolk Cty., 10/23/2018; Cty. of Clinton v. Purdue Pharma L.P., et al., N.Y. Sup. Ct., Suffolk Cty., 10/23/2018; Cty. of Tompkins v. Purdue Pharma L.P., et al., N.Y. Sup. Ct., Suffolk Cty., 10/23/2018; Cty. of Suffolk v. Purdue Pharma L.P., et al., N.Y. Sup. Ct., Suffolk Cty., 10/23/2018; Cty. of Nassau v. Purdue Pharma L.P., et al., N.Y. Sup. Ct., Suffolk Cty., 10/23/2018; Monongalia Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Kanawha Cty., 9/28/2018; Upshur Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 9/28/2018; Marion Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Kanawha Cty., 9/28/2018; Doddridge Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Kanawha Cty., 9/28/2018; Randolph Cty. Comm'n v. 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B. Currently Scheduled Trial Dates In Pending State Court Cases

- Though no specific date is currently scheduled, Walmart anticipates a trial to be held in early 2021 in the Cty. of Suffolk v. Purdue Pharma L.P., et al. and Cty. of Nassau v. Purdue Pharma L.P., et al., cases (both consolidated into *In Re Opioid Litigation*, N.Y. Sup. Ct., Suffolk Cty., Index No. 400000/2017).
- 11/1/2021 – In re: Opioid Litigation, W. Va. Cir. Ct., Marshall Cty.
- 4/18/2022 – State of Nevada ex. rel. Ford v. McKesson Corp., et al., Nev. Dist. Ct., Clark Cty.
- 6/6/2022 – Jefferson Cty. v. Williams, et al., Mo. Cir. Ct., 23d Jud. Dist., Jefferson Cty.
- 9/6/2022 – State of New Mexico ex rel. Balderas v. Purdue Pharma L.P., et al., N.M. Dist. Ct, 1st Jud. Dist., Santa Fe Cty.