

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

☒ **Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended January 31, 2020, or

☐ **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number 001-6991.



WALMART INC.

(Exact name of registrant as specified in its charter)

DE

(State or other jurisdiction of
incorporation or organization)

71-0415188

(IRS Employer Identification No.)

702 S.W. 8th Street

Bentonville, AR

(Address of principal executive offices)

72716

(Zip Code)

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

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	NYSE
1.900% Notes Due 2022	WMT22	NYSE
2.550% Notes Due 2026	WMT26	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes ☐ No ☒

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 for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least 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 ☐

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

Yes ☐ No ☒

As of July 31, 2019, the aggregate market value of the voting common stock of the registrant held by non-affiliates of the registrant, based on the closing sale price of those shares on the New York Stock Exchange reported on July 31, 2019, was \$155,125,468,742. For the purposes of this disclosure only, the registrant has assumed that its directors, executive officers (as defined in Rule 3b-7 under the Exchange Act) and the beneficial owners of 5% or more of the registrant's outstanding common stock are the affiliates of the registrant.

The registrant had 2,832,277,220 shares of common stock outstanding as of March 18, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held June 3, 2020 (the "Proxy Statement")	Part III

Walmart Inc.
Form 10-K
For the Fiscal Year Ended January 31, 2020

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WALMART INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED JANUARY 31, 2020

All references in this Annual Report on Form 10-K, the information incorporated into this Annual Report on Form 10-K by reference to information in the Proxy Statement of Walmart Inc. for its Annual Shareholders' Meeting to be held on June 3, 2020 and in the exhibits to this Annual Report on Form 10-K to "Walmart Inc.," "Wal-Mart Stores, Inc.," "Walmart," "the Company," "our Company," "we," "us" and "our" are to the Delaware corporation named "Wal-Mart Stores, Inc." prior to February 1, 2018 and named "Walmart Inc." commencing on February 1, 2018 and, except where expressly noted otherwise or the context otherwise requires, that corporation's consolidated subsidiaries.

PART I

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K and other reports, statements, and information that Walmart Inc. (which individually or together with its subsidiaries, as the context otherwise requires, is referred to as "we," "Walmart" or the "Company") has filed with or furnished to the Securities and Exchange Commission ("SEC") or may file with or furnish to the SEC in the future, and prior or future public announcements and presentations that we or our management have made or may make, include or may include, or incorporate or may incorporate by reference, statements that may be deemed to be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Act"), that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Act.

Nature of Forward-Looking Statements

Such forward-looking statements are not statements of historical facts, but instead express our estimates or expectations for our consolidated, or one of our segment's, economic performance or results of operations for future periods or as of future dates or events or developments that may occur in the future or discuss our plans, objectives or goals. These forward-looking statements relate to:

- the growth of our business or change in our competitive position in the future or in or over particular periods;
- the amount, number, growth, increase, reduction or decrease in or over certain periods, of or in certain financial items or measures or operating measures, including our earnings per share, net sales, comparable store and club sales, our Walmart U.S. operating segment's eCommerce sales, liabilities, expenses of certain categories, expense leverage, returns, capital and operating investments or expenditures of particular types and new store openings;
- investments and capital expenditures we will make and how certain of those investments and capital expenditures are expected to be financed;
- our increasing investments in eCommerce, technology, supply chain, store remodels and other omni-channel customer initiatives, such as same day pickup and delivery;
- volatility in currency exchange rates and fuel prices affecting our or one of our segments' results of operations;
- the Company continuing to provide returns to shareholders through share repurchases and dividends, the use of share repurchase authorization over a certain period or the source of funding of a certain portion of our share repurchases;
- our sources of liquidity, including our cash, continuing to be adequate or sufficient to fund and finance our operations, expansion activities, dividends and share repurchases, to meet our cash needs and to fund our operations;
- the insignificance of ineffective hedges; and reclassification of amounts related to our derivatives;
- our effective tax rate for certain periods and the realization of certain net deferred tax assets and the effects of resolutions of tax-related matters;
- the effect of adverse decisions in, or settlement of, litigation or other proceedings or investigations to which we are subject;
- the effect on the Company's results of operations or financial condition of the Company's adoption of certain new, or amendments to existing, accounting standards; or
- our commitments, intentions, plans or goals related to the sustainability of our environment and supply chains, the promotion of economic opportunity or other societal initiatives.

Our forward-looking statements may also include statements of our strategies, plans and objectives for our operations, including areas of future focus in our operations, and the assumptions underlying any of the forward-looking statements we make. The forward-looking statements we make can typically be identified by the use therein of words and phrases such as "aim," "anticipate," "believe," "could be," "could increase," "could occur," "could result," "continue," "estimate," "expansion," "expect," "expectation," "expected to be," "focus," "forecast," "goal," "grow," "guidance," "intend," "invest," "is expected," "may continue," "may fluctuate," "may grow," "may impact," "may result," "objective," "plan," "priority," "project," "strategy," "to be," "we'll," "we will," "will add," "will allow," "will be," "will benefit," "will change," "will come in at," "will continue," "will decrease," "will grow," "will have," "will impact," "will include," "will increase," "will open," "will remain," "will result,"

"will stay," "will strengthen," "would be," "would decrease" and "would increase," variations of such words or phrases, other phrases commencing with the word "will" or similar words and phrases denoting anticipated or expected occurrences or results.

Risks Factors and Uncertainties Affecting Our Business

Our business operations are subject to numerous risks, factors and uncertainties, domestically and internationally, outside of our control. One, or a combination, of these risks, factors and uncertainties could materially affect any of those matters as to which we have made forward-looking statements and cause our actual results or an actual event or occurrence to differ materially from those results or an event or occurrence described in a forward-looking statement. These risks, factors and uncertainties, which may be global in their effect or affect only some of the markets in which we operate and which may affect us on a consolidated basis or affect only some of our reportable segments, include, but are not limited to:

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 amounts 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;
- 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;
- 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 and 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 and initiatives in the markets in which Walmart operates and elsewhere and actions with respect to such policies, programs and initiatives;
- changes in currency control laws;
- changes in the level of public assistance payments;
- one or more prolonged federal government shutdowns;
- the timing and amount of federal income tax refunds;
- natural disasters, changes in climate, catastrophic events and global health epidemics or pandemics such as the recent coronavirus outbreak; and
- changes in generally accepted accounting principles in the United States.

We typically earn a disproportionate part of our annual operating income in the fourth quarter as a result of seasonal buying patterns, which patterns are difficult to forecast with certainty and can be affected by many factors.

Other Risk Factors; No Duty to Update

The above list of factors that may affect the estimates and expectations discussed in or implied or contemplated by forward-looking statements we make or are made on our behalf is not exclusive. We are subject to other risks discussed under "[Part I, Item 1A. Risk Factors](#)," and that we may discuss in Management's Discussions and Analysis of Financial Condition and Results of Operations under "Part II, Item 5," and in risks that may be discussed under "Part II, Item 1A. Risk Factors" and "Part I, Item 2. Management's Discussions and Analysis of Financial Condition and Results of Operations" appearing in our Quarterly Reports on Form 10-Q or may otherwise be disclosed in our Quarterly Reports on Form 10-Q and other reports filed with the SEC. Investors and other readers are urged to consider all of these risks, uncertainties and other factors carefully in evaluating our forward-looking statements.

The forward-looking statements that we make or that are made by others on our behalf are based on our knowledge of our business and our operating environment and assumptions that we believe to be or will believe to be reasonable when such forward-looking statements were or are made. As a consequence of the factors described above, the other risks, uncertainties and factors we disclose below and in the other reports as mentioned above, other risks not known to us at this time, changes in facts, assumptions not being realized or other circumstances, our actual results may differ materially from those discussed in or implied or contemplated by our forward-looking statements. Consequently, this cautionary statement qualifies all forward-looking statements we make or that are made on our behalf, including those made herein and incorporated by reference herein. We cannot assure you that the results or developments expected or anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for us or affect us, our business, our operations or our operating results in the manner or to the extent we expect. We caution readers not to place undue reliance on such forward-looking statements, which speak only as of their dates. We undertake no obligation to revise or update any of the forward-looking statements to reflect subsequent events or circumstances except to the extent required by applicable law.

ITEM 1. BUSINESS

General

Walmart Inc. ("Walmart," the "Company" or "we") helps people around the world save money and live better – anytime and anywhere – by providing the opportunity to shop in retail stores and through eCommerce. Through innovation, we strive to continuously improve a customer-centric experience that seamlessly integrates our eCommerce and retail stores in an omni-channel offering that saves time for our customers. Each week, we serve over 265 million customers who visit approximately 11,500 stores and numerous eCommerce websites under 56 banners in 27 countries.

Our strategy is to make every day easier for busy families, operate with discipline, sharpen our culture and become digital, and make trust a competitive advantage. Making life easier for busy families includes our commitment to price leadership, which has been and will remain a cornerstone of our business, as well as increasing convenience to save our customers time. By leading on price, we earn the trust of our customers every day by providing a broad assortment of quality merchandise and services at everyday low prices ("EDLP"). EDLP is our pricing philosophy under which we price items at a low price every day so our customers trust that our prices will not change under frequent promotional activity. Everyday low cost ("EDLC") is our commitment to control expenses so our cost savings can be passed along to our customers.

Our operations comprise three reportable segments: Walmart U.S., Walmart International and Sam's Club. Our fiscal year ends on January 31 for our United States ("U.S.") and Canadian operations. We consolidate all other operations generally using a one-month lag and on a calendar year basis. Our discussion is as of and for the fiscal years ended January 31, 2020 ("fiscal 2020"), January 31, 2019 ("fiscal 2019") and January 31, 2018 ("fiscal 2018"). During fiscal 2020, we generated total revenues of \$524.0 billion, which primarily comprised net sales of \$519.9 billion.

We maintain our principal offices at 702 S.W. 8th Street, Bentonville, Arkansas 72716, USA. Our common stock trades on the New York Stock Exchange under the symbol "WMT."

The Development of Our Company

Although Walmart was incorporated in Delaware in October 1969, the businesses conducted by our founders began in 1945 when Sam M. Walton opened a franchise Ben Franklin variety store in Newport, Arkansas. In 1946, his brother, James L. Walton, opened a similar store in Versailles, Missouri. Until 1962, our founders' business was devoted entirely to the operation of variety stores. In that year, the first Wal-Mart Discount City, which was a discount store, opened in Rogers, Arkansas. In 1983, we opened our first Sam's Club, and in 1988, we opened our first supercenter. In 1998, we opened our first Walmart Neighborhood Market. In 1991, we began our first international initiative when we entered into a joint venture in Mexico. Since then, our international presence has expanded and, as of January 31, 2020, our Walmart International segment conducted business in 26 countries.

In 2000, we began our first eCommerce initiative by creating walmart.com and then later that year, adding samsclub.com. Since then, our eCommerce presence has continued to grow. In 2007, leveraging our physical stores, walmart.com launched its Site to Store service, enabling customers to make a purchase online and pick up merchandise in stores. Since 2016, we have made several eCommerce acquisitions which have enabled us to leverage technology, talent and expertise, as well as incubate digitally-native brands and expand our assortment on walmart.com and in stores. In fiscal 2017, walmart.com launched free two-day shipping and we created Store N° 8, a technology incubator with a focus to drive eCommerce innovation. Then in fiscal 2019, we continued to enhance our eCommerce initiatives with the acquisition of a majority stake of Flipkart Private Limited ("Flipkart"), an Indian-based eCommerce marketplace, with an ecosystem that includes eCommerce platforms of Flipkart and Myntra as well as PhonePe, a digital transaction platform.

In fiscal 2020, we launched NextDay Delivery to more than 75 percent of the U.S. population, launched Delivery Unlimited from 1,600 locations in the U.S. and expanded Same Day Pickup to nearly 3,200 locations. Our eCommerce efforts and innovation have also led to omni-channel offerings in many of our markets including grocery pick up and/or delivery in nearly a dozen countries outside the U.S. To date, we now have more than 6,100 grocery pick up and delivery locations globally. We are enhancing our ecosystem with our omni-channel capabilities, stores, services, eCommerce sites, supply chain combined with our more than 2.2 million associates to better serve our customers. Together, we believe these elements produce a flywheel effect which creates customer relationships where customers view Walmart as their primary destination.

Information About Our Segments

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

We measure the results of our segments using, among other measures, each segment's net sales and operating income, which includes certain corporate overhead allocations. From time to time, we revise the measurement of each segment's operating income, including any corporate overhead allocations, as determined by the information regularly reviewed by our CODM. When the measurement of a segment changes, previous period amounts and balances are reclassified to be comparable to the current period's presentation.

Walmart U.S. Segment

Walmart U.S. is our largest segment and operates in the U.S., including in all 50 states, Washington D.C. and Puerto Rico. Walmart U.S. is a mass merchandiser of consumer products, operating under the "Walmart" and "Walmart Neighborhood Market" brands, as well as walmart.com and other eCommerce brands. Walmart U.S. had net sales of \$341.0 billion for fiscal 2020, representing 66% of our fiscal 2020 consolidated net sales, and had net sales of \$331.7 billion and \$318.5 billion for fiscal 2019 and 2018, respectively. Of our three segments, Walmart U.S. has historically had the highest gross profit as a percentage of net sales ("gross profit rate"). In addition, Walmart U.S. has historically contributed the greatest amount to the Company's net sales and operating income.

Omni-channel. Walmart U.S. provides an omni-channel experience to customers, integrating retail stores and eCommerce, through services such as "Same Day Pickup," "Same Day Delivery," "Delivery Unlimited," "NextDay Delivery," and "Endless Aisle." As of January 31, 2020, we had nearly 3,200 grocery pickup locations and over 1,600 delivery locations. We have several eCommerce websites, the largest of which is walmart.com. We define eCommerce sales as sales initiated online through our websites or through a mobile app. eCommerce sales may be fulfilled by a number of methods including our dedicated eCommerce fulfillment centers or our stores. The following table provides the approximate size of our retail stores as of January 31, 2020:

	Minimum Square Feet	Maximum Square Feet	Average Square Feet
Supercenters (general merchandise and grocery)	69,000	260,000	178,000
Discount stores (general merchandise and limited grocery)	30,000	206,000	105,000
Neighborhood markets ⁽¹⁾ (grocery)	28,000	65,000	42,000

(1) Excludes other small formats.

Merchandise. Walmart U.S. does business in three strategic merchandise units, listed below:

- Grocery consists of a full line of grocery items, including meat, produce, natural & organics, deli & bakery, dairy, frozen foods, alcoholic and nonalcoholic beverages, floral and dry grocery, as well as consumables such as health and beauty aids, baby products, household chemicals, paper goods and pet supplies;
- Health and wellness includes pharmacy, optical services, clinical services, and over-the-counter drugs and other medical products;
- General merchandise includes:
 - Entertainment (e.g., electronics, cameras and supplies, photo processing services, wireless, movies, music, video games and books);
 - Hardlines (e.g., stationery, automotive, hardware and paint, sporting goods, outdoor living and horticulture);
 - Apparel (e.g., apparel for women, girls, men, boys and infants, as well as shoes, jewelry and accessories); and
 - Home/Seasonal (e.g., home furnishings, housewares and small appliances, bedding, home decor, toys, fabrics and crafts and seasonal merchandise).

Walmart U.S. recently launched Walmart Media Group, an in-house advertising offering, to work with brands to influence shoppers. Walmart U.S. also offers fuel and financial services and related products, including money orders, prepaid cards, money (wire) transfers, check cashing and bill payment. Combined, these offerings total less than 1% of annual net sales.

Brand name merchandise represents a significant portion of the merchandise sold in Walmart U.S. We also market lines of merchandise under our private-label brands, including brands such as: "Allswell," "Athletic Works," "Bonobos," "Equate," "EV1," "Everstart," "George," "Great Value," "Holiday Time," "Mainstays," "Marketside," "No Boundaries," "Onn," "Ozark Trail," "Parent's Choice," "Scoop," "SwissTech," "Time and Tru" and "Wonder Nation." The Company also markets lines of merchandise under licensed brands, some of which include: "Better Homes & Gardens," "Farberware" and "Russell."

Periodically, revisions are made to the categorization of the components comprising our strategic merchandise units. When revisions are made, the previous periods' presentation is adjusted to maintain comparability.

Operations. Many supercenters, discount stores and neighborhood markets are open 24 hours each day. A variety of payment methods are accepted. Consistent with its strategy, Walmart U.S. continues to develop technology tools that help better serve customers and be more efficient in stores, such as shelf-scanning robots, autonomous floor scrubbers, and automated unloading conveyor systems.

Seasonal Aspects of Operations. Walmart U.S.'s business is seasonal to a certain extent due to calendar events and national and religious holidays, as well as different weather patterns. Historically, its highest sales volume and segment operating income have occurred in the fiscal quarter ending January 31.

Competition. Walmart U.S. competes with omni-channel retailers operating discount, department, retail and wholesale grocers, drug, dollar, variety and specialty stores, supermarkets, hypermarkets and supercenter-type stores, as well as eCommerce retailers. Our ability to develop and operate units at the right locations and to deliver a customer-centric omni-channel experience largely determines our competitive position within the retail industry. We employ many programs designed to meet competitive pressures within our industry. These programs include the following:

- EDLP: our pricing philosophy under which we price items at everyday low prices so our customers trust that our prices will not change under frequent promotional activity;
- EDLC: everyday low cost is our commitment to control expenses so our cost savings can be passed along to our customers; and
- Omni-channel offerings such as Same Day Pickup and Same Day Delivery, where a customer places an order online and picks it up for free from a store or has it delivered; Delivery Unlimited, where a customer can receive unlimited grocery delivery for an annual fee; as well as free two-day shipping without an annual membership fee and free NextDay Delivery on an assortment of best-selling items.

Distribution. For fiscal 2020, approximately 79% of Walmart U.S.'s purchases of store merchandise were shipped through our 162 distribution facilities, which are located strategically throughout the U.S. The remaining store merchandise we purchased was shipped directly from suppliers. General merchandise and dry grocery merchandise is transported primarily through the segment's private truck fleet; however, we contract with common carriers to transport the majority of our perishable grocery merchandise. We ship merchandise purchased by customers on our eCommerce platforms by a number of methods from multiple locations including from our 40 dedicated eCommerce fulfillment centers which includes eight temporary fulfillment centers.

Walmart International Segment

Walmart International is our second largest segment and operates in 26 countries outside of the U.S. Walmart International operates through our wholly-owned subsidiaries in Argentina, Canada, Chile, China, India, Japan and the United Kingdom, and our majority-owned subsidiaries in Africa (which includes Botswana, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda and Zambia), Central America (which includes Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua), India and Mexico. Walmart International previously operated in Brazil prior to the sale of the majority stake of Walmart Brazil in fiscal 2019, as discussed in [Note 12](#) to our Consolidated Financial Statements.

Walmart International includes numerous formats divided into three major categories: retail, wholesale and other. These categories consist of many formats, including: supercenters, supermarkets, hypermarkets, warehouse clubs (including Sam's Clubs) and cash & carry, as well as eCommerce through [walmart.com.mx](#), [asda.com](#), [walmart.ca](#), [flipkart.com](#) and other sites. Walmart International had net sales of \$120.1 billion for fiscal 2020, representing 23% of our fiscal 2020 consolidated net sales, and had net sales of \$120.8 billion and \$118.1 billion for fiscal 2019 and 2018, respectively. The segment's net sales were negatively impacted by currency exchange rate fluctuations for all years presented. The gross profit rate is lower than that of Walmart U.S. primarily because of its merchandise mix.

Walmart International's strategy is to create strong local businesses powered by Walmart which means being locally relevant and customer-focused in each of the markets it operates. We are being deliberate about where and how we choose to operate and continue to re-shape the portfolio to best enable long-term, sustainable and profitable growth. As such, we have taken certain strategic actions to strengthen our Walmart International portfolio for the long-term, including:

- Acquisition of a majority stake of Flipkart in August 2018.
- Divestiture of 80 percent of Walmart Brazil to Advent International ("Advent") in August 2018.
- Divestiture of the Walmart Chile banking operations in December 2018 and the divestiture of the Walmart Canada banking operations in April 2019.

Omni-channel. Walmart International provides an omni-channel experience to customers, integrating retail stores and eCommerce, such as through services like "Click & Collect" in the United Kingdom, our grocery pick-up and delivery business in several other markets, our marketplaces, such as Flipkart in India, and a digital transaction platform anchored in payments such as PhonePe in India.

Generally, retail units' selling area range in size from 1,400 square feet to 186,000 square feet. Our wholesale stores' selling area generally range in size from 25,000 square feet to 156,000 square feet. As of January 31, 2020, Walmart International had nearly 3,200 grocery pickup and/or delivery locations across its markets.

Merchandise. The merchandising strategy for Walmart International is similar to that of our operations in the U.S. in terms of the breadth and scope of merchandise offered for sale. While brand name merchandise accounts for a majority of our sales, we have both leveraged U.S. private brands and developed market specific private brands to serve our customers with high quality, low priced items. Along with the private brands we market globally, such as "Equate," "George," "Great Value," "Holiday Time," "Mainstays," "Marketside" and "Parent's Choice," our international markets have developed market specific brands including "Aurrera," "Cambridge," "Lider," "Myntra," "PhonePe" and "Extra Special." In addition, we have developed relationships with regional and local suppliers in each market to ensure reliable sources of quality merchandise that is equal to national brands at low prices.

Operations. The hours of operation for operating units in Walmart International vary by country and by individual markets within countries, depending upon local and national ordinances governing hours of operation. Operating units in each country accept a variety of payment methods.

Seasonal Aspects of Operations. Walmart International's business is seasonal to a certain extent. Historically, the segment's highest sales volume and operating income have occurred in the fourth quarter of our fiscal year. The seasonality of the business varies by country due to different national and religious holidays, festivals and customs, as well as different weather patterns.

Competition. Walmart International competes with omni-channel retailers who operate department, drug, discount, variety and specialty stores, supermarkets, hypermarkets and supercenter-type stores, wholesale clubs, home-improvement stores, specialty electronics stores, cash & carry operations and convenience stores, and eCommerce retailers, as well as catalog businesses. Our ability to develop and operate units at the right locations and to deliver a customer-centric omni-channel experience largely determines our competitive position within the retail industry. We believe price leadership is a critical part of our business model and we continue to focus on moving our markets towards an EDLP approach. Additionally, our ability to operate food departments effectively has a significant impact on our competitive position in the markets where we operate.

Distribution. We utilize a total of 221 distribution facilities located in Argentina, Canada, Central America, Chile, China, Japan, Mexico, South Africa, India and the United Kingdom. Certain of these facilities are used to ship merchandise to both our stores and customers on our eCommerce platforms. Through these facilities, we process and distribute both imported and domestic products to the operating units of the Walmart International segment. During fiscal 2020, approximately 85% of Walmart International's purchases passed through these distribution facilities. Suppliers ship the balance of Walmart International's purchases directly to our stores in the various markets in which we operate. We ship merchandise purchased by customers on our eCommerce platforms by a number of methods from multiple locations including from our 88 dedicated eCommerce fulfillment centers, as well as more than 2,500 eCommerce sort centers in India.

Sam's Club Segment

Sam's Club operates in 44 states in the U.S. and in Puerto Rico. Sam's Club is a membership-only warehouse club that also operates samsclub.com. Sam's Club had net sales of \$58.8 billion for fiscal 2020, representing 11% of our consolidated fiscal 2020 net sales, and had net sales of \$57.8 billion and \$59.2 billion for fiscal 2019 and 2018, respectively. As a membership-only warehouse club, membership income is a significant component of the segment's operating income. Sam's Club operates with a lower gross profit rate and lower operating expenses as a percentage of net sales than our other segments.

Membership. The following two options are available to members:

	Plus Membership	Club Membership
Annual Membership Fee	\$100	\$45
Number of Add-on Memberships (\$40 each)	Up to 16	Up to 8
Eligible for Cash Rewards	Yes	No

All memberships include a spouse/household card at no additional cost. Plus Members are eligible for Cash Rewards, which is a benefit that provides 2% back on qualifying Sam's Club purchases up to a \$500 cash reward annually. The amount earned can be used for purchases, membership fees or redeemed for cash. Plus Members are also eligible for Free Shipping on the majority of merchandise, with no minimum order size, and receive discounts on prescriptions and glasses.

Omni-channel. While Sam's Club is a membership-only warehouse club, it provides an omni-channel experience to customers, integrating retail stores and eCommerce. The warehouse facility sizes generally range between 32,000 and 168,000 square feet, with an average size of approximately 134,000 square feet.

Members have access to a broad assortment of merchandise, including products not found in our clubs, and services online at samsclub.com and through our mobile commerce applications, providing services such as "Club Pickup" or the option of delivery direct-to-home.

Merchandise. Sam's Club offers merchandise in the following five merchandise categories:

- Grocery and consumables includes dairy, meat, bakery, deli, produce, dry, chilled or frozen packaged foods, alcoholic and nonalcoholic beverages, floral, snack foods, candy, other grocery items, health and beauty aids, paper goods, laundry and home care, baby care, pet supplies and other consumable items;
- Fuel, tobacco and other categories consists of gasoline stations, tobacco, tools and power equipment, and tire and battery centers;
- Home and apparel includes home improvement, outdoor living, grills, gardening, furniture, apparel, jewelry, housewares, toys, seasonal items, mattresses and small appliances;
- Technology, office and entertainment includes electronics, wireless, software, video games, movies, books, music, office supplies, office furniture, photo processing and third-party gift cards; and
- Health and wellness includes pharmacy, optical and hearing services and over-the-counter drugs.

In addition, the Member's Mark private label brand continues to expand assortment and deliver member value.

Operations. Operating hours for Sam's Clubs are generally Monday through Friday from 10:00 a.m. to 8:30 p.m., Saturday from 9:00 a.m. to 8:30 p.m. and Sunday from 10:00 a.m. to 6:00 p.m. Additionally, most club locations offer Plus Members the ability to shop before the regular operating hours Monday through Saturday, starting at 7:00 a.m. A variety of payment methods are accepted. Consistent with its strategy, Sam's Club continues to develop technology tools to drive a great member experience in club. For example, Sam's Garage, a new application in its tire and battery business, is leveraging technology in new ways to provide a personalized and efficient shopping experience. Sam's Club also offers "Scan and Go," a mobile checkout and payment solution, which allows members to bypass the checkout line.

Seasonal Aspects of Operations. Sam's Club's business is seasonal to a certain extent due to calendar events and national and religious holidays, as well as different weather patterns. Historically, its highest sales volume has occurred in the fiscal quarter ending January 31.

Competition. Sam's Club competes with other membership-only warehouse clubs, the largest of which is Costco, as well as with discount retailers, retail and wholesale grocers, general merchandise wholesalers and distributors, gasoline stations as well as omni-channel and eCommerce retailers and catalog businesses. At Sam's Club, we provide value at members-only prices, a quality merchandise assortment, and bulk sizing to serve both our Plus and Club members. Our eCommerce website and mobile commerce applications have increasingly become important factors in our ability to compete.

Distribution. During fiscal 2020, approximately 73% of Sam's Club's non-fuel club purchases were shipped from Sam's Club's 25 dedicated distribution facilities, located strategically throughout the U.S., or from some of the Walmart U.S. segment's distribution facilities, which service the Sam's Club segment for certain items. Suppliers shipped the balance of the Sam's Club segment's club purchases directly to Sam's Club locations. Sam's Club ships merchandise purchased on samsclub.com and through its mobile commerce applications by a number of methods including shipments made directly from Clubs, nine dedicated eCommerce fulfillment centers, two dedicated import facilities and other distribution centers.

Sam's Club uses a combination of our private truck fleet, as well as common carriers, to transport non-perishable merchandise from distribution facilities to clubs. The segment contracts with common carriers to transport perishable grocery merchandise from distribution facilities to clubs.

Intellectual Property

We regard our trademarks, service marks, copyrights, patents, domain names, trade dress, trade secrets, proprietary technologies, and similar intellectual property as important to our success, and with respect to our associates, customers and others, we rely on trademark, copyright, and patent law, trade-secret protection, and confidentiality and/or license agreements to protect our proprietary rights. We have registered, or applied for the registration of, a number of U.S. and international domain names, trademarks, service marks and copyrights. Additionally, we have filed U.S. and international patent applications covering certain of our proprietary technology. We have licensed in the past, and expect that we may license in the future, certain of our proprietary rights to third parties.

Suppliers and Supply Chain

As a retailer and warehouse club operator, we utilize a global supply chain that includes over 100,000 suppliers located around the world, including in the U.S., from whom we purchase the merchandise that we sell in our stores, clubs and online. In many instances, we purchase merchandise from producers located near the stores and clubs in which such merchandise will be sold, particularly products in the "fresh" category. Our purchases may represent a significant percentage of the annual sales for a number of our suppliers, and the volume of product we acquire from many suppliers allows us to obtain favorable pricing from such suppliers. Our suppliers are subject to standards of conduct, including requirements that they comply with local labor laws, local worker safety laws and other applicable laws. Our ability to acquire from our suppliers the assortment and volume of products we wish to offer to our customer, to receive those products within the required time through our supply chain and to distribute those products to our stores and clubs determines, in part, our in-stock levels in our stores and clubs and the attractiveness of our merchandise assortment we offer to our customers and members.

Employees

As of the end of fiscal 2020, Walmart Inc. and our subsidiaries employed more than 2.2 million employees ("associates") worldwide, with 1.5 million associates in the U.S. and 0.7 million associates internationally. Similar to other retailers, the Company has a large number of part-time, hourly or non-exempt associates. We believe our relationships with our associates are good. A large number of associates turn over each year, although Walmart U.S. turnover has improved in recent years as a result of our focus on increasing wages and providing improved tools, technology and training to associates.

Certain information relating to retirement-related benefits we provide to our associates is included in [Note 11](#) to our Consolidated Financial Statements. In addition to retirement-related benefits, in the U.S. we offer a broad range of Company-paid benefits to our associates. These include a store discount card or Sam's Club membership, bonuses based on Company performance, matching a portion of associate purchases of our stock through our Associate Stock Purchase Plan and life insurance. In addition to the health-care benefits for eligible full-time and part-time associates in the U.S., we offer maternity leave and a paid parental leave program to all full-time associates. We also offer a \$5,000 benefit to assist eligible associates with adoption. Additionally, we offer eligible associates tuition assistance towards earning a college degree through "Live Better U," which allows associates to earn a college degree or certificate for the equivalent of \$1 per day. Similarly, in our operations outside the U.S., we provide a variety of associate benefits that vary based on customary local practices and statutory requirements.

Information About Our Executive Officers

The following chart names the executive officers of the Company as of the date of the filing of this Annual Report on Form 10-K with the SEC, each of whom is elected by and serves at the pleasure of the Board of Directors. The business experience shown for each officer has been his or her principal occupation for at least the past five years, unless otherwise noted.

Name	Business Experience	Current Position Held Since	Age
Daniel J. Bartlett	Executive Vice President, Corporate Affairs, effective June 2013. From November 2007 to June 2013, he served as the Chief Executive Officer and President of U.S. Operations at Hill & Knowlton, Inc., a public relations company.	2013	48
M. Brett Biggs	Executive Vice President and Chief Financial Officer, effective January 2016. From January 2014 to December 2015, he served as Executive Vice President and Chief Financial Officer of Walmart International.	2016	51
Rachel Brand	Executive Vice President, Global Governance, Chief Legal Officer and Corporate Secretary, effective April 2018. From May 2017 to February 2018, she served as Associate Attorney General in the United States Department of Justice. From January 2017 to May 2017, Ms. Brand was an Associate Professor of Law at George Mason University Antonin Scalia Law School. From August 2012 to February 2017, she served as a Board Member on the Privacy and Civil Liberties Oversight Board of the U.S. government.	2018	46
David M. Chojnowski	Senior Vice President and Controller effective January 2017. From October 2014 to January 2017, he served as Vice President and Controller, Walmart U.S.	2017	50
John Furner	Executive Vice President, President and Chief Executive Officer, Walmart U.S. effective November 2019. From February 2017 until November 2019, he served as President and Chief Executive Officer, Sam's Club. From October 2015 to January 2017, he served as Executive Vice President and Chief Merchandising Officer of Sam's Club.	2019	45
Suresh Kumar	Executive Vice President, Global Chief Technology Officer and Chief Development Officer effective July 2019. From February 2018 until June 2019, Mr. Kumar was Vice President and General Manager at Google LLC. From May 2014 until February 2018, he was Corporate Vice President at Microsoft Corporation.	2019	55
Marc Lore	Executive Vice President, President and Chief Executive Officer, U.S. eCommerce, effective September 2016. From April 2014 to September 2016, he served as President and Chief Executive Officer of Jet.com, Inc.	2016	48
Judith McKenna	Executive Vice President, President and Chief Executive Officer, Walmart International, effective February 2018. From February 2015 to January 2018, she served as Executive Vice President and Chief Operating Officer of Walmart U.S.	2018	53
Kathryn McLay	Executive Vice President, President and Chief Executive Officer, Sam's Club effective November 15, 2019. From February 2019 to November 2019, she served as Executive Vice President, Walmart U.S. Neighborhood Markets. From December 2015 until February 2019, she served as Senior Vice President, U.S. Supply Chain. Ms. McLay originally joined the Company in April 2015 as Vice President of U.S. Finance and Strategy.	2019	46
C. Douglas McMillon	President and Chief Executive Officer, effective February 2014. From February 2009 to January 2014, he served as Executive Vice President, President and Chief Executive Officer, Walmart International.	2014	53
Donna Morris	Executive Vice President, Global People and Chief People Officer, effective February 2020. From April 2002 to January 2020, she served at Adobe Inc. in various roles, including most recently, Chief Human Resources Officer and Executive Vice President, Employee Experience.	2020	52

Our Website and Availability of SEC Reports and Other Information

Our corporate website is located at www.stock.walmart.com. We file with or furnish to the SEC Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those reports, proxy statements and annual reports to shareholders, and, from time to time, other documents. The reports and other documents filed with or furnished to the SEC are available to investors on or through our corporate website free of charge as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers, such as the Company, that file electronically with the SEC. The address of that website is www.sec.gov. Our SEC filings, our Code of Ethics for our CEO and senior financial officers and our Statement of Ethics can be found on our website at www.stock.walmart.com. These documents are available in print to any shareholder who requests a copy by writing or calling our Investor Relations Department, which is located at our principal offices.

A description of any substantive amendment or waiver of Walmart's Code of Ethics for the CEO and senior financial officers or our Statement of Ethics for our chief executive officer, our chief financial officer and our controller, who is our principal accounting officer, will be disclosed on our website at www.stock.walmart.com under the Corporate Governance section. Any such description will be located on our website for a period of 12 months following the amendment or waiver.

ITEM 1A. RISK FACTORS

The risks described below could, in ways we may or may not be able to accurately predict, materially and adversely affect our business, results of operations, financial condition and liquidity. Our business operations could also be affected by additional factors that apply to all companies operating in the U.S. and globally. The following risk factors do not identify all risks that we may face.

Strategic Risks

General or macro-economic factors, both domestically and internationally, may materially adversely affect our financial performance.

General economic conditions and other economic factors, globally or in one or more of the markets we serve, may adversely affect our financial performance. Higher interest rates, lower or higher prices of petroleum products, including crude oil, natural gas, gasoline, and diesel fuel, higher costs for electricity and other energy, weakness in the housing market, inflation, deflation, increased costs of essential services, such as medical care and utilities, higher levels of unemployment, decreases in consumer disposable income, unavailability of consumer credit, higher consumer debt levels, changes in consumer spending and shopping patterns, fluctuations in currency exchange rates, higher tax rates, imposition of new taxes or other changes in tax laws, changes in healthcare laws, other regulatory changes, the imposition of tariffs or other measures that create barriers to or increase the costs associated with international trade, overall economic slowdown or recession and other economic factors in the U.S. or in any of the other markets in which we operate could adversely affect consumer demand for the products we sell in the U.S. or such other markets, change the mix of products we sell to one with a lower average gross margin, cause a slowdown in discretionary purchases of goods, adversely affect our net sales and result in slower inventory turnover and greater markdowns of inventory, or otherwise materially adversely affect our operations and operating results and could result in impairment charges to intangible assets, goodwill or other long-lived assets.

In addition, the economic factors listed above, any other economic factors or circumstances resulting in higher transportation, labor, insurance or healthcare costs or commodity prices, and other economic factors in the U.S. and other countries in which we operate can increase our cost of sales and operating, selling, general and administrative expenses and otherwise materially adversely affect our operations and operating results.

The economic factors that affect our operations may also adversely affect the operations of our suppliers, which can result in an increase in the cost to us of the goods we sell to our customers or, in more extreme cases, in certain suppliers not producing goods in the volume typically available to us for sale.

We face strong competition from other retailers and wholesale club operators which could materially adversely affect our financial performance.

Each of our segments competes for customers, employees, digital prominence, products and services and in other important aspects of its business with many other local, regional, national and global eCommerce and omni-channel retailers, wholesale club operators and retail intermediaries.

We compete in a variety of ways, including the prices at which we sell our merchandise, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities, the shopping convenience and overall shopping experience we offer, the attractiveness and ease of use of our digital platforms, cost and speed of and options for delivery to customers of merchandise purchased through our digital platforms or through our omni-channel integration of our physical and digital operations.

A failure to respond effectively to competitive pressures and changes in the retail markets or delays or failure in execution of our strategy could materially adversely affect our financial performance. See "[Item 1. Business](#)" above for additional discussion of the competitive situation of each of our reportable segments.

Certain segments of the retail industry are undergoing consolidation, which could result in increased competition and significantly alter the dynamics of the retail marketplace. Other segments are substantially reducing operations which could also result in competition rushing to fill the void created by such corporate actions. Such consolidation, or other business combinations or alliances, or reduction in operation may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration than they previously enjoyed and other improvements in their competitive positions. Such business combinations or alliances could result in the provision of a wider variety of products and services at competitive prices by such consolidated or aligned companies, which could adversely affect our financial performance.

If we do not timely identify or effectively respond to consumer trends or preferences, it could negatively affect our relationship with our customers, demand for the products and services we sell, our market share and the growth of our business.

It is difficult to predict consistently and successfully the products and services our customers will demand and changes in their shopping patterns. The success of our business depends in part on how accurately we predict consumer demand, availability of merchandise, the related impact on the demand for existing products and the competitive environment. Price transparency, assortment of products, customer experience, convenience, ease and the speed and cost of shipping are of primary importance to customers and continue to increase in importance, particularly as a result of digital tools and social media available to consumers and the choices available to consumers for purchasing products. Our failure to adequately or effectively respond to changing consumer tastes, preferences and shopping patterns, or any other failure on our part to timely identify or effectively respond to changing consumer tastes, preferences and shopping patterns could negatively affect our relationship with our customers, the demand for the products we sell or services we offer, our market share and the growth of our business.

Failure to successfully execute our omni-channel strategy and the cost of our investments in eCommerce and technology may materially adversely affect our market position, net sales and financial performance.

The retail business continues to rapidly evolve and consumers increasingly embrace digital shopping. As a result, the portion of total consumer expenditures with retailers and wholesale clubs occurring through digital platforms is increasing and the pace of this increase could accelerate.

Our strategy, which includes investments in eCommerce, technology, acquisitions, joint ventures, store remodels and other customer initiatives may not adequately or effectively allow us to grow our eCommerce business, increase comparable store sales, maintain or grow our overall market position or otherwise offset the impact on the growth of our business of a moderated pace of new store and club openings. The success of this strategy will depend in large measure on our ability to continue building and delivering a seamless omni-channel shopping experience for our customers and is further subject to the related risks discussed in this [Item 1A](#). Failure to successfully execute this strategy may adversely affect our market position, net sales and financial performance which could also result in impairment charges to intangible assets or other long-lived assets. In addition, a greater concentration of eCommerce sales, including increasing online grocery sales, could result in a reduction in the amount of traffic in our stores and clubs, which would, in turn, reduce the opportunities for cross-store or cross-club sales of merchandise that such traffic creates and could reduce our sales within our stores and clubs and materially adversely affect our financial performance.

Furthermore, the cost of certain eCommerce and technology investments, including any operating losses incurred, will adversely impact our financial performance in the short-term and failure to realize the benefits of these investments may adversely impact our financial performance over the longer term.

The performance of strategic alliances and other business relationships to support the expansion of our business could materially adversely affect our financial performance.

We may enter into strategic alliances and other business relationships in the countries in which we have existing operations or in other markets to expand our retail operations. These arrangements may not generate the level of sales we anticipate when entering into the arrangement or may otherwise adversely impact our business and competitive position relative to the results we could have achieved in the absence of such alliance. In addition, any investment we make in connection with a strategic alliance or business relationship could materially adversely affect our financial performance.

Operational Risks

Natural disasters, changes in climate, and geo-political events and catastrophic events could materially adversely affect our financial performance.

The occurrence of one or more natural disasters, such as hurricanes, tropical storms, floods, fires, earthquakes, tsunamis, cyclones, typhoons; weather conditions such as major or extended winter storms, droughts and tornadoes, whether as a result of climate change or otherwise; severe changes in climate; geo-political events; global health epidemics or pandemics or other contagious outbreaks such as the recent coronavirus (COVID-19) outbreak; and catastrophic events, such as war, civil unrest, terrorist attacks or other acts of violence, including active shooter situations (such as those that have occurred in our U.S. stores), in countries in which we operate or in which our suppliers are located, could adversely affect our operations and financial performance.

Such events could result in physical damage to, or the complete loss of, one or more of our properties, the closure of one or more stores, clubs and distribution facilities, limitations on store or club operating hours, the lack of an adequate work force in a market, the inability of customers and associates to reach or have transportation to our stores and clubs affected by such events, the evacuation of the populace from areas in which our stores, clubs and distribution facilities are located, the unavailability of our digital platforms to our customers, changes in the purchasing patterns of consumers (including the frequency of visits by consumers to physical retail locations, whether as a result of limitations on large gatherings, travel and movement limitations or otherwise) and in consumers' disposable income, the temporary or long-term disruption in the supply of products from some suppliers, the disruption in the transport of goods from overseas, the disruption or delay in the delivery of goods to our distribution facilities or stores within a country in which we are operating, the reduction in the availability of products in our stores, the disruption of utility services to our stores and our facilities, and the disruption in our communications with our stores. For example, our results for the fourth quarter of fiscal 2020 were negatively impacted by riots and looting in Chile which resulted in us closing a number of our stores until the disruption abated.

We bear the risk of losses incurred as a result of physical damage to, or destruction of, any stores, clubs and distribution facilities, loss or spoilage of inventory and business interruption caused by such events. These events and their impacts could otherwise disrupt and adversely affect our operations in the areas in which they occur and could materially adversely affect our financial performance.

Risks associated with our suppliers could materially adversely affect our financial performance.

The products we sell are sourced from a wide variety of domestic and international suppliers. Global sourcing of many of the products we sell is an important factor in our financial performance. We expect our suppliers to comply with applicable laws, including labor, safety, anti-corruption and environmental laws, and to otherwise meet our required supplier standards of conduct. Our ability to find qualified suppliers who uphold our standards, and to access products in a timely and efficient manner, is a significant challenge, especially with respect to suppliers located and goods sourced outside the U.S.

Political and economic instability, as well as other impactful events and circumstances in the countries in which our suppliers and their manufacturers are located (such as the recent coronavirus outbreak which could result in potential disruptions or delays to our global supply chain), the financial instability of suppliers, suppliers' failure to meet our terms and conditions or our supplier standards (including our responsible sourcing standards), labor problems experienced by our suppliers and their manufacturers, the availability of raw materials to suppliers, merchandise safety and quality issues, disruption or delay in the transportation of merchandise from the suppliers and manufacturers to our stores, clubs, and other facilities, including as a result of labor slowdowns at any port at which a material amount of merchandise we purchase enters into the markets in which we operate, currency exchange rates, transport availability and cost, transport security, inflation and other factors relating to the suppliers and the countries in which they are located are beyond our control.

In addition, the U.S. foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. These and other factors affecting our suppliers and our access to products could adversely affect our financial performance.

If the products we sell are not safe or otherwise fail to meet our customers' expectations, we could lose customers, incur liability for any injuries suffered by customers using or consuming a product we sell or otherwise experience a material impact to our brand, reputation and financial performance. We are also subject to reputational and other risks related to third-party sales on our digital platforms.

Our customers count on us to provide them with safe products. Concerns regarding the safety of food and non-food products that we source from our suppliers or that we prepare and then sell could cause customers to avoid purchasing certain products from us, or to seek alternative sources of supply for all of their food and non-food needs, even if the basis for the concern is outside of our control. Any lost confidence on the part of our customers would be difficult and costly to reestablish and such products also expose us to product liability or food safety claims. As such, any issue regarding the safety of any food or non-food items we sell, regardless of the cause, could adversely affect our brand, reputation and financial performance. In addition,

third-parties sell goods on some of our digital platforms, which we refer to as marketplace transactions. Whether laws related to such sales apply to us is currently unsettled and any unfavorable changes could expose us to loss of sales, reduction in transactions and deterioration of our competitive position. In addition, we may face reputational, financial and other risks, including liability, for third-party sales of goods that are controversial, counterfeit or otherwise fail to comply with applicable law. Although we impose contractual terms on sellers that are intended to prohibit sales of certain type of products, we may not be able to detect, enforce, or collect sufficient damages for breaches of such agreements. Any of these events could have a material adverse impact on our business and results of operations and impede the execution of our eCommerce growth strategy.

We rely extensively on information systems to process transactions, summarize results and manage our business. Disruptions in our systems could harm our ability to conduct our operations.

Given the number of individual transactions we have each year, it is crucial that we maintain uninterrupted operation of our business-critical information systems. Our information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security breaches (through cyber-attacks from cyber-attackers and sophisticated organizations including nation states), catastrophic events such as fires, tornadoes, earthquakes and hurricanes, and usage errors by our associates or contractors. Our information systems are essential to our business operations, including the processing of transactions, management of our associates, facilities, logistics, inventories, physical stores and clubs and our online operations. Our information systems are not fully redundant and our disaster recovery planning cannot account for all eventualities. If our systems are damaged, breached or cease to function properly, we may have to make a significant investment to repair or replace them, and may experience loss or corruption of critical data as well as suffer interruptions in our business operations in the interim. Any interruption to our information systems may have a material adverse effect on our business or results of operations. In addition, we are constantly updating our information technology processes and systems. The risk of system disruption is increased when significant system changes are undertaken. If we fail to timely integrate and update our information systems and processes, we may fail to realize the cost savings or operational benefits anticipated to be derived from these initiatives.

If the technology-based systems that give our customers the ability to shop with us online do not function effectively, our operating results, as well as our ability to grow our omni-channel business globally, could be materially adversely affected.

Increasingly, customers are using computers, tablets, and smart phones to shop with us and with our competitors and to do comparison shopping. We use social media, online advertising, and email to interact with our customers and as a means to enhance their shopping experience. As a part of our omni-channel sales strategy, in addition to home delivery, we offer various pickup and delivery programs under which many products available for purchase online can be picked up by the customer or member at a local Walmart store or Sam's Club, which provides additional customer traffic at such stores and clubs. Omni-channel retailing is a rapidly evolving part of the retail industry and of our operations around the world. We must anticipate and meet our customers' changing expectations while adjusting for technology investments and developments in our competitors' operations through focusing on the building and delivery of a seamless shopping experience across all channels by each operating segment. Any failure on our part to provide attractive, user-friendly secure digital platforms that offer a wide assortment of merchandise at competitive prices and with low cost and rapid delivery options and that continually meet the changing expectations of online shoppers and developments in online and digital platform merchandising and related technology could place us at a competitive disadvantage, result in the loss of eCommerce and other sales, harm our reputation with customers, have a material adverse impact on the growth of our eCommerce business globally and have a material adverse impact on our business and results of operations.

Our digital platforms, which are increasingly important to our business and continue to grow in complexity and scope, and the systems on which they run, including those applications and systems in our acquired eCommerce businesses, are regularly subject to cyber-attacks. Those attacks involve attempts to gain unauthorized access to our eCommerce websites (including marketplace platforms) or mobile commerce applications to obtain and misuse customers' or members' information including payment information and related risks discussed in this Item 1A. Such attacks, if successful, in addition to potential data misuse, may also create denials of service or otherwise disable, degrade or sabotage one or more of our digital platforms or otherwise significantly disrupt our customers' and members' shopping experience. If we are unable to maintain the security of our digital platforms and keep them operating within acceptable parameters, we could suffer loss of sales, reductions in transactions, reputational damage and deterioration of our competitive position and incur liability for any damage to customers or others whose personal or confidential information is unlawfully obtained and misused, any of which events could have a material adverse impact on our business and results of operations and impede the execution of our strategy for the growth of our business.

Any failure to maintain the security of the information relating to our company, customers, members, associates and vendors, whether as a result of cybersecurity attacks on our information systems or otherwise, could damage our reputation, result in litigation or other legal actions against us, cause us to incur substantial additional costs, and materially adversely affect our business and operating results.

Like most retailers, we receive and store in our information systems personal information about our customers and members, and we receive and store personal information concerning our associates and vendors. Some of that information is stored digitally in connection with our digital platforms. We also utilize third-party service providers for a variety of reasons, including, without limitation, for digital storage technology, content delivery to customers and members, back-office support, and other functions. Such providers may have access to information we hold about our customers, members, associates or vendors. In addition, our eCommerce operations depend upon the secure transmission of confidential information over public networks, including information permitting cashless payments.

Cyber threats are rapidly evolving and those threats and the means for obtaining access to information in digital and other storage media are becoming increasingly sophisticated. Cyber threats and cyber-attackers can be sponsored by countries or sophisticated criminal organizations or be the work of hackers with a wide range of motives and expertise. We and the businesses with which we interact have experienced and continue to experience threats to data and systems, including by perpetrators of random or targeted malicious cyber-attacks, computer viruses, worms, bot attacks or other destructive or disruptive software and attempts to misappropriate customer information, including credit card information, and cause system failures and disruptions. Some of our systems have experienced limited security breaches and although they did not have a material adverse effect on our operating results, there can be no assurance of a similar result in the future.

Associate error or malfeasance, faulty password management, social engineering or other irregularities may also result in a defeat of our or our third-party service providers' security measures and a breach of our or their information systems. Moreover, hardware, software or applications we use may have inherent vulnerabilities or defects of design, manufacture or operations or could be inadvertently or intentionally implemented or used in a manner that could compromise information security.

Any compromise of our data security systems or of those of businesses with which we interact, which results in confidential information being accessed, obtained, damaged, modified, lost or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions, customer attrition, remediation expenses, and claims from customers, members, associates, vendors, financial institutions, payment card networks and other persons, any of which could materially and adversely affect our business operations, financial condition and results of operations. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of a compromise, we may be unable to anticipate these techniques or to implement adequate preventative measures and we or our third-party service providers may not discover any security breach, vulnerability or compromise of information for a significant period of time after the security incident occurs.

In addition, such events could be widely publicized and could materially adversely affect our reputation with our customers, members, associates, vendors and shareholders, could harm our competitive position particularly with respect to our eCommerce operations, and could result in a material reduction in our net sales in our eCommerce operations, as well as in our stores thereby materially adversely affecting our operations, net sales, results of operations, financial condition, cash flows and liquidity. Such events could also result in the release to the public of confidential information about our operations and financial condition and performance and could result in litigation or other legal actions against us or the imposition of penalties, fines, fees or liabilities, which may not be covered by our insurance policies. Moreover, a security compromise could require us to devote significant management resources to address the problems created by the issue and to expend significant additional resources to upgrade further the security measures we employ to guard personal and confidential information against cyber-attacks and other attempts to access or otherwise compromise such information and could result in a disruption of our operations, particularly our digital operations.

We accept payments using a variety of methods, including cash, checks, credit and debit cards, and our private label credit cards and gift cards, and we may offer new payment options over time, which may have information security risk implications. As a retailer accepting debit and credit cards for payment, we are subject to various industry data protection standards and protocols, such as payment network security operating guidelines and the Payment Card Industry Data Security Standard. We cannot be certain that the security measures we maintain to protect all of our information technology systems are able to prevent, contain or detect cyber-attacks, cyber terrorism, security breaches or other compromises from known malware or other threats that may be developed in the future. To the extent that any cyber-attack or incursion in our or one of our third-party service provider's information systems results in the loss, damage, misappropriation or other compromise of information, we may be materially adversely affected by claims from customers, financial institutions, regulatory authorities, payment card networks and others. In certain circumstances, our contracts with payment card processors and payment card networks (such as Visa, Mastercard, American Express and Discover) generally require us to adhere to payment card network rules which could make us liable to payment card issuers and others if information in connection with payment cards and payment card transactions that we process is compromised, which liabilities could be substantial.

Additionally, we offer money (wire) transfer services, digital payment platforms, bill payment, money orders and check cashing and we sell prepaid cards and gift cards. We further offer co-branded credit cards and installment loans through financial services partners. These products and services require us to comply with legal and regulatory requirements, including global anti-money laundering and sanctions laws and regulations as well as international, federal and state consumer financial laws and regulations. Failure to comply with these laws and regulations could result in fines, sanctions, penalties and harm to our reputation.

The Company also has compliance obligations associated with new privacy laws enacted to protect personal information. The California Consumer Privacy Act of 2018, (CCPA), grants California consumers certain rights over their personal information and imposes stringent requirements on the collection, use and sharing of “personal information” of California consumers. Other U.S. states are proposing similar laws related to the protection of personal information and the U.S. federal government is also considering federal privacy legislation. Outside the U.S., the European Union’s (“EU”) General Data Protection Regulation (“GDPR”) greatly increases the jurisdictional reach of EU law and adds a broad array of requirements related to personal data. Complying with changing regulatory requirements requires us to incur additional costs and expenses. If we fail to comply with CCPA, GDPR or other privacy related regulations, or if regulators assert we have failed to comply with them, it could lead to regulatory enforcement action, monetary fines or penalties (up to 4% of worldwide revenue in the case of GDPR), lawsuits or reputational damage and could materially and adversely affect our results of operations.

Changes in the results of our retail pharmacy business could adversely affect our overall results of operations, cash flows and liquidity.

Walmart has retail pharmacy operations in our Walmart U.S. and Sam's Club segments, as well as the recent addition of Walmart Health Centers to some of our U.S. stores. A large majority of our retail pharmacy net sales are generated by filling prescriptions for which we receive payment through established contractual relationships with third-party payers and payment administrators, such as private insurers, governmental agencies and pharmacy benefit managers (“PBMs”).

Our retail pharmacy operations are subject to numerous risks, including: reductions in the third-party reimbursement rates for drugs; changes in our payer mix (i.e., shifts in the relative distribution of our pharmacy customers across drug insurance plans and programs toward plans and programs with less favorable reimbursement terms); changes in third-party payer drug formularies (i.e., the schedule of prescription drugs approved for reimbursement or which otherwise receive preferential coverage treatment); growth in, and our participation in or exclusion from, exclusive and preferred pharmacy network arrangements operated by PBMs and/or any insurance plan or program; increases in the prices we pay for brand name and generic prescription drugs we sell; increases in the administrative burdens associated with seeking third-party reimbursement; changes in the frequency with which new brand name pharmaceuticals become available to consumers; introduction of lower cost generic drugs as substitutes for existing brand name drugs for which there was no prior generic drug competition; changes in drug mix (i.e., the relative distribution of drugs customers purchase at our pharmacies between brands and generics); changes in the health insurance market generally; changes in the scope of or the elimination of Medicare Part D or Medicaid drug programs; increased competition from other retail pharmacy operations; further consolidation and strategic alliances among third-party payers, PBMs or purchasers of drugs; overall economic conditions and the ability of our pharmacy customers to pay for drugs prescribed for them to the extent the costs are not reimbursed by a third-party; failure to meet any performance or incentive thresholds to which our level of third-party reimbursement may be subject; and changes in the regulatory environment for the retail pharmacy industry and the pharmaceutical industry, including as a result of restrictions on the further implementation of or the repeal of the Patient Protection and Affordable Care Act or the enactment and implementation of a law replacing such act, and other changes in laws, rules and regulations that affect our retail pharmacy business.

If the supply of certain pharmaceuticals provided by one or more of our vendors were to be disrupted for any reason, our pharmacy operations could be severely affected until at least such time as we could obtain a new supplier for such pharmaceuticals. Any such disruption could cause reputational damage and result in a significant number of our pharmacy customers transferring their prescriptions to other pharmacies.

One or a combination of such factors may adversely affect the volumes of brand name and generic pharmaceuticals we sell, our cost of sales associated with our retail pharmacy operations, and the net sales and gross margin of those operations or result in the loss of cross-store or cross-club selling opportunities and, in turn, adversely affect our overall net sales, other results of operations, cash flows and liquidity.

Our failure to attract and retain qualified associates, increases in wage and benefit costs, changes in laws and other labor issues could materially adversely affect our financial performance.

Our ability to continue to conduct and expand our operations depends on our ability to attract and retain a large and growing number of qualified associates globally. Our ability to meet our labor needs, including our ability to find qualified personnel to fill positions that become vacant at our existing stores, clubs, distribution centers and corporate offices, while controlling our associate wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the markets in which we operate, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and adoption of new or revised

employment and labor laws and regulations. Additionally, our ability to successfully execute organizational changes, including management transitions within the Company's senior leadership, such as our recent leadership changes, and to effectively motivate and retain associates are critical to our business success. If we are unable to locate, attract or retain qualified personnel, or manage leadership transition successfully, the quality of service we provide to our customers may decrease and our financial performance may be adversely affected.

In addition, if our costs of labor or related costs increase for other reasons or if new or revised labor laws, rules or regulations or healthcare laws are adopted or implemented that further increase our labor costs, our financial performance could be materially adversely affected.

Financial Risks

Fluctuations in foreign exchange rates may materially adversely affect our financial performance and our reported results of operations.

Our operations in countries other than the U.S. are conducted primarily in the local currencies of those countries. Our consolidated financial statements are denominated in U.S. dollars, and to prepare those financial statements we must translate the amounts of the assets, liabilities, net sales, other revenues and expenses of our operations outside of the U.S. from local currencies into U.S. dollars using exchange rates for the current period. In recent years, fluctuations in currency exchange rates that were unfavorable have had adverse effects on our reported results of operations.

As a result of such translations, fluctuations in currency exchange rates from period-to-period that are unfavorable to us may also result in our consolidated financial statements reflecting significant adverse period-over-period changes in our financial performance or reflecting a period-over-period improvement in our financial performance that is not as robust as it would be without such fluctuations in the currency exchange rates. Such unfavorable currency exchange rate fluctuations will adversely affect the reported performance of our Walmart International operating segment and have a corresponding adverse effect on our reported consolidated results of operations.

We may pay for products we purchase for sale in our stores and clubs around the world with a currency other than the local currency of the country in which the goods will be sold. When we must acquire the currency to pay for such products and the exchange rates for the payment currency fluctuate in a manner unfavorable to us, our cost of sales may increase and we may be unable or unwilling to change the prices at which we sell those goods to address that increase in our costs, with a corresponding adverse effect on our gross profit. Consequently, unfavorable fluctuations in currency exchange rates have and may continue to adversely affect our results of operations.

Failure to meet market expectations for our financial performance could adversely affect the market price and volatility of our stock.

We believe that the price of our stock generally reflects high market expectations for our future operating results. Any failure to meet or delay in meeting these expectations, including our comparable store and club sales growth rates, eCommerce growth rates, gross margin, or earnings and earnings per share could cause the market price of our stock to decline, as could changes in our dividend or stock repurchase programs or policies. Additionally, failure of Walmart's performance to compare favorably to that of other retailers may have a negative effect on the price of our stock.

Legal, Tax, Regulatory, Compliance, Reputational and Other Risks

Our international operations subject us to legislative, judicial, accounting, legal, regulatory, tax, political and economic risks and conditions specific to the countries or regions in which we operate, which could materially adversely affect our business or financial performance.

In addition to our U.S. operations, we operate our retail business in Africa, Argentina, Canada, Central America, Chile, China, India, Japan, Mexico and the United Kingdom.

During fiscal 2020, our Walmart International operations generated approximately 23% of our consolidated net sales. Walmart International's operations in various countries also source goods and services from other countries. Our future operating results in these countries could be negatively affected by a variety of factors, most of which are beyond our control. These factors include political conditions, including political instability, local and global economic conditions, legal and regulatory constraints (such as regulation of product and service offerings including regulatory restrictions (such as foreign ownership restrictions) on eCommerce and retail operations in international markets, such as India), restrictive governmental actions (such as trade protection measures), local product safety and environmental laws, tax regulations, local labor laws, anti-money laundering laws and regulations, trade policies, currency regulations, laws and regulations regarding consumer and data protection, and other matters in any of the countries or regions in which we operate, now or in the future.

For example, during the current transition period following the UK's recent exit from the European Union, we face continued uncertainty regarding the impact on our UK business of potential changes in tariffs, trade practices and other regulations while the UK and EU work to put in place alternative trade and other arrangements.

The economies of some of the countries in which we have operations have in the past suffered from high rates of inflation and currency devaluations, which, if they occurred again, could adversely affect our financial performance. Other factors which may impact our international operations include foreign trade, monetary and fiscal policies of the U.S. and of other countries, laws, regulations and other activities of foreign governments, agencies and similar organizations, and risks associated with having numerous facilities located in countries that have historically been less stable than the U.S.. Additional risks inherent in our international operations generally include, among others, the costs and difficulties of managing international operations, adverse tax consequences and greater difficulty in enforcing intellectual property rights in countries other than the U.S.. The various risks inherent in doing business in the U.S. generally also exist when doing business outside of the U.S., and may be exaggerated by the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, laws and regulations.

In foreign countries in which we have operations, a risk exists that our associates, contractors or agents could, in contravention of our policies, engage in business practices prohibited by U.S. laws and regulations applicable to us, such as the Foreign Corrupt Practices Act ("FCPA"), or the laws and regulations of other countries, such as the UK Bribery Act. We maintain a global policy prohibiting such business practices and have in place a global anti-corruption compliance program designed to ensure compliance with these laws and regulations. Nevertheless, we remain subject to the risk that one or more of our associates, contractors or agents, including those based in or from countries where practices that violate such U.S. laws and regulations or the laws and regulations of other countries may be customary, will engage in business practices that are prohibited by our policies, circumvent our compliance programs and, by doing so, violate such laws and regulations. Any such violations, even if prohibited by our internal policies, could adversely affect our business or financial performance and our reputation.

Changes in tax and trade laws and regulations could materially adversely affect our financial performance.

In fiscal 2020, our Walmart U.S. and Sam's Club operating segments generated approximately 77% of our consolidated net sales. The federal government has created the potential for significant changes in trade policies, including tariffs and government regulations affecting trade between the U.S. and other countries where we source many of the products we sell in our stores and clubs. Potential changes which have been discussed include the renegotiation or termination of trade agreements and the imposition of higher tariffs on imports into the U.S. A significant portion of the general merchandise we sell in our U.S. stores and clubs is manufactured in other countries. Any such actions including the imposition of further tariffs on imports could increase the cost to us of such merchandise (whether imported directly or indirectly) and cause increases in the prices at which we sell such merchandise to our customers, which could materially adversely affect the financial performance of our U.S. operations and our business.

We are subject to income taxes and other taxes in both the U.S. and the foreign jurisdictions in which we currently operate or have historically operated. The determination of our worldwide provision for income taxes and current and deferred tax assets and liabilities requires judgment and estimation. Our income taxes could be materially adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities, or by changes in worldwide tax laws, tax rates, regulations or accounting principles.

For example, in December 2019, India enacted a bill which significantly reduced the corporate income tax for certain companies with operations in India. In the U.S., the Tax Cuts and Jobs Act of 2017 (the "Tax Act") significantly changed income tax laws that affect U.S. corporations with additional guidance from the U.S. tax authority still pending. As further guidance is issued by the U.S. Treasury Department, the IRS, and other standard-setting bodies, any resulting changes in our estimates will be treated in accordance with the relevant accounting guidance. Compliance with the Tax Act, including collecting information not regularly produced by the Company or unexpected changes in our estimates, may require us to incur additional costs and could affect our results of operations.

In addition, we are subject to regular review and audit by both domestic and foreign tax authorities as well as subject to the prospective and retrospective effects of changing tax regulations and legislation. Although we believe our tax estimates are reasonable, the ultimate tax outcome may materially differ from the tax amounts recorded in our consolidated financial statements and may materially affect our income tax provision, net income, or cash flows in the period or periods for which such determination and settlement is made.

Changes in and/or failure to comply with other laws and regulations specific to the environments in which we operate could materially adversely affect our reputation, market position, or our business and financial performance.

We operate in complex regulated environments in the U.S. and in the other countries in which we operate and could be adversely affected by changes to existing legal requirements including the related interpretations and enforcement practices, new legal requirements and/or any failure to comply with applicable regulations.

Our pharmacy and other healthcare operations in the U.S. are subject to numerous federal, state and local regulations including licensing and other requirements and reimbursement arrangements. The regulations to which we are subject include, but are not limited to: federal and state registration and regulation of pharmacies; dispensing and sale of controlled substances and products containing pseudoephedrine; applicable governmental payer regulations including Medicare and Medicaid; data privacy and security laws and regulations including the Health Insurance Portability and Accountability Act, the Affordable Care Act, laws and regulations relating to the protection of the environment and health and safety matters, including those governing exposure to, and the management and disposal of, hazardous substances; regulations regarding food and drug safety including those of the U.S. Food and Drug Administration (the "FDA") and the Drug Enforcement Administration (the "DEA"), trade regulations including those of the U.S. Federal Trade Commission, and consumer protection and safety regulations including those of the Consumer Product Safety Commission, as well as state regulatory authorities, governing the availability, sale, advertisement and promotion of products we sell and the financial services we offer; anti-kickback laws; false claims laws; and federal and state laws governing health care fraud and abuse and the practice of the professions of pharmacy, optical care and nurse practitioner services.

For example, in the U.S. the DEA and various other regulatory authorities regulate the distribution and dispensing of pharmaceuticals and controlled substances. We are required to hold valid DEA and state-level licenses, meet various security and operating standards and comply with the federal and various state controlled substance acts and related regulations governing the sale, dispensing, disposal and holding of controlled substances. The DEA, the FDA and state regulatory authorities have broad enforcement powers, including the ability to seize or recall products and impose significant criminal, civil and administrative sanctions for violations of these laws and regulations.

We are also governed by foreign, national and state laws and regulations of general applicability, including laws and regulations related to working conditions, health and safety, equal employment opportunity, employee benefit and other labor and employment matters, laws and regulations related to competition, and antitrust matters, and health and wellness related regulations for our pharmacy operations outside of the U.S. In addition, certain financial services we offer or make available, such as our money transfer agent services, are subject to legal and regulatory requirements, including those intended to help detect and prevent money laundering, sanctions, fraud and other illicit activity as well as consumer financial protection. The impact of new laws, regulations and policies and the related interpretations, as well as changes in enforcement practices or regulatory scrutiny generally cannot be predicted, and changes in applicable laws, regulations and policies and the related interpretations and enforcement practices may require extensive system and operational changes, be difficult to implement, increase our operating costs, require significant capital expenditures, or adversely impact the cost or attractiveness of the products or services we offer.

Untimely compliance or noncompliance with applicable laws and regulations could result in the imposition of civil and criminal penalties that could adversely affect the continued operation of our businesses, including: suspension of payments from government programs; loss of required government certifications; loss of authorizations to participate in or exclusion from government programs, including the Medicare and Medicaid programs in the U.S.; loss of licenses; and significant fines or monetary damages and/or penalties. In addition, failure to comply with applicable legal or regulatory requirements in the U.S. or in any of the countries in which we operate could result in significant legal and financial exposure, damage to our reputation, and have a material adverse effect on our business operations, financial condition and results of operations.

We are subject to certain legal proceedings that may materially adversely affect our results of operations, financial condition and liquidity.

We are involved in a number of legal proceedings, which include consumer, employment, tort and other litigation. In particular, we are currently a defendant in a number of cases containing class-action allegations in which the plaintiffs have brought claims under federal and state wage and hour laws, as well as a number of cases containing class-action allegations in which the plaintiffs have brought claims under federal and state consumer laws.

In addition, ASDA Stores, Ltd. ("Asda"), a wholly-owned subsidiary of the Company, has been named as a defendant in numerous "equal value" claims pending in the Manchester Employment Tribunal (the "Employment Tribunal") in the United Kingdom. The claimants, who are current and former Asda store employees, 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 to that of employees working in Asda's warehouses 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 seeking differential back pay based on higher wage rates in the warehouses and distribution facilities and higher wage rates on a prospective basis. At present, we 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 matters.

The Company has been responding to subpoenas, information requests and investigations from governmental entities related to nationwide controlled substance dispensing and distribution practices involving opioids and is also a defendant in numerous litigation proceedings related to opioids including the consolidated multidistrict litigation entitled *In re National Prescription Opiate Litigation (MDL No. 2804)*, currently pending in the U.S. District Court for the Northern District of Ohio. 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, and cannot reasonably estimate any loss or range of loss that may arise from such claims and the related opioid matters.

We discuss these cases and other litigation to which we are party below under the caption "[Item 3. Legal Proceedings](#)" and in [Note 10](#) in the "[Notes to our Consolidated Financial Statements](#)," which are part of this Annual Report on Form 10-K.

Our amended and restated bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or shareholders in such capacity.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for claims, including derivative claims that are based upon a violation of a duty by a current or former director, officer, employee or shareholder in such capacity or as to which the Delaware General Corporation Law confers jurisdiction upon the Court of Chancery. This exclusive forum provision may limit a shareholder's ability to bring a claim in a judicial forum that the shareholder finds favorable for disputes with us or our directors, officers, employees or shareholders in such capacity, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, the claims as to which they are intended to apply, then we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

United States

The Walmart U.S. and Sam's Club segments comprise the Company's operations in the U.S. As of January 31, 2020, unit counts for Walmart U.S. and Sam's Club are summarized by format for each state and territory as follows:

State or Territory	Walmart U.S.			Sam's Club	
	Supercenters	Discount Stores	Neighborhood Markets and other small formats	Clubs	Grand Total
Alabama	101	1	29	13	144
Alaska	7	2	—	—	9
Arizona	83	2	28	12	125
Arkansas	76	5	37	9	127
California	142	71	78	29	320
Colorado	70	4	18	17	109
Connecticut	12	21	1	1	35
Delaware	6	3	—	1	10
Florida	232	9	99	46	386
Georgia	154	2	36	24	216
Hawaii	—	10	—	2	12
Idaho	23	—	3	1	27
Illinois	139	15	12	25	191
Indiana	97	6	11	13	127
Iowa	58	2	—	9	69
Kansas	58	2	15	9	84
Kentucky	78	7	9	9	103
Louisiana	88	2	34	14	138
Maine	19	3	—	3	25
Maryland	30	18	3	11	62
Massachusetts	27	21	4	—	52
Michigan	91	3	11	23	128
Minnesota	65	3	1	12	81
Mississippi	65	3	11	7	86
Missouri	112	9	18	19	158
Montana	14	—	—	2	16
Nebraska	35	—	7	5	47
Nevada	30	2	11	7	50
New Hampshire	19	7	—	2	28
New Jersey	34	28	1	8	71
New Mexico	35	2	9	7	53
New York	80	17	10	12	119
North Carolina	144	6	46	22	218
North Dakota	14	—	—	3	17
Ohio	139	6	4	27	176
Oklahoma	81	8	35	13	137
Oregon	29	7	10	—	46
Pennsylvania	116	20	4	24	164
Puerto Rico	13	5	12	7	37
Rhode Island	5	4	—	—	9
South Carolina	84	—	26	13	123
South Dakota	15	—	—	2	17
Tennessee	117	1	20	14	152
Texas	392	18	111	82	603
Utah	41	—	13	8	62
Vermont	3	3	—	—	6

Virginia	110	4	22	15	151
Washington	52	10	5	—	67
Washington D.C.	3	—	2	—	5
West Virginia	38	—	1	5	44
Wisconsin	83	4	2	10	99
Wyoming	12	—	—	2	14
U.S. total	3,571	376	809	599	5,355
Square feet (in thousands)	634,287	39,557	29,474	80,239	783,557

International

The Walmart International segment comprises the Company's operations outside of the U.S. Unit counts as of January 31, 2020⁽¹⁾ for Walmart International are summarized by major category for each geographic market as follows:

Geographic Market	Retail	Wholesale	Other ⁽²⁾	Total	Square feet ⁽³⁾
Africa ⁽⁴⁾	351	91	—	442	24,754
Argentina	92	—	—	92	8,095
Canada	408	—	—	408	52,936
Central America ⁽⁵⁾	836	—	—	836	13,460
Chile	362	5	—	367	15,992
China	412	26	—	438	70,163
India	—	28	—	28	1,514
Japan	333	—	—	333	19,832
Mexico	2,408	163	—	2,571	100,643
United Kingdom	613	—	18	631	37,560
International total	5,815	313	18	6,146	344,949

(1) Walmart International unit counts, with the exception of Canada, are as of December 31, 2019, to correspond with the balance sheet date of the related geographic market. Canada unit counts are as of January 31, 2020.

(2) Other includes stand-alone gas stations.

(3) Square feet reported in thousands.

(4) Africa unit counts primarily reside in South Africa, with other locations in Botswana, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda and Zambia.

(5) Central America unit counts reside in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

Owned and Leased Properties

The following table provides further details of our retail units and distribution facilities, including return facilities and dedicated eCommerce fulfillment centers, as of January 31, 2020:

	Owned	Leased ⁽¹⁾	Total
U.S. properties			
Walmart U.S. retail units	4,069	687	4,756
Sam's Club retail units	513	86	599
Total U.S. retail units	4,582	773	5,355
Walmart U.S. distribution facilities	108	54	162
Sam's Club distribution facilities	11	14	25
Total U.S. distribution facilities	119	68	187
Total U.S. properties	4,701	841	5,542
International properties			
Africa	37	405	442
Argentina	67	25	92
Canada	124	284	408
Central America	346	490	836
Chile	196	171	367
China	2	436	438
India	2	26	28
Japan	54	279	333
Mexico	693	1,878	2,571
United Kingdom	432	199	631
Total International retail units	1,953	4,193	6,146
International distribution facilities	34	187	221
Total International properties	1,987	4,380	6,367
Total properties	6,688	5,221	11,909
Total retail units	6,535	4,966	11,501
Total distribution facilities	153	255	408
Total properties	6,688	5,221	11,909

(1) Also includes U.S. and international distribution facilities which are third-party owned and operated.

We own office facilities in Bentonville, Arkansas, that serve as our principal office and own and lease office facilities throughout the U.S. and internationally for operations as well as for field and market management. The land on which our stores are located is either owned or leased by the Company. We use independent contractors to construct our buildings. All store leases provide for annual rentals, some of which escalate during the original lease or provide for additional rent based on sales volume. Substantially all of the Company's store and club leases have renewal options, some of which include rent escalation clauses.

For further information on our distribution centers, see the caption "Distribution" provided for each of our segments under "[Item 1. Business.](#)"

ITEM 3. **LEGAL PROCEEDINGS**

I. SUPPLEMENTAL INFORMATION: We discuss certain legal proceedings in [Note 10](#) to our Consolidated Financial Statements, entitled "Contingencies," which is included in [Part II, Item 8](#), Financial Statements and Supplementary Data of this Annual Report on Form 10-K. 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); ASDA Stores Ltd v Ms S Brierley & Others (UKEAT/0009/16/JOJ - United Kingdom Employment Appeal Tribunal).

National 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 March 6, 2020; some cases are in the process of being transferred to the MDL or have remand motions pending; and there are over 200 additional state cases, including those remanded to state court, pending as of March 6, 2020. The case citations for the state cases are listed on Exhibit 99.1 to this Form 10-K.

II. CERTAIN OTHER MATTERS: The Company has received grand jury subpoenas issued by the United States 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 most recent subpoena was issued in January 2020. The Company has been responding to these subpoenas. The Company has also been responding to civil investigative demands from the United States 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. The following matters are disclosed in accordance with that requirement. For the matters listed below, management does not believe any possible loss or the range of any possible loss that may be incurred in connection with each matter, individually or in the aggregate, will be material to the Company's financial condition or results of operations.

In September 2018, the United States Environmental Protection Agency (the "EPA") notified the Company that it had initiated an administrative penalty action by issuing a Draft Consent Agreement and Final Order. The letter accompanying the Draft Consent Agreement and Final Order alleges that the Company distributed and/or sold three unregistered pesticide products from March to June, 2017. The EPA is seeking a penalty of \$960,000. The manufacturer of the product is responsible for ensuring that a FIFRA-regulated product is properly registered prior to its sale. The Company is cooperating with the EPA.

In January 2018, the Environmental Prosecutor of the State of Chiapas (Procuraduría Ambiental del Estado de Chiapas) in Mexico imposed a fine of approximately \$163,000 for the absence of an Environmental Impact Authorization License related to the store Mi Bodega Las Rosas. The Company is challenging the fine.

In April 2017, the California Air Resources Board (the "ARB") notified the Company that it had taken the position that retailers are required to use unclaimed deposits collected on sales of small containers of automotive refrigerant to fund certain consumer education programs. The ARB alleged that the Company had improperly retained approximately \$4.2 million in unclaimed deposits and has sought reimbursement. The Company has denied any wrongdoing.

In April 2013, a subsidiary of the Company, Corporacion de Compañías Agroindustriales, operating in Costa Rica, became aware that the Municipality of Curridabat is seeking a penalty of approximately \$380,000 in connection with the construction of a retaining wall for a perishables distribution center that is situated along a protected river bank. The subsidiary obtained permits from the Municipality and the Secretaria Técnica Nacional Ambiental at the time of construction, but the Municipality now alleges that the wall is non-conforming.

ITEM 4. **MINE SAFETY DISCLOSURES**

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Common Stock

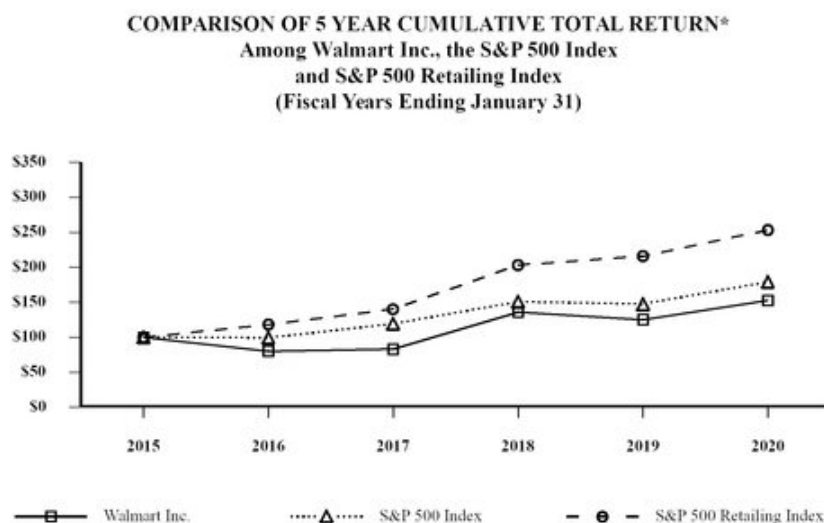
Walmart's common stock is listed for trading on the New York Stock Exchange, which is the primary market for Walmart's common stock. The common stock trades under the symbol "WMT."

Holders of Record of Common Stock

As of March 18, 2020, there were 217,840 holders of record of Walmart's common stock.

Stock Performance Chart

This graph compares the cumulative total shareholder return on Walmart's common stock during the five fiscal years ending through fiscal 2020 to the cumulative total returns on the S&P 500 Retailing Index and the S&P 500 Index. The comparison assumes \$100 was invested on February 1, 2015, in shares of our common stock and in each of the indices shown and assumes that all of the dividends were reinvested.



	Fiscal Years Ended January 31,					
	2015	2016	2017	2018	2019	2020
Walmart Inc.	\$ 100.00	\$ 80.25	\$ 83.06	\$ 136.08	\$ 125.24	\$ 152.65
S&P 500 Index	100.00	99.33	119.24	150.73	147.24	179.17
S&P 500 Retailing Index	100.00	118.07	140.38	203.32	216.05	253.36

Issuer Repurchases of Equity Securities

From time to time, we repurchase shares of our common stock under share repurchase programs authorized by the Company's Board of Directors. All repurchases made during fiscal 2020 were made under the current \$20.0 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 January 31, 2020, authorization for \$5.7 billion of share repurchases remained. Any repurchased shares are constructively retired and returned to an unissued status.

Share repurchase activity under our share repurchase programs, on a trade date basis, for each month in the quarter ended January 31, 2020, was as follows:

Fiscal Period	Total Number of Shares Repurchased	Average Price Paid per Share (in dollars)	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Repurchased Under the Plans or Programs ⁽¹⁾ (in billions)
November 1-30, 2019	2,396,857	\$ 119.37	2,396,857	\$ 6.3
December 1-31, 2019	2,494,584	119.52	2,494,584	6.0
January 1-31, 2020	2,627,813	116.14	2,627,813	5.7
Total	7,519,254		7,519,254	

(1) Represents the approximate dollar value of shares that could have been repurchased at the end of the month.

ITEM 6. SELECTED FINANCIAL DATA

Five-Year Financial Summary

Walmart Inc.

	As of and for the Fiscal Years Ended January 31,				
(Amounts in millions, except per share and unit count data)	2020	2019	2018	2017	2016
Operating results					
Total revenues	\$ 523,964	\$ 514,405	\$ 500,343	\$ 485,873	\$ 482,130
Percentage change in total revenues from previous fiscal year	1.9%	2.8%	3.0%	0.8%	(0.7)%
Net sales	\$ 519,926	\$ 510,329	\$ 495,761	\$ 481,317	\$ 478,614
Percentage change in net sales from previous fiscal year	1.9%	2.9%	3.0%	0.6%	(0.7)%
Increase (decrease) in calendar comparable sales ⁽¹⁾ in the U.S.	2.7%	4.0%	2.2%	1.4%	0.3 %
Walmart U.S.	2.9%	3.7%	2.1%	1.6%	1.0 %
Sam's Club	1.6%	5.4%	2.8%	0.5%	(3.2)%
Gross profit margin	24.1%	24.5%	24.7%	24.9%	24.6 %
Operating, selling, general and administrative expenses, as a percentage of net sales	20.9%	21.0%	21.5%	21.2%	20.3 %
Operating income	\$ 20,568	\$ 21,957	\$ 20,437	\$ 22,764	\$ 24,105
Interest, net	2,410	2,129	2,178	2,267	2,467
Loss on extinguishment of debt	—	—	3,136	—	—
Other (gains) and losses	(1,958)	8,368	—	—	—
Consolidated net income attributable to Walmart	14,881	6,670	9,862	13,643	14,694
Diluted net income per common share attributable to Walmart	\$ 5.19	\$ 2.26	\$ 3.28	\$ 4.38	\$ 4.57
Dividends declared per common share	2.12	2.08	2.04	2.00	1.96
Financial position⁽²⁾					
Total assets	\$ 236,495	\$ 219,295	\$ 204,522	\$ 198,825	\$ 199,581
Long-term debt and long-term lease obligations (excluding amounts due within one year)	64,192	50,203	36,825	42,018	44,030
Total Walmart shareholders' equity	74,669	72,496	77,869	77,798	80,546
Unit counts					
Walmart U.S. segment	4,756	4,769	4,761	4,672	4,574
Walmart International segment	6,146	5,993	6,360	6,363	6,299
Sam's Club segment	599	599	597	660	655
Total units	11,501	11,361	11,718	11,695	11,528

(1) Comparable sales include sales from stores and clubs open for the previous 12 months, including sales from acquisitions when such acquisitions have been owned for 12 months. 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. Comparable sales include fuel.

(2) As described in [Note 1](#) to our Consolidated Financial Statements, on February 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)* under the modified retrospective approach, and thus financial statements prior to fiscal 2020 were not recast for the adoption of this standard.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

This discussion, which presents our results for the fiscal years ended January 31, 2020 ("fiscal 2020"), January 31, 2019 ("fiscal 2019") and January 31, 2018 ("fiscal 2018") should be read in conjunction with our Consolidated Financial Statements and the accompanying notes. 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 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 Item 7, 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.

Management also measures the results of comparable store and club sales, or comparable sales, 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 period in the previous year. 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 online or 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.

Beginning with the first quarter of fiscal 2020, we updated our definition of what was previously referred to as traffic (a component, along with ticket, of comparable sales). Traffic is now referred to as "transactions" and measures a percentage change in the number of sales transactions in our comparable stores, as well as for comparable eCommerce activity.

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.

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

We have taken strategic actions to strengthen our portfolio for the long-term, including:

- Acquisition of 81 percent of the outstanding shares, or 77 percent of the diluted shares, of Flipkart Private Limited ("Flipkart") in August 2018, which negatively impacted fiscal 2020 and 2019 net income. Refer to [Note 12](#) for additional information on the transaction.
- Divestiture of 80 percent of Walmart Brazil to Advent International ("Advent") in August 2018, for which we recorded a pre-tax loss of \$4.8 billion in fiscal 2019. Refer to [Note 12](#) for additional information on the transaction.
- Divestiture of banking operations in Walmart Chile and Walmart Canada in December 2018 and April 2019, respectively.
- Asda made a \$1.0 billion cash contribution to the Asda Group Pension Scheme (the "Plan") in October 2019 which enabled the Plan to purchase a bulk insurance annuity contract for the benefit of Plan participants in anticipation that each Plan participant will be issued an individual annuity contract. The issuer of the individual annuity insurance contracts will be solely responsible for paying each participant's benefits in full and will release the Plan and Asda from any future obligations. Once all Plan participants have been issued individual annuity contracts, we currently

estimate that we will recognize a total, pre-tax charge of approximately \$2.2 billion related to the pension settlement in late fiscal 2021 or early fiscal 2022. Refer to [Note 11](#) for additional information on the transaction.

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, weather, global health epidemics, 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. Additionally, we are monitoring the potential impact of the recent coronavirus outbreak to our global business. Its financial impact is unknown at this time. Further information on the factors that can affect our operating results and on certain risks to our Company and an investment in its securities can be found herein under "[Item 1A. Risk Factors](#)," and under "[Cautionary Statement Regarding Forward-Looking Statements](#)."

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.

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 expanding 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, which may result in differences when compared to comparable sales using the retail calendar.

Calendar comparable sales, as well as the impact of fuel, for fiscal 2020 and 2019, were as follows:

	Fiscal Years Ended January 31,			
	2020	2019	2020	2019
	With Fuel		Fuel Impact	
Walmart U.S.	2.9%	3.7%	0.0%	0.1%
Sam's Club	1.6%	5.4%	0.8%	1.6%
Total U.S.	2.7%	4.0%	0.1%	0.4%

Walmart U.S. comparable sales increased 2.9% and 3.7% in fiscal 2020 and 2019, respectively, driven by ticket and transactions growth. Walmart U.S. eCommerce sales positively contributed approximately 1.7% and 1.3% to comparable sales for fiscal 2020 and 2019, respectively, as we continue to focus on a seamless omni-channel experience for our customers. Sam's Club comparable sales increased 1.6% and 5.4% in fiscal 2020 and 2019, respectively. Sam's Club comparable sales for both fiscal 2020 and 2019 benefited from growth in transactions and higher fuel sales, which were partially offset by lower ticket due to our decision to remove tobacco from certain club locations. Sam's Club fiscal 2019 comparable sales were further aided by transfers of sales from our closed clubs to our existing clubs. Sam's Club eCommerce sales positively contributed approximately 1.5% and 0.9% to comparable sales for fiscal 2020 and 2019, respectively.

Consistent Operating Discipline

We operate with discipline by managing expenses, 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 expenses.

(Amounts in millions, except unit counts)	Fiscal Years Ended January 31,	
	2020	2019
Net sales	\$ 519,926	\$ 510,329
Percentage change from comparable period	1.9%	2.9%
Operating, selling, general and administrative expenses	\$ 108,791	\$ 107,147
Percentage change from comparable period	1.5%	0.6%
Operating, selling, general and administrative expenses as a percentage of net sales	20.9%	21.0%

For fiscal 2020, operating, selling, general and administrative ("operating") expenses as a percentage of net sales decreased 8 basis points, when compared to the previous fiscal year due to our focus on expense management combined with our growth in comparable store sales. These improvements were partially offset by \$0.9 billion in business restructuring charges consisting primarily of non-cash impairment charges for certain trade names, acquired developed technology, and other business restructuring charges due to strategic decisions that resulted in the write down of certain assets in the Walmart U.S. and Walmart International segments.

For fiscal 2019, operating expenses as a percentage of net sales decreased 48 basis points, when compared to the previous fiscal year. The primary drivers of the expense leverage were strong sales performance in conjunction with productivity improvements and lapping of certain fiscal 2018 charges. The improvements in fiscal 2019 were partially offset by additional investments in eCommerce and technology, as well as a \$160 million charge related to a securities class action lawsuit.

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. As such, we are allocating more capital to eCommerce, technology, supply chain, and store remodels and less to new store and club openings, when compared to prior years. Total fiscal 2020 capital expenditures increased slightly compared to the prior year; the following table provides additional detail:

(Amounts in millions)	Fiscal Years Ended January 31,	
	2020	2019
Allocation of Capital Expenditures		
eCommerce, technology, supply chain and other	\$ 5,643	\$ 5,218
Remodels	2,184	2,152
New stores and clubs, including expansions and relocations	77	313
Total U.S.	\$ 7,904	\$ 7,683
Walmart International	2,801	2,661
Total capital expenditures	\$ 10,705	\$ 10,344

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 assets, return on investment and free cash flow metrics. We also 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 6.7% and 3.4% for fiscal 2020 and 2019, respectively. The increase in ROA was primarily due to the increase in consolidated net income primarily due to the change in fair value of the investment in JD.com and lapping the \$4.5 billion net loss recorded in fiscal 2019 related to the sale of the majority stake in Walmart Brazil, partially offset by the dilution to operating income related to Flipkart. ROI was 13.4% and 14.2% for fiscal 2020 and 2019, respectively. The decrease in ROI was due to the decrease in operating income primarily as a result of the dilution from Flipkart as well as business restructuring charges recorded in fiscal 2020. The denominator remained relatively flat as the increase in average total assets due to the acquisition of Flipkart was offset by the decrease in average invested capital resulting from the removal of the eight times rent factor upon adoption of ASU 2016-02, *Leases* ("ASU 2016-02") since operating lease right of use assets are now included in total assets.

We define ROI as 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. Upon adoption of ASU 2016-02, rent for the trailing 12 months multiplied by a factor of 8 is no longer included in the calculation of ROI on a prospective basis as operating lease assets are now capitalized. For fiscal 2020, lease related assets and associated accumulated amortization are included in the denominator at their carrying amount as of the current balance sheet date, rather than averaged, because they are no longer 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 will be used for leased assets beginning in fiscal 2021, after one full year from the date of adoption of the new lease standard. Further, beginning prospectively in fiscal 2020, rent expense in the numerator excludes short-term and variable lease costs as these costs are not included in the operating lease right of use asset balance.

Prior to adoption of ASU 2016-02, we defined ROI as 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 considered 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, plus a rent factor equal to the rent for the fiscal year or trailing 12 months multiplied by a factor of 8, which estimated the hypothetical capitalization of our operating leases. Because the new lease standard was adopted under the modified retrospective approach as of February 1, 2019, our calculation of ROI for fiscal 2019 was not revised.

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; and 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:

	Fiscal Years Ended January 31,	
	2020	2019
<i>(Amounts in millions)</i>		
CALCULATION OF RETURN ON ASSETS		
Numerator		
Consolidated net income	\$ 15,201	\$ 7,179
Denominator		
Average total assets ⁽¹⁾	\$ 227,895	\$ 211,909
Return on assets (ROA)	6.7%	3.4%
CALCULATION OF RETURN ON INVESTMENT		
Numerator		
Operating income	\$ 20,568	\$ 21,957
+ Interest income	189	217
+ Depreciation and amortization	10,987	10,678
+ Rent	2,670	3,004
ROI operating income	\$ 34,414	\$ 35,856
Denominator		
Average total assets ^{(1), (2)}	\$ 235,277	\$ 211,909
+ Average accumulated depreciation and amortization ^{(1), (2)}	90,351	85,107
- Average accounts payable ⁽¹⁾	47,017	46,576
- Average accrued liabilities ⁽¹⁾	22,228	22,141
+ Rent x 8	N/A	24,032
Average invested capital	\$ 256,383	\$ 252,331
Return on investment (ROI)	13.4%	14.2%

	As of January 31,		
	2020	2019	2018
Certain Balance Sheet Data			
Total assets	\$ 236,495	\$ 219,295	\$ 204,522
Leased assets, net	21,841	7,078	NP
Total assets without leased assets, net	214,654	212,217	NP
Accumulated depreciation and amortization	94,514	87,175	83,039
Accumulated amortization on leased assets	4,694	5,682	NP
Accumulated depreciation and amortization, without leased assets	89,820	81,493	NP
Accounts payable	46,973	47,060	46,092
Accrued liabilities	22,296	22,159	22,122

(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 fiscal 2020, 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 January 31, 2020. 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 January 31, 2020.

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 additional 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 \$25.3 billion, \$27.8 billion and \$28.3 billion for fiscal 2020, 2019 and 2018, respectively. We generated free cash flow of \$14.6 billion, \$17.4 billion and \$18.3 billion for fiscal 2020, 2019 and 2018, respectively. Net cash provided by operating activities for fiscal 2020 declined when compared to fiscal 2019 primarily due to the contribution to our Asda pension plan in anticipation of its future settlement, the inclusion of a full year of Flipkart operations, and the timing of vendor payments. Free cash flow for fiscal 2020 declined when compared to fiscal 2019 due to the same reasons as the decline in net cash provided by operating activities, as well as \$0.4 billion in increased capital expenditures. Net cash provided by operating activities for fiscal 2019 declined when compared to fiscal 2018 was primarily due to timing of vendor payments, partially offset by lower tax payments mainly resulting from the Tax Act and the timing of tax payments. Free cash flow for fiscal 2019 declined when compared to fiscal 2018 due to the same reasons as the decline in net cash provided by operating activities, as well as \$0.3 billion in increased capital expenditures.

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 [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.

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Net cash provided by operating activities	\$ 25,255	\$ 27,753	\$ 28,337
Payments for property and equipment	(10,705)	(10,344)	(10,051)
Free cash flow	\$ 14,550	\$ 17,409	\$ 18,286
Net cash used in investing activities ⁽¹⁾	\$ (9,128)	\$ (24,036)	\$ (9,079)
Net cash used in financing activities	(14,299)	(2,537)	(19,875)

(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)	Fiscal Years Ended January 31,		
	2020	2019	2018
Total revenues	\$ 523,964	\$ 514,405	\$ 500,343
Percentage change from comparable period	1.9%	2.8%	3.0%
Net sales	\$ 519,926	\$ 510,329	\$ 495,761
Percentage change from comparable period	1.9%	2.9%	3.0%
Total U.S. calendar comparable sales increase	2.7%	4.0%	2.2%
Gross profit rate	24.1%	24.5%	24.7%
Operating income	\$ 20,568	\$ 21,957	\$ 20,437
Operating income as a percentage of net sales	4.0%	4.3%	4.1%
Consolidated net income	\$ 15,201	\$ 7,179	\$ 10,523
Unit counts at period end ⁽¹⁾	11,501	11,361	11,718
Retail square feet at period end ⁽¹⁾	1,129	1,129	1,158

(1) Unit counts and associated retail square feet are presented for stores and clubs generally open as of period end. Permanently closed locations are not included.

Our total revenues, which includes net sales and membership and other income, increased \$9.6 billion or 1.9% and \$14.1 billion or 2.8% for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. These increases in revenues were due to increases in net sales, which increased \$9.6 billion or 1.9% and \$14.6 billion or 2.9% for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. For fiscal 2020, net sales were positively impacted by overall positive comparable sales for Walmart U.S. and Sam's Club segments, along with the addition of net sales from Flipkart, which we acquired in August 2018, and positive comparable sales in the majority of our international markets. These increases were partially offset by \$4.1 billion of negative impact from fluctuations in currency exchange rates in fiscal 2020 and our sale of the majority stake in Walmart Brazil in August 2018. For fiscal 2019, net sales were positively impacted by overall positive comparable sales for Walmart U.S. and Sam's Club segments, along with positive comparable sales in the majority of our International markets and net sales from Flipkart, which we acquired in the third quarter of fiscal 2019. Additionally, for fiscal 2019, the increase in net sales was partially offset by a \$4.5 billion decrease in net sales due to club closures in the Sam's Club segment during fiscal 2018, a \$3.1 billion reduction in net sales due to the sale of the majority stake in Walmart Brazil in the International segment, and \$0.7 billion of negative impact from fluctuations in currency exchange rates.

Our gross profit rate decreased 40 and 18 basis points for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. For fiscal 2020, these decreases were primarily due to price investment in the Walmart U.S. segment and the addition of Flipkart in the Walmart International segment, partially offset by favorable merchandise mix including strength in private brands and less pressure from transportation costs in the Walmart U.S. segment. For fiscal 2019, the decrease was due to the mix effects from our growing eCommerce business, the acquisition of Flipkart, our planned pricing strategy and increased transportation expenses.

For fiscal 2020, operating expenses as a percentage of net sales decreased 8 basis points, when compared to the same period in the previous fiscal year due to our focus on expense management combined with our growth in comparable store sales. These improvements were partially offset by \$0.9 billion in business restructuring charges consisting primarily of non-cash impairment charges for certain trade names, acquired developed technology, and other business restructuring charges due to strategic decisions that resulted in the write down of certain assets in the Walmart U.S. and Walmart International segments.

For fiscal 2019, operating expenses as a percentage of net sales decreased 48 basis points, when compared to the previous fiscal year. The primary drivers of the expense leverage were strong sales performance in conjunction with productivity improvements and lapping approximately \$1.8 billion in certain charges in fiscal 2018. The improvements in fiscal 2019 were partially offset by additional investments in eCommerce and technology, as well as a \$0.2 billion charge related to a securities class action lawsuit.

Other gains and losses consisted of a gain of \$2.0 billion for fiscal 2020 and a loss of \$8.4 billion for fiscal 2019. The gain in fiscal 2020 was primarily the result of a \$1.9 billion increase in the market value of our investment in JD.com. The loss in fiscal 2019 is primarily the result of the \$4.8 billion pre-tax loss on the sale of the majority stake in Walmart Brazil and a \$3.5 billion decrease in the market value of our investment in JD.com. Fiscal 2018 results included loss on extinguishment of debt of \$3.1 billion.

Our effective income tax rate was 24.4% for fiscal 2020, 37.4% for fiscal 2019, and 30.4% for fiscal 2018. The decrease in our effective tax rate for fiscal 2020 is primarily due to the fiscal 2019 loss on sale of a majority stake in Walmart Brazil, which increased the comparative period's effective tax rate, as it provided minimal realizable tax benefit. The increase in our effective tax rate for fiscal 2019 is primarily due to the aforementioned loss on sale of a majority stake in Walmart Brazil and Flipkart's results. Additionally, our effective income tax rate may also fluctuate as a result of various 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, beginning in fiscal 2019, are generally higher than the U.S. statutory rate. The reconciliation from the U.S. statutory rate to the effective income tax rates for fiscal 2020, 2019 and 2018 is presented in [Note 9](#) to our [Notes to Consolidated Financial Statements](#).

As a result of the factors discussed above, we reported \$15.2 billion and \$7.2 billion of consolidated net income for fiscal 2020 and 2019, respectively, which represents an increase of \$8.0 billion and a decrease of \$3.3 billion for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. Diluted net income per common share attributable to Walmart ("EPS") was \$5.19, \$2.26 and \$3.28 for fiscal 2020, 2019 and 2018, respectively.

Walmart U.S. Segment

	Fiscal Years Ended January 31,		
	2020	2019	2018
<i>(Amounts in millions, except unit counts)</i>			
Net sales	\$ 341,004	\$ 331,666	\$ 318,477
Percentage change from comparable period	2.8%	4.1%	3.5%
Calendar comparable sales increase	2.9%	3.7%	2.1%
Operating income	\$ 17,380	\$ 17,386	\$ 16,995
Operating income as a percentage of net sales	5.1%	5.2%	5.3%
Unit counts at period end	4,756	4,769	4,761
Retail square feet at period end	703	705	705

Net sales for the Walmart U.S. segment increased \$9.3 billion or 2.8% and \$13.2 billion or 4.1% for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. The increases in net sales were primarily due to increases in comparable store sales of 2.9% and 3.7% for fiscal 2020 and 2019, respectively, driven by ticket and transaction growth. Walmart U.S. eCommerce sales positively contributed approximately 1.7% and 1.3% to comparable sales for fiscal 2020 and 2019.

Gross profit rate decreased 14 and 28 basis points for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. For fiscal 2020, the decreases were primarily the result of continued price investments which were partially offset by better merchandise mix, including strength in private brands, and less pressure from transportation costs. For fiscal 2019, the decrease was primarily due to our planned pricing strategy, increased transportation expenses, and the mix effects from our growing eCommerce business.

Operating expenses as a percentage of segment net sales decreased 4 basis points for fiscal 2020 and decreased 23 basis points for fiscal 2019, when compared to the previous fiscal year. We leveraged operating expenses in fiscal 2020 as a result of strong sales and productivity improvements which were mostly offset by business restructuring charges of \$0.5 billion consisting primarily of non-cash impairment charges for certain trade names, acquired developed technology and other business restructuring charges due to decisions that resulted in the write down of certain eCommerce assets. The decrease in fiscal 2019 was primarily due to strong sales performance in conjunction with productivity improvements and the prior year comparable period including charges related to discontinued real estate projects of \$0.2 billion. These improvements more than offset investments in eCommerce, technology and omni-channel initiatives and raising the starting wage rate at the beginning of fiscal 2019.

As a result of the factors discussed above, segment operating income decreased \$6 million and increased \$391 million for fiscal 2020 and 2019, respectively, when compared to the same periods in the previous fiscal year.

Walmart International Segment

	Fiscal Years Ended January 31,		
	2020	2019	2018
<i>(Amounts in millions, except unit counts)</i>			
Net sales	\$ 120,130	\$ 120,824	\$ 118,068
Percentage change from comparable period	(0.6)%	2.3%	1.7%
Operating income	\$ 3,370	\$ 4,883	\$ 5,229
Operating income as a percentage of net sales	2.8 %	4.0%	4.4%
Unit counts at period end	6,146	5,993	6,360
Retail square feet at period end	345	344	373

Net sales for the Walmart International segment decreased \$0.7 billion or 0.6% and increased \$2.8 billion or 2.3% for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. For fiscal 2020, the decrease was primarily due to negative fluctuations in currency exchange rates of \$4.1 billion as well as a reduction in sales due to our sale of the majority stake in Walmart Brazil in August 2018, offset by a full year of net sales from Flipkart and positive comparable sales growth in the majority of our markets.

For fiscal 2019, the increase was primarily due to positive comparable sales in the majority of our markets and net sales from Flipkart, which we acquired in the third quarter of fiscal 2019. These increases were partially offset by a \$3.1 billion reduction in net sales due to our sale of the majority stake in Walmart Brazil, a \$0.7 billion negative impact from fluctuations in currency exchange rates, the continued wind down of our first party Brazil eCommerce operations and a reduction in net sales of \$140 million due to divesting our Suburbia business in the second quarter of fiscal 2018.

Gross profit rate decreased 136 and 41 basis points for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. For fiscal 2020, the decrease was primarily due to Flipkart, as well as a change in merchandise mix. For fiscal 2019, the decrease was due to Flipkart and strategic price investments in certain markets.

Membership and other income decreased 1.1% and 22.4% for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. The decrease in fiscal 2020 was primarily due to currency while fiscal 2019 decreased due to the prior year recognition of a \$387 million gain from the sale of Suburbia.

Operating expenses as a percentage of segment net sales decreased 13 basis points for fiscal 2020 and 37 basis points for 2019, when compared to the previous fiscal year. The decrease in operating expenses as a percentage of segment net sales for fiscal 2020 was primarily due to positive comparable sales in the majority of our markets and cost discipline across multiple markets, partially offset by \$0.4 billion in impairment charges which was due primarily to the write-off of the carrying value of one of Flipkart's two fashion trade names, Jabong.com, as a result of a strategic decision to focus our efforts on a single fashion platform in order to simplify the business and customer proposition. Fiscal 2019 decreased primarily due to impairment charges in the previous fiscal year of approximately \$0.5 billion, which included charges from decisions to exit certain properties and wind down the first party Brazil eCommerce operations; this decrease in operating expenses was partially offset by the addition of operating expenses from Flipkart in fiscal 2019.

As a result of the factors discussed above, segment operating income decreased \$1.5 billion and \$0.3 billion for fiscal 2020 and 2019, respectively.

Sam's Club Segment

	Fiscal Years Ended January 31,		
	2020	2019	2018
<i>(Amounts in millions, except unit counts)</i>			
Including Fuel			
Net sales	\$ 58,792	\$ 57,839	\$ 59,216
Percentage change from comparable period	1.6%	(2.3)%	3.2%
Calendar comparable sales increase	1.6%	5.4 %	2.8%
Operating income	\$ 1,642	\$ 1,520	\$ 915
Operating income as a percentage of net sales	2.8%	2.6 %	1.5%
Unit counts at period end	599	599	597
Retail square feet at period end	80	80	80

Excluding Fuel ⁽¹⁾

Net sales	\$ 52,792	\$ 52,332	\$ 54,456
Percentage change from comparable period	0.9%	(3.9)%	2.2%
Operating income	\$ 1,486	\$ 1,383	\$ 797
Operating income as a percentage of net sales	2.8%	2.6 %	1.5%

(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. Management uses such information to better measure underlying operating results in the segment.

Net sales for the Sam's Club segment increased \$1.0 billion or 1.6% for fiscal 2020 and decreased \$1.4 billion or 2.3% for fiscal 2019, when compared to the previous fiscal year. For fiscal 2020, the increases were primarily due to comparable sales, including fuel, of 1.6%. Comparable sales benefited from growth in transactions and higher fuel sales, which were partially offset by lower ticket due to our decision to remove tobacco from certain club locations. Sam's Club eCommerce sales positively contributed approximately 1.5% to comparable sales. For fiscal 2019, the decrease was primarily due to a \$4.5 billion decrease in net sales resulting from the net closure of 63 clubs during fiscal 2018, as well as reduced tobacco sales due to our decision to remove tobacco from certain locations. These decreases were partially offset by increases in comparable sales, which were benefited by transfers of sales from our closed clubs to our existing clubs. Sam's Club eCommerce sales positively contributed approximately 0.9% to comparable sales for fiscal 2019. Additional fuel sales of \$0.7 billion partially offset the decreases in net sales for fiscal 2019.

Gross profit rate decreased 11 basis points for fiscal 2020 and remained relatively flat for fiscal 2019, when compared to the previous fiscal year. The gross profit rate decreased due to investments in price and higher eCommerce fulfillment costs, partially offset by reduced tobacco sales, which have lower margins. For fiscal 2019, gross profit rate was benefited by lapping the impact of markdowns to liquidate inventory related to club closures in fiscal 2018 and decreased tobacco sales in fiscal 2019. This benefit to the gross profit rate was offset by higher transportation costs and eCommerce shipping costs, investments in price and increased shrink in fiscal 2019.

Membership and other income increased 4.7% and 2.6% for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. For fiscal 2020, the increase was primarily due to growth in total members, which benefited from higher overall renewal rates and higher Plus Member penetration along with gains on property sales and other income. For fiscal 2019, the increase was due to an increase of 1.5% in membership income resulting from increased Plus Member penetration and gains on property sales. These increases were partially offset by lower recycling income when compared to the previous fiscal year.

Operating expenses as a percentage of segment net sales decreased 19 and 99 basis points for fiscal 2020 and 2019, respectively, when compared to the previous fiscal year. For fiscal 2020, the decrease was primarily the result of lower labor-related costs and a charge of approximately \$50 million related to lease exit costs in the prior comparable period. These benefits were partially offset by a reduction in sales of tobacco and a higher level of technology investment. For fiscal 2019, the decrease in operating expenses as a percentage of segment net sales was primarily due to a charge of approximately \$0.6 billion in the prior year's comparable period related to club closures and discontinued real estate projects.

As a result of the factors discussed above, segment operating income increased \$122 million for fiscal 2020 and increased \$605 million for fiscal 2019, when compared to 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 dividends on our common stock and share repurchases. 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

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Net cash provided by operating activities	\$ 25,255	\$ 27,753	\$ 28,337

Net cash provided by operating activities was \$25.3 billion, \$27.8 billion and \$28.3 billion for fiscal 2020, 2019 and 2018, respectively. Net cash provided by operating activities for fiscal 2020 decreased when compared to the previous fiscal year primarily due to the contribution to our Asda pension plan in anticipation of its future settlement, the inclusion of a full year of Flipkart operations, and the timing of vendor payments. The decrease in net cash provided by operating activities for fiscal 2019, when compared to the previous fiscal year, was primarily due to timing of vendor payments, partially offset by lower tax payments mainly resulting from Tax Reform and the timing of tax payments.

Cash Equivalents and Working Capital Deficit

Cash and cash equivalents were \$9.5 billion and \$7.7 billion as of January 31, 2020 and 2019, respectively. Our working capital deficit, defined as total current assets less total current liabilities, was \$16.0 billion and \$15.6 billion as of January 31, 2020 and 2019, respectively. 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.

We use intercompany financing arrangements in an effort to ensure cash can be made available in the country in which it is needed with the minimum cost possible. Additionally, from time-to-time, we repatriate earnings and related cash from jurisdictions outside of the U.S. Historically, U.S. taxes were due upon repatriation of foreign earnings. Due to the enactment of U.S. tax reform, repatriations of foreign earnings will generally be free of U.S. federal tax, but may incur other taxes such as withholding or state taxes. While we are awaiting anticipated technical guidance from the IRS and the U.S. Treasury department, we do not expect current local laws, other existing limitations or potential taxes on anticipated future repatriations of cash amounts held outside the U.S. to have a material effect on our overall liquidity, financial condition or results of operations.

As of January 31, 2020 and 2019, cash and cash equivalents of \$2.3 billion and \$2.8 billion, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions. Of the \$2.3 billion as of January 31, 2020, approximately \$0.6 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

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Net cash used in investing activities	\$ (9,128)	\$ (24,036)	\$ (9,079)

Net cash used in investing activities was \$9.1 billion, \$24.0 billion and \$9.1 billion for fiscal 2020, 2019 and 2018, respectively, and generally consisted of payments for business acquisitions and to expand our eCommerce capabilities, invest in other technologies, remodel existing stores and club and add new stores and clubs. Net cash used in investing activities decreased \$14.9 billion for fiscal 2020 when compared to the previous fiscal year primarily as a result of the \$13.8 billion payment for the acquisition of Flipkart, net of cash acquired, as well as payments for other, smaller acquisitions in fiscal 2019. Net cash used in investing activities increased \$15.0 billion for fiscal 2019 when compared to the previous fiscal year, primarily due to the previously mentioned fiscal 2019 acquisitions. Additionally, refer to the "[Strategic Capital Allocation](#)" section in our [Company Performance Metrics](#) for capital expenditure detail for fiscal 2020 and 2019.

Growth Activities

For the fiscal year ending January 31, 2021 ("fiscal 2021"), we project capital expenditures will be approximately \$11 billion, with a focus on store remodels and customer initiatives, eCommerce, technology, and supply chain. We also expect to add approximately 250 new stores in Walmart International, primarily in Mexico and China.

Net Cash Used in Financing Activities

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Net cash used in financing activities	\$ (14,299)	\$ (2,537)	\$ (19,875)

Net cash used in financing activities generally consists of transactions related to our short-term and long-term debt, financing obligations, dividends paid and the repurchase of Company stock. Transactions with noncontrolling interest shareholders are also classified as cash flows from financing activities. Fiscal 2020 net cash used in financing activities increased \$11.8 billion when compared to the same period in the previous fiscal year. The increase was primarily due to the \$15.9 billion of net proceeds received in the prior year from the issuance of long-term debt to fund a portion of the purchase price for Flipkart partially offset by \$5.5 billion of additional long-term debt in the current year to fund general business operations. Fiscal 2019 net cash used in financing activities decreased \$17.3 billion for fiscal 2019 when compared to the same period in the previous fiscal year. The decrease was primarily due to the \$15.9 billion of net proceeds received from the issuance of long-term debt to fund a portion of the purchase price for Flipkart and for general corporate purposes, as well as a decrease in share repurchases due to the suspension of repurchases in anticipation of the Flipkart announcement.

Short-term Borrowings

Net cash flows used in short-term borrowings increased in fiscal 2020 and were relatively flat in fiscal 2019. We generally utilize the liquidity provided by short-term borrowings to provide funding for our operations, dividend payments, share repurchases, capital expenditures and other cash requirements. For fiscal 2020, the additional cash used in short-term borrowings was primarily due to long-term debt issuances being used to pay down short-term borrowings.

The following table includes additional information related to the Company's short-term borrowings for fiscal 2020, 2019 and 2018:

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Maximum amount outstanding at any month-end	\$ 13,315	\$ 13,389	\$ 11,386
Average daily short-term borrowings	7,120	10,625	8,131
Annual weighted-average interest rate	2.5%	2.4%	1.3%

In addition to our short-term borrowings, we have \$15.0 billion of various undrawn committed lines of credit in the U.S. and approximately \$2.9 billion of various undrawn committed lines of credit outside of the U.S., as of January 31, 2020, that provide additional liquidity, if needed.

Long-term Debt

The following table provides the changes in our long-term debt for fiscal 2020:

(Amounts in millions)	Long-term debt due within one year	Long-term debt	Total
Balances as of February 1, 2019	\$ 1,876	\$ 43,520	\$ 45,396
Proceeds from issuance of long-term debt	—	5,492	5,492
Payments of long-term debt	(1,907)	—	(1,907)
Reclassifications of long-term debt	5,378	(5,378)	—
Other	15	80	95
Balances as of January 31, 2020	\$ 5,362	\$ 43,714	\$ 49,076

Our total long-term debt increased \$3.7 billion for fiscal 2020, primarily due to the net proceeds from issuance of long-term debt in both April 2019 and September 2019 to fund general business operations, partially offset by repayments of long-term debt.

Dividends

Our total dividend payments were \$6.0 billion, \$6.1 billion and \$6.1 billion for fiscal 2020, 2019 and 2018, respectively. The Board of Directors approved, effective February 18, 2020, 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 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

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 fiscal 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 January 31, 2020, authorization for \$5.7 billion of share repurchases remained under the share repurchase program. Any repurchased shares are constructively retired and returned to an unissued status.

We regularly review share repurchase activity 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, the number of shares repurchased, average price paid per share and total amount paid for share repurchases for fiscal 2020, 2019 and 2018:

(Amounts in millions, except per share data)	Fiscal Years Ended January 31,		
	2020	2019	2018
Total number of shares repurchased	53.9	79.5	104.9
Average price paid per share	\$ 105.98	\$ 93.18	\$ 79.11
Total amount paid for share repurchases	\$ 5,717	\$ 7,410	\$ 8,296

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 buildups in merchandise inventories and funding 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 capital markets. As of January 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.

Contractual Obligations

The following table sets forth certain information concerning our obligations to make contractual future payments, such as debt and lease agreements, and certain contingent commitments as of January 31, 2020:

(Amounts in millions)	Total	Payments Due During Fiscal Years Ending January 31,			
		2021	2022-2023	2024-2025	Thereafter
Recorded contractual obligations⁽³⁾:					
Long-term debt ⁽¹⁾	\$ 49,180	\$ 5,362	\$ 5,839	\$ 9,019	\$ 28,960
Short-term borrowings	575	575	—	—	—
Operating lease obligations ⁽²⁾	26,257	2,587	4,496	3,660	15,514
Finance lease obligations and other ⁽²⁾⁽³⁾	10,254	1,000	1,729	1,298	6,227
Unrecorded contractual obligations:					
Estimated interest on long-term debt	22,957	1,780	3,268	2,872	15,037
Syndicated and other letters of credit	1,987	1,987	—	—	—
Purchase obligations	12,782	5,912	4,318	1,480	1,072
Total contractual obligations	\$ 123,992	\$ 19,203	\$ 19,650	\$ 18,329	\$ 66,810

(1) Long-term debt includes the fair value of our derivatives designated as fair value hedges.

(2) Represents our contractual obligations to make future payments under non-cancelable operating leases and finance lease agreements, both of which are recorded on the balance sheet at their present value. Refer to [Note 7](#) to our Consolidated Financial Statements for additional information regarding operating and finance leases.

(3) Finance lease obligations and other includes contractual obligations under other financing obligations of \$1.4 billion.

Under the terms of the sale of the majority stake of Walmart Brazil, we agreed to indemnify Advent for certain pre-closing tax and legal contingencies and other matters for up to R\$2.3 billion, adjusted for interest based on the Brazilian interbank deposit rate. As of January 31, 2020, the indemnification liability recorded was \$0.7 billion and included in deferred income taxes and other in the Company's Consolidated Balance Sheet.

Additionally, we have \$15.0 billion of various undrawn committed lines of credit in the U.S. and approximately \$2.9 billion of various undrawn committed lines of credit outside of the U.S. which, if drawn upon, would be included in the current liabilities section of the Company's Consolidated Balance Sheets.

Estimated interest payments are based on our principal amounts and expected maturities of all debt outstanding as of January 31, 2020, and assumes interest rates remain at current levels for our variable rate debt.

Purchase obligations include legally binding contracts, such as firm commitments for inventory and utility purchases, as well as commitments to make capital expenditures, software acquisition and license commitments and legally binding service contracts. For the purposes of the above table, contractual obligations for the purchase of goods or services are defined as agreements that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Contracts that specify the Company will purchase all or a portion of its requirements of a specific product or service from a supplier, but do not include a fixed or minimum quantity, are excluded from the table above. Accordingly, purchase orders for inventory are not included in the table above as purchase orders represent authorizations to purchase rather than binding agreements. Our purchase orders are based on our current inventory needs and are fulfilled by our suppliers within short time

periods. We also enter into contracts for outsourced services; however, the obligations under these contracts are not significant and the contracts generally contain clauses allowing for cancellation without significant penalty.

The expected timing for payment discussed above is estimated based on current information. Timing of payments and actual amounts paid may be different depending on the timing of receipt of goods or services or changes to agreed-upon amounts for some obligations.

In addition to the amounts shown in the table above, \$1.8 billion of unrecognized tax benefits are considered uncertain tax positions and have been recorded as liabilities. The timing of the payment, if any, associated with these liabilities is uncertain. Refer to [Note 9](#) to our Consolidated Financial Statements for additional discussion of unrecognized tax benefits.

Off Balance Sheet Arrangements

As of January 31, 2020, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources.

Other Matters

We discuss our recently resolved FCPA investigation in [Note 10](#) to our Consolidated Financial Statements, which is captioned "Contingencies," and appears elsewhere herein. We discuss our "Asda Equal Value Claims" which includes certain existing employment claims against our United Kingdom subsidiary, ASDA Stores, Ltd., including certain risks arising therefrom, in [Part I, Item 1A](#) of this Form 10-K under the caption "Risk Factors" and under the sub-caption "Legal Proceedings" in [Note 10](#) to our Consolidated Financial Statements, which is captioned "Contingencies," and appears elsewhere herein. We also discuss the National Prescription Opiate Litigation and related matters including certain risks arising therefrom, in [Part I, Item 1A](#) of this Form 10-K under the caption "Risk Factors" and under the sub-caption "Legal Proceedings" in [Note 10](#) to our Consolidated Financial Statements, which is captioned "Contingencies," and appears elsewhere herein. We also discuss various legal proceedings related to the Asda Equal Value Claims and National Prescription Opiate Litigation in [Part I, Item 3](#) herein under the caption "Legal Proceedings." The foregoing matters and other matters described elsewhere in this Annual Report on Form 10-K represent contingencies of the Company that may or may not result in the Company incurring a material liability upon their final resolution.

Summary of Critical Accounting Estimates

Management strives to report our financial results in a clear and understandable manner, although in some cases accounting and disclosure rules are complex and require us to use technical terminology. In preparing the Company's Consolidated Financial Statements, we follow accounting principles generally accepted in the U.S. These principles require us to make certain estimates and apply judgments that affect our financial position and results of operations as reflected in our financial statements. These judgments and estimates are based on past events and expectations of future outcomes. Actual results may differ from our estimates.

Management continually reviews our accounting policies, how they are applied and how they are reported and disclosed in our financial statements. Following is a summary of our critical accounting estimates and how they are applied in preparation of the financial statements.

Inventories

We value inventories at the lower of cost or market as determined primarily by the retail inventory method of accounting, using the last-in, first-out ("LIFO") method for Walmart U.S. segment's inventories. The inventory at the Sam's Club segment is valued using the weighted-average cost LIFO method. When necessary, we record a LIFO provision for the estimated annual effect of inflation, and these estimates are adjusted to actual results determined at year-end. Our LIFO provision is calculated based on inventory levels, markup rates and internally generated retail price indices. As a measure of sensitivity, a 1% increase to our retail price indices would not have resulted in a decrease to the carrying value of inventory. As of January 31, 2020 and 2019, our inventories valued at LIFO approximated those inventories as if they were valued at FIFO.

Impairment of Assets

We evaluate long-lived assets for indicators of impairment whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. Management's judgments regarding the existence of impairment indicators are based on market conditions and financial performance. The evaluation of long-lived assets is performed at the lowest level of identifiable cash flows, which is generally at the individual store level. The variability of these factors depends on a number of conditions, including uncertainty about future events and changes in demographics. Thus, our accounting estimates may change from period to period. These factors could cause management to conclude that indicators of impairment exist and require impairment tests be performed, which could result in management determining the value of long-lived assets is impaired, resulting in a write-down of the related long-lived assets. Impairment charges recorded in fiscal 2020 were

immaterial. As a measure of sensitivity, fiscal 2020 impairment would not change materially with a 10% decrease in the undiscounted cash flows for the stores or clubs with indicators of impairment. While fiscal 2019 included a pre-tax loss of \$4.8 billion related to the sale of the majority stake in Walmart Brazil, which included full impairment of all related-assets, there were no other material impairment charges for fiscal 2019.

Business Combinations, Goodwill, and Acquired Intangible Assets

We account for business combinations using the acquisition method of accounting, which requires that once control is obtained, all the assets acquired and liabilities assumed, including amounts attributable to noncontrolling interests, are recorded at their respective fair values at the date of acquisition. The determination of fair values of identifiable assets and liabilities requires estimates and the use of valuation techniques when market value is not readily available. For intangible assets acquired in a business combination, we typically use the income method. Significant estimates in valuing certain intangible assets include, but are not limited to, the amount and timing of future cash flows, growth rates, discount rates and useful lives. The excess of the purchase price over fair values of identifiable assets and liabilities is recorded as goodwill.

Goodwill is assigned to the reporting unit which consolidates the acquisition. Components within the same reportable segment are aggregated and deemed a single reporting unit if the components have similar economic characteristics. As of January 31, 2020, our reporting units consisted of Walmart U.S., Walmart International and Sam's Club. Goodwill and other indefinite-lived acquired intangible assets are not amortized, but are evaluated for impairment annually or whenever events or changes in circumstances indicate that the value of a certain asset may be impaired. Generally, this evaluation begins with a qualitative assessment to determine whether a quantitative impairment test is necessary. If we determine, after performing an assessment based on the qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, or that a fair value of the reporting unit substantially in excess of the carrying amount cannot be assured, then a quantitative impairment test would be performed. The quantitative test for impairment requires management to make judgments relating to future cash flows, growth rates and economic and market conditions. These evaluations are based on determining the fair value of a reporting unit or asset using a valuation method such as discounted cash flow or a relative, market-based approach. Historically, our reporting units have generated sufficient returns to recover the cost of goodwill, as the fair value significantly exceeded the carrying value. Our indefinite-lived acquired intangible assets have also historically generated sufficient returns to recover their cost; however, due to certain strategic restructuring decisions in fiscal 2020, we recorded approximately \$0.7 billion in impairment related to acquired trade names and acquired developed software. Because of the nature of the factors used in these tests, if different conditions occur in future periods, future operating results could be materially impacted.

Contingencies

We are involved in a number of legal proceedings. We record a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. We also perform an assessment of the materiality of loss contingencies where a loss is either not probable or it is reasonably possible that a loss could be incurred in excess of amounts accrued. If a loss or an additional loss has at least a reasonable possibility of occurring and the impact on the financial statements would be material, we provide disclosure of the loss contingency in the footnotes to our financial statements. We review all contingencies at least quarterly to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or the range of the loss can be made. Although we are not able to predict the outcome or reasonably estimate a range of possible losses in certain matters described in [Note 10](#) in the Notes to our Consolidated Financial Statements, and have not recorded an associated accrual related to these matters, an adverse judgment or negotiated resolution in any of these matters could have a material adverse effect on our business, financial position, results of operations or cash flows.

Income Taxes

Income taxes have a significant effect on our net earnings. We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Accordingly, the determination of our provision for income taxes requires judgment, the use of estimates in certain cases and the interpretation and application of complex tax laws. Our effective income tax rate is affected by many factors, including changes in our assessment of certain tax contingencies, increases and decreases in valuation allowances, changes in tax law, outcomes of administrative audits, the impact of discrete items and the mix of earnings among our U.S. and international operations where the statutory rates are generally higher than the U.S. statutory rate, and may fluctuate as a result.

Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions. The benefits of uncertain tax positions are recorded in our financial statements only after determining a more likely than not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities. When facts and circumstances change, we reassess these probabilities and record any changes in the financial statements as appropriate. We account for uncertain tax positions by determining the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. This determination requires the use of judgment in evaluating our tax positions and assessing the timing and amounts of deductible and taxable items.

Deferred tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net

operating loss and tax credit carryforwards. Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent that a portion is not more likely than not to be realized. Many factors are considered when assessing whether it is more likely than not that the deferred tax assets will be realized, including recent cumulative earnings, expectations of future taxable income, carryforward periods and other relevant quantitative and qualitative factors. The recoverability of the deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. This evaluation relies on estimates.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was enacted and contains significant changes to U.S. income tax law. Effective beginning January 2018, the Tax Act reduced the U.S. statutory tax rate from 35% to 21% and created new taxes on foreign-sourced earnings and related-party payments. As discussed in [Note 9](#) to our Consolidated Financial Statements, we completed our accounting for the tax effects of the Tax Act in fiscal 2019. As further guidance is issued by the U.S. Treasury Department, the IRS, and other standard-setting bodies, any resulting changes to our estimates will be treated in accordance with the relevant accounting guidance.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

In addition to the risks inherent in our operations, we are exposed to certain market risks, including changes in interest rates, currency exchange rates and the fair value of our equity investment in JD.com.

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

Interest Rate Risk

We are exposed to changes in interest rates as a result of our short-term borrowings and long-term debt. We hedge a portion of our interest rate risk by managing the mix of fixed and variable rate debt and by entering into interest rate swaps. For fiscal 2020, the net fair value of our interest rate swaps increased \$175 million primarily due to fluctuations in market interest rates.

The table below provides information about our financial instruments that are sensitive to changes in interest rates. For long-term debt, the table represents the principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table represents the contractual cash flows and weighted-average interest rates by the contractual maturity date, unless otherwise noted. The notional amounts are used to calculate contractual cash flows to be exchanged under the contracts. The weighted-average variable rates are based upon prevailing market rates as of January 31, 2020.

(Amounts in millions)	Expected Maturity Date						
	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Thereafter	Total
Liabilities							
Short-term borrowings:							
Variable rate	\$ 575	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 575
Weighted-average interest rate	5.0%	—%	—%	—%	—%	—%	5.0%
Long-term debt⁽¹⁾:							
Fixed rate	\$ 4,612	\$ 2,366	\$ 2,802	\$ 4,670	\$ 4,400	\$ 28,726	\$ 47,576
Weighted-average interest rate	2.8%	3.8%	1.7%	3.2%	2.7%	4.4%	3.8%
Variable rate	\$ 750	\$ 750	\$ —	\$ —	\$ —	\$ —	\$ 1,500
Weighted-average interest rate	2.0%	2.2%	—%	—%	—%	—%	2.1%
Interest rate derivatives							
Interest rate swaps:							
Fixed to variable	\$ 750	\$ —	\$ —	\$ 1,750	\$ 1,500	\$ —	\$ 4,000
Weighted-average pay rate	3.2%	—%	—%	2.2%	2.8%	—%	2.6%
Weighted-average receive rate	3.3%	—%	—%	2.6%	3.3%	—%	3.0%

(1) The long-term debt amounts in the table exclude the Company's derivatives classified as fair value hedges.

As of January 31, 2020, our variable rate borrowings, including the effect of our commercial paper and interest rate swaps, represented 12% of our total short-term and long-term debt. Based on January 31, 2020 debt levels, a 100 basis point change in prevailing market rates would cause our annual interest costs to change by approximately \$61 million.

Foreign Currency Risk

We are exposed to fluctuations in currency exchange rates as a result of our net investments and operations in countries other than the U.S., as well our foreign-currency-denominated long-term debt. For fiscal 2020, movements in currency exchange rates and the related impact on the translation of the balance sheets of the Company's subsidiaries in the UK and Mexico were the primary cause of the \$0.3 billion gain in the currency translation and other category of accumulated other comprehensive loss.

We hedge a portion of our foreign currency risk by entering into currency swaps. The aggregate fair value of these swaps was in a liability position of \$241 million and asset position of \$62 million as of January 31, 2020 and January 31, 2019, respectively. The change in the fair value of these swaps was due to fluctuations in currency exchange rates, primarily the strengthening of the U.S. dollar relative to other currencies in fiscal 2020. The hypothetical result of a uniform 10% weakening in the value of the U.S. dollar relative to other currencies underlying these swaps would have resulted in a change in the value of the swaps of \$173 million. A hypothetical 10% change in interest rates underlying these swaps from the market rates in effect as of January 31, 2020 would have resulted in a change in the value of the swaps of \$42 million.

In addition to currency swaps, we also hedge a portion of our foreign currency risk by designating foreign-currency-denominated long-term debt as nonderivative hedges of net investments of certain of our foreign operations. We had outstanding long-term debt of £1.7 billion as of January 31, 2020 and January 31, 2019 that was designated as a hedge of our net investment in the UK. As of January 31, 2020, a hypothetical 10% increase or decrease in the value of the U.S. dollar relative to the British pound would have resulted in a change in the value of the debt of \$201 million. In addition, we had outstanding long-term debt of ¥180 billion as of January 31, 2020 and January 31, 2019 that was designated as a hedge of our net investment in Japan. As of January 31, 2020, a hypothetical 10% change in value of the U.S. dollar relative to the Japanese yen would have resulted in a change in the value of the debt of \$150 million.

In certain countries, we also enter into immaterial foreign currency forward contracts to hedge the purchase and payment of purchase commitments denominated in non-functional currencies.

Investment Risk

We are exposed to changes in the JD.com ("JD") stock price as a result of our equity investment in JD. The change in fair value is recorded within other gains and losses resulted in a gain of \$1.9 billion in fiscal 2020 due to an increase in the stock price of JD. As of January 31, 2020, the fair value of our equity investment in JD was \$5.4 billion. As of January 31, 2020, a hypothetical 10% change in the stock price of JD would have changed our investment in JD by approximately \$550 million.

ITEM 8. **FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**Consolidated Financial Statements of Walmart Inc.
For the Fiscal Year Ended January 31, 2020**

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Walmart Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Walmart Inc. (the Company) as of January 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended January 31, 2020, and the related notes (collectively referred to as the "Consolidated Financial Statements"). In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company at January 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 20, 2020 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-02

As discussed in Note 1 to the Consolidated Financial Statements, the Company changed its method of accounting for leases effective February 1, 2019, due to the adoption of Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the Consolidated Financial Statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Contingencies

Description of the Matter

As described in Note 10 to the Consolidated Financial Statements, at January 31, 2020, the Company is involved in a number of legal proceedings and has made accruals with respect to certain of these matters. For other matters, a liability is not probable, or the amount cannot be reasonably estimated and therefore an accrual has not been made. Where a liability is reasonably possible and may be material, such matters have been disclosed. Management assessed the probability of occurrence and the estimation of any potential loss based on the ability to predict the number of claims that may be filed or whether any loss or range of loss can be reasonably estimated. For example, in assessing the probability of occurrence in a particular legal proceeding, management exercises judgment to determine if it can predict the number of claims that may be filed and whether it can reasonably estimate any loss or range of loss that may arise from that proceeding.

Auditing management's accounting for, and disclosure of, loss contingencies was complex and highly judgmental as it involved our assessment of the significant judgments made by management when assessing the probability of occurrence or when determining whether an estimate of the loss or range of loss could be made.

*How We Addressed
the Matter in Our
Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the identification and evaluation of contingencies. For example, we tested controls over the Company's assessment of the likelihood of loss and the Company's determinations regarding the measurement of loss.

To test the Company's assessment of the probability of occurrence or determination of an estimate of loss, or range of loss, among other procedures, we read the minutes of the meetings of the board of directors and committees of the board of directors, reviewed opinions provided to the Company by certain outside legal counsel, read letters received directly by us from internal and external counsel, and evaluated the current status of contingencies based on discussions with internal legal counsel. We also evaluated the appropriateness of the related disclosures.

Valuation of Indefinite-Lived Intangible Assets

*Description of the
Matter*

At January 31, 2020, the Company has \$5.2 billion of indefinite-lived intangible assets. As disclosed in Notes 1, 8 and 12 to the Consolidated Financial Statements, these assets are evaluated for impairment at least annually using valuation techniques to estimate fair value. These fair value estimates are sensitive to certain significant assumptions including revenue growth rates, discount rates, and royalty rates.

Auditing management's annual indefinite-lived intangible assets impairment tests was complex and highly judgmental due to the significant measurement uncertainty in determining the fair values of the indefinite-lived intangibles. For example, the fair value estimates are sensitive to significant assumptions identified above that are affected by future market or economic conditions.

*How We Addressed
the Matter in Our
Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's indefinite-lived intangible asset impairment review process. Our procedures included testing controls over management's review of the significant assumptions described above used to estimate the fair values of the indefinite-lived intangible assets.

To test the estimated fair values of the indefinite-lived intangible assets, we performed audit procedures that included, among others, assessing methodologies used to determine the fair value, testing the significant assumptions discussed above and testing the completeness and accuracy of the underlying data used by the Company. For example, we evaluated management's forecasted revenue growth rates used in the fair value estimates by comparing those assumptions to the historical results of the Company and current industry, market and economic forecasts. We involved a valuation specialist to assist in evaluating the valuation methodologies and the significant assumptions such as discount rates and royalty rates. Additionally, we performed sensitivity analyses of significant assumptions to evaluate the effect on the fair value estimates of the indefinite-lived intangible assets.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1969.

Rogers, Arkansas
March 20, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Walmart Inc.

Opinion on Internal Control over Financial Reporting

We have audited Walmart Inc.'s internal control over financial reporting as of January 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Walmart Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the accompanying consolidated balance sheets of Walmart Inc. as of January 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended January 31, 2020, and the related notes and our report dated March 20, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Rogers, Arkansas
March 20, 2020

Walmart Inc.
Consolidated Statements of Income

	Fiscal Years Ended January 31,		
	2020	2019	2018
<i>(Amounts in millions, except per share data)</i>			
Revenues:			
Net sales	\$ 519,926	\$ 510,329	\$ 495,761
Membership and other income	4,038	4,076	4,582
Total revenues	523,964	514,405	500,343
Costs and expenses:			
Cost of sales	394,605	385,301	373,396
Operating, selling, general and administrative expenses	108,791	107,147	106,510
Operating income	20,568	21,957	20,437
Interest:			
Debt	2,262	1,975	1,978
Finance, capital lease and financing obligations	337	371	352
Interest income	(189)	(217)	(152)
Interest, net	2,410	2,129	2,178
Loss on extinguishment of debt	—	—	3,136
Other (gains) and losses	(1,958)	8,368	—
Income before income taxes	20,116	11,460	15,123
Provision for income taxes	4,915	4,281	4,600
Consolidated net income	15,201	7,179	10,523
Consolidated net income attributable to noncontrolling interest	(320)	(509)	(661)
Consolidated net income attributable to Walmart	<u>\$ 14,881</u>	<u>\$ 6,670</u>	<u>\$ 9,862</u>
Net income per common share:			
Basic net income per common share attributable to Walmart	\$ 5.22	\$ 2.28	\$ 3.29
Diluted net income per common share attributable to Walmart	5.19	2.26	3.28
Weighted-average common shares outstanding:			
Basic	2,850	2,929	2,995
Diluted	2,868	2,945	3,010
Dividends declared per common share	\$ 2.12	\$ 2.08	\$ 2.04

See accompanying notes.

Walmart Inc.
Consolidated Statements of Comprehensive Income

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2020	2019	2018
Consolidated net income	\$ 15,201	\$ 7,179	\$ 10,523
Consolidated net income attributable to noncontrolling interest	(320)	(509)	(661)
Consolidated net income attributable to Walmart	14,881	6,670	9,862
Other comprehensive income (loss), net of income taxes			
Currency translation and other	286	(226)	2,540
Net investment hedges	122	272	(405)
Cash flow hedges	(399)	(290)	437
Minimum pension liability	(1,244)	131	147
Unrealized gain on available-for-sale securities	—	—	1,501
Other comprehensive income (loss), net of income taxes	(1,235)	(113)	4,220
Other comprehensive (income) loss attributable to noncontrolling interest	(28)	188	(169)
Other comprehensive income (loss) attributable to Walmart	(1,263)	75	4,051
Comprehensive income, net of income taxes	13,966	7,066	14,743
Comprehensive income attributable to noncontrolling interest	(348)	(321)	(830)
Comprehensive income attributable to Walmart	\$ 13,618	\$ 6,745	\$ 13,913

See accompanying notes.

Walmart Inc.
Consolidated Balance Sheets

<i>(Amounts in millions)</i>	As of January 31,	
	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,465	\$ 7,722
Receivables, net	6,284	6,283
Inventories	44,435	44,269
Prepaid expenses and other	1,622	3,623
Total current assets	61,806	61,897
Property and equipment, net	105,208	104,317
Operating lease right-of-use assets	17,424	—
Finance lease right-of-use assets, net	4,417	—
Property under capital lease and financing obligations, net	—	7,078
Goodwill	31,073	31,181
Other long-term assets	16,567	14,822
Total assets	\$ 236,495	\$ 219,295
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	\$ 575	\$ 5,225
Accounts payable	46,973	47,060
Accrued liabilities	22,296	22,159
Accrued income taxes	280	428
Long-term debt due within one year	5,362	1,876
Operating lease obligations due within one year	1,793	—
Finance lease obligations due within one year	511	—
Capital lease and financing obligations due within one year	—	729
Total current liabilities	77,790	77,477
Long-term debt	43,714	43,520
Long-term operating lease obligations	16,171	—
Long-term finance lease obligations	4,307	—
Long-term capital lease and financing obligations	—	6,683
Deferred income taxes and other	12,961	11,981
Commitments and contingencies		
Equity:		
Common stock	284	288
Capital in excess of par value	3,247	2,965
Retained earnings	83,943	80,785
Accumulated other comprehensive loss	(12,805)	(11,542)
Total Walmart shareholders' equity	74,669	72,496
Noncontrolling interest	6,883	7,138
Total equity	81,552	79,634
Total liabilities and equity	\$ 236,495	\$ 219,295

See accompanying notes.

Walmart Inc.
Consolidated Statements of Shareholders' Equity

	Common Stock		Capital in	Retained	Accumulated	Total	Noncontrolling	Total
	Shares	Amount	Excess of	Earnings	Other	Shareholders'	Interest	Equity
			Par Value		Comprehensive	Equity		Equity
					Income (Loss)			
<i>(Amounts in millions)</i>								
Balances as of February 1, 2017	3,048	\$ 305	\$ 2,371	\$ 89,354	\$ (14,232)	\$ 77,798	\$ 2,737	\$ 80,535
Consolidated net income	—	—	—	9,862	—	9,862	661	10,523
Other comprehensive income (loss), net of income taxes	—	—	—	—	4,051	4,051	169	4,220
Cash dividends declared (\$2.04 per share)	—	—	—	(6,124)	—	(6,124)	—	(6,124)
Purchase of Company stock	(103)	(10)	(219)	(7,975)	—	(8,204)	—	(8,204)
Cash dividend declared to noncontrolling interest	—	—	—	—	—	—	(687)	(687)
Other	7	—	496	(10)	—	486	73	559
Balances as of January 31, 2018	2,952	295	2,648	85,107	(10,181)	77,869	2,953	80,822
Adoption of new accounting standards on February 1, 2018, net of income taxes	—	—	—	2,361	(1,436)	925	(1)	924
Consolidated net income	—	—	—	6,670	—	6,670	509	7,179
Other comprehensive income (loss), net of income taxes	—	—	—	—	75	75	(188)	(113)
Cash dividends declared (\$2.08 per share)	—	—	—	(6,102)	—	(6,102)	—	(6,102)
Purchase of Company stock	(80)	(8)	(245)	(7,234)	—	(7,487)	—	(7,487)
Cash dividend declared to noncontrolling interest	—	—	—	—	—	—	(488)	(488)
Noncontrolling interest of acquired entity	—	—	—	—	—	—	4,345	4,345
Other	6	1	562	(17)	—	546	8	554
Balances as of January 31, 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	—	—	—	14,881	—	14,881	320	15,201
Other comprehensive income (loss), net of income taxes	—	—	—	—	(1,263)	(1,263)	28	(1,235)
Cash dividends declared (\$2.12 per share)	—	—	—	(6,048)	—	(6,048)	—	(6,048)
Purchase of Company stock	(53)	(5)	(199)	(5,435)	—	(5,639)	—	(5,639)
Cash dividends declared to noncontrolling interest	—	—	—	—	—	—	(475)	(475)
Other	7	1	481	26	—	508	(94)	414
Balances as of January 31, 2020	2,832	\$ 284	\$ 3,247	\$ 83,943	\$ (12,805)	\$ 74,669	\$ 6,883	\$ 81,552

See accompanying notes.

Walmart Inc.
Consolidated Statements of Cash Flows

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Cash flows from operating activities:			
Consolidated net income	\$ 15,201	\$ 7,179	\$ 10,523
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation and amortization	10,987	10,678	10,529
Unrealized (gains) and losses	(1,886)	3,516	—
(Gains) and losses for disposal of business operations	15	4,850	—
Asda pension contribution	(1,036)	—	—
Deferred income taxes	320	(499)	(304)
Loss on extinguishment of debt	—	—	3,136
Other operating activities	1,981	1,734	1,210
Changes in certain assets and liabilities, net of effects of acquisitions:			
Receivables, net	154	(368)	(1,074)
Inventories	(300)	(1,311)	(140)
Accounts payable	(274)	1,831	4,086
Accrued liabilities	186	183	928
Accrued income taxes	(93)	(40)	(557)
Net cash provided by operating activities	25,255	27,753	28,337
Cash flows from investing activities:			
Payments for property and equipment	(10,705)	(10,344)	(10,051)
Proceeds from the disposal of property and equipment	321	519	378
Proceeds from the disposal of certain operations	833	876	1,046
Payments for business acquisitions, net of cash acquired	(56)	(14,656)	(375)
Other investing activities	479	(431)	(77)
Net cash used in investing activities	(9,128)	(24,036)	(9,079)
Cash flows from financing activities:			
Net change in short-term borrowings	(4,656)	(53)	4,148
Proceeds from issuance of long-term debt	5,492	15,872	7,476
Repayments of long-term debt	(1,907)	(3,784)	(13,061)
Premiums paid to extinguish debt	—	—	(3,059)
Dividends paid	(6,048)	(6,102)	(6,124)
Purchase of Company stock	(5,717)	(7,410)	(8,296)
Dividends paid to noncontrolling interest	(555)	(431)	(690)
Purchase of noncontrolling interest	—	—	(8)
Other financing activities	(908)	(629)	(261)
Net cash used in financing activities	(14,299)	(2,537)	(19,875)
Effect of exchange rates on cash, cash equivalents and restricted cash	(69)	(438)	487
Net increase (decrease) in cash, cash equivalents and restricted cash	1,759	742	(130)
Cash, cash equivalents and restricted cash at beginning of year	7,756	7,014	7,144
Cash, cash equivalents and restricted cash at end of year	\$ 9,515	\$ 7,756	\$ 7,014
Supplemental disclosure of cash flow information:			
Income taxes paid	\$ 3,616	\$ 3,982	\$ 6,179
Interest paid	2,464	2,348	2,450

See accompanying notes.

Walmart Inc.
Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

General

Walmart Inc. ("Walmart" or the "Company") helps people around the world save money and live better – anytime and anywhere – by providing the opportunity to shop in retail stores and through eCommerce. Through innovation, the Company is striving to continuously improve a customer-centric experience that seamlessly integrates eCommerce and retail stores in an omni-channel offering that saves time for its customers. Each week, the Company serves over 265 million customers who visit approximately 11,500 stores and numerous eCommerce websites under 56 banners in 27 countries.

The Company's operations comprise three reportable segments: Walmart U.S., Walmart International and Sam's Club.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Walmart and its subsidiaries as of and for the fiscal years ended January 31, 2020 ("fiscal 2020"), January 31, 2019 ("fiscal 2019") and January 31, 2018 ("fiscal 2018"). Intercompany accounts and transactions have been eliminated in consolidation. The Company consolidates variable interest entities where it has been determined that the Company is the primary beneficiary of those entities' operations. Investments for which the Company exercises significant influence but does not have control are accounted for under the equity method. These variable interest entities and equity method investments are immaterial to the Company's Consolidated Financial Statements.

The Company's Consolidated Financial Statements are based on a fiscal year ending on 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 January 2020 related to the operations consolidated using a lag that materially affected the Consolidated Financial Statements.

Use of Estimates

The Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles. Those principles require management to make estimates and assumptions 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 from those estimates.

Cash and Cash Equivalents

The Company considers investments with a maturity when purchased of three months or less to be cash equivalents. All credit card, debit card and electronic transfer transactions that process in less than seven days are classified as cash and cash equivalents. The amounts due from banks for these transactions classified as cash and cash equivalents totaled \$1.7 billion and \$1.4 billion as of January 31, 2020 and 2019, respectively.

The Company's cash balances are held in various locations around the world. Most of the Company's \$9.5 billion and \$7.7 billion of cash and cash equivalents as of January 31, 2020 and January 31, 2019 were held outside of the U.S. Cash and cash equivalents held outside of the U.S. are generally utilized to support liquidity needs in the Company's non-U.S. operations.

The Company uses intercompany financing arrangements in an effort to ensure cash can be made available in the country in which it is needed with the minimum cost possible.

As of January 31, 2020 and 2019, cash and cash equivalents of approximately \$2.3 billion and \$2.8 billion, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions. Of the \$2.3 billion as of January 31, 2020, approximately \$0.6 billion can only be accessed through dividends or intercompany financing arrangements subject to approval of Flipkart Private Limited ("Flipkart") minority shareholders; however, this cash is expected to be utilized to fund the operations of Flipkart.

Receivables

Receivables are stated at their carrying values, net of a reserve for doubtful accounts, 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. As of January 31, 2020 and January 31, 2019, receivables from transactions with customers, net were \$2.9 billion and \$2.5 billion, respectively.

Inventories

The Company values inventories at the lower of cost or market as determined primarily by the retail inventory method of accounting, using the last-in, first-out ("LIFO") method for the Walmart U.S. segment's inventories. The inventory for the Walmart International segment is valued primarily by the retail inventory method of accounting, using the first-in, first-out ("FIFO") method. The retail inventory method of accounting results in inventory being valued at the lower of cost or market, since permanent markdowns are immediately recorded as a reduction of the retail value of inventory. The inventory at the Sam's Club segment is valued using the weighted-average cost LIFO method. As of January 31, 2020 and January 31, 2019, the Company's inventories valued at LIFO approximated those inventories as if they were valued at FIFO.

Assets Held for Sale

Assets held for sale represent components and businesses that meet accounting requirements to be classified as held for sale and are presented as single asset and liability amounts in the Company's financial statements with a valuation allowance, if necessary, to recognize the net carrying amount at the lower of cost or fair value, less costs to sell. The Company reviews all businesses and assets held for sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to estimated fair values. As of January 31, 2020 and January 31, 2019, immaterial amounts for assets and liabilities held for sale were classified in prepaid expenses and other and accrued liabilities, respectively, in the Consolidated Balance Sheets.

Property and Equipment

Property and equipment are initially recorded at cost. Gains or losses on disposition are recognized as earned or incurred. Costs of major improvements are capitalized, while costs of normal repairs and maintenance are expensed as incurred. The following table summarizes the Company's property and equipment balances and includes the estimated useful lives that are generally used to depreciate the assets on a straight-line basis:

(Amounts in millions)	Estimated Useful Lives	As of January 31,	
		2020	2019
Land	N/A	\$ 24,619	\$ 24,526
Buildings and improvements	3-40 years	105,674	101,006
Fixtures and equipment	1-30 years	58,607	54,488
Transportation equipment	3-15 years	2,377	2,316
Construction in progress	N/A	3,751	3,474
Property and equipment		195,028	185,810
Accumulated depreciation		(89,820)	(81,493)
Property and equipment, net		\$ 105,208	\$ 104,317

Leasehold improvements are depreciated or amortized over the shorter of the estimated useful life of the asset or the remaining expected lease term. Total depreciation and amortization expense for property and equipment, property under finance leases and financing obligations, property under capital leases and intangible assets for fiscal 2020, 2019 and 2018 was \$11.0 billion, \$10.7 billion and \$10.5 billion, respectively.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lease assets and liabilities to be recorded on the balance sheet. The Company adopted this ASU and related amendments as of February 1, 2019 under the modified retrospective approach and elected certain practical expedients permitted under the transition guidance, including to retain the historical lease classification as well as relief from reviewing expired or existing contracts to determine if they contain leases. For leases subject to index or rate adjustments, the most current index or rate adjustments were included in the measurement of operating lease obligations at adoption.

The adoption of this ASU and related amendments resulted in a \$14.8 billion increase to total assets and a \$15.1 billion increase to total liabilities in the first quarter of fiscal 2020. In the first quarter of fiscal 2020, the Company recognized \$16.8 billion and \$17.5 billion of operating lease right-of-use assets and operating lease obligations, respectively, and removed \$2.2 billion and \$1.7 billion, respectively, of assets and liabilities related to financial obligations connected with the construction of leased stores. Several other asset and liability line items in the Company's Consolidated Balance Sheet were also impacted by immaterial amounts. Additionally, the adoption resulted in a cumulative-effect adjustment to retained earnings of approximately \$0.3 billion, net of tax, which primarily consisted of the recognition of impairment. The Company's Consolidated Statement of Income and Consolidated Statement of Cash Flows were immaterially impacted. Accounting policies as a result of the adoption of this ASU are described below. Refer to [Note 7](#) for additional lease disclosures.

For any new or modified lease, the Company, at the inception of the contract, determines whether a contract is or contains a lease. The Company records right-of-use ("ROU") assets and lease obligations for its finance and operating leases, which are

initially recognized based on the discounted future lease payments over the term of the lease. As the rate implicit in the Company's leases is not easily determinable, the Company's applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. The Company has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less.

For a majority of all classes of underlying assets, the Company has elected to not separate lease from non-lease components. For leases in which the lease and non-lease components have been combined, the variable lease expense includes expenses such as common area maintenance, utilities, and repairs and maintenance.

Impairment of Long-Lived Assets

Management reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows, which is at the individual store or club level. Undiscounted cash flows expected to be generated by the related assets are estimated over the assets' useful lives based on updated projections. If the evaluation indicates that the carrying amount of the assets may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique.

Goodwill and Other Acquired Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations and is allocated to the appropriate reporting unit when acquired. Other acquired intangible assets are stated at the fair value acquired as determined by a valuation technique commensurate with the intended use of the related asset. Goodwill and indefinite-lived intangible assets are not amortized; rather, they are evaluated for impairment annually and whenever events or changes in circumstances indicate that the value of the asset may be impaired. Definite-lived intangible assets are considered long-lived assets and are amortized on a straight-line basis over the periods that expected economic benefits will be provided.

Goodwill is assigned to the reporting unit which consolidates the acquisition. Components within the same reportable segment are aggregated and deemed a single reporting unit if the components have similar economic characteristics. As of January 31, 2020, the Company's reporting units consisted of Walmart U.S., Walmart International and Sam's Club. Goodwill is evaluated for impairment using either a qualitative or quantitative approach for each of the Company's reporting units. Generally, a qualitative assessment is first performed to determine whether a quantitative goodwill impairment test is necessary. If management determines, after performing an assessment based on the qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, or that a fair value of the reporting unit substantially in excess of the carrying amount cannot be assured, then a quantitative goodwill impairment test would be required. The quantitative test for goodwill impairment is performed by determining the fair value of the related reporting units. Fair value is measured based on the discounted cash flow method and relative market-based approaches. After evaluation, management determined the fair value of each reporting unit is significantly greater than the carrying amount and, accordingly, the Company has not recorded any impairment charges related to goodwill.

The following table reflects goodwill activity, by reportable segment, for fiscal 2020 and 2019:

<i>(Amounts in millions)</i>	Walmart U.S.	Walmart International	Sam's Club	Total
Balances as of February 1, 2018	\$ 2,445	\$ 15,484	\$ 313	\$ 18,242
Changes in currency translation and other	—	(743)	—	(743)
Acquisitions ⁽¹⁾	107	13,575	—	13,682
Balances as of January 31, 2019	2,552	28,316	313	31,181
Changes in currency translation and other	—	(149)	—	(149)
Acquisitions	41	—	—	41
Balances as of January 31, 2020	<u>\$ 2,593</u>	<u>\$ 28,167</u>	<u>\$ 313</u>	<u>\$ 31,073</u>

⁽¹⁾ Goodwill recorded in fiscal 2019 for Walmart International relates to Flipkart.

Intangible assets are included in other long-term assets in the Company's Consolidated Balance Sheets. As of January 31, 2020 and 2019, the Company had \$5.2 billion and \$5.8 billion, respectively, in indefinite-lived intangible assets which is primarily made up of acquired trade names. Refer to [Note 12](#) for additional information related to acquired intangible assets for the Flipkart acquisition. During fiscal 2020, the Company incurred approximately \$0.7 billion in impairment charges related to its intangible assets. There were no significant impairment charges related to intangible assets for fiscal 2019 and 2018. Refer to [Note 8](#) for additional information.

Fair Value Measurement

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-01, *Financial Instruments—Overall (Topic 825)*, which updated certain aspects of recognition, measurement, presentation and disclosure of financial instruments ("ASU 2016-01"). The Company adopted this ASU on February 1, 2018, which primarily impacted the Company's accounting for its investment in JD.com, Inc. ("JD") and resulted in a positive adjustment to retained earnings of approximately \$2.6 billion, net of tax, in fiscal 2019 based on the market value of the Company's investment in JD as of January 31, 2018. The adoption required prospective changes in fair value of the Company's investment in JD to be recorded in the Consolidated Statement of Income, which the Company classifies in other gains and losses.

The Company records and discloses certain financial and non-financial assets and liabilities at fair value. The fair value of an asset is the price at which the asset could be sold in an orderly transaction between unrelated, knowledgeable and willing parties able to engage in the transaction. The fair value of a liability is the amount that would be paid to transfer the liability to a new obligor in a transaction between such parties, not the amount that would be paid to settle the liability with the creditor. Refer to [Note 8](#) for more information.

Self Insurance Reserves

The Company self-insures a number of risks, including, but not limited to, workers' compensation, general liability, auto liability, product liability and certain employee-related healthcare benefits. Standard actuarial procedures and data analysis are used to estimate the liabilities associated with these risks as of the balance sheet date on an undiscounted basis. The recorded liabilities reflect the ultimate cost for claims incurred but not paid and any estimable administrative run-out expenses related to the processing of these outstanding claim payments. On a regular basis, the liabilities are evaluated for appropriateness with claims reserve valuations. To limit exposure to some risks, the Company maintains insurance coverage with varying limits and retentions, including stop-loss insurance coverage for workers' compensation, general liability and auto liability.

Derivatives

The Company uses derivatives for hedging purposes to manage its exposure to changes in interest and currency exchange rates, as well as to maintain an appropriate mix of fixed- and variable-rate debt. Use of derivatives in hedging programs subjects the Company to certain risks, such as market and credit risks. The Company may be exposed to credit-related losses in the event of nonperformance by its counterparties to derivatives. Credit risk is monitored through established approval procedures, including setting concentration limits by counterparty, reviewing credit ratings and requiring collateral from the counterparty. The Company enters into derivatives with counterparties rated only "A-" or better by nationally recognized credit rating agencies. The Company is subject to master netting arrangements which provides set-off and close out netting of exposures with counterparties, but the Company does not offset derivative assets and liabilities in its Consolidated Balance Sheets. The Company's collateral arrangements requires the counterparty in a net liability position in excess of pre-determined thresholds, after considering the effects of netting arrangements, to pledge cash collateral. Cash collateral received under these arrangements was not significant as of January 31, 2020 and 2019. The Company was not required to provide any cash collateral to counterparties as of January 31, 2020 and 2019.

In order to qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its designation of the hedge. If a derivative is recorded using hedge accounting, depending on the nature of the hedge, derivative gains and losses are recorded through the same financial statement line item in earnings or are recognized in accumulated other comprehensive loss until the hedged item is recognized in earnings. Derivatives that do not meet the criteria for hedge accounting, or contracts for which the Company has not elected hedge accounting, are recorded at fair value with unrealized gains or losses reported in earnings. Derivatives with an unrealized gain are recorded in the Company's Consolidated Balance Sheets as either current or non-current assets, based on maturity date, and derivatives with an unrealized loss are recorded as either current or non-current liabilities, based on maturity date. Refer to [Note 8](#) for the presentation of the Company's derivative assets and liabilities.

Fair Value Hedges

The Company is a party to receive fixed-rate, pay variable-rate interest rate swaps that the Company uses to hedge the fair value of fixed-rate debt. All interest rate swaps designated as fair value hedges of the related long-term debt meet the shortcut method requirements under U.S. GAAP. Accordingly, changes in the fair values of these interest rate swaps are considered to exactly offset changes in the fair value of the underlying long-term debt. These derivatives will mature on dates ranging from October 2020 to April 2024.

Cash Flow Hedges

The Company is a party to receive fixed-rate, pay fixed-rate cross currency interest rate swaps used to hedge the currency exposure associated with the forecasted payments of principal and interest of certain non-U.S. denominated debt. The Company records changes in the fair value of these swaps in accumulated other comprehensive loss which is subsequently

reclassified into earnings in the period that the hedged forecasted transaction affects earnings. These derivatives will mature on dates ranging from April 2022 to March 2034.

Net Investment Hedges

The Company is a party to receive fixed-rate, pay fixed-rate cross currency interest rate swaps used to hedge the currency exposure associated with net investments of certain of its foreign operations. The Company records changes in fair value attributable to the hedged risk in accumulated other comprehensive loss. These derivatives will mature on dates ranging from July 2020 to February 2030. The Company also designated certain foreign currency denominated long-term debt as a hedge of currency exposure associated with the net investment of these operations. The Company records foreign currency gain or loss associated with designated long-term debt in accumulated other comprehensive loss. As of January 31, 2020 and 2019, the Company had \$3.9 billion, respectively, of outstanding long-term debt designated as net investment hedges.

These derivative and non-derivative gains or losses continue to defer in accumulated other comprehensive loss until the sale or substantial liquidation of these foreign operations.

Income Taxes

Income taxes are accounted for under the balance sheet method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences"). Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date.

Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent that a portion is not more likely than not to be realized. Many factors are considered when assessing whether it is more likely than not that the deferred tax assets will be realized, including recent cumulative earnings, expectations of future taxable income, carryforward periods, and other relevant quantitative and qualitative factors. The recoverability of the deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely on estimates.

The Tax Cuts and Jobs Act contains a provision which subjects a U.S. parent of a foreign subsidiary to current U.S. tax on its global intangible low-taxed income ("GILTI"). The GILTI income is eligible for a deduction, which lowers the effective tax rate to 10.5% for calendar years 2018 through 2025 and 13.125% after 2025. The Company will report the tax impact of GILTI as a period cost when incurred. Accordingly, the Company is not providing deferred taxes for basis differences expected to reverse as GILTI.

In determining the provision for income taxes, an annual effective income tax rate is used based on annual income, permanent differences between book and tax income, and statutory income tax rates. Discrete events such as audit settlements or changes in tax laws are recognized in the period in which they occur.

The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company records interest and penalties related to unrecognized tax benefits in interest expense and operating, selling, general and administrative expenses, respectively, in the Company's Consolidated Statements of Income. Refer to [Note 9](#) for additional income tax disclosures.

Revenue Recognition

Net Sales

The Company recognizes sales revenue, net of sales taxes and estimated sales returns, at the time it sells merchandise or services to the customer. eCommerce sales include shipping revenue and are recorded upon delivery to the customer. Estimated sales returns are calculated based on expected returns.

Membership Fee Revenue

The Company recognizes membership fee revenue both in the U.S. and internationally over the term of the membership, which is typically 12 months. Membership fee revenue was \$1.5 billion for fiscal 2020 and \$1.4 billion for each of fiscal 2019 and 2018, respectively. Membership fee revenue is included in membership and other income in the Company's Consolidated Statements of Income. Deferred membership fee revenue is included in accrued liabilities in the Company's Consolidated Balance Sheets.

Gift Cards

Customer purchases of gift cards are not recognized as sales until the card is redeemed and the customer purchases merchandise using the gift card. Gift cards in the U.S. and some countries do not carry an expiration date; therefore, customers and members

can redeem their gift cards for merchandise and services indefinitely. Gift cards in some countries where the Company does business have expiration dates. While gift cards are generally redeemed within 12 months, a certain number of gift cards, both with and without expiration dates, will not be fully redeemed. Management estimates unredeemed balances and recognizes revenue for these amounts in membership and other income in the Company's Consolidated Statements of Income over the expected redemption period.

Financial and Other Services

The Company recognizes revenue from service transactions at the time the service is performed. Generally, revenue from services is classified as a component of net sales in the Company's Consolidated Statements of Income.

Cost of Sales

Cost of sales includes actual product cost, the cost of transportation to the Company's distribution facilities, stores and clubs from suppliers, the cost of transportation from the Company's distribution facilities to the stores, clubs and customers and the cost of warehousing for the Sam's Club segment and import distribution centers. Cost of sales is reduced by supplier payments that are not a reimbursement of specific, incremental and identifiable costs.

Payments from Suppliers

The Company receives consideration from suppliers for various programs, primarily volume incentives, warehouse allowances and reimbursements for specific programs such as markdowns, margin protection, advertising and supplier-specific fixtures. Payments from suppliers are accounted for as a reduction of cost of sales, except in certain limited situations when the payment is a reimbursement of specific, incremental and identifiable costs, and are recognized in the Company's Consolidated Statements of Income when the related inventory is sold.

Operating, Selling, General and Administrative Expenses

Operating, selling, general and administrative expenses include all operating costs of the Company, except cost of sales, as described above. As a result, the majority of the cost of warehousing and occupancy for the Walmart U.S. and Walmart International segments' distribution facilities is included in operating, selling, general and administrative expenses. Because the Company only includes a portion of the cost of its Walmart U.S. and Walmart International segments' distribution facilities in cost of sales, its gross profit and gross profit as a percentage of net sales may not be comparable to those of other retailers that may include all costs related to their distribution facilities in cost of sales and in the calculation of gross profit.

Advertising Costs

Advertising costs are expensed as incurred, consist primarily of print, television and digital advertisements and are recorded in operating, selling, general and administrative expenses in the Company's Consolidated Statements of Income. In certain limited situations, reimbursements from suppliers that are for specific, incremental and identifiable advertising costs are recognized as a reduction of advertising costs in operating, selling, general and administrative expenses. Advertising costs were \$3.7 billion, \$3.5 billion and \$3.1 billion for fiscal 2020, 2019 and 2018, respectively.

Currency Translation

The assets and liabilities of all international subsidiaries are translated from the respective local currency to the U.S. dollar using exchange rates at the balance sheet date. Related translation adjustments are recorded as a component of accumulated other comprehensive loss. The Company's Consolidated Statements of Income of all international subsidiaries are translated from the respective local currencies to the U.S. dollar using average exchange rates for the period covered by the income statements.

Recent Accounting Pronouncements

Financial Instruments

In June 2016, the FASB issued 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 Consolidated Financial Statements.

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 antidilutive and not included in the calculation of diluted net income per common share attributable to Walmart for fiscal 2020, 2019 and 2018.

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:

(Amounts in millions, except per share data)	Fiscal Years Ended January 31,		
	2020	2019	2018
Numerator			
Consolidated net income	\$ 15,201	\$ 7,179	\$ 10,523
Consolidated net income attributable to noncontrolling interest	(320)	(509)	(661)
Consolidated net income attributable to Walmart	<u>\$ 14,881</u>	<u>\$ 6,670</u>	<u>\$ 9,862</u>
Denominator			
Weighted-average common shares outstanding, basic	2,850	2,929	2,995
Dilutive impact of stock options and other share-based awards	18	16	15
Weighted-average common shares outstanding, diluted	<u>2,868</u>	<u>2,945</u>	<u>3,010</u>
Net income per common share attributable to Walmart			
Basic	\$ 5.22	\$ 2.28	\$ 3.29
Diluted	5.19	2.26	3.28

Note 3. Shareholders' Equity

The total authorized shares of \$0.10 par value common stock is 11.0 billion, of which 2.8 billion and 2.9 billion were issued and outstanding as of January 31, 2020 and 2019, respectively.

Share-Based Compensation

The Company has awarded share-based compensation to associates and nonemployee directors of the Company. The compensation expense recognized for all stock incentive plans, including expense associated with plans of the Company's consolidated subsidiaries granted in the subsidiaries' respective stock, was \$854 million, \$773 million and \$626 million for fiscal 2020, 2019 and 2018, respectively. Share-based compensation expense is generally included in operating, selling, general and administrative expenses in the Company's Consolidated Statements of Income. The total income tax benefit recognized for share-based compensation was \$202 million, \$181 million and \$150 million for fiscal 2020, 2019 and 2018, respectively. The following table summarizes the Company's share-based compensation expense by award type for all plans:

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Restricted stock and performance share units	\$ 270	\$ 293	\$ 234
Restricted stock units	553	456	368
Other	31	24	24
Share-based compensation expense	<u>\$ 854</u>	<u>\$ 773</u>	<u>\$ 626</u>

The Walmart Inc. Stock Incentive Plan of 2015 (the "Plan"), as amended and restated effective February 23, 2016, as amended further as of February 1, 2017, and as renamed on February 1, 2018, was established to grant stock options, restricted (non-vested) stock, performance share units and other equity compensation awards for which 260 million shares of Walmart common stock issued or to be issued under the Plan have been registered under the Securities Act of 1933, as amended. The Company believes that such awards serve to align the interests of its associates with those of its shareholders.

The Plan's award types are summarized as follows:

- **Restricted Stock and Performance Share Units.** Restricted stock awards are for shares that vest based on the passage of time and include restrictions related to employment. Performance share units vest based on the passage of time and achievement of performance criteria and may range from 0% to 150% of the original award amount. Vesting periods for these awards are generally between one and three years. Restricted stock and performance share units may be settled or deferred in stock and are accounted for as equity in the Company's Consolidated Balance Sheets. The fair value of restricted stock awards is determined on the date of grant and is expensed ratably over the vesting period. The fair value of performance share units is determined on the date of grant using the Company's stock price discounted for the expected dividend yield through the vesting period and is recognized over the vesting period. The weighted-average discount for the dividend yield used to determine the fair value of performance share units in fiscal 2020, 2019 and 2018 was 5.1%, 6.2% and 7.2%, respectively.
- **Restricted Stock Units.** Restricted stock units provide rights to Company stock after a specified service period. Beginning in fiscal 2020, restricted stock units generally vest at a rate of 25% each year over a four year period from the date of the grant. Prior to fiscal 2020, 50% of restricted stock units generally vested three years from the grant date and the remaining 50% were vested five years from the grant date. The fair value of each restricted stock unit is determined on the date of grant using the stock price discounted for the expected dividend yield through the vesting period and is recognized ratably over the vesting period. The expected dividend yield is based on the anticipated

dividends over the vesting period. The weighted-average discount for the dividend yield used to determine the fair value of restricted stock units granted in fiscal 2020, 2019 and 2018 was 4.9%, 7.2% and 9.0%, respectively.

In addition to the Plan, the Company's United Kingdom subsidiary has stock option plans for certain colleagues which generally vest over three years. The stock option share-based compensation expense is included in the Other line in the table above.

Flipkart also maintains a stock option plan primarily for the benefit of employees and nonemployee directors under which options to acquire Flipkart common shares may be issued. The grants have no exercise price and no compensation expense was recognized during fiscal 2020 or fiscal 2019 where a performance condition was not deemed probable of occurring.

The following table shows the activity for restricted stock and performance share units and restricted stock units during fiscal 2020:

<i>(Shares in thousands)</i>	Restricted Stock and Performance Share Units		Restricted Stock Units	
	Shares	Weighted-Average Grant-Date Fair Value Per Share	Shares	Weighted-Average Grant-Date Fair Value Per Share
Outstanding as of February 1, 2019	8,799	\$ 75.39	23,955	\$ 70.47
Granted	3,354	100.38	8,504	95.92
Adjustment for performance achievement ⁽¹⁾	898	64.50	—	—
Vested/exercised	(5,365)	67.96	(6,496)	68.13
Forfeited	(1,641)	82.77	(2,702)	78.86
Outstanding as of January 31, 2020	6,045	\$ 93.04	23,261	\$ 79.51

(1) Represents the adjustment to previously granted performance share units for performance achievement.

The following table includes additional information related to restricted stock and performance share units and restricted stock units:

<i>(Amounts in millions, except years)</i>	Fiscal Years Ended January 31,		
	2020	2019	2018
Fair value of restricted stock and performance share units vested	\$ 365	\$ 183	\$ 181
Fair value of restricted stock units vested	442	386	344
Unrecognized compensation cost for restricted stock and performance share units	326	362	291
Unrecognized compensation cost for restricted stock units	1,096	1,002	972
Weighted average remaining period to expense for restricted stock and performance share units (years)	1.4	1.1	1.2
Weighted average remaining period to expense for restricted stock units (years)	1.3	1.6	1.8

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 fiscal 2020 were made under the current \$20.0 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 January 31, 2020, authorization for 5.7 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 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, results of operations and the market price of the Company's common stock. The following table provides, on a settlement date basis, the number of shares repurchased, average price paid per share and total amount paid for share repurchases for fiscal 2020, 2019 and 2018:

<i>(Amounts in millions, except per share data)</i>	Fiscal Years Ended January 31,		
	2020	2019	2018
Total number of shares repurchased	53.9	79.5	104.9
Average price paid per share	\$ 105.98	\$ 93.18	\$ 79.11
Total cash paid for share repurchases	\$ 5,717	\$ 7,410	\$ 8,296

Note 4. Accumulated Other Comprehensive Loss

The following table provides the changes in the composition of total accumulated other comprehensive loss for fiscal 2020, 2019, and 2018:

<i>(Amounts in millions and net of immaterial income taxes)</i>	Currency Translation and Other	Net Investment Hedges	Unrealized Gain on Available-for-Sale Securities	Cash Flow Hedges	Minimum Pension Liability	Total
Balances as of February 1, 2017	\$ (14,507)	\$ 1,435	\$ 145	\$ (315)	\$ (990)	\$ (14,232)
Other comprehensive income (loss) before reclassifications, net	2,345	(405)	1,501	436	83	3,960
Amounts reclassified from accumulated other comprehensive loss, net	26	—	—	1	64	91
Balances as of January 31, 2018	(12,136)	1,030	1,646	122	(843)	(10,181)
Adoption of new accounting standards on February 1, 2018 ⁽¹⁾	89	93	(1,646)	28	—	(1,436)
Other comprehensive income (loss) before reclassifications, net	(2,093)	272	—	(339)	93	(2,067)
Reclassifications to income, net ⁽²⁾	2,055	—	—	49	38	2,142
Balances as of January 31, 2019	(12,085)	1,395	—	(140)	(712)	(11,542)
Other comprehensive income (loss) before reclassifications, net ⁽³⁾	281	122	—	(399)	(1,283)	(1,279)
Reclassifications to income, net	(23)	—	—	—	39	16
Balances as of January 31, 2020	\$ (11,827)	\$ 1,517	\$ —	\$ (539)	\$ (1,956)	\$ (12,805)

(1) Primarily relates to the adoption of ASU 2016-01 and ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*.

(2) Includes a cumulative foreign currency translation loss of \$2.0 billion, for which there was no related income taxes, upon sale of the majority stake in Walmart Brazil (see [Note 12](#)).

(3) Primarily includes the remeasurement of Asda's pension benefit obligation subsequent to the cash contribution made by Asda, as described more fully in [Note 11](#).

Amounts reclassified from accumulated other comprehensive loss for derivatives are recorded in interest, net, in the Company's Consolidated Statements of Income, and the amounts for the minimum pension liability, as well as the cumulative translation resulting from the disposition of a business, are recorded in other gains and losses in the Company's 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 5. Accrued Liabilities

The Company's accrued liabilities consist of the following as of January 31, 2020 and 2019:

<i>(Amounts in millions)</i>	January 31,	
	2020	2019
Accrued wages and benefits ⁽¹⁾	\$ 6,093	\$ 6,504
Self-insurance ⁽²⁾	4,469	3,979
Accrued non-income taxes ⁽³⁾	3,039	2,979
Deferred gift card revenue	1,990	1,932
Other ⁽⁴⁾	6,705	6,765
Total accrued liabilities	\$ 22,296	\$ 22,159

(1) Accrued wages and benefits include accrued wages, salaries, vacation, bonuses and other incentive plans.

(2) Self-insurance consists of insurance-related liabilities, such as workers' compensation, general liability, auto liability, product liability and certain employee-related healthcare benefits.

(3) Accrued non-income taxes include accrued payroll, property, value-added, sales and miscellaneous other taxes.

(4) Other accrued liabilities consist of various items such as interest, maintenance, utilities, legal contingencies, and advertising.

Note 6. Short-term Borrowings and Long-term Debt

Short-term borrowings consist of commercial paper and lines of credit. Short-term borrowings as of January 31, 2020 and 2019 were \$0.6 billion and \$5.2 billion, respectively, with weighted-average interest rates of 5.0% and 2.7%, respectively. Short-term borrowings as of January 31, 2020 were primarily outside of the U.S.

The Company has various committed lines of credit in the U.S. totaling \$15.0 billion as of January 31, 2020 and 2019, respectively. These committed lines of credit are summarized in the following table:

(Amounts in millions)	January 31, 2020			January 31, 2019		
	Available	Drawn	Undrawn	Available	Drawn	Undrawn
Five-year credit facility ⁽¹⁾	\$ 5,000	\$ —	\$ 5,000	\$ 5,000	\$ —	\$ 5,000
364-day revolving credit facility ⁽¹⁾	10,000	—	10,000	10,000	—	10,000
Total	\$ 15,000	\$ —	\$ 15,000	\$ 15,000	\$ —	\$ 15,000

(1) In May 2019, the Company renewed and extended its existing five-year credit facility and its existing 364-day revolving credit facility, both of which are used to support its commercial paper program.

The committed lines of credit in the table above mature at various times between May 2020 and May 2024, carry interest rates generally ranging between LIBOR plus 10 basis points and LIBOR plus 75 basis points, and incur commitment fees ranging between 1.5 and 4.0 basis points. In conjunction with the committed lines of credit listed in the table above, the Company has agreed to observe certain covenants, the most restrictive of which relates to the maximum amount of secured debt. Additionally, the Company also maintains other committed lines of credit outside of the U.S., with available amounts of approximately \$3.0 billion as of each of January 31, 2020 and 2019, respectively, of which approximately \$0.1 billion and \$0.2 billion was drawn as of January 31, 2020 and 2019, respectively.

Apart from the committed lines of credit, the Company has syndicated and fronted letters of credit available totaling \$1.8 billion as of each of January 31, 2020 and 2019, respectively, of which \$1.6 billion was drawn as of each of January 31, 2020 and 2019, respectively. The Company also has trade letters of credit, without stated limits, of which \$0.2 billion and \$0.4 billion was drawn as of January 31, 2020 and 2019, respectively.

The Company's long-term debt, which includes the fair value instruments further discussed in [Note 8](#), consists of the following as of January 31, 2020 and 2019:

		January 31, 2020		January 31, 2019	
(Amounts in millions)	Maturity Dates By Fiscal Year	Amount	Average Rate ⁽¹⁾	Amount	Average Rate ⁽¹⁾
Unsecured debt					
Fixed	2021 - 2050	\$ 39,752	3.8%	\$ 35,816	3.9%
Variable	2021 - 2022	1,500	2.1%	1,800	2.9%
Total U.S. dollar denominated		41,252		37,616	
Fixed	2023 - 2030	2,758	3.3%	2,870	3.3%
Variable		—		—	
Total Euro denominated		2,758		2,870	
Fixed	2031 - 2039	3,518	5.4%	3,524	5.4%
Variable		—		—	
Total Sterling denominated		3,518		3,524	
Fixed	2021 - 2028	1,652	0.4%	1,651	0.4%
Variable		—		—	
Total Yen denominated		1,652		1,651	
Total unsecured debt		49,180		45,661	
Total other ⁽²⁾		(104)		(265)	
Total debt		49,076		45,396	
Less amounts due within one year		(5,362)		(1,876)	
Long-term debt		\$ 43,714		\$ 43,520	

(1) The average rate represents the weighted-average stated rate for each corresponding debt category, based on year-end balances and year-end interest rates.

(2) Includes deferred loan costs, discounts, fair value hedges, foreign-held debt and secured debt.

Annual maturities of long-term debt during the next five years and thereafter are as follows:

(Amounts in millions)

Fiscal Year	Annual Maturities
2021	\$ 5,362
2022	3,009
2023	2,830
2024	4,652
2025	4,367
Thereafter	28,960
Total	\$ 49,180

Debt Issuances

Information on long-term debt issued during fiscal 2020, for general corporate purposes, is as follows:

(Amounts in millions)

Issue Date	Principal Amount	Maturity Date	Fixed vs. Floating	Interest Rate	Net Proceeds
April 23, 2019	\$1,500	July 8, 2024	Fixed	2.850%	\$ 1,493
April 23, 2019	\$1,250	July 8, 2026	Fixed	3.050%	1,242
April 23, 2019	\$1,250	July 8, 2029	Fixed	3.250%	1,243
September 24, 2019	\$500	September 24, 2029	Fixed	2.375%	497
September 24, 2019	\$1,000	September 24, 2049	Fixed	2.950%	975
Various	\$42	Various	Various	Various	42
Total					\$ 5,492

Information on long-term debt issued during fiscal 2019, to fund a portion of the purchase price for the Flipkart acquisition and for general corporate purposes, is as follows:

(Amounts in millions)

Issue Date	Principal Amount	Maturity Date	Fixed vs. Floating	Interest Rate	Net Proceeds
June 27, 2018	\$750	June 23, 2020	Floating	Floating	\$ 748
June 27, 2018	\$1,250	June 23, 2020	Fixed	2.850%	1,247
June 27, 2018	\$750	June 23, 2021	Floating	Floating	748
June 27, 2018	\$1,750	June 23, 2021	Fixed	3.125%	1,745
June 27, 2018	\$2,750	June 26, 2023	Fixed	3.400%	2,740
June 27, 2018	\$1,500	June 26, 2025	Fixed	3.550%	1,490
June 27, 2018	\$2,750	June 26, 2028	Fixed	3.700%	2,725
June 27, 2018	\$1,500	June 28, 2038	Fixed	3.950%	1,473
June 27, 2018	\$3,000	June 29, 2048	Fixed	4.050%	2,935
Various	\$21	Various	Various	Various	21
Total					\$ 15,872

The fiscal 2020 and fiscal 2019 issuances are senior, unsecured notes which rank equally with all other senior, unsecured debt obligations of the Company, and are not convertible or exchangeable. These issuances do not contain any financial covenants which restrict the Company's ability to pay dividends or repurchase company stock.

Repayments

The following table provides details of debt repayments during fiscal 2020:

(Amounts in millions)

Maturity Date	Principal Amount	Fixed vs. Floating	Interest Rate	Repayment
February 1, 2019	\$500	Fixed	4.125%	\$ 364
October 20, 2019	\$300	Floating	Floating	300
October 20, 2019	\$1,200	Fixed	1.750%	1,200
Various ⁽¹⁾	\$43	Various	Various	43
Total repayment of matured debt				\$ 1,907

(1) Includes repayments of smaller long-term debt as it matured in several non-U.S. operations.

The following table provides details of debt repayments during fiscal 2019:

(Amounts in millions)

Maturity Date	Principal Amount	Fixed vs. Floating	Interest Rate	Repayment
February 15, 2018	\$1,250	Fixed	5.800%	\$ 1,250
April 11, 2018	\$1,250	Fixed	1.125%	1,250
June 1, 2018	\$500	Floating	Floating	500
December 15, 2018	\$724	Fixed	1.950%	724
Various ⁽¹⁾	\$60	Various	Various	60
Total repayment of matured debt				\$ 3,784

(1) Includes repayments of smaller long-term debt as it matured in several non-U.S. operations.

Note 7. Leases

The Company leases certain retail locations, distribution and fulfillment centers, warehouses, office spaces, land and equipment throughout the U.S. and internationally.

The Company's lease costs recognized in the Consolidated Statement of Income consist of the following:

(Amounts in millions)

	Fiscal Year Ended January 31, 2020
Operating lease cost ⁽¹⁾	\$ 2,670
Finance lease cost:	
Amortization of right-of-use assets	480
Interest on lease obligations	306
Variable lease cost	691

(1) Rentals (including amounts applicable to taxes, insurance, maintenance, other operating expenses and contingent rentals) under operating leases and other short-term rental arrangements were \$3.0 billion and \$2.9 billion in fiscal 2019 and 2018, respectively.

Other lease information is as follows:

(Dollar amounts in millions)

	Fiscal Year Ended January 31, 2020
Cash paid for amounts included in measurement of lease obligations:	
Operating cash flows from operating leases	\$ 2,614
Operating cash flows from finance leases	278
Financing cash flows from finance leases	485
Assets obtained in exchange for operating lease obligations	2,151
Assets obtained in exchange for finance lease obligations	1,081
Weighted-average remaining lease term - operating leases	15.6 years
Weighted-average remaining lease term - finance leases	14.4 years
Weighted-average discount rate - operating leases	5.4 %
Weighted-average discount rate - finance leases	8.6 %

The aggregate annual lease obligations at January 31, 2020 are as follows:

(Amounts in millions)

Fiscal Year	Operating Leases	Finance Leases
2021	\$ 2,587	\$ 797
2022	2,358	757
2023	2,138	640
2024	1,932	552
2025	1,728	492
Thereafter	15,514	5,612
Total undiscounted lease obligations	26,257	8,850
Less imputed interest	(8,293)	(4,032)
Net lease obligations	\$ 17,964	\$ 4,818

Upon adoption of ASU 2016-02, *Leases* (Topic 842), the Company's aggregate annual lease obligations includes leases with reasonably assured renewals. The aggregate minimum annual lease rentals as of January 31, 2019 for the remaining contractual term of non-cancelable leases under ASC 840 were as follows:

(Amounts in millions)

Fiscal Year	Operating Leases ⁽¹⁾	Capital Lease and Financing Obligations
2020	\$ 1,856	\$ 917
2021	1,655	856
2022	1,420	794
2023	1,233	667
2024	1,063	593
Thereafter	6,891	6,069
Total minimum rentals	14,118	9,896
Less estimated executory costs		23
Net minimum lease payments		9,873
Financing obligation noncash gains and other		2,278
Less imputed interest		(4,739)
Present value of minimum lease payments		\$ 7,412

(1) Represents minimum contractual obligation for non-cancelable leases with initial or remaining terms greater than 12 months as of January 31, 2019.

Note 8. 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 (primarily its investment in JD) on a recurring basis and records them in other long-term assets in the accompanying Consolidated Balance Sheets. Measurement details about the Company's two portions of the investment in JD are as follows:

- The purchased portion of the investment in JD is measured using Level 1 inputs.
- The portion of the investment in JD received in exchange for selling certain assets related to Yihaodian, the Company's former eCommerce operation in China, measured using Level 2 inputs. Fair value is determined primarily using quoted prices in active markets for similar assets.

The fair value of the Company's investment in JD is as follows:

(Amounts in millions)	Fair Value as of January 31, 2020	Fair Value as of January 31, 2019
Investment in JD measured using Level 1 inputs	\$ 2,715	\$ 1,791
Investment in JD measured using Level 2 inputs	2,723	1,792
Total	\$ 5,438	\$ 3,583

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 January 31, 2020 and January 31, 2019, the notional amounts and fair values of these derivatives were as follows:

(Amounts in millions)	January 31, 2020		January 31, 2019	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Receive fixed-rate, pay variable-rate interest rate swaps designated as fair value hedges	\$ 4,000	\$ 97 ⁽¹⁾	\$ 4,000	\$ (78) ⁽²⁾
Receive fixed-rate, pay fixed-rate cross-currency swaps designated as net investment hedges	3,750	455 ⁽¹⁾	2,250	334 ⁽¹⁾
Receive fixed-rate, pay fixed-rate cross-currency swaps designated as cash flow hedges	4,067	(696) ⁽²⁾	4,173	(272) ⁽³⁾
Total	\$ 11,817	\$ (144)	\$ 10,423	\$ (16)

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

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

⁽³⁾ Approximately \$350 million of cash flow hedges were classified in Deferred income taxes and other and \$78 million of cash flow were classified in Other long-term assets in the Company's 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.

For the fiscal year ended January 31, 2020, the Company recorded impairment charges related to assets measured at fair value on a non-recurring basis primarily related to the following:

- in the Walmart U.S. segment, \$0.5 billion in impairment charges for impaired assets consisting primarily of trade names and acquired developed software due to strategic decisions that resulted in the write-down of certain eCommerce assets; and
- in the Walmart International segment, \$0.4 billion in impairment charges consisting primarily of the write-off of the carrying value of one of Flipkart's two fashion trade names, Jabong.com, as a result of a strategic decision to focus on the Myntra.com fashion platform.

These impairment charges were classified in operating, selling, general and administrative expenses in the Company's Consolidated Statements of Income. Other impairment charges for assets measured at fair value on a nonrecurring basis during fiscal 2020 were immaterial.

As discussed in [Note 12](#), the Company sold the majority stake in Walmart Brazil during fiscal 2019. The assets of the disposal group totaled \$3.3 billion and were comprised of \$1.0 billion in current assets, \$1.6 billion in property and equipment and property under capital lease and financing obligations, net, and \$0.7 billion of other long-term assets. When measured as held for sale, these assets were fully impaired as the carrying value of the disposal group exceeded the fair value, less costs to sell and contributed to a pre-tax net loss of \$4.8 billion in the Walmart International segment, which was recorded in other gains and losses in the Company's Consolidated Statement of Income. Other impairment charges to assets measured at fair value on a nonrecurring basis during fiscal 2019 were immaterial.

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 January 31, 2020 and 2019, are as follows:

(Amounts in millions)	January 31, 2020		January 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including amounts due within one year	\$ 49,076	\$ 57,769	\$ 45,396	\$ 49,570

Note 9. Taxes

The components of income (loss) before income taxes are as follows:

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
U.S.	\$ 17,098	\$ 15,875	\$ 10,722
Non-U.S.	3,018	(4,415)	4,401
Total income before income taxes	\$ 20,116	\$ 11,460	\$ 15,123

A summary of the provision for income taxes is as follows:

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Current:			
U.S. federal	\$ 2,794	\$ 2,763	\$ 2,998
U.S. state and local	587	493	405
International	1,205	1,495	1,377
Total current tax provision	4,586	4,751	4,780
Deferred:			
U.S. federal	663	(361)	(22)
U.S. state and local	35	(16)	(12)
International	(369)	(93)	(146)
Total deferred tax expense (benefit)	329	(470)	(180)
Total provision for income taxes	\$ 4,915	\$ 4,281	\$ 4,600

In December 2017, the Tax Act was enacted and significantly changed U.S. income tax law. Beginning January 2018, the Tax Act reduced the U.S. statutory tax rate and created new taxes focused on foreign-sourced earnings and related-party payments, including the creation of the base erosion anti-abuse tax and a new tax on global intangible low-taxed income ("GILTI"). In addition, the Company was subject to a one-time transition tax in fiscal 2018 on accumulated foreign subsidiary earnings not previously subject to U.S. income tax.

The SEC staff issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* ("SAB 118"), which allowed companies to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company made reasonable estimates of the effects and recorded provisional amounts in its financial statements as of January 31, 2018, in accordance with SAB 118. The Company elected to apply the measurement period provisions of this guidance to certain income tax effects of the Tax Act when it became effective. The provisional measurement period ended in the fourth quarter of fiscal 2019. Management completed the Company's accounting for Tax Reform in fiscal 2019 based on prevailing regulations and currently available information, and any additional guidance issued by the IRS could impact the aforementioned amounts in future periods. The net tax benefit recognized in fiscal 2018 related to the Tax Act was \$207 million, and in fiscal 2019, the Company recorded \$442 million of additional tax expense related to the Tax Act, included as a component of provision for income taxes.

One-time Transition Tax

The Tax Act required the Company to pay U.S. income taxes on accumulated foreign subsidiary earnings not previously subject to U.S. income tax at a rate of 15.5% to the extent of foreign cash and certain other net current assets, as defined by the Tax Act, and 8.0% on the remaining earnings. In fiscal 2018, the Company recorded a provisional amount of \$1.9 billion of additional income tax expense for its one-time transitional tax liability. The Company calculated the Transition Tax liability and increased the provisional amount by \$413 million, with the increase included as a component of provision for income taxes in fiscal 2019.

Deferred Tax Effects

The Tax Act reduced the U.S. statutory tax rate from 35.0% to 21.0%, beginning January 2018. Accordingly, the Company re-measured its deferred taxes as of January 31, 2018, to reflect the reduced rate that will apply in future periods when these deferred taxes are settled or realized. In fiscal 2018, the Company recognized a deferred tax benefit of \$2.1 billion to reflect the reduced U.S. tax rate and other effects of the Tax Act. In fiscal 2018, the Company made no provisional adjustment with respect to the GILTI provision of the Tax Act. Upon finalizing the provisional accounting for the remeasurement of U.S. deferred tax assets and liabilities in fiscal 2019, the Company recorded an additional tax benefit of \$75 million, which is included as a component of provision for income taxes.

Effective Income Tax Rate Reconciliation

In the past, the Company's effective income tax rate was typically lower than the U.S. statutory tax rate primarily because of benefits from lower-taxed global operations partially offset by a valuation allowance. However, beginning January 2018, the U.S. statutory rate of 21.0% generally falls below statutory rates in international jurisdictions. A reconciliation of the significant differences between the U.S. statutory tax rate and the effective income tax rate on pretax income from continuing operations is as follows:

	Fiscal Years Ended January 31,		
	2020	2019	2018
U.S. statutory tax rate	21.0 %	21.0 %	33.8 %
U.S. state income taxes, net of federal income tax benefit	2.2 %	3.0 %	1.7 %
Impact of the Tax Act:			
One-time transition tax	— %	3.6 %	12.3 %
Deferred tax effects	— %	(0.7)%	(14.1)%
Income taxed outside the U.S.	(1.0)%	(3.4)%	(6.3)%
Disposition of Walmart Brazil	— %	6.7 %	— %
Valuation allowance	2.3 %	6.3 %	2.1 %
Net impact of repatriated international earnings	0.4 %	0.8 %	(0.1)%
Federal tax credits	(0.8)%	(1.3)%	(0.9)%
Enacted change in tax laws	(1.9)%	— %	— %
Change in reserve for tax contingencies	2.5 %	0.6 %	(0.1)%
Other, net	(0.3)%	0.8 %	2.0 %
Effective income tax rate	24.4 %	37.4 %	30.4 %

Deferred Taxes

The significant components of the Company's deferred tax account balances are as follows:

(Amounts in millions)	January 31,	
	2020	2019
Deferred tax assets:		
Loss and tax credit carryforwards	\$ 9,056	\$ 2,964
Accrued liabilities	2,483	2,135
Share-based compensation	250	245
Lease obligations	4,098	—
Other	1,020	1,131
Total deferred tax assets	16,907	6,475
Valuation allowances	(8,588)	(2,448)
Deferred tax assets, net of valuation allowances	8,319	4,027
Deferred tax liabilities:		
Property and equipment	4,621	4,175
Acquired intangibles	1,152	2,099
Inventory	1,414	1,354
Lease right of use assets	3,998	—
Mark-to-market investments	724	335
Other	700	564
Total deferred tax liabilities	12,609	8,527
Net deferred tax liabilities	\$ 4,290	\$ 4,500

The deferred taxes noted above are classified as follows in the Company's Consolidated Balance Sheets:

(Amounts in millions)	January 31,	
	2020	2019
Balance Sheet classification		
Assets:		
Other long-term assets	\$ 1,914	\$ 1,796

Liabilities:		
Deferred income taxes and other	6,204	6,296
Net deferred tax liabilities	<u><u>\$ 4,290</u></u>	<u><u>\$ 4,500</u></u>

Unremitted Earnings

Prior to the Tax Act, the Company asserted that all unremitted earnings of its foreign subsidiaries were considered indefinitely reinvested. As a result of the Tax Act, the Company reported and paid U.S. tax on the majority of its previously unremitted foreign earnings and repatriations of foreign earnings will generally be free of U.S. federal tax, but may incur other taxes such as withholding or state taxes. As of January 31, 2020, the Company has not recorded approximately \$3 billion of deferred tax liabilities associated with remaining unremitted foreign earnings considered indefinitely reinvested, for which U.S. and foreign income and withholding taxes would be due upon repatriation.

Net Operating Losses, Tax Credit Carryforwards and Valuation Allowances

As of January 31, 2020, the Company's net operating loss and capital loss carryforwards totaled approximately \$37.8 billion. Of these carryforwards, approximately \$25.2 billion will expire, if not utilized, in various years through 2040. The remaining carryforwards have no expiration.

The recoverability of these future tax deductions and credits is evaluated by assessing the adequacy of future expected taxable income from all sources, including taxable income in prior carryback years, reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. To the extent the Company does not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is generally established. To the extent that a valuation allowance was established and it is subsequently determined that it is more likely than not that the deferred tax assets will be recovered, the change in the valuation allowance is recognized in the consolidated statements of income.

The Company had valuation allowances of \$8.6 billion and \$2.4 billion as of January 31, 2020 and 2019, respectively, on deferred tax assets associated primarily with net operating loss carryforwards for which management has determined it is more likely than not that the deferred tax assets will not be realized. Due to tax law changes in Luxembourg enacted in December 2019 the Company recognized additional deferred tax assets, and related valuation allowances, of \$6.2 billion associated with existing net operating loss carryforwards. Other activity in the valuation allowance during fiscal 2020 related to valuation allowance increases in other markets, as well as releases due to the expiration of underlying deferred tax assets.

Uncertain Tax Positions

The benefits of uncertain tax positions are recorded in the Company's Consolidated Financial Statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities.

As of January 31, 2020 and 2019, the amount of unrecognized tax benefits related to continuing operations was \$1.8 billion and \$1.3 billion, respectively. The amount of unrecognized tax benefits that would affect the Company's effective income tax rate was \$1.6 billion and \$1.1 billion as of January 31, 2020 and 2019, respectively.

A reconciliation of unrecognized tax benefits from continuing operations is as follows:

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2020	2019	2018
Unrecognized tax benefits, beginning of year	\$ 1,305	\$ 1,010	\$ 1,050
Increases related to prior year tax positions	516	620	130
Decreases related to prior year tax positions	(15)	(107)	(254)
Increases related to current year tax positions	66	203	122
Settlements during the period	(29)	(390)	(23)
Lapse in statutes of limitations	(26)	(31)	(15)
Unrecognized tax benefits, end of year	\$ 1,817	\$ 1,305	\$ 1,010

The Company classifies interest and penalties related to uncertain tax benefits as interest expense and as operating, selling, general and administrative expenses, respectively. Interest expense and penalties related to these positions were immaterial for fiscal 2020, 2019 and 2018. During the next twelve months, it is reasonably possible that tax audit resolutions could reduce unrecognized tax benefits by an immaterial amount, either because the tax positions are sustained on audit or because the Company agrees to their disallowance. The Company is focused on resolving tax audits as expeditiously as possible. As a result of these efforts, unrecognized tax benefits could potentially be reduced beyond the provided range during the next twelve months. The Company does not expect any change to have a material impact to its Consolidated Financial Statements.

The Company remains subject to income tax examinations for its U.S. federal income taxes generally for fiscal 2014, and 2017 through 2020. The Company also remains subject to income tax examinations for international income taxes for fiscal 2013 through 2020, and for U.S. state and local income taxes generally for the fiscal years ended 2013 through 2020. With few exceptions, the Company is no longer subject to U.S. federal, state, local, or foreign examinations by tax authorities for years before fiscal 2012.

Other Taxes

The Company is subject to tax examinations for value added, sales-based, payroll and other non-income taxes. A number of these examinations are ongoing in various jurisdictions. In certain cases, the Company has received assessments from the respective taxing authorities in connection with these examinations. Unless otherwise indicated, the possible losses or range of possible losses associated with these matters are individually immaterial, but a group of related matters, if decided adversely to the Company, could result in a liability material to the Company's Consolidated Financial Statements.

Note 10. 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 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 to 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. ("Asda"), a wholly-owned subsidiary of the Company, is a defendant in over 35,000 "equal value" claims that began in 2008 and are proceeding before an Employment Tribunal in Manchester (the "Employment Tribunal") in the United Kingdom ("UK") 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 appeal is scheduled to be heard by the Supreme Court of the United Kingdom on July 14-15, 2020.

Notwithstanding the appeal, claimants are now 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.

National Prescription Opiate Litigation and Related Matters

In December 2017, the United States 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 is entitled *In re National Prescription Opiate Litigation (MDL No. 2804)*, and 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. 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.

FCPA Investigation and Related Matters

As previously disclosed, the Company was under investigation by the U.S. Department of Justice (the "DOJ") and the Securities and Exchange Commission (the "SEC") regarding possible violations of the U.S. Foreign Corrupt Practices Act (the "FCPA"). Throughout the investigative process, the Company cooperated with the DOJ and the SEC, and on June 20, 2019, the Company announced the resolution of the investigations with the DOJ and the SEC and paid \$283 million in June 2019 consisting of a combination of penalties, disgorgement and interest as further described below (the "Settlement Amount"). The Company previously recorded the Settlement Amount in the Company's fiscal 2018 consolidated financial statements in anticipated settlement of these matters.

The resolution of the investigations with the DOJ and SEC included:

1. A non-prosecution agreement (the "NPA") between the DOJ and the Company for a three-year term. Pursuant to the NPA, the Company paid a \$138 million penalty and agreed to maintain the Company's anti-corruption compliance program for three years, certain reporting obligations for three years, and a limited monitorship with a third-party for two years regarding the Company's anti-corruption compliance program, with the possibility of a third year pending the results of the monitorship during the initial two-year period. The DOJ agreed that it will not prosecute the Company for any conduct described in the NPA provided that the Company performs its obligations under the NPA for the three-year term.
2. A plea agreement (the "Plea Agreement") entered into for a three-year term by the DOJ and WMT Brasilia S.a.r.l., an indirect wholly-owned foreign subsidiary of the Company ("WMT Brasilia") that previously owned a majority stake of the Company's Brazilian business. Through the Plea Agreement, entered in the United States District Court for the Eastern District of Virginia, WMT Brasilia pled guilty to one count of causing a books and records violation of the FCPA. The Company on behalf of WMT Brasilia was assessed a \$4 million penalty, including forfeiture, that was deducted from the amount paid by the Company under the NPA.
3. A Cease-and-Desist Order entered into by the SEC in a civil administrative proceeding (the "SEC Order"), the entry of which the Company consented to with respect to certain violations of the books and records and internal controls provisions of the FCPA. The Company paid \$145 million in disgorgement and interest, and agreed to make certain reports to the SEC on its anti-corruption compliance and remediation efforts for two years, and cease and desist any violations of the books and records and internal controls provisions of the FCPA.

On June 20, 2019, the Company also entered into an Administrative Agreement with the U.S. Environmental Protection Agency (the "EPA") for a three-year term, which replaces the interim administrative agreement between the Company and the EPA dated May 28, 2013. The May 28, 2013 agreement arose as part of a settlement by the Company regarding certain hazardous waste materials matters with several governmental authorities. The new EPA agreement, among other things, resolved any debarment or suspension as to participation in federal government programs by the Company due to the NPA, the Plea Agreement, and the SEC Order, provided that the Company fulfills the terms and conditions of the new EPA agreement, which requires reporting by the Company to the EPA periodically during the three-year term, and requires a new, limited two-year monitorship. The monitor referenced above that has been engaged by the Company under the NPA will also monitor compliance with the new EPA agreement. If the DOJ monitorship is extended as referenced above, the EPA monitorship may also be extended for an additional year.

In addition, the Company expects to incur costs in implementing the settlement and may incur costs in responding to any new civil or regulatory actions. The Company does not presently believe that these matters will have a material adverse effect on its business, financial position, results of operations, or cash flows.

Note 11. Retirement-Related Benefits

The Company offers a 401(k) plan for associates in the U.S. under which eligible associates can begin contributing to the plan immediately upon hire. The Company also offers a 401(k) type plan for associates in Puerto Rico under which associates can begin to contribute generally after one year of employment. Under these plans, after one year of employment, the Company matches 100% of participant contributions up to 6% of annual eligible earnings. The matching contributions immediately vest at 100% for each associate. Participants can contribute up to 50% of their pretax earnings, but not more than the statutory limits.

Associates in international countries who are not U.S. citizens are covered by various defined contribution post-employment benefit arrangements. These plans are administered based upon the legislative and tax requirements in the countries in which they are established.

The following table summarizes the contribution expense related to the Company's defined contribution plans for fiscal 2020, 2019 and 2018:

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Defined contribution plans:			
U.S.	\$ 1,184	\$ 1,165	\$ 1,124
International	177	126	126
Total contribution expense for defined contribution plans	\$ 1,361	\$ 1,291	\$ 1,250

Additionally, the Company's subsidiaries in the United Kingdom and Japan have sponsored defined benefit pension plans. In October 2019, Asda, Walmart and the Trustee of the Asda Group Pension Scheme (the "Plan") entered into an agreement pursuant to which Asda made a cash contribution of \$1.0 billion to the Plan (the "Asda Pension Contribution") which enabled the Plan to purchase a bulk annuity insurance contract for the benefit of Plan participants. The agreement between Asda, Walmart and the Trustee of the Plan contemplates that subsequent to the purchase of the bulk annuity insurance contract by the Plan, each of the Plan participants will be issued an individual annuity contract. The issuer of the individual annuity insurance contracts will be solely responsible for paying each participant's benefits in full and will release the Plan and Asda from any future obligations. The Company expects the issuance of individual annuity contracts to the Plan participants to take place in late fiscal 2021 or early fiscal 2022, which will trigger a pension settlement that will result in all Plan balances, including accumulated pension components within other comprehensive income, being charged to expense.

The defined benefit pension plan in Japan was underfunded by \$140 million and \$175 million as of January 31, 2020 and 2019, respectively and recorded as a liability in the Company's Consolidated Balance Sheets in deferred income taxes and other. Certain other international operations also have defined benefit arrangements that are not significant.

Note 12. Disposals, Acquisitions and Related Items

The following material disposals, acquisitions and other items impact the Company's Walmart International segment. Other immaterial transactions have also occurred or been announced.

Walmart Brazil

In August 2018, the Company sold an 80 percent stake of Walmart Brazil to Advent International ("Advent"). Under the terms of the sale, Advent agreed to contribute additional capital to the business over a three-year period and Walmart agreed to indemnify Advent for certain matters.

As a result, the Company recorded a pre-tax net loss of \$4.8 billion during fiscal 2019 in other gains and losses in the Company's Consolidated Statement of Income. Substantially all of this charge was recorded during the second quarter of fiscal 2019 upon meeting the held for sale criteria. In calculating the loss, the fair value of the disposal group was reduced by \$0.8 billion related to an indemnity, for which a liability was recognized upon closing and is recorded in deferred income taxes and other in the Company's Consolidated Balance Sheets. Under the indemnity, the Company will indemnify Advent for certain pre-closing tax and legal contingencies and other matters for up to R\$2.3 billion, adjusted for interest based on the Brazilian interbank deposit rate.

The Company deconsolidated the financial statements of Walmart Brazil during the third quarter of fiscal 2019 and began accounting for its remaining 20 percent ownership interest using the equity method of accounting. This equity method investment was determined to have no fair value and continues to have no carrying value.

Flipkart

In August 2018, the Company acquired 81 percent of the outstanding shares, or 77 percent of the diluted shares, of Flipkart, an Indian-based eCommerce marketplace, for cash consideration of approximately \$16 billion. The acquisition increases the Company's investment in India, a large, growing economy. In the second quarter of fiscal 2020, the Company finalized the valuation of assets acquired and liabilities assumed for the Flipkart acquisition as follows:

- Assets of \$24.1 billion, which comprise primarily of \$2.2 billion in cash and cash equivalents, \$2.8 billion in other current assets, \$5.0 billion in intangible assets and \$13.5 billion in goodwill. Of the intangible assets, \$4.7 billion represents the fair value of trade names, each with an indefinite life, which were estimated using the income approach based on Level 3 unobservable inputs. The remaining \$0.3 billion of intangible assets primarily relate to acquired technology with a life of 3 years. The goodwill arising from the acquisition consists largely of anticipated synergies and economies of scale primarily related to procurement and logistics and is not expected to be deductible for tax purposes;
- Liabilities of \$3.7 billion, which comprise primarily of \$1.8 billion of current liabilities and \$1.7 billion of deferred income taxes; and

- Noncontrolling interest of \$4.3 billion, for which the fair value was estimated using the income approach based on Level 3 unobservable inputs.

The Company began consolidating the financial statements of Flipkart in the third quarter of fiscal 2019, using a one-month lag. To finance the acquisition, the Company used a combination of cash provided by long-term debt as discussed in [Note 6](#) and cash on hand. The Flipkart results of operations since acquisition and the pro forma financial information are immaterial.

Note 13. Segments and Disaggregated Revenue

Segments

The Company is engaged in the operation of retail, wholesale and other units, as well as eCommerce websites, located throughout the U.S., Africa, Argentina, Canada, Central America, Chile, China, India, Japan, Mexico and the United Kingdom. The Company previously operated in Brazil prior to the sale of the majority stake of Walmart Brazil in fiscal 2019 discussed in [Note 12](#). 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 impracticable to segregate and identify revenues for each of these individual products and services.

The Walmart U.S. segment includes the Company's mass merchant 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. Information for the Company's segments, as well as for Corporate and support, including the reconciliation to income before income taxes, is provided in the following table:

(Amounts in millions)	Walmart U.S.	Walmart International	Sam's Club	Corporate and support	Consolidated
Fiscal Year Ended January 31, 2020					
Net sales	\$ 341,004	\$ 120,130	\$ 58,792	\$ —	\$ 519,926
Operating income (loss)	17,380	3,370	1,642	(1,824)	20,568
Interest, net					(2,410)
Other gains and (losses)					1,958
Income before income taxes					\$ 20,116
Total assets	\$ 110,353	\$ 105,811	\$ 13,494	\$ 6,837	\$ 236,495
Depreciation and amortization	6,408	2,682	605	1,292	10,987
Capital expenditures	6,315	2,801	525	1,064	10,705
Fiscal Year Ended January 31, 2019					
Net sales	\$ 331,666	\$ 120,824	\$ 57,839	\$ —	\$ 510,329
Operating income (loss)	17,386	4,883	1,520	(1,832)	21,957
Interest, net					(2,129)
Other gains and (losses)					(8,368)
Income before income taxes					\$ 11,460
Total assets	\$ 105,114	\$ 97,066	\$ 12,893	\$ 4,222	\$ 219,295
Depreciation and amortization	6,201	2,590	639	1,248	10,678
Capital expenditures	6,034	2,661	450	1,199	10,344
Fiscal Year Ended January 31, 2018					
Net sales	\$ 318,477	\$ 118,068	\$ 59,216	\$ —	\$ 495,761
Operating income (loss)	16,995	5,229	915	(2,702)	20,437
Interest, net					(2,178)
Loss on extinguishment of debt					(3,136)
Income before income taxes					\$ 15,123
Total assets	\$ 104,347	\$ 81,549	\$ 13,418	\$ 5,208	\$ 204,522
Depreciation and amortization	6,005	2,601	698	1,225	10,529
Capital expenditures	5,680	2,607	626	1,138	10,051

Total revenues, consisting of net sales and membership and other income, and long-lived assets, consisting primarily of property and equipment, net and lease right-of-use assets, aggregated by the Company's U.S. and non-U.S. operations for fiscal 2020, 2019 and 2018, are as follows:

(Amounts in millions)	Fiscal Years Ended January 31,		
	2020	2019	2018
Revenues			
U.S. operations	\$ 402,532	\$ 392,265	\$ 380,580
Non-U.S. operations	121,432	122,140	119,763
Total revenues	<u>\$ 523,964</u>	<u>\$ 514,405</u>	<u>\$ 500,343</u>
Long-lived assets			
U.S. operations	\$ 86,944	\$ 81,144	\$ 81,478
Non-U.S. operations	40,105	30,251	33,340
Total long-lived assets	<u>\$ 127,049</u>	<u>\$ 111,395</u>	<u>\$ 114,818</u>

No individual country outside of the U.S. had total revenues or long-lived assets that were material to the consolidated totals. Additionally, the Company did not generate material total revenues from any single customer.

Disaggregated Revenues

In the following tables, segment net sales are disaggregated by either merchandise category or market. In addition, net sales related to eCommerce are provided for each segment, which include omni-channel sales, where a customer initiates an order online and the order is fulfilled through a store or club.

(Amounts in millions)	Fiscal Years Ended January 31,	
	2020	2019
Walmart U.S. net sales by merchandise category		
Grocery	\$ 190,550	\$ 184,202
General merchandise	109,600	108,739
Health and wellness	37,507	35,788
Other categories	3,347	2,937
Total	<u>\$ 341,004</u>	<u>\$ 331,666</u>

Of Walmart U.S.'s total net sales, approximately \$21.5 billion and \$15.7 billion related to eCommerce for fiscal 2020 and fiscal 2019, respectively.

(Amounts in millions)	Fiscal Years Ended January 31,	
	2020	2019
Walmart International net sales by market		
Mexico and Central America	\$ 33,350	\$ 31,790
United Kingdom	29,243	30,547
Canada	18,420	18,613
China	10,671	10,702
Other	28,446	29,172
Total	<u>\$ 120,130</u>	<u>\$ 120,824</u>

Of International's total net sales, approximately \$11.8 billion and \$6.7 billion related to eCommerce for fiscal 2020 and fiscal 2019, respectively.

(Amounts in millions)	Fiscal Year Ended January 31, 2020	
	2020	2019
Sam's Club net sales by merchandise category		
Grocery and consumables	\$ 35,328	\$ 33,708
Fuel, tobacco and other categories	11,296	12,110
Home and apparel	5,478	5,452
Health and wellness	3,371	3,181
Technology, office and entertainment	3,319	3,388
Total	<u>\$ 58,792</u>	<u>\$ 57,839</u>

Of Sam's Club's total net sales, approximately \$3.6 billion and \$2.7 billion related to eCommerce for fiscal 2020 and fiscal 2019, respectively.

Note 14. Subsequent Event*Dividends Declared*

The Board of Directors approved, effective February 18, 2020, the fiscal 2021 annual dividend of \$2.16 per share, an increase over the fiscal 2020 dividend of \$2.12 per share. For fiscal 2021, the annual dividend 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

Note 15. Quarterly Financial Data (Unaudited)

	Fiscal Year Ended January 31, 2020				
	Q1	Q2	Q3	Q4	Total
<i>(Amounts in millions, except per share data)</i>					
Total revenues	\$ 123,925	\$ 130,377	\$ 127,991	\$ 141,671	\$ 523,964
Net sales	122,949	129,388	126,981	140,608	519,926
Cost of sales	93,034	97,923	95,900	107,748	394,605
Consolidated net income	3,906	3,680	3,321	4,294	15,201
Consolidated net income attributable to Walmart	3,842	3,610	3,288	4,141	14,881
Basic net income per common share attributable to Walmart ⁽¹⁾	1.34	1.27	1.16	1.46	5.22
Diluted net income per common share attributable to Walmart ⁽¹⁾	1.33	1.26	1.15	1.45	5.19

	Fiscal Year Ended January 31, 2019				
	Q1	Q2	Q3	Q4	Total
Total revenues	\$ 122,690	\$ 128,028	\$ 124,894	\$ 138,793	\$ 514,405
Net sales	121,630	127,059	123,897	137,743	510,329
Cost of sales	91,707	95,571	93,116	104,907	385,301
Consolidated net income (loss)	2,276	(727)	1,817	3,813	7,179
Consolidated net income (loss) attributable to Walmart	2,134	(861)	1,710	3,687	6,670
Basic net income (loss) per common share attributable to Walmart ⁽¹⁾	0.72	(0.29)	0.58	1.27	2.28
Diluted net income (loss) per common share attributable to Walmart ⁽¹⁾	0.72	(0.29)	0.58	1.27	2.26

(1) The sum of quarterly amounts may not agree to annual amount due to rounding and the impact of a decreasing amount of shares outstanding during the year.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure 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. However, they allow us to continue to enhance our internal control over financial reporting and ensure that our internal control environment remains 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.

Report on Internal Control Over Financial Reporting

Management has responsibility for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's internal control over financial reporting as of January 31, 2020. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in Internal Control-Integrated Framework (2013). Management concluded that based on its assessment, Walmart's internal control over financial reporting was effective as of January 31, 2020. The Company's internal control over financial reporting as of January 31, 2020, has been audited by Ernst & Young LLP as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting as of January 31, 2020, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Please see the information concerning our executive officers contained in [Part I, Item 1](#) herein under the caption "Information About Our Executive Officers," which is included there in accordance with Instruction 3 to Item 401(b) of the SEC's Regulation S-K.

Information required by this Item 10 with respect to the Company's directors and certain family relationships is incorporated by reference to such information under the caption "Proposal No. 1 – Election of Directors" included in our Proxy Statement relating to our 2020 Annual Meeting of Shareholders (our "Proxy Statement").

No material changes have been made to the procedures by which shareholders of the Company may recommend nominees to our board of directors since those procedures were disclosed in our proxy statement relating to our 2020 Annual Shareholders' Meeting as previously filed with the SEC.

The information regarding our Audit Committee, including our audit committee financial experts and our Codes of Ethics for the CEO and senior financial officers and our Statement of Ethics applicable to all of our associates, including our Chief Executive Officer, Chief Financial Officer and our Controller, who is our principal accounting officer, required by this Item is incorporated herein by reference to the information under the captions "Corporate Governance" and "Proposal No. 3: Ratification of Independent Accountants" included in our Proxy Statement. ["Item 1. Business"](#) above contains information relating to the availability of a copy of our Code of Ethics for our CEO and senior financial officers and our Statement of Ethics and the posting of amendments to and any waivers of the Code of Ethics for our CEO and senior financial officers and our Statement of Ethics on our website.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference to the information under the captions "Corporate Governance – Director Compensation" and "Executive Compensation" included in our Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is incorporated herein by reference to the information that appears under the caption "Stock Ownership" included in our Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference to the information under the caption "Corporate Governance – Board Processes and Practices" included in our Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item 14 is incorporated herein by reference to the information under the caption "Proposal No. 3 – Ratification of Independent Accountants" included in our Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report are as follows:

1. Financial Statements: See the Financial Statements in [Part II, Item 8](#).

2. Financial Statement Schedules:

Certain schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements, including the notes thereto.

3. Exhibits:

See exhibits listed under part (b) below.

(b) The required exhibits are filed as part of this Form 10-K or are incorporated by reference herein.⁽¹⁾

- 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 filed by the Company on February 1, 2018](#)
- 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 filed by the Company on July 26, 2019](#)
- 4.1 Indenture dated as of April 1, 1991, between the Company and J.P. Morgan Trust Company, National Association, as successor trustee to Bank One Trust Company, NA, as successor trustee to The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(a) to Registration Statement on Form S-3 (File Number 33-51344) ^(P)
- 4.2 First Supplemental Indenture dated as of September 9, 1992, to the Indenture dated as of April 1, 1991, between the Company and J.P. Morgan Trust Company, National Association, as successor trustee to Bank One Trust Company, NA, as successor trustee to The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-51344) ^(P)
- 4.3 [Indenture dated as of December 11, 2002, between the Company and J.P. Morgan Trust Company, National Association, as successor trustee to Bank One Trust Company, NA, is incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-3 \(File Number 333-101847\)](#)
- 4.4 [Indenture dated as of July 19, 2005, between the Company and J.P. Morgan Trust Company, National Association is incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-3 \(File Number 333-126512\)](#)
- 4.5 [First Supplemental Indenture, dated December 1, 2006, between the Company and The Bank of New York Trust Company, N.A., as successor-in-interest to J.P. Morgan Trust Company, National Association, as Trustee, under the Indenture, dated as of July 19, 2005, between the Company and J.P. Morgan Trust Company, National Association, as Trustee, is incorporated herein by reference to Exhibit 4.6 to Post-Effective Amendment No. 1 to Registration Statement on Form S-3 \(File Number 333-130569\)](#)
- 4.6 [Second Supplemental Indenture, dated December 19, 2014, between the Company and The Bank of New York Trust Company, N.A., as successor-in-interest to J.P. Morgan Trust Company, National Association, as Trustee, under the Indenture, dated as of July 19, 2005, between the Company and J.P. Morgan Trust Company, National Association, as Trustee, is incorporated herein by reference to Exhibit 4.3 to Registration Statement on Form S-3 \(File Number 333-201074\)](#)
- 4.7 [Third Supplemental Indenture, dated June 26, 2018, between the Company and The Bank of New York Trust Company, N.A., as successor-in-interest to J.P. Morgan Trust Company, National Association, as Trustee, under the Indenture, dated as of July 19, 2005, between the Company and J.P. Morgan Trust Company, National Association, as Trustee, is incorporated herein by reference to Exhibit 4\(S\) to Current Report on Form 8-K filed on June 26, 2018.](#)
- 4.8* [Description of Registrant's Securities](#)

- 10.1 [Walmart Inc. Officer Deferred Compensation Plan, as amended effective February 1, 2019 is incorporated by reference to Exhibit 10\(a\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2019, filed on March 30, 2019](#) ^(C)
- 10.2 [Walmart Inc. Management Incentive Plan, as amended effective February 1, 2018 is incorporated by reference to Exhibit 10\(b\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2018, filed on March 30, 2018](#) ^(C)
- 10.3 [Walmart Inc. 2016 Associate Stock Purchase Plan, as amended effective February 1, 2018 is incorporated by reference to Exhibit 10\(c\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2018, filed on March 30, 2018](#) ^(C)
- 10.4 [Walmart Inc. Stock Incentive Plan of 2015, as amended effective February 1, 2018 is incorporated by reference to Exhibit 10\(d\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2018, filed on March 30, 2018](#) ^(C)
- 10.5 [Walmart Inc. Supplemental Executive Retirement Plan, as amended effective February 1, 2018 is incorporated by reference to Exhibit 10\(e\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2018, filed on March 30, 2018](#) ^(C)
- 10.6 [Walmart Inc. Director Compensation Deferral Plan, as amended effective February 1, 2018 is incorporated by reference to Exhibit 10\(f\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2018, filed on March 30, 2018](#) ^(C)
- 10.7 [Form of Post-Termination Agreement and Covenant Not to Compete with attached Schedule of Executive Officers who have executed a Post-Termination Agreement and Covenant Not to Compete is incorporated by reference to Exhibit 10\(p\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2011, filed on March 30, 2011](#) ^(C)
- 10.7(a)* [Amended Schedule of Executive Officers who have executed a Post-Termination Agreement and Covenant Not to Compete in the form filed as Exhibit 10\(p\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2011](#) ^(C)
- 10.8* [Form of Walmart Inc. Stock Incentive Plan of 2010 Restricted Stock Award, Notification of Award and Terms and Conditions of Award](#) ^(C)
- 10.9* [Form of Walmart Inc. Stock Incentive Plan of 2015 Global Share-Settled Performance-Based Restricted Stock Unit Notification and Terms and Conditions \(January 2020 annual award - all executive officers\)](#) ^(C)
- 10.10 [Share Settled Restricted Stock Unit Notification and Terms and Conditions Awarded to Marc Lore on September 19, 2016, is incorporated by reference to Exhibit 10\(a\) to the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended October 31, 2016, filed on December 1, 2016](#) ^(C)
- 10.11 [Deferred Contingent Merger Consideration Agreement dated August 7, 2016, between the Company and Marc Lore is incorporated herein by reference to Exhibit 10\(v\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2017 filed on March 30, 2017](#) ^(C)
- 10.12 [Amendment to Deferred Contingent Merger Consideration Agreement dated September 12, 2016, between the Company and Marc Lore is incorporated herein by reference to Exhibit 10\(w\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2017 filed on March 30, 2017](#) ^(C)
- 10.13 [Non-Competition, Non-Solicitation and No-Hire Agreement between the Company and Marc Lore dated September 19, 2016 is incorporated herein by reference to Exhibit 10\(x\) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2017 filed on March 30, 2017](#) ^(C)
- 10.14 [Form of Walmart Inc. Restricted Stock Award Notification of Award and Terms and Conditions of Award \(Suresh Kumar\) dated July 9, 2019 is incorporated by reference to Exhibit 10.1 to the Quarterly Report of the Company for the fiscal quarter ended July 31, 2019 filed on September 6, 2019](#) ^(C)
- 10.15 [Form of Share Settled Restricted Stock Unit Notification and Terms and Conditions Awarded to Suresh Kumar on July 9, 2019 is incorporated by reference to Exhibit 10.2 to the Quarterly Report of the Company for the fiscal quarter ended July 31, 2019 filed on September 6, 2019](#) ^(C)

- 10.16* [Post Termination Agreement and Covenant Not to Compete between the Company and Suresh Kumar dated June 6, 2019](#) ^(C)
- 10.17* [Separation Agreement between the Company and Gregory S. Foran dated December 3, 2019](#) ^(C)
- 10.18 [Share Issuance and Acquisition Agreement by and Between Flipkart Private Limited and Walmart Inc. dated as of May 9, 2018, is incorporated herein by reference to Exhibit 10.1, to the Quarterly Report of the Company for the fiscal quarter ended July 31, 2018 filed on September 6, 2018 \(portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment.\)](#)
- 10.19 [Counterpart Form of Share Purchase Agreement by and Among Wal-Mart International Holdings, Inc. the shareholders of Flipkart Private Limited identified on Schedule I thereto, Fortis Advisors LLC and Walmart Inc. dated as of May 9, 2018 is incorporated herein by reference to Exhibit 10.2, to the Quarterly Report of the Company for the fiscal quarter ended July 31, 2018 filed on September 6, 2018 \(Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment.\)](#)
- 21* [List of the Company's Significant Subsidiaries](#)
- 23* [Consent of Independent Registered Public Accounting Firm](#)
- 31.1* [Chief Executive Officer Section 302 Certification](#)
- 31.2* [Chief Financial Officer Section 302 Certification](#)
- 32.1** [Chief Executive Officer Section 906 Certification](#)
- 32.2** [Chief Financial Officer Section 906 Certification](#)
- 99.1* [State Court Prescription Opiate Litigation Cases](#)
- 101.INS* XBRL Instance Document
- 101.SCH* XBRL Taxonomy Extension Schema Document
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF* XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB* XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document
- * Filed herewith as an Exhibit.
- ** Furnished herewith as an Exhibit.
- (C) This Exhibit is a management contract or compensatory plan or arrangement
- (P) This Exhibit was originally filed in paper format. Accordingly, a hyperlink has not been provided.
- (1) Certain instruments defining the rights of holders of long-term debt securities of the Registrant are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Company hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.

(c) Financial Statement Schedules: None.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: March 20, 2020

By /s/ C. Douglas McMillon

C. Douglas McMillon

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Date: March 20, 2020

By /s/ C. Douglas McMillon

C. Douglas McMillon

President and Chief Executive Officer and Director

(Principal Executive Officer)

Date: March 20, 2020

By /s/ Gregory B. Penner

Gregory B. Penner

Chairman of the Board and Director

Date: March 20, 2020

By /s/ M. Brett Biggs

M. Brett Biggs

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: March 20, 2020

By /s/ David M. Chojnowski

David M. Chojnowski

Senior Vice President and Controller

(Principal Accounting Officer)

Signature Page to Walmart Inc.
Form 10-K for the Fiscal Year Ended January 31, 2020

Date: March 20, 2020	By	<u>/s/ Cesar Conde</u> Cesar Conde Director
Date: March 20, 2020	By	<u>/s/ Timothy P. Flynn</u> Timothy P. Flynn Director
Date: March 20, 2020	By	<u>/s/ Sarah Friar</u> Sarah Friar Director
Date: March 20, 2020	By	<u>/s/ Carla A. Harris</u> Carla A. Harris Director
Date: March 20, 2020	By	<u>/s/ Thomas W. Horton</u> Thomas W. Horton Director
Date: March 20, 2020	By	<u>/s/ Marissa A. Mayer</u> Marissa A. Mayer Director
Date: March 20, 2020	By	<u>/s/ Steven S Reinemund</u> Steven S Reinemund Director
Date: March 20, 2020	By	<u>/s/ S. Robson Walton</u> S. Robson Walton Director
Date: March 20, 2020	By	<u>/s/ Steuart L. Walton</u> Steuart L. Walton Director

Signature Page to Walmart Inc.
Form 10-K for the Fiscal Year Ended January 31, 2020

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of January 31, 2020, Walmart Inc. (“**Walmart**” or the “**Company**”) had three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”): (i) Common Stock, \$0.10 par value per share (“**Common Stock**”); (ii) 1.900% Notes due 2022 (the “**2022 Notes**”); and (iii) 2.550% Notes due 2026 (the “**2026 Notes**” and, together with the 2022 Notes, the “**Notes**”). Each of the Company’s securities registered under Section 12 of the Exchange Act are listed on The New York Stock Exchange (the “**NYSE**”). References in this Exhibit to the “Company,” “us,” “we” and “our” are solely to Walmart Inc. (parent company only) and not to any of its subsidiaries, unless the context requires otherwise.

DESCRIPTION OF COMMON STOCK

The following is a description of the rights of holders of the Company’s Common Stock and related provisions of the Company’s Restated Certificate of Incorporation (the “**Certificate**”) and Amended and Restated Bylaws (the “**Bylaws**”) and applicable Delaware law, including the General Corporation Law of Delaware, as amended (the “**DGCL**”). This description is qualified in its entirety by, and should be read in conjunction with, the Certificate, Bylaws and applicable Delaware law.

Authorized Capital Stock

Pursuant to our Certificate, our authorized capital stock consists of 11,100,000,000 shares, with a par value of \$0.10 per share, of which 11,000,000,000 shares are designated as Common Stock and 100,000,000 shares are designated as preferred stock. At January 31, 2020, we had 2,832,492,881 shares of the Common Stock issued and outstanding and no shares of our preferred stock issued and outstanding. The number of shares of the Common Stock issued and outstanding varies from time to time.

Common Stock

Fully Paid and Non-Assessable Shares; No Liability for Corporate Obligations

All of the outstanding shares of Common Stock are fully paid and non-assessable. A share of Common Stock is fully paid and non-assessable if such share has been issued for consideration legally permissible under the DGCL with a value at least equal to the par value per share of Common Stock. Holders of fully paid and non-assessable shares of the Common Stock will not be liable for any obligations or liabilities of the Company that the Company may fail to discharge.

Voting Rights

Each holder of shares of Common Stock is entitled to one vote for each share owned of record on all matters submitted to a vote of shareholders. Except as noted below or as otherwise required by the DGCL, the vote of shareholders required to decide any matter brought before a shareholder meeting at which a quorum is present is a majority of the outstanding shares present in person or represented by proxy at that meeting and entitled to vote on the question subject to the shareholder

vote. In a contested election of directors, which is an election in which there are more nominees for election than board positions to be filled, directors are elected by the vote of a plurality of the outstanding shares present in person or represented by proxy at that meeting and entitled to vote on the election of directors. The holders of a majority of the outstanding shares of our stock must approve any amendments to our Certificate, any merger or consolidation to which we are a party (other than parent-subsidary mergers), any sale of all or substantially all of our assets or our dissolution as a corporation. In addition, the DGCL requires the holders of a majority of the outstanding shares of our stock to approve any conversion of our corporation to another type of entity, such as a limited liability company. Our shareholders do not have cumulative voting rights as to the election of directors.

Dividends

Subject to the preferential rights of any holders of any series of our preferred stock that may be issued in the future, the holders of shares of Common Stock are entitled to such dividends and distributions, whether payable in cash or otherwise, as may be declared from time to time by our board of directors from legally available funds.

Liquidation Distributions

Subject to the preferential rights of any holders of any series of our preferred stock that may be issued in the future, upon our liquidation, dissolution or winding-up and after payment of all prior claims against our assets and our outstanding obligations, the holders shares of Common Stock will be entitled to receive, pro rata, all of our remaining assets.

Preemptive, Conversion, Redemption or Similar Rights

The holders of shares of Common Stock are not entitled to any preemptive or other similar rights to subscribe for or acquire additional shares of Common Stock or any other securities of the Company. The shares of Common Stock are not subject to conversion or redemption by the Company and the holders of shares of Common Stock do not have any right or option to convert such shares into any other security or property of the Company or to cause the Company to redeem such shares of Common Stock. There are no sinking fund provisions applicable to the Common Stock.

Certificate, Bylaws and DGCL

Provisions of the Certificate and Bylaws may delay or discourage transactions involving an actual or potential change in control of the Company or change in the Company's management, including transactions in which shareholders might otherwise receive a premium for their shares, or transactions that its shareholders might otherwise deem to be in their best interests. Among other things, the Certificate and Bylaws include the following provisions:

- i. vacancies on our board of directors, and any new director positions created by the expansion of our board of directors, may be filled only by a majority of the directors then in office, subject to certain exceptions;
- ii. our Bylaws establish an advance notice procedure for shareholders to submit proposed nominations of persons for election to our board of directors and other proposals for business to be brought before an annual meeting of our shareholders;

- iii. our board of directors may issue up to 100,000,000 shares of preferred stock, with designations, rights and preferences as may be determined from time to time by our board of directors; and
- iv. our Bylaws may be amended by our shareholders or our board of directors.

Anti-Takeover Provisions of Delaware Law, Our Certificate and Our Bylaws

In addition, as a Delaware corporation, the Company is subject to the provisions of Section 203 of the DGCL, which prohibits the Company, subject to certain exceptions described below, from engaging in a “business combination” with:

- a stockholder who owns 15% or more of the Company’s outstanding voting stock (otherwise known as an “**interested stockholder**”);
- an affiliate of an interested stockholder; or
- an associate of an interested stockholder,

in each case, for three years following the date that the stockholder became an interested stockholder.

A “**business combination**” includes a merger or sale of more than 10% of the Company’s assets. However, the above provisions of Section 203 do not apply if:

- the board of directors approves the transaction that made the stockholder an “interested stockholder,” prior to the date of the transaction;
- after the completion of the transaction that resulted in the stockholder becoming an interested stockholder, that stockholder owned at least 85% of the Company’s voting stock outstanding at the time the transaction commenced, other than statutorily excluded shares of Common Stock; or
- on or subsequent to the date of the transaction, the business combination is approved by the board of directors and authorized at a meeting of the Company’s stockholders, and not by written consent, by an affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

Exclusive Forum Provision

Our Certificate provides that, unless we select or consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, and subject to applicable jurisdictional requirements, be the sole and exclusive forum for any current or former stockholder (including any current or former beneficial owner) to bring claim, including claims in the right of the corporation (a) that are based upon a violation of a duty by a current or former director, officer, employee or stockholder in such capacity; or (b) as to which the DGCL confers jurisdiction upon the Court of Chancery.

Listing

Shares of the Common Stock are listed for trading on the NYSE under the symbol “WMT.”

Transfer Agent and Registrar

The transfer agent and registrar for the Common Stock is Computershare Trust Company, N.A.

DESCRIPTION OF DEBT SECURITIES

The following description of the Notes is a summary and does not purport to be complete. This description is qualified in its entirety by reference to the Indenture, dated as of July 19, 2005, as supplemented, between the Company and The Bank of New York Mellon Trust Company, N.A. (“BNYM”), as trustee (the “**Indenture**”).

The Notes

The Notes were issued under the Indenture, which provides that debt securities may be issued under the Indenture from time to time in one or more series. The Indenture and the Notes are governed by, and construed in accordance with, the laws of the State of New York. The Indenture does not limit the amount of debt securities that we may issue under the Indenture. We may, without the consent of the holders of the debt securities of any series, issue additional debt securities ranking equally with, and otherwise similar in all respects to, the debt securities of the series (except for the public offering price and the issue date) so that those additional debt securities will be consolidated and form a single series with the debt securities of the series previously offered and sold.

The 2022 Notes

We issued €850,000,000 aggregate principal amount of the 2022 Notes on April 8, 2014. The maturity date of the 2022 Notes is April 8, 2022, and interest at a rate of 1.900% per annum is paid annually on April 8 of each year and on the maturity date. As of January 31, 2020, €850,000,000 aggregate principal amount of the 2022 Notes was outstanding.

The 2026 Notes

We issued €650,000,000 aggregate principal amount of the 2026 Notes on April 8, 2014. The maturity date of the 2026 Notes is April 8, 2026, and interest at a rate of 2.550% per annum is paid annually on April 8 of each year and on the maturity date. As of January 31, 2020, €650,000,000 aggregate principal amount of the 2026 Notes was outstanding.

Ranking

The Notes are our senior unsecured debt obligations and rank equally among themselves and with all of our existing and future unsecured and unsubordinated debt obligations. Consequently, the holders of the Notes have a right to payment equal to that of our other unsecured creditors. None of our subsidiaries have any obligation as to any of the Notes or will guarantee the payment of amounts owing with respect to any of the Notes. The Indenture does not restrict the ability of our subsidiaries to incur indebtedness.

Payment on the Notes

All payments of principal of, including payments made upon any redemption of the Notes, and accrued interest on, and the payment of any additional amounts payable with respect to, the Notes will be payable in euro; provided, however, if the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euro will be converted

into U.S. dollars at the rate mandated by the Board of Governors of the U.S. Federal Reserve System as of the close of business on the second Business Day prior to the relevant payment date or, in the event the Board of Governors of the U.S. Federal Reserve System has not mandated a rate of conversion on such date, on the basis of the most recent U.S. dollar/euro exchange rate published in *The Wall Street Journal* on or most recently prior to the second Business Day prior to the relevant payment date. Any payment in respect of the Notes so made in U.S. dollars will not constitute an event of default under such Notes or the Indenture.

“Business Day” means any day, other than a Saturday or a Sunday, (1) which is not a day on which banking institutions are authorized or obligated by law or executive order to close in New York City or London and (2) on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, is open.

Payment of Additional Amounts

All payments of principal and interest in respect of the Notes will be made free and clear of, and without deduction or withholding for or on account of any present or future taxes, duties, assessments or other governmental charges of whatsoever nature required to be deducted or withheld by the United States or any political subdivision or taxing authority of or in the United States, unless such withholding or deduction is required by law.

In the event any withholding or deduction on payments in respect of the Notes for or on account of any present or future tax, assessment or other governmental charge is required to be deducted or withheld by the United States or any taxing authority thereof or therein, we will pay such additional amounts on the Notes as will result in receipt by each beneficial owner of a Note that is not a U.S. Person (as defined below) of such amounts (after all such withholding or deduction, including on any additional amounts) as would have been received by such beneficial owner had no such withholding or deduction been required. We will not be required, however, to make any payment of additional amounts for or on account of:

- i. any tax, assessment or other governmental charge that would not have been imposed but for (A) the existence of any present or former connection (other than a connection arising solely from the ownership of those Notes or the receipt of payments in respect of those Notes) between that beneficial owner, or between a fiduciary, settlor, beneficiary of, member or shareholder of, or possessor of a power over, that beneficial owner, if that beneficial owner is an estate, trust, partnership or corporation, and the United States, including that beneficial owner, or that fiduciary, settlor, beneficiary, member, shareholder or possessor, being or having been a citizen or resident or treated as a resident of the United States or being or having been engaged in trade or business or present in the United States or (B) the presentation of a Note for payment on a date more than 30 days after the later of the date on which that payment becomes due and payable and the date on which payment is duly provided for;
- ii. any estate, inheritance, gift, sales, transfer, excise, personal property or similar tax, assessment or other governmental charge;
- iii. any tax, assessment or other governmental charge imposed by reason of that beneficial owner’s past or present status as a passive foreign investment company, a controlled

foreign corporation or a personal holding company with respect to the United States or as a corporation that accumulates earnings to avoid U.S. federal income tax;

- iv. any tax, assessment or other governmental charge which is payable otherwise than by withholding from payment of principal of or premium, if any, or interest on such holder's Notes;
- v. any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of and premium, if any, or interest on any Note if that payment can be made without withholding by any other paying agent;
- vi. any tax, assessment or other governmental charge which would not have been imposed but for the failure of a beneficial owner or any holder of Notes to comply with our request to comply with certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connections with the United States of the beneficial owner or any holder of the Notes, if such compliance is required by statute or by regulation of the U.S. Treasury Department as a precondition to relief or exemption from such tax, assessment or other governmental charge, including, without limitation, any withholding required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**");
- vii. any tax, assessment or other governmental charge imposed on interest received by (A) a 10% shareholder (as defined in Section 871(h)(3)(B) of the Code and the regulations that may be promulgated thereunder) of our Company or (B) a controlled foreign corporation that is related to us within the meaning of Section 864(d)(4) of the Code;
- viii. any withholding or deduction that is imposed on a payment to an individual and is required to be made pursuant to that European Union Directive relating to the taxation of savings adopted on June 3, 2003 by the European Union's Economic and Financial Affairs Council, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- ix. any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii).

In addition, we will not pay any additional amounts to any beneficial owner or holder of Notes who is a fiduciary or partnership to the extent that a beneficiary or settlor with respect to that fiduciary or a member of that partnership or a beneficial owner thereof would not have been entitled to the payment of those additional amounts had that beneficiary, settlor, member or beneficial owner been the beneficial owner of those Notes.

As used in the preceding paragraph, "**Non-U.S. Person**" means any corporation, partnership, individual or fiduciary that is, as to the United States, a foreign corporation, a non-resident alien individual who has not made a valid election to be treated as a United States resident, a non-resident fiduciary of a foreign estate or trust or a foreign partnership, one or more of the members of which is, as to the United States, a foreign corporation, a non-resident alien individual or a non-resident fiduciary of a foreign estate or trust.

Redemption for Tax Reasons

If, as a result of any change or amendment to the laws, treaties, regulations or rulings of the United States or any political subdivision or taxing authority thereof, any proposed change in such laws,

treaties, regulations or rulings, or any change in the official application, enforcement or interpretation of those laws, treaties, regulations or rulings, we become, or based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described above under the heading “Payments of Additional Amounts” with respect to a series of the Notes, then we may at our option redeem, in whole, but not in part, the Notes of such series on not more than 60 days’ and not less than 30 days’ prior notice, at a redemption price equal to 100% of the principal amount of the Notes of such series, plus accrued but unpaid interest, if any, on the Notes of such series to the date fixed for redemption.

Optional Redemption

We may redeem the Notes of each series, in whole or in part, at our option, at any time in whole or from time to time in part. If the Notes are redeemed before January 8, 2022, in the case of the 2022 Notes, and before January 8, 2026, in the case of the 2026 Notes, the Notes will be redeemed at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on an annual basis (Actual/Actual (ICMA)) at the applicable Comparable Government Bond Rate (as defined below), plus 12.5 basis points, in the case of the 2022 Notes, or 15 basis points, in the case of the 2026 Notes,

plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the date fixed for redemption.

Any 2022 Notes redeemed on or after January 8, 2022, and any 2026 Notes redeemed on or after January 8, 2026, will be redeemed at a redemption price equal to 100% of the principal amount of the Notes then outstanding to be redeemed, plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the date fixed for redemption.

Installments of interest on Notes being redeemed that are due and payable on interest payment dates falling on or prior to a redemption date shall be payable on the interest payment date to the holders as of the close of business on the relevant regular record date according to the Notes and the Indenture.

“Comparable Government Bond” means, in relation to any Comparable Government Bond Rate calculation for the Notes, at the discretion of an independent investment bank selected by us, a German government bond whose maturity is closest to the maturity of the Notes, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

“Comparable Government Bond Rate” means the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on the Notes being redeemed, if they were to be purchased at such price on the third Business Day prior to the date fixed for redemption, would be equal to the gross redemption yield on such Business Day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such Business Day as determined by

an independent investment bank selected by us. Such independent bank will calculate such gross redemption yield on the Notes to be redeemed and the Comparable Government Bond in accordance with generally accepted market practices at the time of such calculations.

Covenants

The Indenture sets forth limited covenants that apply to the Notes. However, these covenants do not, among other things:

- limit the amount of indebtedness or lease obligations that may be incurred by us and our subsidiaries;
- limit our ability or that of our subsidiaries to issue, assume or guarantee debt secured by liens; or
- restrict us from paying dividends or making distributions on our capital stock or purchasing or redeeming our capital stock.

Consolidation, Merger and Sale of Assets

The Indenture provides that we may amalgamate, consolidate with, merge into or transfer our assets substantially as an entirety to any person; provided that the following conditions are satisfied:

- any successor to us (a “**Successor**”) assumes our obligations on the Notes and under the Indenture;
- any Successor be an entity incorporated or organized under the laws of the United States;
- after giving effect to such transaction, no event of default, as described below under “-Events of Default,” has occurred and is continuing; and
- certain other conditions under the Indenture are met.

Upon any amalgamation, consolidation, merger, reorganization or arrangement or any conveyance or transfer of the properties and assets of the Company substantially as an entirety, the Successor will succeed to, and be substituted for, and may exercise every right and power of, the Company, as the case may be, under the Indenture with the same effect as if such Successor had been named as the Company therein.

Any such amalgamation, consolidation, merger or transfer of assets substantially as an entirety that meets the conditions described above would not constitute a default or event of default that would entitle holders of the Notes or the trustee, on their behalf, to take any of the actions described below under “-Events of Default.”

Events of Default

Each of the following events are defined in the Indenture as an “event of default” with respect to the debt securities of any series:

- i. we fail to pay interest on any outstanding debt securities of that series when that interest is due and payable and that failure continues for 30 days;
- ii. we fail to pay principal of or premium, if any, on any outstanding debt securities of that series when that principal or premium, if any, is due and payable;

- iii. we fail to perform or we breach any covenant or warranty in the Indenture with respect to any outstanding debt securities of that series and that failure continues for 90 days after we receive written notice of that default;
- iv. certain events of bankruptcy, insolvency or reorganization occur with respect to us; or
- v. any other event occurs that is designated as an event of default with respect to the particular series of debt securities when that particular series of debt security is established.

An event of default with respect to a particular series of Notes issued under the Indenture does not necessarily constitute an event of default with respect to any other series of Notes issued under the Indenture.

If an event of default with respect to any series of outstanding debt securities occurs and is continuing (other than an event of default relating to certain events of bankruptcy, insolvency or reorganization with respect to us), the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of that series may declare the principal amount of the outstanding debt securities of that series to be immediately due and payable. If an event of default relating to certain events of bankruptcy, insolvency or reorganization with respect to us occurs and is continuing, the principal of and accrued and unpaid interest on the then outstanding debt securities of all series issued under the Indenture will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holders.

The holders of not less than a majority in aggregate principal amount of the outstanding debt securities of any series may rescind a declaration of acceleration and its consequences, if we have deposited certain sums with the trustee and all events of default with respect to the debt securities of such series, other than the nonpayment of the principal which have become due solely by such acceleration, have been cured or waived, as provided in the Indenture.

An event of default for a particular series of debt securities does not necessarily constitute an event of default for any other series of debt securities issued under the Indenture.

We are required to file annually with the trustee a written statement as to the existence or non-existence of defaults under the Indenture or any series of Notes.

No holder of any debt securities of any series will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy, unless:

- i. such holder has previously given written notice to the trustee of a continuing event of default with respect to the debt securities of such series;
- ii. the holders of not less than 25% in principal amount of the outstanding debt securities of such series have made a written request to the trustee to institute proceedings in respect of such event of default in its own name as trustee;
- iii. such holder or holders have offered to the trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- iv. the trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

- v. no direction inconsistent with such written request has been given to the trustee during such 60-day period by the holders of a majority in principal amount of the outstanding debt securities of such series;

it being understood and intended that no one or more holders of the debt securities of such series has any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other holders of the debt securities of such series or to obtain or to seek to obtain priority or preference over any other such holders or to enforce any right under the Indenture, except in the manner herein provided and for the equal and ratable benefit of all the holders of the debt securities of such series.

The holders of a majority in aggregate principal amount of outstanding debt securities of a series will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee with respect to the debt securities of that series or exercising any trust or power conferred on the trustee, and to waive certain defaults. The Indenture provides that if an event of default occurs and is continuing, the trustee will exercise such of its rights and powers under the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

Notwithstanding the foregoing, the holder of any debt security will have the right to institute suit for the enforcement of any payment of principal of and premium, if any, and interest on that debt security or any redemption price or repurchase price when due and that that right will not be impaired without the consent of that holder.

Modification and Waivers

We and the trustee may execute a supplemental indenture to add provisions to or to eliminate or change provisions of the Indenture or to modify otherwise the rights of the holders of the Notes if we have the consent of the holders of not less than a majority in aggregate principal amount of the Notes affected by that supplemental indenture. However, we and the trustee may not execute a supplemental indenture without the consent of each holder of the Notes affected by that supplemental indenture if that supplement indenture would, among other things:

- change the maturity of the principal of, or the stated maturity of any installment of interest or premium, if any, on, any Note, reduce the principal amount of or the premium, if any, or rate of interest on any Note, change any method for determining the rate of interest on any Note, change the obligation to pay any additional amounts with respect to any Note, reduce the amount due and payable on a Note upon the acceleration of its maturity or upon its repurchase or redemption if the amount payable upon acceleration, repurchase or redemption is otherwise less than the stated principal amount of that Note, change the method of calculating interest on a Note, change the currency in which the principal of or the premium, if any, or interest on a Note is payable, reduce the minimum rate of interest on any Note or impair the right to institute suit for the enforcement of any such payment on or with respect to any such holder's Notes;

- reduce the percentage in principal amount of outstanding Notes described above as being required to consent to entry into a particular supplemental indenture or for the waiver of certain defaults under the Indenture and their consequences; or

- modify the provisions of the Indenture relating to modification of the Indenture, except in certain specified respects.

The trustee and we, without the consent of any holders, may execute a supplemental indenture to, among other things:

- evidence the succession of another corporation to us and the Successor's assumption to our covenants with respect to the Notes and the Indenture;
- add to our covenants further restrictions or conditions for the benefit of holders of all or any series of the Notes;
- cure ambiguities or correct or supplement any provision contained in the Indenture or any supplemental indenture that may be inconsistent with another provision;
- add additional events of default with respect to all or any series of the Notes;
- add to, change or eliminate any provision of the Indenture, provided that the addition, change or elimination will not affect any outstanding Notes;
- establish new series of Notes and the form or terms of such series of Notes and to provide for the issuance of securities of any series so established;
- evidence and provide for the acceptance of appointment of a successor trustee with respect to one or more series of Notes and to add or change any provision to or of the Indenture as necessary to have more than one trustee under the Indenture; and
- comply with the requirements of the U.S. Securities and Exchange Commission in order to maintain the qualification of the Indenture under the Trust Indenture Act of 1939.

The holders of a majority in aggregate principal amount of the outstanding Notes of a series may waive an event of default resulting in acceleration of the Notes of that series and rescind and annul that acceleration, but only if all other events of default with respect to the Notes of that series have been remedied or waived and all payments due with respect to the Notes of that series, other than those becoming due as a result of acceleration, have been made. If an event of default occurs and is continuing with respect to the Notes of a series, the trustee may, in its discretion, and will, at the written request of holders of not less than a majority in aggregate principal amount of the outstanding Notes of that series and upon reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request and subject to certain other conditions set forth in the Indenture, proceed to protect the rights of the holders of the Notes of that series. The holders of a majority in aggregate principal amount of the Notes of that series may waive any past default under the Indenture and its consequences except an uncured default in the payment of principal of and premium, if any, or interest on those Notes or with respect to any covenant or provision of the Indenture that the Indenture or the Notes specifically provide cannot be waived without the consent of each holder of Notes of that series. Upon such a waiver, the default and any event of default arising out of the default will be deemed cured for all purposes of the Notes of that series.

Discharge, Legal Defeasance and Covenant Defeasance

We may, at our option, elect to have all of the obligations discharged with respect to the outstanding Notes of any series, except for:

- the rights of holders of the Notes to receive payments of principal, premium, if any, interest and additional amounts, if any, from the trust referred to below when those payments are due;
- our obligations respecting the Notes concerning issuing temporary debt securities, registration of transfers of debt securities, mutilated, destroyed, lost or stolen debt securities, the maintenance of an office or agency for payment and money for payments with respect to the Notes being held in trust;
- the rights, powers, trusts, duties and immunities of the trustee and our obligations in connection therewith; and
- the provisions of the Indenture relating to such a discharge of obligations.

We refer to a discharge of this type as “**legal defeasance**.”

In addition, other than our covenant to pay the amounts due and owing with respect to the Notes of each series, we may elect to have our obligations as the issuer of the Notes of any series released with respect to covenants relating to the Notes of such series. Thereafter, any failure to comply with those obligations will not constitute a default or event of default with respect to the Notes of such series. If such a release of our covenants occurs, our failure to perform or our breach of the covenants or warranties defeased will no longer constitute an event of default with respect to the Notes of such series. We refer to a discharge of this type as “**covenant defeasance**.”

To exercise either of the defeasance rights described above as to the outstanding Notes of a series, certain conditions must be met, including:

- we must irrevocably deposit with the trustee, in trust for the benefit of the holders of the outstanding Notes of the series, moneys in the currency in which the Notes of such series are denominated, securities issued by a government, governmental agency or central bank of the country in whose currency the Notes of such series are denominated or a combination of cash and such securities, in amounts sufficient to pay the principal of and premium, if any, and interest on all of the then outstanding Notes of such series to be affected by the defeasance at their stated maturity;
- no default or event of default exists on the date of such deposit, subject to certain exceptions;
- the trustee must receive an opinion of counsel confirming that the holders of the outstanding Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that legal defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if that defeasance had not occurred, which opinion, only in the case of the legal defeasance of the Notes of a series, will be based on a ruling of the Internal Revenue Service or a change in United States federal income tax law to that effect occurring after the date of the Indenture; and
- the trustee must receive an opinion of counsel to the effect that, after the 91st day following the deposit, the trust funds will not be part of any “estate” formed by the bankruptcy of the party depositing those funds with the trustee or subject to the “automatic stay” under the United States Bankruptcy Code or, in the case of covenant defeasance, will be subject to a first priority lien in favor of the trustee for the benefit of the holders of the outstanding Notes of the series.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Book-Entry and Settlement

The Notes were issued in book-entry form and are represented by global notes deposited with, or on behalf of, a common depository on behalf of Clearstream Banking, société anonyme (“**Clearstream**”) and Euroclear Bank SA/NV, as the operator of the Euroclear System (“**Euroclear**”), and are registered in the name of the common depository or its nominee. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be made only through, records maintained by Euroclear and Clearstream. Except as described below, certificated notes will not be issued in exchange for beneficial interests in the global notes.

Certificated Notes

Subject to certain conditions, the Notes represented by the global notes are exchangeable for certificated debt securities with the same terms in authorized denominations only if:

- The Depository Trust Company, Euroclear or Clearstream, as the case may be, is unwilling or unable to continue as depository or ceases to be a clearing agency registered under applicable law, and a successor is not appointed by us within 90 days; or
- we decide to discontinue the book-entry system; or
- an event of default has occurred and is continuing with respect to the Notes.

Any Note that is exchangeable as above is exchangeable for certificated notes issuable in authorized denominations and registered in such names as the common depository shall direct. Subject to the foregoing, a global note is not exchangeable, except for a global note of the same aggregate denomination to be registered in the name of the common depository or its nominee.

The Trustee for the Notes

BNYM is the trustee under the Indenture. We have commercial deposits and custodial arrangements with BNYM and its affiliates. We may enter into similar or other banking relationships with BNYM in the future in the normal course of business. In addition, BNYM acts as trustee and as paying agent with respect to other debt securities issued by us, and may do so for future issuances of debt securities by us as well.

Name of Grantee:	
Grant Date:	
Number of Shares:	
Dollar Value of Award as of Grant Date:	
Walmart Identification Number:	

WALMART INC.

STOCK INCENTIVE PLAN OF 2015

RESTRICTED STOCK

NOTIFICATION OF AWARD AND TERMS AND CONDITIONS OF AWARD

This Restricted Stock Notification of Award and Terms and Conditions of Award, including any applicable special terms and conditions for your specific country set forth in the appendix attached hereto (jointly, the “Agreement”), contains the terms and conditions of the Restricted Stock (as defined in the Walmart Inc. Stock Incentive Plan of 2015, as may be amended from time to time (the “Plan”)) granted to you by Walmart Inc., a Delaware corporation (“Walmart”), under the Plan.

All the terms and conditions of the Plan are incorporated into this Agreement by reference. All capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Plan.

By signing or electronically accepting this Agreement, you hereby acknowledge, UNDERSTAND, agree to, and accept the following:

1. Grant of Restricted Stock. Walmart has granted to you, effective on the Grant Date, the right to receive the number of Shares set forth above on the Vesting Date as further set forth in Paragraph 5 below, subject to forfeiture if certain vesting conditions are not satisfied. Before the Shares vest and are delivered to you, they are referred to in this Agreement as “Restricted Stock.”
2. Plan Governs. The Restricted Stock and this Agreement are subject to the terms and conditions of the Plan. You are accepting the Restricted Stock, acknowledging receipt of a copy of the Plan and the prospectus covering the Plan, and acknowledging that the Restricted Stock and your participation in the Plan are subject to all the terms and conditions of the Plan and of this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee of the Plan upon any disputes or questions arising under the Plan.
3. Payment. You are not required to pay for the Restricted Stock or the Shares underlying the Restricted Stock granted to you pursuant to this Agreement.

4. Stockholder Rights. Your Restricted Stock will be held for you by Walmart until the applicable delivery date described in Paragraph 5. From the Grant Date until the Vesting Date, you shall have only the following stockholder rights with respect to the Shares underlying your unvested Restricted Stock:

- A. you shall have the right to vote the Shares underlying your Restricted Stock on any matter as to which Shares have voting rights at any meeting of shareholders of Walmart;
- B. you shall have the right to receive, free of vesting restrictions (but subject to applicable withholding taxes) all cash dividends paid with respect to such Shares underlying your Restricted Stock; and
- C. any non-cash dividends and other non-cash proceeds of such Shares underlying your Restricted Stock, including stock dividends and any other securities issued or distributed in respect of such Shares underlying your Restricted Stock shall be subject to the same vesting and forfeiture conditions as are applicable to your Restricted Stock, and the term “Restricted Stock,” as used in this Agreement, shall also include any related stock dividends and other securities issued or distributed in respect of such Shares underlying your Restricted Stock.

5. Vesting of Restricted Stock and Delivery of Shares.

- A. Vesting. Your Restricted Stock will vest as follows, provided you have not incurred a Forfeiture Condition described below:

Percentage of Restricted Stock Vesting	Vesting Date

- B. Delivery of Shares. Upon the vesting of your Restricted Stock, subject to Paragraph 9 below, you shall be entitled to receive a number of Shares equal to the number of Shares underlying the vested Restricted Stock, less any Shares withheld or sold to satisfy tax withholding obligations as set forth in Paragraph 10 below. The Shares shall be delivered to you as soon as administratively feasible, but in any event within 74 days of the Vesting Date. Such Shares will be deposited into an account in your name with a broker or other third party designated by Walmart. You will be responsible for all fees imposed by such designated broker or other third party designated by Walmart.

6. Forfeiture Conditions. Subject to Paragraph 8 below, the Shares underlying your Restricted Stock that would otherwise vest in whole or in part on a Vesting Date will not vest and will be immediately forfeited if, prior to the Vesting Date:

A. your Continuous Status terminates for any reason (other than death or Disability, to the extent provided in Paragraph 8 below); or

B. you have not executed and delivered to Walmart a Non-Disclosure and Restricted Use Agreement, in a form to be provided to you by Walmart.

Each of the events described in Paragraphs 6.A and 6.B above shall be referred to as a “Forfeiture Condition” for purposes of this Agreement. Furthermore, if applicable, you shall be advised if the Committee has determined that the grant and your acceptance of this Plan Award is further conditioned upon your execution and delivery to Walmart of a Post Termination Agreement and Covenant Not to Compete, in a form to be provided to you by Walmart. If applicable, the failure to execute and deliver such Post Termination Agreement and Covenant Not to Compete prior to the Vesting Date shall also be deemed a “Forfeiture Condition” for purposes of this Agreement. Upon the occurrence of a Forfeiture Condition, you shall have no further rights with respect to such Restricted Stock (including any cash dividends and non-cash proceeds related to the Restricted Stock for which the record date occurs on or after the occurrence of a Forfeiture Condition) or the underlying Shares.

7. Administrative Suspension. If you are subject to an administrative suspension, vesting of your Restricted Stock may be suspended as of the date you are placed on administrative suspension. If you are not reinstated as an Associate in good standing at the end of the administrative suspension period, your Restricted Stock may be immediately forfeited and you shall have no further rights with respect to such Restricted Stock (including any cash dividends and non-cash proceeds related to the Restricted Stock for which the record date occurs on or after the date of the forfeiture) or the underlying Shares. If you are reinstated as an Associate in good standing at the end of the administrative suspension period, then the vesting of your Restricted Stock will resume as provided in Paragraph 5, and any Restricted Stock that would have vested while you were on administrative suspension will vest and the corresponding number of Shares will be delivered to you as soon as administratively feasible, but in any event within 74 days of the end of the administrative suspension period which shall be considered the Vesting Date for purposes of this Paragraph 7.

8. Accelerated Vesting: Vesting Notwithstanding Termination of Continuous Status by Death or Disability.

A. Notwithstanding Paragraph 5 above, your Restricted Stock that would have become vested on a Vesting Date which occurs not more than one year after the date your Continuous Status is so terminated by reason of your death or Disability will become vested earlier than described in Paragraph 5 above, and such earlier vesting date (as determined by Paragraph 8.B below) shall be considered a Vesting Date for purposes of this Agreement. For purposes of this Paragraph 8, your Continuous Status will be considered terminated on the date of your death or the date on which your employment or other service relationship has been legally terminated by reason of your Disability.

B. If your Continuous Status is terminated due to your Disability, you agree to promptly notify the Walmart Global Equity team. For purposes of this Agreement, “Disability” shall

mean that you would qualify to receive benefit payments under the long-term disability plan or policy, as it may be amended from time to time, of Walmart or, if different, the Affiliate that employs you (the “Employer”), regardless of whether you are covered by such policy. If Walmart or, if different, the Employer does not have a long-term disability policy, for purposes of this Agreement, “Disability” means that you are unable to carry out the responsibilities and functions of the position held by you by reason of any medically determined physical or mental impairment for a period of not less than one hundred and eighty (180) consecutive days. You shall not be considered to have incurred a Disability for purpose of this Paragraph 8 unless you furnish proof of such impairment sufficient to satisfy Walmart in its sole discretion. If your Continuous Status is terminated due to Disability, you agree to promptly notify the Walmart Global Equity team.

C. Notwithstanding any provision of this Agreement, Walmart will not accelerate your Plan Award if Walmart has not received notification of your termination within such period of time that it determines, in its sole discretion, to be necessary to process the settlement of your Plan Award to avoid adverse tax consequences under Section 409A of the Code.

9. Elective Deferral of Restricted Stock. If you are eligible to defer delivery of the Shares underlying your Restricted Stock award to a future date in accordance with Section 7.8 of the Plan and the rules and procedures relating thereto, you will be advised as to when any such deferral election must be made and the rules and procedures applicable to such deferral election.

10. Taxes and Tax Withholding.

A. You agree to consult with any tax advisors you think necessary in connection with your Restricted Stock and acknowledge that you are not relying, and will not rely, on Walmart or any Affiliate for any tax advice. Please see Paragraph 10.F regarding Section 83(b) elections.

B. You acknowledge that, regardless of any action taken by Walmart or, if different, the Employer, the ultimate liability for all income tax, social insurance, pension, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), is and remains your responsibility and may exceed the amount actually withheld by Walmart or the Employer. You further acknowledge that Walmart and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock, including, but not limited to, the grant, vesting or settlement of the Restricted Stock, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that Walmart and/or the Employer (or your former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

C. Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to Walmart and the Employer to satisfy all Tax-Related Items. In this regard, you authorize Walmart and/or the Employer or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by withholding of Shares to be issued upon settlement of the vested Restricted Stock. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the Restricted Stock and this Agreement, you authorize and direct: (a) Walmart and any broker or other third party designated by Walmart to sell on your behalf a whole number of Shares corresponding to the vested Restricted Stock that Walmart or the Employer determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items; and (b) Walmart and/or the Employer, or their respective agents, at their sole discretion, to satisfy the Tax-Related Items by any other method of withholding, including through withholding from your wages or other cash compensation paid to you by Walmart or any Affiliate.

D. Depending on the withholding method, Walmart or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates. Further, if the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock, notwithstanding that a number of the Shares are withheld solely for the purpose of paying the Tax-Related Items. In the event that any excess amounts are withheld to satisfy the obligation for Tax-Related Items, you may be entitled to receive a refund of any over-withheld amount in the form of cash and will have no entitlement to the Share equivalent.

E. Finally, you agree to pay to Walmart or the Employer any amount of Tax-Related Items that Walmart or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. Walmart may refuse to deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

F. By accepting this Agreement, you agree not to make a Code Section 83(b) election with respect to this award of Restricted Stock.

11. Restricted Stock Not Transferable. During the applicable periods of restriction determined in accordance with Paragraph 5 above, the Restricted Stock may not be sold, conveyed, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to vesting of the Restricted Stock and the issuance of the underlying Shares. Any attempted action in violation of this Paragraph 11 shall be null, void, and without effect.

12. Country-Specific Appendix. Notwithstanding any provision in these Restricted Stock Award Notification of Award and Terms and Conditions of Award to the contrary, the grant of Restricted Stock also shall be subject to any special terms and conditions as set forth in any appendix attached hereto (the "Appendix") with respect to certain laws, rules, and regulations specific to your country.

Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent Walmart determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix is incorporated by reference into these Restricted Stock Award Notification of Award and Terms and Conditions of Award and, together, these documents constitute this Agreement.

13. Nature of Plan Award. You further acknowledge, understand and agree that:

- A. the Plan is established voluntarily by Walmart and is discretionary in nature;
 - B. the grant of Restricted Stock is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock or other awards, or benefits in lieu of Restricted Stock, even if restricted stock has been granted in the past;
 - C. all decisions with respect to future grants of Restricted Stock or other awards, if any, will be at the sole discretion of the Committee;
 - D. neither this Agreement nor the Plan creates any contract of employment with any entity involved in the management or administration of the Plan or this Agreement, and nothing in this Agreement or the Plan shall interfere with or limit in any way the right of Walmart or the Employer, if different, to terminate your Continuous Status at any time, nor confer upon you the right to continue in the employ of Walmart or any Affiliate;
 - E. the Restricted Stock and the Shares underlying the Restricted Stock, and the income and value of same, relate exclusively to your Continuous Status during the vesting period applicable to your Restricted Stock;
 - F. nothing in this Agreement or the Plan creates any fiduciary or other duty owed to you by Walmart, any Affiliate, or any member of the Committee, except as expressly stated in this Agreement or the Plan;
 - G. you are voluntarily participating in the Plan;
 - H. the Restricted Stock and the Shares underlying the Restricted Stock, and the income and value of same, are not intended to replace any pension rights or compensation;
 - I. the Restricted Stock and the Shares underlying the Restricted Stock, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
 - J. unless otherwise agreed with Walmart, the Restricted Stock and the Shares underlying the Restricted Stock, and the income and the value of same, are not granted as
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consideration for, or in connection with, the service (if any) you may provide as a director of any Affiliate;

K. the future value of the Shares underlying the Restricted Stock is unknown, indeterminable and cannot be predicted with certainty;

L. no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock resulting from the termination of your Continuous Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any);

M. in the event of the termination of your Continuous Status (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise set forth in this Agreement, your right to vest in the Restricted Stock under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and may not be extended by any notice period under local law (e.g., your period of service would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); the Committee shall have the exclusive discretion to determine when you are no longer actively employed for purposes of this Agreement (including whether you may still be considered to be providing services while on a leave of absence);

N. unless otherwise provided in the Plan or by Walmart in its discretion, the Restricted Stock and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock, the Shares underlying the Restricted Stock, or any such benefits transferred to, or assumed by, another company nor to be exchanged, or substituted for, in connection with any corporate transaction affecting the Shares underlying the Restricted Stock; and

O. if you are providing services outside the United States: neither Walmart nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Restricted Stock or of any amounts due to you pursuant to the settlement of the Restricted Stock or the subsequent sale of any Shares acquired upon settlement.

14. No Advice Regarding Award. Walmart and/or its Affiliates are not providing any tax, legal or financial advice, nor are Walmart or any Affiliate making any recommendation regarding your participation in the Plan or the Shares acquired upon vesting. You are advised to consult with your personal tax, legal, and financial advisors regarding the decision to participate in the Plan and before taking any action related to the Plan.

15. Data Privacy. *You hereby explicitly and unambiguously acknowledge that your personal data will be collected, used and transferred, in electronic or other form, as described in this*

Agreement and any other grant materials by and among, as applicable, Walmart and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Walmart and its Affiliates may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance identification number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in Walmart or an Affiliate, details of all Restricted Stock or any other awards granted, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to Merrill Lynch, Pierce, Fenner & Smith and its affiliates or such other stock plan service provider as may be selected by Walmart in the future, which is assisting Walmart in the implementation, administration and management of the Plan. You acknowledge that you understand that the recipients of the Data may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You acknowledge and understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize Walmart, Merrill Lynch, Pierce, Fenner & Smith and any other possible recipients which may assist Walmart (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of Data as may be required to Walmart's designated broker or other third party. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Continuous Status with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that Walmart would not be able to grant Restricted Stock or other Plan Awards to you or administer or maintain such Plan Awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative. Finally, you acknowledge that no other agreements or consent shall be required to be given to Walmart and/or the Employer for the legitimate purposes of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and acknowledge that you will not be able to participate in the Plan if you later communicate any limitation on this acknowledgement to Walmart and/or the Employer.

16. Other Provisions.

- A. Determinations regarding this Agreement (including, but not limited to, whether an event has occurred resulting in the forfeiture of or accelerated vesting of the Restricted Stock) shall be made by the Committee in its sole and exclusive discretion and in accordance
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with this Agreement and the Plan, and all determinations of the Committee shall be final and conclusive and binding on you and your successors and heirs.

B. Walmart reserves the right to amend, abandon or terminate the Plan, including this Agreement, at any time subject to Committee approval. Nothing in the Plan should be construed as to create any expectations that the Plan will be in force and effect for an indefinite period of time nor shall give rise to any claims to acquired rights or similar legal theories.

C. The Committee will administer the Plan. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among recipients and eligible Associates, whether or not such persons are similarly situated.

D. This Agreement shall be construed under the laws of the State of Delaware, without regard to its conflict of law provisions.

E. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

F. You acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. Furthermore, if you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

G. Walmart may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Walmart or a third party designated by Walmart.

H. Walmart reserves the right to impose other requirements on your participation in the Plan, on your Plan Award, and the Shares underlying the Restricted Stock, to the extent Walmart determines it is necessary or advisable for legal or administrative reasons and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

I. You acknowledge that a waiver by Walmart or an Affiliate of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provisions of the Plan or this Agreement, or of any subsequent breach by you or any other Associate.

J. You understand that, depending on your or your broker's country or the country in which the Shares are listed, you may be subject to insider trading and/or market abuse laws which may affect your ability to accept, acquire, sell, or otherwise dispose of Shares, rights

to Shares or rights linked to the value of Shares under the Plan during such times you are considered to have “inside information” (as defined in the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed insider information. Furthermore, you could be prohibited from (i) disclosing inside information to any third party, which may include fellow employees (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. The restrictions applicable under these laws may be the same or different from Walmart’s insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and any applicable Walmart insider trading policy, and are advised to speak to your personal legal advisor on this matter.

K. You understand that you may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds arising from the sale of Shares) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The applicable laws of your country may require that you report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You acknowledge that you are responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements, and you are advised to consult your personal legal advisor on this matter.

L. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, Walmart shall not be required to deliver any Shares issuable upon vesting of the Restricted Stock prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission (“SEC”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval Walmart shall, in its absolute discretion, deem necessary or advisable. You understand that Walmart is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Walmart may, without liability for its good faith actions, place legend restrictions upon Shares underlying your vested Restricted Stock and issue “stop transfer” instructions requiring compliance with applicable U.S. or other securities laws and the terms of the Agreement and Plan. Further, you agree that Walmart shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws, rules or regulations applicable to issuance of Shares.

WALMART INC.
Stock incentive plan of 2015

RESTRICTED STOCK
NOTIFICATION OF AWARD AND TERMS AND CONDITIONS OF AWARD

COUNTRY-SPECIFIC APPENDIX

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Restricted Stock Award Notification of Award and Terms and Conditions of Award (the “T&C’s”).

Terms and Conditions. This Appendix includes additional terms and conditions that govern the Restricted Stock granted to you under the Plan if you work and/or reside in one of the countries listed below.

If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer Continuous Status after the Grant Date, or are considered a resident of another country for local law purposes, Walmart shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to you.

Notifications. This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2019. Such laws are often complex and change frequently. As a result, Walmart strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that the Restricted Stock is granted to you or vests.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and Walmart is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer Continuous Status after the Grant Date, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

ARGENTINA

Notifications

Securities Law Information. Neither the Restricted Stock nor any Shares underlying the Restricted Stock are publicly offered or listed on any stock exchange in Argentina and, as a result, have not been and will not be registered with the Argentina Securities Commission (*Comisión Nacional de Valores*). Neither this Agreement nor any other materials related to the

Restricted Stock may be utilized in connection with any general offering to the public in Argentina. Argentine residents who acquire Restricted Stock under the Plan do so according to the terms of a private offering made outside Argentina.

Exchange Control Information. You understand that you must comply with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the Restricted Stock and your participation in the Plan. You should consult with your personal legal advisor to ensure compliance with the applicable requirements.

Foreign Asset/Account Reporting Information. If you are an Argentine tax resident, you must report any Shares acquired under the Plan and held by you in a foreign bank account on December 31st of each year on your annual tax return for that year.

BRAZIL

Terms and Conditions

Compliance with the Law. By accepting the Restricted Stock, you acknowledge your agreement to comply with applicable Brazilian laws and to pay any and all applicable Tax-Related Items associated with the Restricted Stock, the sale of any Shares acquired under the Plan, and any dividends paid on such Shares.

Labor Law Acknowledgement. By accepting the Restricted Stock, you agree that you are (i) making an investment decision, (ii) the restrictions on the Restricted Stock will be lifted only if the vesting conditions are met, and (iii) the value of the Shares is not fixed and may increase or decrease in value over the vesting period without compensation to you.

Notifications

Foreign Asset/Account Reporting Information. If you hold assets and rights outside Brazil with an aggregate value exceeding US\$100,000, you will be required to prepare and submit to the Central Bank of Brazil an annual declaration of such assets and rights, including: (i) bank deposits; (ii) loans; (iii) financing transactions; (iv) leases; (v) direct investments; (vi) portfolio investments, including Shares acquired under the Plan; (vii) financial derivatives investments; and (viii) other investments, including real estate and other assets. Quarterly reporting obligations apply if the value of the assets and rights exceeds US\$100,000,000. Please note that foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Individuals holding assets and rights outside Brazil valued at less than US\$100,000 are not required to submit a declaration. Please note that the US\$100,000 threshold may be changed annually. You must also report income recognized in connection with the Restricted Stock on the annual Natural Person Income Tax Return (“DIRPF”).

Tax on Financial Transactions (IOF).

Repatriation of funds (e.g., sale proceeds) into Brazil and the conversion of USD into BRL associated with such fund transfers may be subject to the Tax on Financial Transactions. It is your responsibility to comply with any applicable Tax on Financial Transactions arising from your participation in the Plan. You should consult with your personal advisor for additional details.

CANADA

Terms and Conditions

Termination of Continuous Status. This provision replaces Paragraph 13(M) of the T&C's:

In the event of the termination of your Continuous Status (whether or not later found to be invalid for any reason, including for breaching either applicable employment laws or your employment agreement, if any), unless otherwise set forth in this Agreement, your right to vest in the Restricted Stock under the Plan, if any, will terminate effective as the earlier of (i) the date on which your Continuous Status is terminated, (ii) the date on which you receive notice of termination, or (iii) the date you no longer actively provide service to Walmart or any Affiliate, regardless of any notice period or period of pay in lieu of such notice required under local law. The Committee shall have the exclusive discretion to determine when you are no longer employed for purposes of this Agreement (including whether you may still be considered to be providing services while on a leave of absence).

Vesting and Delivery of Shares. This provision supplements Paragraph 5 of the T&C's:

Instead of delivering Shares upon vesting of your Restricted Stock to you as set forth in Paragraph 5 of the T&C's, Walmart or Wal-Mart Canada Corp. or an Affiliate (Wal-Mart Canada Corp. and any Affiliate of Walmart that is controlled by Wal-Mart Canada Corp. being referred to collectively as "WM Canada"), in their sole discretion, also may settle your vested Restricted Stock in cash, Shares, or a combination of cash and Shares. To the extent your Plan Award will be settled in Shares, you hereby acknowledge and agree that such settlement may be satisfied by WM Canada by forwarding a cash settlement amount in respect of the vested Restricted Stock to an independent broker who will in turn purchase the Shares on the open market on your behalf. Any Shares so purchased on the open market shall be delivered to you as set forth in Paragraph 5 of the T&C's.

The Following Provisions Apply to Associates and Non-Management Directors Resident in Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires,

exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Paragraph 15 of the T&C's:

You hereby authorize Walmart, any Affiliate and their representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize Walmart, any Affiliate and any stock plan service provider that may be selected by Walmart to assist with the Plan to disclose and discuss the Plan with their respective advisors. You further authorize Walmart or an Affiliate to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You are permitted to sell the Shares acquired through the Plan through the designated broker, if any, provided the resale of Shares acquired under the Plan takes place outside Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the NYSE).

Foreign Asset/ Account Reporting Information. Foreign property, including shares of stock (*i.e.*, Shares) of a non-Canadian company held by a Canadian resident employee must generally be reported annually on a Form T1135 (Foreign Income Verification Statement), if the total cost of your specified foreign property exceeds C\$100,000 at any time during the year. Thus, Restricted Stock must be reported if the C\$100,000 cost threshold is exceeded because of other specified foreign property that you hold. When Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB ordinarily is equal to the fair market value of the Shares at the time of acquisition, but if you own other Shares (acquired separately), this ACB may have to be averaged with the ACB of the other Shares.

CHILE

Terms and Conditions

Labor Law Acknowledgement. The Restricted Stock, and the income from and value of same, shall not be considered as part of your remuneration for purposes of determining the calculation base of future indemnities, whether statutory or contractual, for years of service (severance) or in lieu of prior notice, pursuant to Article 172 of the Chilean Labor Code.

Notifications

Securities Law Information. This grant of Restricted Stock constitutes a private offering of securities in Chile effective as of the Grant Date. This offer of Restricted Stock is made subject to general ruling n° 336 of the Chilean Commission of the Financial Market ("CMF"). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the Restricted Stock is not registered in Chile, Walmart is not required to provide

public information about the Restricted Stock in Chile. Unless the Restricted Stock is registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta Oferta de Acciones Restringidas constituye una oferta privada de valores en Chile y se inicia en la Fecha de la Oferta. Esta oferta de Acciones Restringidas se acoge a las disposiciones de la Norma de Carácter General N° 336 (“NCG 336”) de la Comisión para el Mercado Financiero de Chile (“CMF”). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse de valores no inscritos en Chile no existe la obligación por parte de Walmart de entregar en Chile información pública respecto de los mismos. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

Exchange Control Information. You are not required to repatriate any funds you receive with respect to the Restricted Stock (e.g., any sale proceeds) to Chile. However, if you decide to repatriate such funds, you acknowledge that you will be required to affect such repatriation through the Formal Exchange Market (i.e., a commercial bank or registered foreign exchange office) if the amount of the funds repatriated exceeds US\$10,000. Further, if the value of your aggregate investments held outside Chile exceeds US\$5,000,000 (including Shares and any other cash proceeds acquired under the Plan) at any time in a calendar year, you must report the status of such investments to the Central Bank of Chile.

You will also be required to provide certain information to the Chilean Internal Revenue Service (“CIRS”) regarding the results of investments held abroad and the taxes you have paid abroad (if you will be seeking a credit against Chilean income tax owed). This information must be submitted on certain electronic sworn statements before June 29 of each year, depending on the assets or taxes being reported. The statements may be found at the CIRS website at www.sii.cl.

You may be ineligible to receive certain foreign tax credits if you fail to meet the applicable reporting requirements. Exchange control and tax reporting requirements in Chile are subject to change, and you should consult with your personal legal and tax advisor regarding any reporting obligations that you may have in connection with the Restricted Stock.

COSTA RICA

There are no country-specific provisions.

GUATEMALA

There are no country-specific provisions.

HONG KONG

Terms and Conditions

Warning: *The Restricted Stock and any Shares acquired under the Plan do not constitute a public offering of securities under Hong Kong law and are available only to employees of Walmart or an Affiliate. The Agreement, including this Appendix, the Plan and any other incidental communication materials related to the Restricted Stock (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the personal use of each eligible Associate or Non-Management Director of Walmart or an Affiliate and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Appendix or the Plan, you should obtain independent professional advice.*

Notifications

Nature of Scheme. Walmart specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

INDIA

Terms and Conditions

Labor Law Acknowledgement. The Restricted Stock, and the income and value of same, is an extraordinary item that is not part of your annual gross salary.

Notifications

Exchange Control Information. If you are a resident of India for exchange control purposes, you will be required to repatriate the cash proceeds from the sale of Shares acquired under the Plan to India within such time as prescribed under applicable Indian exchange control laws as may be amended from time to time. You will receive a foreign inward remittance certificate (“FIRC”) from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India, Walmart or any Affiliate requests proof of repatriation.

Foreign Asset/ Account Reporting Information. If you are a tax resident of India, you will be required to declare foreign bank accounts and any foreign financial assets in your annual tax return. It is your responsibility to comply with this reporting obligation and you should consult with your personal tax advisor in this regard.

JAPAN

Notifications

Foreign Asset/ Account Reporting Information. If you are a Japanese tax resident, you will be required to report details of any assets held outside Japan as of December 31st (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th each year. You should consult

with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to include details of any outstanding Restricted Stock held by you in the report.

LUXEMBOURG

There are no country-specific provisions.

MEXICO

Terms and Conditions

No Entitlement for Claims or Compensation. The following sections supplement Paragraph 13 of the T&C's:

Modification. By accepting the Restricted Stock, you acknowledge and agree that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of your Continuous Status.

Policy Statement. The grant of Restricted Stock is unilateral and discretionary and, therefore, Walmart reserves the absolute right to amend it and discontinue the award at any time without any liability.

Walmart, with registered offices at 702 Southwest 8th Street, Bentonville, Arkansas 72716, U.S.A., is solely responsible for the administration of the Plan, and participation in the Plan and the Restricted Stock does not, in any way, establish an employment relationship between you and Walmart or any Affiliate since you are participating in the Plan on a wholly commercial basis.

Plan Document Acknowledgment. By accepting the Restricted Stock, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

In addition, by accepting the Agreement, you acknowledge that you have read and specifically and expressly approve the terms and conditions set forth in Paragraph 13 of the Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by Walmart on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) Walmart and its Affiliates are not responsible for any decrease in the value of any Shares acquired under the Plan.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against Walmart for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to Walmart and any Affiliate with respect to any claim that may arise under the Plan.

Spanish Translation

Sin derecho a compensación o reclamaciones por compensación. Estas disposiciones complementan el Párrafo 13 del Contrato:

Modificación. Al aceptar las Acciones Restringidas, usted entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.

Declaración de Política. El otorgamiento de las Acciones Restringidas que Walmart está haciendo de conformidad con el Plan es unilateral y discrecional y, por lo tanto, Walmart se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.

Walmart, con oficinas registradas ubicadas en 720 Southwest 8th Street, Bentonville, Arkansas 72716, EE.UU. es únicamente responsable de la administración del Plan y la participación en el Plan y la adquisición de acciones restringidas no establece, de forma alguna, una relación de trabajo entre usted y Walmart o alguna compañía afiliada, ya que usted participa en el Plan de una forma totalmente comercial.

Reconocimiento del Documento del Plan. Al aceptar las Acciones Restringidas, usted reconoce que ha recibido copias del Plan, ha revisado el Plan y el Contrato en su totalidad y entiende y acepta completamente todas las disposiciones contenidas en el Plan y en el Contrato.

Adicionalmente, al aceptar el Contrato, usted reconoce que ha leído y especifica y expresamente ha aprobado los términos y condiciones en el Párrafo 13 del Contrato, en lo que claramente se ha descrito y establecido que: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan es ofrecida por Walmart de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) Walmart y cualquier compañía afiliada no son responsables por cualquier disminución en el valor de las Acciones (o su equivalente en efectivo) subyacentes a las Acciones Restringidas adquiridas bajo el Plan.

Finalmente, usted declara que no se reserva ninguna acción o derecho para interponer una demanda o reclamación en contra de Walmart por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga el más amplio finiquito a Walmart y compañía afiliada con respecto a cualquier demanda o reclamación que pudiera surgir en virtud del Plan.

NIGERIA

There are no country-specific provisions.

PERU

Terms and Conditions

Labor Law Acknowledgement. By accepting the Restricted Stock, you acknowledge that the Restricted Stock is being granted *ex gratia* to you with the purpose of rewarding you.

Notifications

Securities Law Information. The offer of the Restricted Stock is considered a private offering in Peru; therefore, it is not subject to registration. For more information concerning this offer, please refer to the Plan, the Agreement and any other grant documents made available by Walmart.

SOUTH AFRICA

Term and Conditions

Securities Law Information and Deemed Acceptance of Restricted Stock. The Restricted Stock shall not be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the Restricted Stock offer must be finalized on or before the 60th day following the Grant Date. If you do not want to accept the Restricted Stock, you are required to decline your Restricted Stock no later than the 60th day following the Grant Date. If you do not reject your Restricted Stock on or before the 60th day following the Grant Date, you will be deemed to accept the Restricted Stock.

Tax Reporting Information. By accepting the Restricted Stock, you agree to notify Walmart or your Employer, if different, of the amount of income realized at vesting of the Restricted Stock. If you do not inform Walmart or the Employer, if different, of the income at vesting, and the Employer is subject to penalties and interest as a result of not being able to withhold Tax-Related Items, the Employer may recover any such penalty and interest amounts from you. In addition, if you fail to advise Walmart or your Employer, if different, of the income at vesting, you may be liable for a fine.

Notifications

Exchange Control Information. You should consult with your personal advisor to ensure compliance with applicable exchange control regulations in South Africa as such regulations are subject to frequent change. You are responsible for ensuring compliance with all exchange control laws in South Africa.

UNITED KINGDOM

Terms and Conditions

Taxes and Tax Withholding. This section supplements Paragraph 10 of the T&C's:

Without limitation to Paragraph 10 of the T&C's, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items as and when requested by Walmart or any Affiliate or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep

indemnified Walmart and its Affiliates against any Tax-Related Items that they are required to pay or withhold on your behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority). Notwithstanding the foregoing, if you are a director or executive officer of Walmart (within the meaning of Section 13(k) of the Exchange Act), you understand that you may not be able to indemnify Walmart for the amount of any income tax not collected from or paid by you, in case the indemnification could be considered a loan. In this case, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and employee national insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing Walmart or the Employer, as applicable, for the value of any national insurance contributions due on this additional benefit, which Walmart or the Employer may recover from you at any time thereafter by the means referred to in Paragraph 10 of the T&C's.

UNITED STATES

Terms and Conditions

Military Leave. If you were on military leave on the Grant Date, and you are on the same military leave on a Vesting Date, your Continuous Status must be maintained for not less than six months after your return from the military leave before your Plan Award shall vest. In such circumstances, for purposes of Paragraph 5, your Vesting Date shall be deemed to be the date that is six months after your return from military leave, and the number of Shares corresponding to any vested Restricted Stock will be delivered to you as soon as administratively feasible but in any event within 74 days of vesting.

Name of Grantee:	
Grant Date:	
Number of Performance-Based Restricted Stock Units at Target Performance:	
Performance Period:	
Vesting Date:	
Walmart Identification Number:	

**WALMART INC.
STOCK INCENTIVE PLAN OF 2015**

**GLOBAL SHARE-SETTLED PERFORMANCE-BASED RESTRICTED STOCK UNIT NOTIFICATION AND TERMS
AND CONDITIONS**

These Global Share-Settled Performance-Based Restricted Stock Unit Notification and Terms and Conditions, including any applicable special terms and conditions for your specific country set forth in the appendix attached hereto (jointly, the “Agreement”), contain the terms and conditions of the performance-based restricted stock units (“PRSUs”) granted to you by Walmart Inc. (“Walmart”), a Delaware corporation, under the Walmart Inc. Stock Incentive Plan of 2015, as may be amended from time to time (the “Plan”).

All the terms and conditions of the Plan are incorporated into this Agreement by reference. All capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Plan.

BY SIGNING OR ELECTRONICALLY ACCEPTING THIS AGREEMENT, YOU HEREBY ACKNOWLEDGE, UNDERSTAND, AGREE TO, AND ACCEPT THE FOLLOWING:

1. Grant of Performance-Based Restricted Stock Units. Walmart has granted to you, effective on the Grant Date, the PRSUs, which consist of the right to receive a number of Shares underlying the PRSUs set forth above (as further determined in Paragraph 5 below), subject to certain vesting conditions.
2. Plan Governs. The PRSUs and this Agreement are subject to the terms and conditions of the Plan. You are accepting the PRSUs, acknowledging receipt of a copy of the Plan and the prospectus covering the Plan, and acknowledging that the PRSUs and your participation in the Plan are subject to all the terms and conditions of the Plan and of this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee upon any disputes or questions arising under the Plan, including whether, and the extent to which, the Performance Measures, Performance Goals, and time-based vesting restrictions referred to in Paragraph 5 have been satisfied.

3. Payment. You are not required to pay for the PRSUs or the Shares underlying the PRSUs granted to you pursuant to this Agreement.
4. Stockholder Rights. Unless and until your PRSUs vest and the underlying Shares have been delivered to you:
- A. You do not have the right to vote the Shares underlying your PRSUs;
- B. You will not receive, nor be entitled to receive, cash or any non-cash dividends on the PRSUs or the Shares underlying the PRSUs; and
- C. You will not have any other beneficial rights as a shareholder of Walmart due to the PRSUs. Upon receipt of the Shares, however, you will be accorded the same rights and responsibilities as any shareholder of Walmart, and will be provided with information regarding Walmart that is provided to all other shareholders of Walmart.
5. Adjustment and Vesting of the PRSUs and Delivery of Shares.

A. Performance Period and Achievement Rates. The Committee establishes the Performance Goals and Performance Measures applicable to your PRSUs. You will receive by separate writing a notification of the performance criteria applicable to your PRSUs in respect of the Performance Period set forth above which reflects the fiscal year of Walmart or, if different, the Affiliate that employs you (the "Employer"). The Performance Measures (including any applicable weightings thereof) and Performance Goals as set forth in such separate writing are hereby incorporated by reference into this Agreement.

The number of PRSUs that ultimately may vest and, accordingly, the Shares that ultimately may be delivered to you shall depend upon the degree to which the Performance Goals have been achieved, as determined by the Committee in accordance with the Plan, for each Performance Measure during the Performance Period. With respect to each applicable Performance Measure during the Performance Period:

1. "Threshold" performance means the achievement of the lowest possible Performance Goal established by the Committee;
2. "Target" performance means the achievement of the Performance Goal established by the Committee; and
3. "Maximum" performance means the highest possible achievement of the Performance Goal established by the Committee.

An achievement rate is determined for each Performance Measure applicable to your Plan Award in respect of the Performance Period. The achievement rate value applied

to each weighted Performance Measure during the Performance Period is expressed as a percentage and may range from 0% (for achieving less than Threshold Performance), 50% (for achieving at least, but no less than, Threshold performance), 100% (for achieving Target performance), or up to 150% (for achieving Maximum performance). A percentage of 0% shall be applied to a Performance Measure during the Performance Period if Threshold performance is not achieved. The weighted average of all applicable achievement rates during the Performance Period is referred to herein as the "Performance Achievement Rate."

At the end of the Performance Period, the number of PRSUs that were granted to you shall be adjusted to reflect the degree to which applicable Performance Goals have been attained by *multiplying*: (x) the Performance Achievement Rate *and* (y) the number of PRSUs granted by this Agreement. Subject to Paragraph 10 below, and provided you have not incurred a Forfeiture Condition before the Vesting Date, the adjusted number of PRSUs (the "Adjusted PRSUs") represent the number of Shares you shall receive, as described in Paragraph 5.C below.

B. Vesting of the Adjusted PRSUs. Subject to Paragraph 7 and provided you have not incurred a Forfeiture Condition, your Adjusted PRSUs will vest on the Vesting Date set forth above.

C. Delivery of Shares. Upon the vesting of your Plan Award, you shall be entitled to receive a number of Shares equal to the number of Adjusted PRSUs as calculated in Paragraph 5.A. above less any Shares withheld or sold to satisfy tax withholding obligations as set forth in Paragraph 10 below. The Shares shall be delivered to you as soon as administratively feasible following the later of: (x) the Vesting Date set forth above; and (y) the date the Committee has determined the degree of attainment of the Performance Goals applicable to your Plan Award, but in any event:

1. within 150 days of the Vesting Date; or
2. within 74 days of an Accelerated Vesting pursuant to Paragraph 8 below.

Such Shares will be deposited into an account in your name with a broker or other third party designated by Walmart. You will be responsible for all fees imposed by such designated broker or other third party designated by Walmart.

D. Elective Deferral of Shares. If you are eligible to defer delivery of the Shares upon vesting of Adjusted PRSUs to a future date in accordance with Section 10.9 of the Plan and rules and procedures relating thereto, you will be advised as to when any such deferral election must be made and the rules and procedures applicable to such deferral election.

6. Forfeiture Condition. Subject to Paragraph 8 below, any PRSUs that would otherwise vest in whole or in part on the Vesting Date, if any, will not vest and will be immediately forfeited if, prior to the Vesting Date:

- A. your Continuous Status terminates for any reason (other than death or Disability, to the extent provided in Paragraph 8 below); or
- B. you have not executed and delivered to Walmart a Non-Disclosure and Restricted Use Agreement, in a form to be provided to you by Walmart.

Each of the events described in Paragraphs 6.A and 6.B above shall be referred to as a “Forfeiture Condition” for purposes of this Agreement. Furthermore, if applicable, you shall be advised if the Committee has determined that vesting of this Plan Award is further conditioned upon your execution and delivery to Walmart of a Post Termination Agreement and Covenant Not to Compete, in a form to be provided to you by Walmart. If applicable, the failure to execute and deliver such Post Termination Agreement and Covenant Not to Compete prior to the Vesting Date shall also be deemed a “Forfeiture Condition” for purposes of this Agreement. Upon the occurrence of a Forfeiture Condition, you shall have no further rights with respect to such PRSUs, any Adjusted PRSUs, or the underlying Shares.

7. Administrative Suspension. If you are subject to an administrative suspension, vesting of your PRSUs may be suspended as of the date you are placed on administrative suspension. If you are not reinstated as an Associate in good standing at the end of the administrative suspension period, your PRSUs may be immediately forfeited and you shall have no further rights with respect to such PRSUs or the underlying Shares. If you are reinstated as an Associate in good standing at the end of the administrative suspension period, then the vesting of your PRSUs will resume as provided in Paragraph 5, and any PRSUs that would have vested while you were on administrative suspension will vest and the corresponding number of Shares will be delivered to you as soon as administratively feasible, but in any event within 74 days of the end of the administrative suspension period which shall be considered the Vesting Date for purposes of this Paragraph 7.

8. Accelerated Vesting; Vesting Notwithstanding Termination of Continuous Status by Death or Disability. If your Continuous Status is terminated by reason of your death or Disability prior to the Vesting Date and you have not incurred a Forfeiture Condition, any PRSUs that are scheduled to vest within one year of the date your Continuous Status is terminated by reason of your death or Disability will become immediately vested and such earlier vesting date shall be considered a Vesting Date for purposes of this Agreement; *provided, however*, that if, as of such date the determination of attainment of Performance Goals for any such PRSUs has not yet been determined for your Plan Award, then achievement of Target performance for all applicable Performance Goals shall be assumed for purpose of this Paragraph 8.

For purposes of this Paragraph 8, your Continuous Status will be considered terminated on the date of your death or the date on which your employment or other service relationship

has been legally terminated by reason of your Disability. For purposes of this Agreement, “Disability” shall mean that you would qualify to receive benefit payments under the long-term disability plan or policy, as it may be amended from time to time, of Walmart or, if different, the Employer, regardless of whether you are covered by such policy. If Walmart or, if different, the Employer does not have a long-term disability policy, for purposes of this Agreement, “Disability” means that you are unable to carry out the responsibilities and functions of the position held by you by reason of any medically determined physical or mental impairment for a period of not less than one hundred and eighty (180) consecutive days. You shall not be considered to have incurred a Disability unless you furnish proof of such impairment sufficient to satisfy Walmart in its sole discretion. If your Continuous Status is terminated due to a Disability, you agree to promptly notify the Walmart Global Equity team. Notwithstanding any provision of this Agreement, Walmart will not accelerate your Plan Award if Walmart has not received notification of your termination within such period of time that it determines, in its sole discretion, to be necessary to process the settlement of your Plan Award to avoid adverse tax consequences under Section 409A of the Code.

9. Permanent Transfers Between Walmart and Walmart Affiliates.

A. Permanent Transfers and Continuous Status. For the avoidance of doubt, a permanent transfer of Continuous Status from Walmart, or the Employer (if different), to another Affiliate or from an Affiliate to Walmart does not constitute a termination of your Continuous Status.

B. Applicable Performance Measures and Goals Upon Permanent Transfer. If you permanently transfer your Continuous Status during the Performance Period, then the performance criteria and the resulting adjustment will be prorated and/or adjusted to reflect the proportion of the Performance Period during which you provided service to Walmart, or, if different, the Affiliate that initially employed you (the “Initial Employer”) and the proportion of the Performance Period during which you provided service to Walmart or, if different, the Affiliate to which you permanently transferred (the “Subsequent Employer”).

C. Permanent Transfers to Affiliate or Position where Performance-Based Awards are Not Granted. If you permanently transfer your Continuous Status to an Affiliate or into a position where performance-based Plan Awards are not granted, the performance criteria applicable for the remaining portion of your Performance Period shall be communicated to you, and your PRSUs will be prorated and adjusted using the methodology described in Paragraph 9.B above.

D. Transfers to New Position with Same Employer. If you transfer to a position with the same Employer (as defined herein) but your new position is subject to different applicable Performance Measures (including any applicable weightings thereof) and Performance Goals, then the performance criteria applicable for the remaining portion of your Performance Period shall be communicated to you, and your PRSUs will be prorated and adjusted using the methodology described in Paragraph 9.B above.

10. Taxes and Tax Withholding.

A. You agree to consult with any tax advisors you think necessary in connection with your PRSUs and acknowledge that you are not relying, and will not rely, on Walmart or any Affiliate for any tax advice.

B. You acknowledge that, regardless of any action taken by Walmart (or if different, the Employer), the ultimate liability for all income tax, social insurance, pension, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items") is and remains your responsibility and may exceed the amount actually withheld by Walmart or the Employer. You further acknowledge that Walmart and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PRSUs, including, but not limited to, the grant, vesting or settlement of the PRSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the PRSUs or any aspect of the PRSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that Walmart and/or the Employer (or your former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

C. Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to Walmart and the Employer to satisfy all Tax-Related Items. In this regard, you authorize Walmart, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by withholding of Shares to be issued upon settlement of the Adjusted PRSUs. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the PRSUs and this Agreement, you authorize and direct (a) Walmart and any broker or other third party designated by Walmart to sell on your behalf a whole number of Shares corresponding to the Adjusted PRSUs that Walmart or the Employer determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items and (b) Walmart and/or the Employer, or their respective agents, at their sole discretion to satisfy the Tax-Related Items by any other method of withholding, including through withholding from your wages or other cash compensation paid to you by Walmart or any Affiliate.

D. Depending on the withholding method, Walmart or the Employer may withhold or account for the Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates in the relevant jurisdictions. Further, if the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the Adjusted PRSUs, notwithstanding that a number of the Shares are withheld solely for the purpose of paying the Tax-

Related Items. In the event that any excess amounts are withheld to satisfy the obligation for Tax-Related Items, you may be entitled to receive a refund of any over withheld amount in the form of cash and will have no entitlement to the Share equivalent.

E. Finally, you agree to pay to Walmart or the Employer any amount of Tax-Related Items that Walmart or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. Walmart may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

11. PRSUs Not Transferable. The PRSUs may not be sold, conveyed, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to vesting of the Adjusted PRSUs and the issuance of the underlying Shares. Any attempted action in violation of this Paragraph 11 shall be null, void, and without effect.

12. Country-Specific Appendix. Notwithstanding any provision in these Global Share-Settled Performance-Based Restricted Stock Unit Notification and Terms and Conditions to the contrary, the grant of PRSUs also shall be subject to any special terms and conditions set forth in any appendix attached hereto (the "Appendix") with respect to certain laws, rules and regulations specific to your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent Walmart determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix is incorporated by reference into these Global Share-Settled Performance-Based Restricted Stock Unit Notification and Terms and Conditions and, together, these documents constitute this Agreement.

13. Nature of Plan Award. You further acknowledge, understand and agree that:

- A. the Plan is established voluntarily by Walmart and is discretionary in nature;
 - B. the grant of PRSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PRSUs or other awards, or benefits in lieu of PRSUs, even if PRSUs have been granted in the past;
 - C. all decisions with respect to future grants of PRSUs or other awards, if any, will be at the sole discretion of the Committee;
 - D. neither this Agreement nor the Plan creates or amends any contract of employment with any entity involved in the management or administration of the Plan or this Agreement, and nothing in this Agreement or the Plan shall interfere with or limit in any way the right of Walmart or, if different, the Employer to terminate your Continuous Status at any time, nor confer upon you the right to continue in the employ of Walmart or any Affiliate;
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- E. the PRSUs and the Shares underlying the PRSUs, and the income from and value of same, relate exclusively to your Continuous Status during the vesting period applicable to your PRSUs;
- F. nothing in this Agreement or the Plan creates any fiduciary or other duty owed to you by Walmart, any Affiliate, or any member of the Committee, except as expressly stated in this Agreement or the Plan;
- G. you are voluntarily participating in the Plan;
- H. the PRSUs and the Shares underlying the PRSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- I. the PRSUs and the Shares underlying the PRSUs, and the income from and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- J. unless otherwise agreed with Walmart in writing, the PRSUs and the Shares underlying the PRSUs, and the income from and the value of same, are not granted as consideration for, or in connection with, the service (if any) you may provide as a director of any Affiliate;
- K. the future value of the Shares underlying the PRSUs is unknown, indeterminable and cannot be predicted with certainty;
- L. no claim or entitlement to compensation or damages shall arise from forfeiture of the PRSUs resulting from the termination of your Continuous Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any);
- M. in the event of the termination of your Continuous Status (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), including as a result of the closing of any transaction or other agreement that results in the Employer ceasing to be an Affiliate of Walmart, unless otherwise set forth in this Agreement your right to vest in the PRSUs under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and may not be extended by any notice period under local law (e.g., your period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); the Committee shall have the exclusive discretion to
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determine when you are no longer actively employed for purposes of this Agreement (including whether you may still be considered to be providing services while on a leave of absence or whether the Employer has ceased to be an Affiliate of Walmart);

N. unless otherwise provided in the Plan or by Walmart in its discretion, the PRSUs and the benefits evidenced by this Agreement do not create any entitlement to have the PRSUs, the Shares underlying the PRSUs or any Adjusted PRSUs, or any such benefits transferred to, or assumed by, another company nor to be exchanged, or substituted for, in connection with any corporate transaction affecting the Shares underlying the PRSUs and any Adjusted PRSUs; and

O. if you are providing services outside the United States: neither Walmart nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the PRSUs or of any amounts due to you pursuant to the settlement of the PRSUs or the subsequent sale of any Shares acquired upon settlement.

14. No Advice Regarding Award. Walmart and/or its Affiliates are not providing any tax, legal or financial advice, nor are Walmart or any Affiliate making any recommendation regarding your participation in the Plan or the Shares underlying the PRSUs acquired upon vesting. You are advised to consult with your personal tax, legal, and financial advisors regarding the decision to participate in the Plan and before taking any action related to the Plan.

15. Data Privacy. *You hereby explicitly and unambiguously acknowledge that your personal data will be collected, used and transferred, in electronic or other form, as described in this Agreement and any other grant materials by and among, as applicable, Walmart and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Walmart and its Affiliates may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance identification number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in Walmart or an Affiliate, details of all PRSUs or any other awards granted, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. You acknowledge that you understand that Data may be transferred to Merrill Lynch, Pierce, Fenner & Smith and its affiliates or such other stock plan service provider as may be selected by Walmart in the future, which is assisting Walmart in the implementation, administration and management of the Plan. You acknowledge that you understand that the recipients of the Data may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You acknowledge and understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize Walmart, Merrill Lynch, Pierce, Fenner & Smith and any other possible recipients which may assist Walmart (presently or in the future) with implementing, administering and managing the Plan*

to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of Data as may be required to Walmart's designated broker or other third party. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Continuous Status with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that Walmart would not be able to grant PRSUs or other Plan Awards to you or administer or maintain such Plan Awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative. Finally, you acknowledge that no other agreements or consent shall be required to be given to Walmart and/or the Employer for the legitimate purposes of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and acknowledge that you will not be able to participate in the Plan if you later communicate any limitation on this acknowledgment to Walmart and/or the Employer.

16. Other Provisions.

A. Determinations regarding this Agreement (including, but not limited to, whether, and the extent to which, the Performance Measures and Performance Goals referred to in Paragraph 5 have been satisfied, and whether an event has occurred resulting in the forfeiture of or accelerated vesting of an Adjusted PRSU) shall be made by the Committee in its sole and exclusive discretion and in accordance with this Agreement and the Plan, and all determinations of the Committee shall be final and conclusive and binding on you and your successors and heirs.

B. Walmart reserves the right to amend, abandon or terminate the Plan, including this Agreement, at any time subject to Committee approval. Nothing in the Plan should be construed as to create any expectations that the Plan will be in force and effect for an indefinite period of time nor shall give rise to any claims to acquired rights or similar legal theories.

C. The Committee will administer the Plan. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among recipients and eligible Associates, whether or not such persons are similarly situated.

D. Walmart reserves the right to amend any applicable Performance Measures (including any weightings thereof) and/or Performance Goals for any Plan Award under this Agreement. In such a case, any amendments will be communicated to you in writing (which may include a communication transmitted by electronic means, such as an e-mail communication or a communication posted online for your review).

E. This Agreement shall be construed under the laws of the State of Delaware, without regard to its conflict of law provisions.

F. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

G. You acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. Furthermore, if you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

H. Walmart may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Walmart or a third party designated by Walmart.

I. Walmart reserves the right to impose other requirements on your participation in the Plan, on your Plan Award and the Shares underlying the PRSUs awarded pursuant to this Agreement, to the extent Walmart determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

J. You acknowledge that a waiver by Walmart or an Affiliate of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provisions of the Plan or this Agreement, or of any subsequent breach by you or any other Associate.

K. You understand that depending on your or your broker's country or the country in which the Shares are listed, you may be subject to insider trading and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., PRSUs and Adjusted PRSUs) or rights linked to the value of Shares under the Plan during such times you are considered to have "inside information" (as defined in the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed insider information. Furthermore, you could be

prohibited from (i) disclosing inside information to any third party, which may include fellow employees (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. The restrictions applicable under these laws may be the same or different from Walmart’s insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations and any applicable Walmart insider trading policy, and are advised to speak to your personal legal advisor on this matter.

L. You understand that you may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds arising from the sale of Shares) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The applicable laws of your country may require that you report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You acknowledge that you are responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements, and you are advised to consult your personal legal advisor on this matter.

M. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, Walmart shall not be required to deliver any Shares issuable upon vesting of the PRSUs prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission (“SEC”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval Walmart shall, in its absolute discretion, deem necessary or advisable. You understand that Walmart is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Walmart may, without liability for its good faith actions, place legend restrictions upon Shares underlying your Adjusted PRSUs and issue “stop transfer” instructions requiring compliance with applicable U.S. or other securities laws and the terms of the Agreement and Plan. Further, you agree that Walmart shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws, rules or regulations applicable to issuance of Shares.

WALMART INC.
Stock incentive plan of 2015

**GLOBAL SHARE-SETTLED PERFORMANCE-BASED RESTRICTED STOCK UNIT NOTIFICATION
AND TERMS AND CONDITIONS**

COUNTRY-SPECIFIC APPENDIX

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Global Share-Settled Performance-Based Restricted Stock Unit Notification and Terms and Conditions (the “T&C’s”).

Terms and Conditions. This Appendix includes additional terms and conditions that govern the PRSUs granted to you under the Plan if you work and/or reside in one of the countries listed below.

If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer Continuous Status after the Grant Date, or are considered a resident of another country for local law purposes, Walmart shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to you.

Notifications. This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2019. Such laws are often complex and change frequently. As a result, Walmart strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that the PRSUs vest or you receive Shares under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and Walmart is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer Continuous Status after the Grant Date, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

ARGENTINA

Notifications

Securities Law Information. Neither the PRSUs nor any Shares subject to the PRSUs are publicly offered or listed on any stock exchange in Argentina, as a result, have not been and will not be registered with the Argentina Securities Commission (*Comisión Nacional de Valores*). Neither this Agreement nor any other materials related to the PRSUs, nor the underlying Shares, may be utilized in connection with any general offering to the public in Argentina. Argentine residents who acquire PRSUs under the Plan do so according to the terms of a private offering made outside Argentina.

Exchange Control Information. You understand that you must comply with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the PRSUs and your participation in the Plan. You should consult with your personal legal advisor to ensure compliance with the applicable requirements.

Foreign Asset/Account Reporting Information. If you are an Argentine tax resident, you must report any Shares acquired under the Plan and held by you in a foreign bank account on December 31st of each year on your annual tax return for that year.

BRAZIL

Terms and Conditions

Compliance with the Law. By accepting the PRSUs, you acknowledge your agreement to comply with applicable Brazilian laws and to pay any and all applicable Tax-Related Items associated with the PRSUs, the sale of any Shares acquired under the Plan, and any dividends paid on such Shares.

Labor Law Acknowledgement. By accepting the PRSUs, you agree that you are (i) making an investment decision, (ii) the Shares will be issued to you only if the vesting conditions are met, and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to you.

Notifications

Foreign Asset/Account Reporting Information. If you hold assets and rights outside Brazil with an aggregate value exceeding US\$100,000, you will be required to prepare and submit to the Central Bank of Brazil an annual declaration of such assets and rights, including: (i) bank deposits; (ii) loans; (iii) financing transactions; (iv) leases; (v) direct investments; (vi) portfolio investments, including Shares acquired under the Plan; (vii) financial derivatives investments; and (viii) other investments, including real estate and other assets. Quarterly reporting obligations apply if the value of the assets and rights exceeds US\$100,000,000. Please note that foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Individuals holding assets and rights outside Brazil valued at less than US\$100,000 are not required to submit a declaration. Please note that the US\$100,000 threshold may be changed annually. You must

also report income recognized in connection with the PRSUs on the annual Natural Person Income Tax Return (“DIRPF”).

Tax on Financial Transactions (IOF).

Repatriation of funds (e.g., sale proceeds) into Brazil and the conversion of USD into BRL associated with such fund transfers may be subject to the Tax on Financial Transactions. It is your responsibility to comply with any applicable Tax on Financial Transactions arising from your participation in the Plan. You should consult with your personal advisor for additional details.

CANADA

Terms and Conditions

Termination of Continuous Status. This provision replaces Paragraph 13(M) of the T&C’s:

In the event of the termination of your Continuous Status (whether or not later found to be invalid for any reason, including for breaching either applicable employment laws or your employment agreement, if any), unless otherwise set forth in this Agreement, your right to vest in the PRSUs under the Plan, if any, will terminate effective as the earlier of (i) the date on which your Continuous Status is terminated, (ii) the date on which you receive a notice of termination, or (iii) the date you no longer actively provide service to Walmart or any Affiliate, regardless of any notice period or period of pay in lieu of such notice required under local law. The Committee shall have the exclusive discretion to determine when you are no longer employed for purposes of this Agreement (including whether you may still be considered to be providing services while on a leave of absence).

Vesting and Delivery of Shares. This provision supplements Paragraph 5 of the T&C’s:

Instead of delivering Shares upon vesting of your PRSUs to you as set forth in Paragraph 5 of the T&C’s, Walmart or Wal-Mart Canada Corp. or an Affiliate (Wal-Mart Canada Corp. and any Affiliate of Walmart that is controlled by Wal-Mart Canada Corp. being referred to collectively as “WM Canada”), in their sole discretion, also may settle your Adjusted PRSUs in cash, Shares, or a combination of cash and Shares. To the extent your Plan Award will be settled in Shares, you hereby acknowledge and agree that such settlement may be satisfied by WM Canada by forwarding a cash settlement amount in respect of the Adjusted PRSUs to an independent broker who will in turn purchase the Shares on the open market on your behalf. Any Shares so purchased on the open market shall be delivered to you as set forth in Paragraph 5 of the T&C’s.

The Following Provisions Apply to Associates and Non-Management Directors Resident in Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Paragraph 15 of the T&C's:

You hereby authorize Walmart, any Affiliate and their representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize Walmart, any Affiliate and any stock plan service provider that may be selected by Walmart to assist with the Plan to disclose and discuss the Plan with their respective advisors. You further authorize Walmart or an Affiliate to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You are permitted to sell the Shares acquired through the Plan through the designated broker, if any, provided the resale of Shares acquired under the Plan takes place outside Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the NYSE).

Foreign Asset/ Account Reporting Information. Foreign property, including shares of stock (*i.e.*, Shares) and other rights to receive Shares (*e.g.*, PRSUs) of a non-Canadian company held by a Canadian resident employee must generally be reported annually on a Form T1135 (Foreign Income Verification Statement), if the total cost of your specified foreign property exceeds C\$100,000 at any time during the year. Thus, PRSUs must be reported (generally at a nil cost) if the C\$100,000 cost threshold is exceeded because of other specified foreign property that you hold. When Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB ordinarily is equal to the fair market value of the Shares at the time of acquisition, but if you own other Shares (acquired separately), this ACB may have to be averaged with the ACB of the other Shares.

CHILE

Terms and Conditions

Labor Law Acknowledgement. The PRSUs and the Shares underlying the PRSUs, and the income from and value of same, shall not be considered as part of your remuneration for purposes of determining the calculation base of future indemnities, whether statutory or contractual, for years of service (severance) or in lieu of prior notice, pursuant to Article 172 of the Chilean Labor Code.

Notifications

Securities Law Information. This grant of PRSUs constitutes a private offering of securities in Chile effective as of the Grant Date. This offer of PRSUs is made subject to general ruling n° 336 of the Chilean Commission of Financial Market (“CMF”). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the PRSUs are not registered in Chile, Walmart is not required to provide public information about the PRSUs or the Shares in Chile. Unless the PRSUs and/or the Shares are registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta Oferta de PRSUs (“Unidades”) constituye una oferta privada de valores en Chile y se inicia en la Fecha de la Oferta. Esta oferta de Unidades se acoge a las disposiciones de la Norma de Carácter General N° 336 (“NCG 336”) de la Comisión para el Mercado Financiero de Chile (“CMF”). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse de valores no inscritos en Chile no existe la obligación por parte de Walmart de entregar en Chile información pública respecto de los mismos. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

Exchange Control Information. You are not required to repatriate any funds you receive with respect to the PRSUs (e.g., any proceeds from the sale of any Shares issued upon vesting of the PRSUs) to Chile. However, if you decide to repatriate such funds, you acknowledge that you will be required to affect such repatriation through the Formal Exchange Market (i.e., a commercial bank or registered foreign exchange office) if the amount of the funds repatriated exceeds US\$10,000. Further, if the value of your aggregate investments held outside Chile exceeds US\$5,000,000 (including Shares and any other cash proceeds acquired under the Plan) at any time in a calendar year, you must report the status of such investments to the Central Bank of Chile.

You will also be required to provide certain information to the Chilean Internal Revenue Service (“CIRS”) regarding the results of investments held abroad and the taxes you have paid abroad (if you will be seeking a credit against Chilean income tax owed). This information must be submitted on certain electronic sworn statements before June 29 of each year, depending on the assets or taxes being reported. Those statements may be found at the CIRS website at www.sii.cl.

You may be ineligible to receive certain foreign tax credits if you fail to meet the applicable reporting requirements. Exchange control and tax reporting requirements in Chile are subject to change and you should consult with your personal legal and tax advisor regarding any reporting obligations that you may have in connection with the PRSUs.

COSTA RICA

There are no country-specific provisions.

GUATEMALA

There are no country-specific provisions.

HONG KONG

Terms and Conditions

Form of Settlement. The grant of PRSUs does not provide any right for you to receive a cash payment, and the PRSUs are payable only in Shares.

Warning: The PRSUs and any Shares acquired under the Plan do not constitute a public offering of securities under Hong Kong law and are available only to employees of Walmart or an Affiliate. The Agreement, including this Appendix, the Plan and any other incidental communication materials related to the PRSUs (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the personal use of each eligible Associate or Non-Management Director of Walmart or an Affiliate and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Appendix or the Plan, you should obtain independent professional advice.

Notifications

Nature of Scheme. Walmart specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

INDIA

Terms and Conditions

Labor Law Acknowledgement. The PRSUs and the Shares underlying the PRSUs, and the income and value of same, are extraordinary items that are not part of your annual gross salary.

Notifications

Exchange Control Information. If you are a resident of India for exchange control purposes, you will be required to repatriate the cash proceeds from the sale of Shares issued upon vesting of PRSUs to India within such time as prescribed under applicable Indian exchange control laws, as may be amended from time to time. You will receive a foreign inward remittance certificate (“FIRC”) from the bank where you deposit the foreign currency. You should

maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India, Walmart or any Affiliate requests proof of repatriation.

Foreign Asset/ Account Reporting Information. If you are a tax resident of India, you will be required to declare foreign bank accounts and any foreign financial assets in your annual tax return. It is your responsibility to comply with this reporting obligation and you should consult with your personal tax advisor in this regard.

JAPAN

Notifications

Foreign Asset/ Account Reporting Information. If you are a Japanese tax resident, you will be required to report details of any assets held outside Japan as of December 31st (including any Shares or cash acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to include details of any outstanding Shares, PRSUs or cash held by you in the report.

LUXEMBOURG

There are no country-specific provisions.

MEXICO

Terms and Conditions

No Entitlement for Claims or Compensation. The following sections supplement Paragraph 13 of the T&C's:

Modification. By accepting the PRSUs, you acknowledge and agree that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of your Continuous Status.

Policy Statement. The grant of PRSUs is unilateral and discretionary and, therefore, Walmart reserves the absolute right to amend it and discontinue the award at any time without any liability.

Walmart, with registered offices at 702 Southwest 8th Street, Bentonville, Arkansas 72716, U.S.A., is solely responsible for the administration of the Plan, and participation in the Plan and the PRSUs does not, in any way, establish an employment relationship between you and Walmart or any Affiliate since you are participating in the Plan on a wholly commercial basis.

Plan Document Acknowledgment. By accepting the PRSUs, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

In addition, by accepting the Agreement, you acknowledge that you have read and specifically and expressly approve the terms and conditions set forth in Paragraph 13 of the Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by Walmart on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) Walmart and its Affiliates are not responsible for any decrease in the value of any Shares (or the cash equivalent) underlying the PRSUs under the Plan.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against Walmart for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to Walmart and any Affiliate with respect to any claim that may arise under the Plan.

Spanish Translation

Sin derecho a compensación o reclamaciones por compensación. Estas disposiciones complementan el Párrafo 13 del Contrato:

Modificación. Al aceptar las PRSUs (“Unidades”), usted entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.

Declaración de Política. El otorgamiento de Unidades que Walmart está haciendo de conformidad con el Plan es unilateral y discrecional y, por lo tanto, Walmart se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.

Walmart, con oficinas registradas ubicadas en 720 Southwest 8th Street, Bentonville, Arkansas 72716, EE.UU. es únicamente responsable de la administración del Plan y la participación en el Plan y la adquisición de Unidades no establece, de forma alguna, una relación de trabajo entre usted y Walmart o alguna compañía afiliada, ya que usted participa en el Plan de una forma totalmente comercial.

Reconocimiento del Documento del Plan. Al aceptar las Unidades, usted reconoce que ha recibido copias del Plan, ha revisado el Plan y el Contrato en su totalidad y entiende y acepta completamente todas las disposiciones contenidas en el Plan y en el Contrato.

Adicionalmente, al aceptar el Contrato, usted reconoce que ha leído y especifica y expresamente ha aprobado los términos y condiciones en el Párrafo 13 del Contrato, en lo que claramente se ha descrito y establecido que: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan es ofrecida por Walmart de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) Walmart

y cualquier compañía afiliada no son responsables por cualquier disminución en el valor de las Acciones (o su equivalente en efectivo) subyacentes a las Unidades bajo el Plan.

Finalmente, usted declara que no se reserva ninguna acción o derecho para interponer una demanda o reclamación en contra de Walmart por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga el más amplio finiquito a Walmart y compañía afiliada con respecto a cualquier demanda o reclamación que pudiera surgir en virtud del Plan.

NIGERIA

There are no country-specific provisions.

PERU

Terms and Conditions

Labor Law Acknowledgement. By accepting the PRSUs, you acknowledge that the PRSUs are being granted *ex gratia* to you with the purpose of rewarding you.

Notifications

Securities Law Information. The offer of the PRSUs is considered a private offering in Peru; therefore, it is not subject to registration. For more information concerning this offer, please refer to the Plan, the Agreement, and any other grant documents made available by Walmart.

SOUTH AFRICA

Term and Conditions

Securities Law Information and Deemed Acceptance of PRSUs. Neither the PRSUs nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the PRSUs offer must be finalized on or before the 60th day following the Grant Date. If you do not want to accept the PRSUs, you are required to decline your PRSUs no later than the 60th day following the Grant Date. If you do not reject your PRSUs on or before the 60th day following the Grant Date, you will be deemed to accept the PRSUs.

Tax Reporting Information. By accepting the PRSUs, you agree to notify Walmart or your Employer, if different, of the amount of income realized at vesting of the PRSUs. If you do not inform Walmart or the Employer, if different, of the income at vesting, and the Employer is subject to penalties or interest as a result of not being able to withhold Tax-Related Items, the Employer may recover any such penalty and interest amounts from you. In addition, if

you fail to advise Walmart or your Employer, if different, of the income at vesting, you may be liable for a fine.

Notifications

Exchange Control Information. You should consult with your personal advisor to ensure compliance with applicable exchange control regulations in South Africa as such regulations are subject to frequent change. You are responsible for ensuring compliance with all exchange control laws in South Africa.

UNITED KINGDOM

Terms and Conditions

Taxes and Tax Withholding. This section supplements Paragraph 10 of the T&C's:

Without limitation to Paragraph 10 of the T&C's, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items as and when requested by Walmart or any Affiliate or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified Walmart and its Affiliates against any Tax-Related Items that they are required to pay or withhold on your behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority). Notwithstanding the foregoing, if you are a director or executive officer of Walmart (within the meaning of Section 13(k) of the Exchange Act), you understand that you may not be able to indemnify Walmart for the amount of any income tax not collected from or paid by you, in case the indemnification could be considered a loan. In this case, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and employee national insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing Walmart or the Employer, as applicable, for the value of any national insurance contributions due on this additional benefit, which Walmart or the Employer may recover from you at any time thereafter by the means referred to in Paragraph 10 of the T&C's.

UNITED STATES

Terms and Conditions

Military Leave. If you were on military leave on the Grant Date, and you are on the same military leave on a Vesting Date, your Continuous Status must be maintained for not less than six months after your return from the military leave before your Plan Award shall vest. In such circumstances, for purposes of Paragraph 5, your Vesting Date shall be deemed to be the date that is six months after your return from military leave, and the number of Shares corresponding to any Adjusted PRSUs will be delivered to you as soon as administratively feasible but in any event within 74 days of vesting.

Post-Termination Agreement and Covenant Not to Compete

This Post-Termination Agreement and Covenant Not to Compete (this "Agreement") is entered into as of June 6, 2019 by and between Walmart Inc., a Delaware Corporation and its subsidiaries and affiliates (collectively, "Walmart") and Suresh Kumar ("Associate").

Recitals

WHEREAS, Associate has accepted an offer letter from Walmart dated April 26, 2019 (the "Offer Letter") whereby Associate has agreed to become Global Chief Technology Officer and Chief Development Officer (the "Initial Employment"); and

WHEREAS, as a material condition of Associate's Initial Employment with Walmart and to receiving the compensation detailed in the Offer Letter including, specifically, the Sign-On Bonus and certain special equity awards (which are detailed in the Offer Letter), Associate is required to execute and deliver this Agreement to be attached as Exhibit A to the Offer Letter. Associate hereby executes this Agreement in Bentonville, Arkansas, where Walmart maintains its principal corporate offices ("Corporate").

Agreement

NOW, THEREFORE, in consideration of the premises and acknowledgments, covenants, representations, warranties and agreements contained herein and for other good and valuable consideration, including but not limited to, Associate's Initial Employment with Walmart, the opportunity to receive the compensation and Sign-On Bonus detailed in the Offer Letter, and the promise of payments under this Agreement, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

I. Acknowledgements

As part of this Agreement, the parties specifically acknowledge that:

- a) Walmart is a major retail operation, with stores located throughout the United States, territories of the United States and in certain foreign countries;
 - b) Associate will become Global Chief Technology Officer and Chief Development Officer, which is a key executive officer position appointed by the Walmart Board of Directors and Associate will report to the President and Chief Executive Officer of Walmart, who is located at Corporate;
 - c) As an essential part of its business, Walmart has cultivated, established and maintained long-term customer and vendor relationships and goodwill, and competitive advantages which are difficult to develop and maintain, have required and continue to require a significant investment of time, effort and expense, and that can suffer significantly and irreparably upon the departure of key officers, regardless of whether the officer has been personally involved in developing or maintaining the relationships, goodwill or competitive advantages;
 - d) In the development of its business, Walmart has expended a significant amount of time, money and effort in developing, maintaining and protecting private, sensitive, confidential, proprietary and trade secret information including but not limited to, information regarding Walmart's products or services, strategies, research and development efforts, logistics, transportation, selling and delivery plans, geographic markets, developing or potential geographic markets, developing or potential product markets, mergers, acquisitions, divestitures, data, business methods, computer programs and related source and object code, supplier and customer relationships, contacts and information, methods or sources of product manufacture, know-how, product or service cost or pricing, personnel allocation or organizational structure, business, marketing, development and expansion or contraction plans, information concerning the legal or financial affairs of Walmart, any other non-public information, and any other information protected by the Nondisclosure and Restricted Use Agreement executed by
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- Associate (collectively, "Confidential Information"), the disclosure or misuse of which could cause irreparable harm to Walmart's business, anticipated business, and its competitive position in the retail marketplace;
- e) As Global Chief Technology Officer and Chief Development Officer, Associate will have access to Confidential Information that would be of considerable value to Walmart's global and domestic competitors and potential competitors; and
 - f) Associate acknowledges that Walmart is entitled to take appropriate steps to ensure:
 - i. That its associates do not misappropriate or make any other improper use of Confidential Information;
 - ii. That no individual associate, competitor or potential competitor gains an unfair, competitive advantage over Walmart; and
 - iii. That its competitors and potential competitors do not improperly gain access to or make any use of Confidential Information in their efforts to compete against, or cause harm to, Walmart.

II. Transition Payments

For purposes of this Agreement, the term "Separation Date" means the effective date of Associate's termination of employment with Walmart. If Walmart terminates Associate's employment, Walmart will pay Associate certain transition payment(s) as detailed below based upon Associate's base salary at the rate in effect on the Separation Date ("Transition Payments"), subject to such withholding as may be required by law and subject to the conditions set forth in this Section II. Transition Payments will commence and be paid at the times and in the amounts provided in Section II (f).

- a) Transition Payments will not be paid if Associate is terminated as the result of Associate's violation of any Walmart policy.
 - b) No Transition Payments will be paid if Associate voluntarily resigns or retires from employment with Walmart.
 - c) Receipt of Transition Payments is contingent on Associate executing a waiver and release of claims at the time of Associate's separation from employment with Walmart in a form that is satisfactory to Walmart.
 - d) Given the availability of other programs designed to provide financial protection in such circumstances, Transition Payments will not be paid under this Agreement if Associate dies or becomes disabled on or before the Separation Date. If Associate dies during the period when Transition Payments are being made, Transition Payments will cease, and Associate's heirs will not be entitled to the continuation of such payments. Transition Payments will not be affected should Associate become disabled after the Separation Date.
 - e) Associate's violation of the obligations under Sections IV, V or VI, below, or any other act that is materially harmful to Walmart's business interests while the Agreement remains in effect, will result in the immediate termination of the Transition Payments, the recovery of the Transition Payments already made, and any other remedies that may be available to Walmart. In such event, Associate acknowledges that this Agreement and Associate's obligations hereunder shall continue per their terms and that Associate shall not claim that the Agreement fails for lack of consideration in light of the Sign-On Bonus and Initial Employment specifically referenced and incorporated above.
 - f) Transition Payments will be paid on the following schedule based on length of service:
 - i. Should Associate's Separation Date be on or before January 31, 2020, the Transition Payment will be equivalent to three (3) months of base salary, and will be paid within thirty (30) days of the Separation Date;
 - ii. Should Associate's Separation Date be anytime between February 1, 2020 through January 31, 2021, the Transition Payment will be one (1) year of base salary. 50% of such Transition Payment will be paid within thirty (30) days of the Separation Date and the remainder will be paid in accordance with subsection iv below; and
 - iii. Should Associate's Separation Date be on or after February 1, 2021, the Transition Payment will be two (2) years of base salary. 25% of such Transition Payment will be paid within thirty (30) days of the Separation Date and the remainder will be paid in accordance with subsection iv below.
 - iv. The remainder of the Transition Payments per subsection ii and iii above shall commence on the first regularly scheduled pay period six (6) months after Associate's termination and
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shall be made during each regularly scheduled pay period thereafter until paid in full. Each Transition Payment shall be the amount which would have continued as part of Associate's regular base salary, less applicable withholding, and shall be made in the regularly scheduled payroll cycle, subject to the terms and conditions of this Agreement.

- g) Receipt of Transition Payments will not entitle Associate to participate during the Transition Period in any other incentive, restricted stock, performance share, stock option, stock incentive, profit sharing, management incentive or other associate benefit plan or program maintained by Walmart; except that, Associate will be entitled to participate in such plans or programs to the extent that the terms of the plan or program provide for participation by former associates. Such participation, if any, shall be governed by the terms of the applicable plan or program.

III. Benefits

Associate will be eligible for all other payments and benefits accrued and owing at the time of termination. Participation in all other benefits programs available to current associates will end on the effective date of Associate's termination, subject to Associate's rights under COBRA to continue group medical and dental coverage for eighteen (18) months, pursuant to the terms of COBRA, which are currently extended to terminating Walmart associates.

IV. Covenant Not to Compete and Non-Solicitation of Associates

Due to the strategic, sensitive and far-reaching nature of the Associate's position at Walmart and the Confidential Information to which the Associate will be exposed, Associate agrees, promises, and covenants that:

- a) For a period of two (2) years from the date on which Associate's employment with Walmart terminates, and regardless of the cause or reason for such termination, Associate will not directly or indirectly:
 - i. Own, manage, operate, finance, join, control, advise, consult, render services to, have a current or future interest in, or participate in the ownership, management, operation, financing or control of, or be employed by or connected in any manner with, any Competing Business as defined below in Section IV (b) (i) and/or any Global Retail Business as defined below in Section IV (b) (ii); and/or
 - ii. Participate in any other activity that risks the use or disclosure of Confidential Information either overtly by the Associate or inevitably through the performance of such activity by the Associate; and/or
 - iii. Solicit for employment, hire or offer employment to, or otherwise aid or assist any person or entity other than Walmart in soliciting for employment, hiring, or offering employment to, any officer, officer equivalent or management associate of Walmart, or any of its subsidiaries or affiliates.
 - b) i. For purposes of this Agreement, the term "Competing Business" shall include any general or specialty retail, grocery, wholesale membership club or merchandising business, inclusive of its respective parent companies, subsidiaries and/or affiliates that:
 - 1. Sells goods or merchandise at retail to consumers and/or businesses (whether through physical locations, via the internet or combined) or has plans to sell goods or merchandise at retail to consumers and/or businesses (whether through physical locations, via the internet or combined) within twelve (12) months following Associate's last day of employment with Walmart in the United States; and
 - 2. Has gross annual consolidated sales volume or revenues attributable to its retail operations (whether through physical locations, via the internet or combined) equal to or in excess of U.S. \$7 billion.
 - ii. For purposes of this Agreement, the term "Global Retail Business" shall include any general or specialty retail, grocery, wholesale membership club or merchandising business, inclusive of its respective parent companies, subsidiaries and/or affiliates, that:
 - 1. In any country or countries outside of the United States in which Walmart conducts business or intends to conduct business in the twelve (12) months following Associate's last day of employment with Walmart, sells goods or merchandise at retail to consumers and/or businesses (whether through physical locations, via the internet or combined); and
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2. Has gross annual consolidated sales volume or revenues attributable to its retail operations (whether through physical locations, via the internet or combined) equal to or in excess of U.S. \$7 billion in any country pursuant to
3. (b) (ii) (1) or in the aggregate equal to or in excess of U.S. \$7 billion in any countries taken together pursuant to (b) (ii) (1) when no business in any one country has annual consolidated sales volume or revenues attributable to its retail operations equal to or in excess of U.S. \$7 billion.
- iii. For purposes of this Agreement, the term "Management Associate" shall mean any domestic or international associate holding the title of "manager" or above.
- iv. For purposes of this Agreement, the term "Officer" shall mean any domestic Walmart associate who holds a title of Vice President or above.
- v. For purposes of this Agreement, the term "Officer Equivalent" shall mean any non-U.S. Walmart associate who Walmart views as holding a position equivalent to an officer position, such as managers and directors in international markets, irrespective of whether such managers and directors are on assignment in the U.S.
- c) Ownership of an investment of less than the greater of \$25,000 or 1% of any class of equity or debt security of a Competing Business and/or a Global Retail Business will not be deemed ownership or participation in ownership of a Competing Business and/or a Global Retail Business for purposes of this Agreement.
- d) The covenant not to compete contained in this Section IV shall bind Associate, and shall remain in full force and effect, regardless of whether Associate qualifies or continues to remain eligible, for the Transition Payments described in Section II above. Termination of the Transition Payments pursuant to Section II will not release Associate from Associate's obligations under this Section IV or Section V and VI.

V. Future Assistance

Associate agrees to provide reasonable assistance and cooperation to Walmart in connection with any agency investigation, litigation or similar proceedings that may exist or may arise regarding events as to which Associate has knowledge by virtue of Associate's employment with Walmart. Walmart will compensate Associate for reasonable travel, materials and other expenses incidental to any such support Associate may provide to Walmart, at Walmart's request.

VI. Preservation of Confidential Information

Associate will not at any time, directly or indirectly, use or disclose any Confidential Information obtained during the course of his/her employment with Walmart and following his/her termination of employment with Walmart, except as may be authorized by Walmart.

VII. Remedies for Breach

The parties shall each be entitled to pursue all legal and equitable rights and remedies to secure performance of their respective obligations and duties under this Agreement, and enforcement of one or more of these rights and remedies will not preclude the parties from pursuing any other rights and remedies. Associate acknowledges that a breach of the provisions of Sections IV through VI, above could result in substantial and irreparable damage to Walmart's business, and that the restrictions contained in Sections IV through VI are a reasonable attempt by Walmart to protect its rights and to safeguard its Confidential Information goodwill and business relationships. Associate expressly agrees that upon a breach or a threatened breach of the provisions of Sections IV through VI, Walmart shall be entitled to injunctive relief to restrain such violation, and Associate hereby expressly consents to the entry of such temporary, preliminary, and/or permanent injunctive relief, as may be necessary to enjoin the violation or threatened violation of Sections VI through VI. With respect to any breach of this Agreement by Associate, Associate agrees to indemnify and hold Walmart harmless from and against any and all loss, cost, damage, or expense, including, but not limited to, attorneys' fees incurred by Walmart, and to return immediately to Walmart all of the monies previously paid to Associate by Walmart under this Agreement (but, for the avoidance of doubt, not including the Sign-On Bonus except if otherwise required pursuant to the terms of the Offer Letter); provided, however, that such repayment shall not constitute a waiver by Walmart of any other remedies available under this Section or by law or a waiver of its right to enforce any other provision of this Agreement.

VIII. Severability

In the event that a court of competent jurisdiction shall determine that any portion or subportion of this Agreement is invalid or otherwise unenforceable, the parties agree that the remaining portions or subportions of the Agreement shall remain in full force and effect. The parties also expressly agree that if any portion or subportion of the covenant not to compete or non-solicitation set forth in Section VI shall be deemed unenforceable, then the Agreement shall automatically be deemed to have been amended to incorporate such terms as will render the covenant enforceable to the maximum extent permitted by law.

IX. Nature of the Relationship

Nothing contained in this Agreement shall be deemed or construed to constitute a contract of employment for a definite term. The parties acknowledge that Associate is not employed by Walmart for a definite term, and that either party may sever the employment relationship at any time and for any reason not otherwise prohibited by law.

X. Entire Agreement

This document, along with the Offer Letter and the most recent Non-Disclosure and Restricted Use Agreement executed by and between the parties (the "Ancillary Agreement"), contain the entire understanding and agreement between Associate and Walmart regarding the subject matter of this Agreement, the Offer Letter and the Ancillary Agreement. This Agreement, together with the Offer Letter and Ancillary Agreement, supersede and replace any and all prior understandings or agreements between the parties regarding these subjects, and no representations or statements by either party shall be deemed binding unless contained herein or therein.

XI. Modification

This Agreement may not be amended, modified or altered except in writing signed by both parties or their designated representatives.

XII. Successors and Assigns

This Agreement will inure to the benefit of, and will be binding upon, Walmart, its successors and permitted assigns, and on Associate and his/her heirs, successors, and permitted assigns. No rights or obligations under this Agreement may be assigned to any other person without the express written consent of all parties hereto.

XIII. Counterparts

This Agreement may be executed in counterparts, in which case each of the two counterparts will be deemed to be an original.

XIV. Governing Law and Venue

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to Delaware law concerning the conflicts of law. The parties agree that any action relating to the interpretation, validity or enforcement of this Agreement shall be brought in the courts of the State of Delaware, County of New Castle, or in the United States District Court of Delaware, and the parties hereby expressly consent to the jurisdiction of such courts and agree that venue is proper in those courts. The parties do hereby irrevocably:

- a) Submit themselves to the personal jurisdiction of such courts;
- b) Agree to service of such courts' process upon them with respect to any such proceeding;
- c) Waive any objection to venue laid therein; and
- d) Consent to service of process by registered mail, return receipt requested.

Associate further agrees that in any claim or action involving the execution, interpretation, validity, or enforcement of this Agreement, Associate will seek satisfaction exclusively from the assets of Walmart and will hold harmless all of Walmart's individual directors, officers, employees, and representatives.

XV. Statement of Understanding

By signing below, Associate acknowledges:

- a) That Associate has received a copy of this Agreement,
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- b) That Associate has read the Agreement carefully before signing it,
- c) That Associate has had ample opportunity to ask questions concerning the Agreement and has had the opportunity to discuss the Agreement with legal counsel of Associate's own choosing, and
- d) That Associate understands the rights and obligations under this Agreement and enters into this Agreement voluntarily.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

WALMART INC.

SURESH KUMAR

By: /s/Jackie Telfair /s/Suresh Kumar

Name: Jackie Telfair

Title: SVP, Global Total Rewards

SEPARATION AGREEMENT

This Separation Agreement (this “Agreement”) is made and entered into on **December 3, 2019**, between Gregory S. Foran (the “Associate”) and Walmart Inc., a Delaware corporation, and its affiliates and subsidiaries (collectively “Walmart”) (each a “Party” and together the “Parties”).

RECITALS

WHEREAS, on October 9, 2019, the Associate notified Walmart of his intent to resign from his position as Executive Vice President, President and Chief Executive Officer of Walmart’s U.S. segment, effective as of the close of business on October 31, 2019; and

WHEREAS, Walmart desires to continue to employ the Associate as an Executive Vice President through January 31, 2020, as described herein, and the Associate wishes to continue such employment on the terms, provisions, and conditions set forth in this Agreement;

AGREEMENT

NOW, THEREFORE, for good and sufficient consideration, the sufficiency of which the parties acknowledge, the parties agree as follows:

1. **Employment.** The Associate shall remain employed by Walmart on a full-time basis in his current role as Executive Vice President, President and Chief Executive Officer, Walmart U.S. through October 31, 2019. From November 1, 2019 through and including January 31, 2020 (the “Transitional Period”), the Associate shall remain employed by Walmart as an Executive Vice President in a transitional role, continuing to report to Walmart’s President and Chief Executive Officer. The parties acknowledge that the Associate’s employment with Walmart will terminate on the close of business on January 31, 2020 (the “Separation Date,” unless the parties mutually agree in writing that the Associate’s employment shall terminate on a different date, in which case such other date shall be the Separation Date). During the Transitional Period, the Associate shall:
 - a) be available for consultation and advice to Walmart’s management and Board of Directors (the “Board”);
 - b) consult with Walmart’s management on strategic matters, including ongoing and future initiatives relating to Walmart’s U.S. segment; and
 - c) assist with the transition of the oversight and management of Walmart’s U.S. segment.

During the Transitional Period, the Associate shall be entitled to perform the duties identified in Paragraph 1(a)-(c) remotely from any location as well as use his paid time off and holidays. If Walmart asks the Associate to go to a specific location while he is away from Walmart Head Office, Walmart will pay for business class return direct flights to take him to Walmart’s desired location as well as hotel and other travel accommodations (including transportation and Walmart corporate aircraft connections).

Notwithstanding any provision of this Agreement or any Walmart policy to the contrary, Walmart shall not terminate the Associate’s employment without Cause (as defined in the Associate’s Continued Employment Terms dated October 9, 2019, including any addendums to those terms signed by both parties).

2. **Compensation During Remaining Term of Employment.** The Associate shall receive the following compensation during the remainder of his employment:
 - a) **Base Salary.** Through to and including the Separation Date, the Associate shall continue to be paid his current annualized base salary of \$1,163,887, less applicable withholding.
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b) **Incentive Payments and Equity Awards.** Unless the Associate either voluntarily terminates his employment with Walmart in writing with an effective date prior to the Separation Date or is terminated for Cause prior to the end of the Transitional Period, the Associate will receive the following benefits:

- (i) an annual cash incentive payment under Walmart's FY20 Management Incentive Plan for the fiscal year ending January 31, 2020 ("2020 MIP"), in accordance with the terms and conditions set forth in the 2020 MIP. The Associate's target payout under the 2020 MIP is \$2,094,997, less applicable withholding, with the final payout to be calculated based on Walmart's achievement of the pre-established performance goals under the 2020 MIP. The Associate will not be eligible for an annual cash incentive payout for the fiscal year ending January 31, 2021 or any subsequent fiscal year.
- (ii) full vesting in all of the Global Share-Settled Performance-Based Restricted Stock Units ("PRSUs") awarded to the Associate on January 23, 2017, in accordance with the terms and conditions set forth in the written award agreement. As of October 9, 2019, the number of shares underlying PRSUs held by the Associate is 100,842, less applicable withholding. The Associate will not be eligible for an annual performance equity payout for the fiscal year ending January 31, 2021 or any subsequent fiscal year.
- (iii) 24,381 shares of restricted stock, less applicable withholding, awarded to the Associate on January 23, 2017 and scheduled to vest on January 21, 2020, in accordance with the terms and conditions set forth in the written award agreement.

c) **Future Equity Grants.** The Associate will not be eligible for any future equity grants under Walmart's Stock Incentive Plan. All restricted stock awards, performance shares, performance equity, restricted stock rights, stock options, and any other equity awards issued to the Associate under Walmart's equity compensation plans that are not vested as of the Separation Date shall be forfeited and cancelled as of the Separation Date.

d) **Other Payments and Benefits.** The Associate shall be entitled to participate in and receive benefits under the employee benefit plans and programs available to associates in comparable positions through the Separation Date (except as limited by Sections 2(b) and 2(c) above), including (but not limited to) the Associate's entitlement to use his remaining PTO and personal aircraft use hours (subject to availability and Walmart's Global Aviation Policy) during the Transitional Period. To the extent the Associate has unused PTO as of the Separation Date, up to 5 days of remaining PTO will be paid out to the Associate.

3. **Separation Payments and Benefits.** Subject to compliance with the terms, provisions, and conditions of this Agreement, the Associate shall receive total separation payments and other benefits as described below. The Associate agrees and acknowledges that if the Associate voluntarily resigns from employment in writing with an effective date prior to the Separation Date or is terminated from employment for Cause prior to the Separation Date, he will not be entitled to the payments or other benefits described in this Section 3 or for damages in lieu thereof or for any loss of opportunity relating thereto. None of the payments or other benefits described in this Section 3 are due, payable or earned until the Separation Date.

a) **Transition Payments.** The Associate shall receive total transition payments of **\$2,327,775**, less applicable withholding (the "Transition Payments"). As soon as practical after the Separation Date, but not to exceed 30 calendar days after the Separation Date, the Associate will receive the first installment of the Transition Payments in a lump-sum payment in the amount of **\$581,944**, less applicable withholding. Thereafter, the Associate shall receive the remaining **\$1,745,831** of the Transition Payments, less applicable withholding, over an eighteen (18) month period in equal bi-weekly installments beginning at the end of the regularly scheduled pay period that is six (6) months after the Separation Date. Such amounts are inclusive of all amounts to which the Associate would have been entitled under the Post-Termination Agreement and Covenant Not to Compete entered into as of July 23, 2014 between the Associate and Walmart. (the "Non-Competition Agreement").

b) **Bonus Payment.** The Associate shall also receive a bonus payment of **\$2,500,000**, less applicable withholding (the "Bonus Payment"), to be paid within 90 days of the Separation Date. The Associate must remain employed through the Separation Date in order to receive the Bonus Payment.

4. **Other Benefits.** After the Separation Date, Walmart will provide the Associate certain benefits in accordance with the terms and conditions of the Walmart plan or program pursuant to which such benefits were issued, including (but not limited to) the following:
- a) **COBRA.** At the Associate's election and at the Associate's expense, the Associate may choose to continue the Associate's group medical and dental coverage for up to eighteen (18) months from the Separation Date under the Consolidated Omnibus Budget Reconciliation Act ("COBRA").
 - b) **Deferred Compensation and Retirement Benefits.** All retirement benefits and deferred compensation (including deferred equity awards) which are vested as of the Associate's Separation Date shall be distributed to the Associate in accordance with the terms of the applicable plans and the Associate's elections on file, including but (not limited to) benefits to which the Associate is entitled under the Walmart's 401(k) Plan and Deferred Compensation Matching Plan, subject to subsection (d) below.
 - c) **Other Payments and Benefits.** The Associate is not entitled to any other payments or benefits not provided for in this Agreement, unless the payment or benefit is provided for through the Associate's participation in an established Walmart-sponsored benefit plan or program. In addition, unless otherwise provided for in the plan or provided for in this Agreement, the Associate's participation in all Walmart-sponsored benefit plans or programs will end on the Separation Date.
 - d) **Section 409A.** Notwithstanding anything contained herein or in any Walmart-sponsored plan to the contrary, the Associate acknowledges that any and all distributions of benefits under any Walmart deferred compensation plan which is subject to Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), shall not commence until six (6) months after the Associate incurs a "separation from service" as defined in Section 409A.
5. **Releases.**
- a) **Release and Waiver of Claims.** In exchange for, and in consideration of, the payments, benefits, and other commitments described above, the Associate releases Walmart from any and all claims of any kind, whether known or unknown, that arose up to and including the date the Associate signs this Agreement (including claims arising out of or relating to the termination of the Associate's employment with Walmart). For illustration purposes and not as a limitation, the claims the Associate is releasing include any claims for damages, costs, attorneys' fees, expenses, compensation or any other monetary recovery. Further, the Associate specifically waives and releases all claims he may have that arose up to and including the date the Associate signs this Agreement (including claims arising out of or relating to the termination of the Associate's employment with Walmart) regarding veteran's status; Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Equal Pay Act; the Americans With Disabilities Act of 1990, as amended; the Rehabilitation Act of 1973, as amended; the Age Discrimination in Employment Act, as amended ("ADEA"); the Family and Medical Leave Act ("FMLA"), as amended; Sections 1981 through 1988 of Title 42 of the United States Code, as amended; the Genetic Information Non-Discrimination Act; the Immigration Reform and Control Act, as amended; the Workers Adjustment and Retraining Notification Act ("WARN"), as amended; any applicable state WARN-like statute; the Occupational Safety and Health Act, as amended; the Sarbanes-Oxley Act of 2002; the Consolidated Omnibus Budget Reconciliation Act (COBRA); the Employee Retirement Income Security Act of 1974, as amended; the National Labor Relations Act; the Fair Labor Standards Act (FLSA); the Massachusetts Overtime Law; the Massachusetts Payment of Wages Law; the Massachusetts Fair Employment Practices Act; the New Jersey Conscientious Employee Protection Act, N.J.S.A. 34:19-1, et seq.; the New Jersey Law Against Discrimination; the West Virginia Human Rights Act, W. Va. CSR §77-6-3; the California Fair Employment and Housing Act; the California Family Rights Act; the California Labor Code; the Wage Orders of the California Industrial Welfare Commission; the California Unfair Business Practices law (Cal. Bus. and Prof. Code Sec. 17200, et seq.); California WARN (CA Labor Code Section 1400-1408); and all state or local statutes, ordinances, or regulations regarding anti-discrimination employment laws, as well as all matters arising under federal, state, or local law involving any tort, employment contract (express or implied), public policy, wrongful discharge, retaliation, and leaves of absence claims; and any claims related to emotional distress, mental anguish, benefits, or any other claim brought under local, state or federal law.
 - b) **Release of Age Discrimination Claims.** With respect to the Associate's release and waiver of claims under the ADEA as described in Section 5(a) above, the Associate agrees and acknowledges the following:
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- (i) The Associate has reviewed this Agreement carefully and understands its terms and conditions. The Associate has been advised, and by this Agreement is again advised, to consult with an attorney of the Associate's choice prior to entering into this Agreement.
 - (ii) The Associate shall have twenty-one (21) days from receipt of this Agreement to consider and execute the Agreement by fully executing it below and returning it to Walmart; otherwise, the terms and provisions of this Agreement become null and void. The Associate agrees that any modifications, material or otherwise, made to this Agreement do not restart or affect in any manner the original review period.
 - (iii) The Associate will have a period of seven (7) calendar days after Associate signs the Agreement during which to revoke the Agreement. The Associate must provide written notice of revocation during the seven (7) day period to Jackie Telfair, Senior Vice President, Global Total Rewards. Any revocation within this period must expressly state, "I hereby revoke my Agreement." The written revocation must be delivered to Jackie Telfair, Senior Vice President, Global Total Rewards, or to her successor, and be postmarked within seven (7) calendar days of the Associate's execution of this Agreement. This Agreement will not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday, then the revocation period will not expire until the next following day that is not a Saturday, Sunday, or legal holiday.
 - (iv) The Associate knows that he is waiving his rights under the ADEA and does so voluntarily. The Associate realizes the waiver does not include any ADEA rights which may arise after the Associate signs this Agreement. By signing this Agreement, the Associate acknowledges that he is receiving consideration that the Associate would not otherwise be entitled to receive.
 - (v) No payments pursuant to Section 3 of this Agreement shall occur or be effective until after (1) the Associate has executed and delivered this Agreement to Walmart, (2) the above-mentioned seven-day revocation period has expired, and (3) the Associate has separated from employment with Walmart as set forth in Section 1 of this Agreement.
- c) **Limitation of Release.** Nothing in this Agreement releases or impairs claims for workers' compensation or unemployment benefits. Nothing in this Agreement prevents Associate from pursuing administrative claims with or otherwise assisting government agencies, including engaging in or participating in an investigation or proceeding conducted by, or providing information to, the EEOC, NLRB, the Securities and Exchange Commission, or any federal, state or local agency charged with the enforcement of employment or other laws. Associate acknowledges and agrees, however, that the transition payments set forth in Section 3 of this Agreement are in full satisfaction of any amounts to which the Associate might be entitled from any claim against Walmart, and that, as a result of this release and waiver of claims, the Associate is not entitled to receive any additional individual monetary relief from Walmart. This release and waiver of claims will not apply to rights or claims that may arise after the effective date of this Agreement. This Agreement is not intended to release and does not release or include claims that the law states cannot be waived by private agreement, nor does it prevent the Associate from receiving any whistleblower or similar award. Nothing in this subparagraph or in this Agreement is intended to limit or restrict any rights the Associate may have to enforce this Agreement or challenge the Agreement's validity under the ADEA, or any other right that cannot, by express and unequivocal terms of law, be limited, waived, or extinguished by settlement. Further, nothing in this Agreement is intended to waive, release or impair the Associate's right to vested benefits under any Walmart-sponsored benefit plan or program. In addition, nothing in this Agreement is intended to release or impair any and all rights to indemnification, advancement or reimbursement of expenses, and insurance coverage available to Associate as an officer, director or employee of Walmart (including Walmart's director and officer insurance coverage), including without limitation under Walmart's certificate of incorporation and bylaws and under applicable corporate law (including without limitation to the maximum extent permitted under the Delaware General Corporation Law).
- d) **Agreement not to File Suits.** By signing this Agreement, Associate agrees not to file a lawsuit to assert any claims released under this Section 5. Associate also agrees that if a court of competent jurisdiction makes a final determination that Associate breached this provision, Associate will be liable for all reasonable costs and attorneys' fees incurred by any person against whom claims were released under Section 5(a) resulting from such action and shall pay all reasonable expenses incurred by such person in defending any proceeding pursuant to this Section 5(d), together with any tax liability incurred by such person in connection with the receipt of such amounts; provided, however, that the person against whom such claims were released provides Associate with notice of
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his/her/its intention to seek payment of the amounts incurred in defending the proceeding at the onset of the defense. To the extent that Associate is determined by a court of competent jurisdiction to be the prevailing party on any claims in such action, Associate will not be liable for any costs, fees or expenses incurred by such person.

6. **Confidential Information.** Except in the performance of the Associate's duties during his employment with Walmart, the Associate agrees that he will not at any time, whether prior to or subsequent to the Separation Date, directly or indirectly use any Confidential Information (as defined below) obtained during the course of his employment with Walmart or otherwise, except as previously authorized by Walmart in writing. Additionally, except in the performance of the Associate's duties during his employment with Walmart, the Associate shall not at any time, whether prior to or subsequent to the Separation Date, disclose any Confidential Information obtained during the course of his employment with Walmart or otherwise, unless such disclosure is (a) previously authorized by Walmart in writing, (b) required by applicable legal proceeding, or (c) as permitted by Section 18(a) of this Agreement. In addition, except in the performance of the Associate's duties during his employment with Walmart, the Associate shall not disclose any information for which Walmart holds a legally recognized privilege against disclosure or discovery ("Privileged Information"), or take any other action that would cause such privilege to be waived by Walmart. With respect to (b) above only, in the event that the Associate is required by applicable legal proceeding (including, without limitation, by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand, or other legal proceeding) to disclose any Confidential Information or Privileged Information, the Associate shall provide Walmart with prompt prior written notice of such requirement. The Associate shall also, to the extent legally permissible, provide Walmart as promptly as practicable with a description of the information that may be required to be disclosed (and, if applicable, the text of the disclosure itself) and cooperate with Walmart (at Walmart's expense) to the extent Walmart may seek to limit such disclosure, including, if requested, by taking all reasonable steps to resist or narrow any such disclosure or to obtain a protective order or other remedy with respect thereto. If a protective order or other remedy is not obtained and disclosure is legally required, the Associate shall (a) disclose such information only to the extent required in the written opinion of the Associate's legal counsel, and (b) give advance notice to Walmart of the information to be actually disclosed as far in advance as is reasonably possible. In any such event, the Associate and his legal counsel shall use reasonable commercial efforts to ensure that all Confidential Information or Privileged Information that is so disclosed is accorded confidential treatment by the recipient thereof.

"Confidential Information" means information pertaining to the business of Walmart, and includes, without limitation, information regarding processes, suppliers, consultants and service providers (including the terms, conditions, or other business arrangements with suppliers, consultants and service providers), advertising, marketing, and external and internal communications plans and strategies, labor matters and strategies, government relations plans and strategies, litigation matters and strategies, Foreign Corrupt Practices Act investigatory and compliance information and strategies, tax matters and strategies, community relations and public affairs plans and strategies, charitable giving plans and strategies, sustainability plans and strategies, profit margins, seasonal plans, goals, objectives, projections, compilations, and analyses regarding Walmart's business, salary, staffing, compensation, promotion, diversity objectives and other employment-related data, and any know-how, techniques, practices or non-public technical information regarding the business of Walmart. "Confidential Information" does not include information that is or becomes generally available to the public other than as a result of a disclosure by the Associate or any of the Associate's representatives or information that Walmart has authorized the Associate to disclose.

As requested by Walmart, the Associate shall return to Walmart all documents, programs, software, equipment, files, statistics, and other written or electronic business materials, including any and all copies both paper and electronic, concerning Walmart.

7. **Cooperation.**

- a. **Cooperation with Walmart.** The Associate may from time to time after the Separation Date be called upon to testify or provide information to Walmart in connection with employment-related and other legal proceedings against Walmart. The Associate will provide reasonable assistance to, and will cooperate with, Walmart in connection with any litigation, arbitration, investigations, or judicial or non-judicial administrative proceedings that may exist or may subsequently arise regarding events about which the Associate has knowledge. If the assistance is at Walmart's request, Walmart will compensate the Associate for all reasonable costs and expenses. Walmart acknowledges that the Associate may have other employment and Walmart agrees that it will use its reasonable efforts to minimize the amount of time that any such consultation shall require of the Associate.
- b. **Cooperation with Governmental Authorities.** From time to time, Walmart may be under investigation by various governmental authorities. Walmart encourages the Associate to cooperate with all such investigations.
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If such assistance is requested by a governmental authority, Walmart shall reimburse the Associate for all reasonable costs and expenses.

- c. **Board Membership.** Effective as of the Separation Date, the Associate hereby resigns from any boards of directors, boards of managers, and similar governing boards of any Walmart entities of which the Associate may be a member, resigns as an officer of any and all Walmart entities, resigns as Walmart's representative on any external trade, industry or similar associations, and agrees to sign any documents acknowledging such resignations, as may be requested by Walmart.
 8. **Non-disclosure and Non-disparagement.** The Associate agrees, acknowledges and confirms that he has complied with and will continue to comply with the most recent Non-Disclosure and Restricted Use Agreement between the Associate and Walmart (the "Non-Disclosure Agreement"). The Associate further agrees, promises and covenants that he shall not directly or indirectly at any time, whether prior to or subsequent to the Separation Date, make disparaging comments regarding Walmart, its business strategies and operations, and any of Walmart's past or present officers, directors, and shareholders, except that nothing herein shall prevent the Associate from providing truthful information and testimony to government authorities, nor shall it prevent the Associate from providing truthful information and testimony in any legal proceedings or as otherwise provided by law. The parties will use reasonable best efforts to keep the terms of this Agreement confidential until such time as the Agreement is publicly disclosed as an exhibit to a periodic or current report of Walmart filed with the U.S. Securities and Exchange Commission; however, Associate may share and discuss the Agreement with his spouse, attorneys, and financial and tax advisors, each of whom shall be informed of the confidential nature of this Agreement.
 9. **Statement of Ethics and Compliance with Laws.** The Associate has read and understands the provisions of Walmart's Statement of Ethics and agrees to abide by the provisions thereof to the extent applicable to former Walmart associates. The Associate further acknowledges that the Associate has complied with the applicable Statement of Ethics, as well as with all applicable laws, rules and regulations, during the Associate's employment with Walmart. If a court of competent jurisdiction makes a final determination that the Associate has materially failed to abide by a material provision of the Statement of Ethics and/or materially comply with all applicable material laws, rules or regulations, whenever discovered, this shall, in addition to any other remedies under this Agreement, entitle Walmart to suspend and recoup any payments paid or due under this Agreement.
 10. **Covenant not to Compete.** Due to the strategic, sensitive and far-reaching nature of the Associate's current and former positions at Walmart and the Confidential Information to which the Associate is and has been exposed, Associate agrees, promises, and covenants that:
 - a) For a period of two (2) years from the date on which Associate's employment with Walmart terminates, and regardless of the cause or reason for such termination, Associate will not directly or indirectly:
 - (i) own, manage, operate, finance, join, control, advise, consult, render services to, have a current or future interest in, or participate in the ownership, management, operation, financing, or control of, or be employed by or connected in any manner with, any Competing Business as defined below in Section 10(b)(i), any Global Retail Business as defined below in Section 10(b)(ii); and/or
 - (ii) participate in any other activity that risks the use or disclosure of Confidential Information either overtly by the Associate or inevitably through the performance of such activity by the Associate; and/or
 - (iii) solicit for employment, hire or offer employment to, or otherwise aid or assist any person or entity other than Walmart in soliciting for employment, hiring, or offering employment to, any Officer, Officer Equivalent or Management Associate of Walmart, or any of its subsidiaries or affiliates. For the avoidance of doubt, nothing in this paragraph prohibits the Associate from making general advertisements for positions that are not specifically targeted at any such person.
 - b) For purposes of this Agreement:
 - (i) the term "Competing Business" shall include any general or specialty retail, grocery, wholesale membership club, or merchandising business, inclusive of its respective parent companies, subsidiaries and/or affiliates that: (a) sells goods or merchandise at retail to consumers and/or businesses (whether through physical locations, via the internet or combined) or has plans to sell goods or merchandise at
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retail to consumers and/or businesses (whether through physical locations, via the internet or combined) within twelve (12) months following Associate's last day of employment with Walmart in the United States; and (b) has gross annual consolidated sales volume or revenues attributable to its retail operations (whether through physical locations, via the internet or combined) equal to or in excess of U.S.D. \$7 billion.

- (ii) the term "Global Retail Business" shall include any general or specialty retail, grocery, wholesale membership club, or merchandising business, inclusive of its respective parent companies, subsidiaries and/or affiliates, that: (a) in any country or countries outside of the United States in which Walmart conducts business or intends to conduct business in the twelve (12) months following Associate's last day of employment with Walmart, sells goods or merchandise at retail to consumers and/or businesses (whether through physical locations, via the internet or combined); and (b) has gross annual consolidated sales volume or revenues attributable to its retail operations (whether through physical locations, via the internet or combined) equal to or in excess of U.S.D. \$7 billion in any country pursuant to b(ii)(a) or in the aggregate equal to or in excess of U.S.D. \$7 billion in any countries taken together pursuant to b(ii)(a) when no business in any one country has annual consolidated sales volume or revenues attributable to its retail operations equal to or in excess of U.S.D. \$7 billion.
 - c) For purposes of this Agreement, the term "Management Associate" shall mean any domestic or international associate holding the title of "manager" or above.
 - d) For purposes of this Agreement, the term "Officer" shall mean any domestic Walmart associate who holds a title of Vice President or above.
 - e) For purposes of this Agreement, the term "Officer Equivalent" shall mean any non-U.S. Walmart associate who Walmart views as holding a position equivalent to an officer position, such as managers and directors in international markets, irrespective of whether such managers and directors are on assignment in the U.S.
 - f) Ownership of an investment of less than the greater of \$25,000 or 1% of any class of equity or debt security of a Competing Business and/or a Global Retail Business will not be deemed ownership or participation in ownership of a Competing Business and/or a Global Retail Business for purposes of this Agreement.
 - g) The covenant not to compete set forth in this Section 10 shall bind associate and shall remain in full force and effect regardless of whether the Associate qualifies or continues to remain eligible for the Transition Payments set forth in Section 3 above.
11. **Affirmation.** Other than may be provided for in any class or collective action that was pending against Walmart as of the date of this Agreement, the Associate states and acknowledges that he has been paid and/or received all leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits to which he may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits are due him, except as provided for in this Agreement. The Associate also states and confirms that he has reported to Walmart any and all work-related injuries incurred by him during his employment by Walmart. Further, Associate acknowledges that he has been properly provided any leave of absence because of the Associate's or the Associate's family member's health condition and has not been subjected to any improper treatment, conduct, or actions due to a request for or taking such leave. Additionally, Associate specifically acknowledges that he has not made any request for leave pursuant to FMLA which was not granted; and, Walmart has not interfered in any way with Associate's efforts to take leave pursuant to FMLA.
12. **Advice of Counsel.** The Associate has been advised, and by this Agreement is again advised, to consider this Agreement carefully and to review it with legal counsel of the Associate's choice. The Associate understands the provisions of this Agreement and has been given the opportunity to seek independent legal advice before signing this Agreement.
13. **Non-Admission.** The parties acknowledge that the terms and execution of this Agreement are the result of negotiation and compromise, that this Agreement is entered into in good faith, and that this Agreement shall never be considered at any time or for any purpose as an admission of liability by Walmart or that Walmart acted wrongfully with respect to the Associate, or any other person, or that the Associate has any rights or claims whatsoever against Walmart arising out of or from the Associate's employment. Walmart specifically denies any liability to the Associate on the part of itself, its employees, its agents, and all other persons and entities released herein.
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- 14. Return of Company Property.** As soon as practical after the Separation Date, the Associate will return all Walmart-owned property including but not limited to computers, hand-held computing devices (e.g., iPad, Surface, etc.), cell phones, videoconferencing equipment (e.g., Tandberg), documents, files, computer files, keys, ID's, credit cards, and Associate and spouse discount cards, if any.
- 15. Taxes.** The Associate acknowledges and agrees that the Associate is responsible for paying all taxes and related penalties, and interest on the Associate's income. Walmart will withhold taxes, including from amounts or benefits payable under this Agreement, and report them to tax authorities, as it determines it is required to do. Although the payments under this Agreement are intended to comply with the requirements of Section 409A and Walmart intends to administer this Agreement so that it will comply with Section 409A, Walmart has not warranted to the Associate that taxes and penalties will not be imposed under Section 409A or any other provision of federal, state, local, or non-United States law.
- 16. Remedies for Breach.** The Parties shall each be entitled to pursue all legal and equitable rights and remedies to secure performance of their respective obligations and duties under this Agreement, and enforcement of one or more of these rights and remedies will not preclude the Parties from pursuing any other rights or remedies. Associate acknowledges that a breach of the provisions of Sections 6 through 10 above could result in substantial and irreparable damage to Walmart's business, and that the restrictions contained in Sections 6 through 10 are a reasonable attempt by Walmart to safeguard its rights and protect its confidential information. Associate expressly agrees that upon a breach or a threatened breach of the provisions of Sections 6 through 10, Walmart shall be entitled to seek injunctive relief to restrain such violation. With respect to any breach of this Agreement by either Party as made by a final determination by a court of competent jurisdiction, the breaching Party agrees to indemnify and hold the non-breaching Party harmless from and against any and all loss, cost, damage, or expense, including, but not limited to, attorneys' fees incurred by the non-breaching Party. In addition to any other remedies at law or at equity, if at any time a court of competent jurisdiction makes a final determination that the Associate failed to comply with the terms, provisions or conditions of this Agreement, the Associate acknowledges that Walmart is not obligated to make any further Transition Payments to the Associate.
- 17. Recoupment.** The Associate agrees and acknowledges that incentive compensation paid or granted during the course of the Associate's employment with Walmart is subject to the recoupment provisions of the incentive plans under which such incentive compensation was paid or granted. Furthermore, in the event that Walmart is required to recoup any incentive compensation previously paid to the Associate pursuant to the provisions of the Dodd-Frank Act or rules promulgated thereunder, the Associate agrees to repay such amounts.
- 18. Miscellaneous.**
- a) **Protected Rights.** Nothing in this Agreement is intended to prohibit the Associate from engaging in any legally protected communication or action. Nothing contained in this Agreement shall restrict, limit or otherwise modify Associate's rights under Walmart's Open Door Policy. Nothing contained in this Agreement is intended to discourage the Associate from reporting any activity or information under the Global Statement of Ethics or to a governmental agency as permitted by any "whistleblower" laws. Associate shall not be held liable under this Agreement or any other agreement or any federal or state trade secret law for making any confidential disclosure of a Walmart trade secret or other confidential information to a government official or an attorney for purposes of reporting or investigating a suspected violation of law or regulation, or in a court filing under seal, nor shall Associate be required to obtain approval or notify Walmart prior to making any such disclosure.
 - b) **Entire Agreement.** This Agreement, along with the Non-Disclosure Agreement, contains the entire agreement and understanding of the parties, and no prior statements by either party will be binding unless contained in this Agreement or incorporated by reference in this Agreement or the Non-Disclosure Agreement. The parties agree that no prior statements by either party will be binding unless contained in this Agreement or the Non-Disclosure Agreement. In addition, to be binding on the parties, any handwritten changes to this Agreement must be initialed and dated by the Associate and the authorized representative of Walmart whose signature appears below. This Agreement supercedes and specifically terminates all prior agreements between the Associate and Walmart with respect to the subject matter hereof, including the Non-Competition Agreement, and no amounts will be owed or payable to the Associate under or pursuant to the Non-Competition Agreement. For the avoidance of doubt, the Associate's Continued Employment Terms dated October 9, 2019 (including any addendums to those terms signed by both parties) shall continue to apply and any inconsistencies with the terms of this Agreement will be interpreted for the benefit of the Associate and consistent with such Continued Employment Terms.
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- c) **Conflict with Exhibits.** If the terms and provisions of this Agreement conflict with the terms and provisions of any exhibit to this Agreement, the terms and provisions of this Agreement will govern.
- d) **Severability.** If any portion or provision of this Agreement is found to be unenforceable or invalid, the parties agree that the remaining portions will remain in full force and effect. The parties will negotiate in good faith to give such unenforceable or invalid provisions the effect the parties intended.
- e) **Section Titles.** Section titles are informational only and are not to be considered in construing this Agreement.
- f) **Successors and Assigns.** The parties acknowledge that this Agreement will be binding on their respective successors, assigns, and heirs.
- g) **Governing Law and Dispute Resolution.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to Delaware law concerning the conflicts of law. The Parties further agree that any action relating to the interpretation, validity, or enforcement of this Agreement shall be brought in the of the courts of the State of Delaware, County of New Castle, or in the United States District Court of Delaware, and the parties hereby expressly consent to the jurisdiction of such courts and agree that venue is proper in those courts. The parties do hereby irrevocably: (a) submit themselves to the personal jurisdiction of such courts; (b) agree to service of such courts' process upon them with respect to any such proceeding; (c) waive any objection to venue laid therein; and (d) consent to service of process by registered mail, return receipt requested. Associate further agrees that in any claim or action involving the execution, interpretation, validity or enforcement of this Agreement, Associate will seek satisfaction exclusively from the assets of Walmart and will hold harmless Walmart's individual directors, officers, employees, and representatives.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

GREGORY S. FORAN

WALMART INC.

/s/ Gregory S. Foran

By: /s/ Jackie Telfair

Name: Jackie Telfair

Title: Senior Vice President, Global Rewards

AMENDED SCHEDULE OF EXECUTIVE OFFICERS WHO HAVE EXECUTED A POST-TERMINATION AGREEMENT AND COVENANT NOT TO COMPETE IN THE FORM FILED AS EXHIBIT 10(p) TO THE ANNUAL REPORT ON FORM 10-K OF THE COMPANY FOR THE FISCAL YEAR ENDED JANUARY 31, 2011 (this "Amended Schedule")

This Amended Schedule amends the Schedule of Executive Officers Who Have Executed a Post-Termination Agreement and Covenant Not to Compete that followed the form of Post-Termination Agreement and Covenant Not to Compete originally filed by Walmart Inc. (formerly Wal-Mart Stores, Inc.) as Exhibit 10(p) to its Annual Report on Form 10-K for the year ended January 31, 2011, as filed on March 30, 2011 (the "Form Agreement"). This Amended Schedule is included pursuant to Instruction 2 of Item 601(a) of Regulation S-K for the purpose of setting forth the details in which the specific agreements executed in the form of the Form Agreement differ from the Form Agreement, in particular to set forth the persons who, with Walmart Inc., were parties to Post-Termination Agreements and Covenants Not to Compete in such form as of January 31, 2020.

Executive Officer Who is a Party to such a Post-Termination Agreement and Covenant Not to Compete	Date of Agreement	Value of Restricted Stock Award Granted in Connection with Agreement
Daniel J. Bartlett	May 16, 2013	Not Applicable
M. Brett Biggs	September 21, 2010	\$500,000
Rachel L. Brand	February 21, 2018	Not Applicable
David Chojnowski	November 16, 2016	Not Applicable
John R. Furner	May 7, 2011	Not Applicable
C. Douglas McMillon	January 19, 2010	\$2,000,000
Judith McKenna	May 18, 2015	Not Applicable
Kathryn McLay	December 24, 2015	Not Applicable
Donna Morris	December 17, 2019	Not Applicable

Significant Subsidiaries of Walmart Inc.

The following list details certain of the subsidiaries of Walmart Inc. Subsidiaries not included in the list are omitted because, in the aggregate, they are not significant as permitted by Item 601(b)(21) of Regulation S-K.

Subsidiary	Organized or Incorporated	Percent of Equity Securities Owned	Name Under Which Doing Business Other Than Subsidiary's
Wal-Mart Stores East, LP	Delaware, U.S.	100%	Walmart
Wal-Mart Stores Texas, LLC	Delaware, U.S.	100%	Walmart
Wal-Mart Property Company	Delaware, U.S.	100%	NA
Wal-Mart Real Estate Business Trust	Delaware, U.S.	100%	NA
Sam's West, Inc.	Arkansas, U.S.	100%	Sam's Club
Sam's East, Inc.	Arkansas, U.S.	100%	Sam's Club
Sam's Property Company	Delaware, U.S.	100%	NA
Sam's Real Estate Business Trust	Delaware, U.S.	100%	NA
ASDA Group Limited	England	100%	ASDA
Wal-Mart de Mexico, S.A.B. de C.V.	Mexico	71%	Walmex
Wal-Mart Canada Corp.	Canada	100%	Walmart
Flipkart Private Limited	Singapore	82%	Flipkart
Wal-Mart Japan Holdings K.K.	Japan	100%	Seiyu
Walmart Chile S.A. ⁽¹⁾	Chile	100%	Walmart Chile
Massmart Holdings Ltd	South Africa	53%	Massmart

(1) The Company owns substantially all of Walmart Chile.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Stock Option Plan of 1984 of Wal-Mart Stores, Inc., as amended	Form S-8 File Nos. 2-94358 and 1-6991
(2) Stock Option Plan of 1994 of Wal-Mart Stores, Inc., as amended	Form S-8 File No. 33-55325
(3) Dividend Reinvestment and Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-3 File No. 333-02089
(4) Wal-Mart Stores, Inc. Director Compensation Plan	Form S-8 File No. 333-24259
(5) Wal-Mart Stores, Inc. 401(k) Retirement Savings Plan	Form S-8 File No. 333-29847
(6) Wal-Mart Puerto Rico, Inc., 401(k) Retirement Savings Plan	Form S-8 File No. 333-44659
(7) Wal-Mart Stores, Inc. Associate Stock Purchase Plan of 1996	Form S-8 File No. 333-62965
(8) Wal-Mart Stores, Inc. Stock Incentive Plan of 2015, which amended and restated the 2010 plan	Form S-8 File No. 333-60329
(9) The ASDA Colleague Share Ownership Plan	Form S-8 File No. 333-84027
The ASDA Group Long Term Incentive Plan	
The ASDA Group PLC Sharesave Scheme	
The ASDA 1984 Executive Share Option Scheme	
The ASDA 1994 Executive Share Option Scheme	
(10) The ASDA Colleague Share Ownership Plan 1999	Form S-8 File No. 333-88501
(11) Wal-Mart Profit Sharing and 401(k) Plan	Form S-8 File No. 333-109421
(12) Wal-Mart Stores, Inc. Associate Stock Purchase Plan of 1996	Form S-8 File No. 333-109417
(13) Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan	Form S-8 File No. 333-109414
(14) ASDA Sharesave Plan 2000	Form S-8 File No. 333-107439
(15) Wal-Mart Stores, Inc. Stock Incentive Plan of 2015, which amended and restated the 2010 plan	Form S-8 File No. 333-128204
(16) The ASDA Sharesave Plan 2000	Form S-8 File No. 333-168348
(17) Walmart Deferred Compensation Matching Plan	Form S-8 File No. 333-178717
(18) Wal-Mart Stores, Inc. Common Stock	Form S-3 ASR File No. 333-178385
(19) Walmart 401(k) Plan	Form S-8 File No. 333-187577
(20) Wal-Mart Stores, Inc. Associate Stock Purchase Plan	Form S-8 File No. 333-214060
(21) Debt Securities of Wal-Mart Stores, Inc.	Form S-3 ASR File No. 333-221941
(22) Walmart Inc. 2016 Associate Stock Purchase Plan	Form S-8 File No. 333-228631
(23) Walmart Inc. Stock Incentive Plan of 2015	Form S-8 File No. 333-228635
(24) Walmart 401(k) Plan	Form S-8 File No. 333-233682

of our reports dated March 20, 2020, with respect to the consolidated financial statements of Walmart Inc. and the effectiveness of internal control over financial reporting of Walmart Inc., included in this Annual Report (Form 10-K) of Walmart Inc. for the year ended January 31, 2020.

/s/ Ernst & Young LLP

Rogers, Arkansas
March 20, 2020

I, C. Douglas McMillon, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

Date: March 20, 2020

/s/ C. Douglas McMillon

C. Douglas McMillon
President and Chief Executive Officer

I, M. Brett Biggs, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

Date: March 20, 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 Annual Report of Walmart Inc. (the "Company") on Form 10-K for the period ending January 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 March 20, 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 Annual Report of Walmart Inc. (the "Company") on Form 10-K for the period ending January 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 March 20, 2020.

/s/ M. Brett Biggs

M. Brett Biggs

Executive Vice President and Chief Financial Officer

State Court National Prescription Opiate Litigation Case Citations as of March 6, 2020.

City of Kingston v. Teva Pharm. USA, Inc., et al., N.Y. Sup. Ct., Suffolk Cty., 2/27/2020; Mecklenburg Cty. v. Mallinckrodt PLC, et al., Va. Cir. Ct., Mecklenburg Cty., 2/26/2020; Town of Poughkeepsie v. Teva Pharm. USA, Inc., et al., N.Y. Sup. Ct., Suffolk Cty., 2/21/2020; Bd. of Supervisors for La. State Univ. & Agric. & Mech. Coll. v. AmerisourceBergen Drug Corp., et al., La. Jud. Dist., 19th Jud. Dist., E. Baton Rouge Parish, 2/21/2020; City of Muskogee v. Cephalon, Inc., et al., Okla. Dist. Ct., Muskogee Cty., 2/21/2020; City of Daphne v. Amneal Pharm., LLC, et al., Ala. Cir. Ct., Baldwin Cty., 2/21/2020; Mayor Elmer Ray Spence ex rel. Town of Belbarton v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Cty. Comm'n of Tucker Cty. v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Cty. Comm'n of Hardy Cty. v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Mayor Sheila Kessler ex rel. Town of Matewan v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Mayor Virginia Ann Martin ex rel. City of Mullens v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Mayor Thomas Evans, Jr. ex rel. Town of Oceana v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Cty. Comm'n of Preston Cty. v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Mayor Maureen Lasky-Setchell ex rel. City of Belington v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Mayor Brian Billings ex rel. City of Point Pleasant v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Mayor Gary A. Miller ex rel. Town of Junior v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Mayor David Wood ex rel. City of Moundsville v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; Mayor Harold E. Miller ex rel. City of Weirton v. Cardinal Health, Inc., et al., W. Va. Cir. Ct., Marshall Cty., 2/20/2020; City of Orlando v. CVS Health Corp., et al., Fla. Jud. Cir. Ct., 9th Jud. Cir., Orange Cty., 2/12/2020; Bedford Cty. v. Purdue Pharma LP, et al., Pa. Ct. Com. Pl., Bedford Cty., 2/11/2020; Barton Cty. v. Allergan PLC, et al., Mo. Cir. Ct., 22nd Jud. Cir., St. Louis City, 1/24/2020; Cty. of Newberry v. Rite Aid of S.C., Inc., et al., S.C. Ct. Com. Pl., 8th Jud. Cir., 12/13/2019; City of Clarksburg v. Allergan PLC, et al., W. Va. Cir. Ct., Marshall Cty., 11/20/2019; City of Richwood v. Allergan PLC, et al., W. Va. Cir. Ct., Marshall Cty., 11/20/2019; City of White Sulphur Springs v. Allergan PLC, et al., W. Va. Cir. Ct., Marshall Cty., 11/20/2019; Cty. Bd. of Arlington Cty. v. Mallinckrodt PLC, et al., Va. Cir. Ct., Arlington Cty., 10/18/2019; Mobile Cty. Bd. of Health & Family Oriented Primary Health Care Clinic v. Sackler, et al., Ala. Cir. Ct., Mobile Cty., 10/15/2019; Pinal Cty. v. Actavis PLC, et al., Ariz. Sup. Ct., Maricopa Cty., 9/25/2019; City of Prescott v. Allergan PLC, et al., Ariz. Sup. Ct., Maricopa Cty., 9/23/2019; Fla. Health Scis. Ctr., Inc., et al. v. Sackler, et al., Fla. Cir. Ct., 17th Jud. Cir., Broward Cty., 9/16/2019; State of Mississippi v. Cardinal Health, Inc., et al., Miss. 1st Jud. Dist., Hinds Cty. Cir. Ct., 9/12/2019; DCH Health Care Auth. v. Purdue Pharma L.P., et al., Ala. Cir. Ct., Conecuh Cty., 9/3/2019; City of Myrtle Beach v. Purdue Pharma L.P., et al., S.C. Ct. of Com. Pl., 15th Jud. Cir., 8/29/2019; State of South Dakota ex rel. Ravensborg v. Purdue Pharma L.P., et al., S.D. Cir. Ct., 6th Jud. Cir., Hughes Cty., 8/23/2019; Town of Canton v. Purdue Pharma L.P., et al., Mass. Super. Ct., Suffolk Cty., 8/23/2019; Town of Chicopee v. Purdue Pharma L.P., et al., Mass. Super. Ct., Suffolk Cty., 8/23/2019; City of Framingham v. Purdue Pharma L.P., et al., Mass. Super. Ct., Suffolk Cty., 8/23/2019; City of Gloucester v. Purdue Pharma L.P., et al., Mass. Super. 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