

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, 2019 , or

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

Commission file number 001-6991.



Delaware

(State or other jurisdiction of
incorporation or organization)

702 S.W. 8th Street

Bentonville, Arkansas

(Address of principal executive offices)

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

1.900% Notes Due 2022

2.550% Notes Due 2026

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Non-Accelerated Filer

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, 2018, 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, 2018, was \$126,810,267,035. 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 2,869,684,230 shares of common stock outstanding as of March 26, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

Document

Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held June 5, 2019 (the "Proxy Statement")

Part I

Item 1

[REDACTED]

Item 1A

[REDACTED]

Item 1B

[REDACTED]

Item 2

[REDACTED]

Item 3

[REDACTED]

Item 4

[REDACTED]

Part II

Item 5

[REDACTED]

Item 6

[REDACTED]

Item 7

[REDACTED]

Item 7A

[REDACTED]

Item 8

[REDACTED]

Item 9

[REDACTED]

Item 9A

[REDACTED]

Item 9B

Business

[REDACTED]

Risk Factors

[REDACTED]

Unresolved Staff Comments

[REDACTED]

Properties

[REDACTED]

Legal Proceedings

[REDACTED]

Mine Safety Disclosures

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Selected Financial Data

[REDACTED]

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

Quantitative and Qualitative Disclosures About Market Risk

Financial Statements and Supplementary Data

[REDACTED]

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

[REDACTED]

Controls and Procedures

[REDACTED]

Other Information

Part III

[Redacted]

[Item 10](#)

[Redacted]

[Item 11](#)

[Redacted]

[Item 12](#)

[Redacted]

[Item 13](#)

[Redacted]

[Item 14](#)

[Redacted]

[Part IV](#)

[Redacted]

[Item 15](#)

[Redacted]

[Item 16](#)

[Directors, Executive Officers and Corporate Governance](#)

[Executive Compensation](#)

[Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters](#)

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[Redacted]

WALMART INC.

**ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED JANUARY 31, 2019**

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 5, 2019 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, including as adjusted for certain items, 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, new store openings and investments in particular formats;
- 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, store remodels and other omni-channel customer initiatives, such as grocery 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 traffic 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;
- 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;
- Walmart's expenditures for Foreign Corrupt Practices Act ("FCPA") and other compliance-related matters including the adequacy of our accrual for our FCPA matter;
- 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;
- 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, public health emergencies, civil disturbances, and terrorist attacks; 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.

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 nearly 275 million customers who visit our more than 11,300 stores and numerous eCommerce websites under 58 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, 2019 ("fiscal 2019"), January 31, 2018 ("fiscal 2018") and January 31, 2017 ("fiscal 2017"). During fiscal 2019, we generated total revenues of \$514.4 billion, which was primarily comprised of net sales of \$510.3 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, 2019, our Walmart International segment conducted business in 26 countries.

In 2000, we began our first eCommerce initiative by creating walmart.com. That same year, we also created 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. In 2016, we acquired jet.com in the U.S. and formed a strategic alliance with JD.com in China. Since the jet.com purchase, we have continued to expand our U.S. eCommerce capabilities through acquisitions including [Shoes.com](http://shoes.com), Moosejaw, Bonobos and other digital consumer brands. In 2017, walmart.com launched free two-day shipping on more than 2 million items and we created Store N ° 8, a technology incubator with a focus to drive commerce forward. In fiscal 2019, we acquired a majority stake of Flipkart Private Limited ("Flipkart"), an Indian-based eCommerce marketplace, with an ecosystem that includes eCommerce platforms of Flipkart, Myntra and Jabong. In the U.S., we added more grocery pickup and delivery locations and as of January 31, 2019, we offered grocery pickup at more than 2,100 locations and grocery delivery at nearly 800 locations. Our eCommerce efforts and innovation have led to omni-channel offerings in many of our markets. We are building an ecosystem with our omni-channel capabilities, stores, services, eCommerce sites, supply chain and more than 2.2 million associates to better serve our customers.

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, as well as Brazil prior to the sale of the majority stake of Walmart Brazil discussed in [Note 13](#) to our Consolidated Financial Statements. 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 impractical 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. In fiscal 2019, we revised certain of our corporate overhead allocations to the operating segments and, accordingly, revised prior period amounts for comparability.

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](#), [jet.com](#) and other eCommerce brands. Walmart U.S. had net sales of \$331.7 billion for fiscal 2019, representing 65% of our fiscal 2019 consolidated net sales, and had net sales of \$318.5 billion and \$307.8 billion for fiscal 2018 and 2017, 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 "Walmart Pickup," "Pickup Today," "Grocery Pickup," "Grocery Delivery," and "Endless Aisle." As of January 31, 2019, we had over 2,100 Grocery Pickup locations and nearly 800 Grocery Delivery locations. Our eCommerce websites include [walmart.com](#), [jet.com](#) and others. The following table provides the approximate size of our retail stores as of January 31, 2019:

Supercenters (general merchandise and grocery)

Discount stores (general merchandise and limited grocery)

Neighborhood markets ⁽¹⁾ (grocery)

(1) Excludes other small formats.

The following table provides the retail unit count and retail square feet by format for the fiscal years shown:

Fiscal Year

Opened

Balance forward

2015

2016

2017

2018

2019

Opened and acquired

Fiscal Year

⁽³⁾

Balance forward

2015

2016

2017

2018

2019

(1) Conversions of discount stores or neighborhood markets to supercenters.

(2) "Total" and "Square Feet" columns are as of January 31 for the years shown. "Square Feet" columns are reported in thousands.

(3) Includes acquired retail locations related to Walmart U.S. eCommerce brands

(4) Total opened, net of conversions of discount stores or neighborhood markets to supercenters.

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. also offers fuel and financial services and related products, including money orders, prepaid cards, wire transfers, money transfers, check cashing and bill payment. These services 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: "Athletic Works," "Bonobos," "Equate," "Everstart," "George," "Great Value," "Holiday Time," "Mainstays," "Marktside," "ModCloth," "No Boundaries," "Omn," "Ozark Trail," "Parent's Choice," "Time and Tru" and "Wonder Nation." The Company also markets lines of merchandise under licensed brands, some of which include: "Better Homes & Gardens," "Farberware," "Russell" and "SwissTech."

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.

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, open 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 a low price every day 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 Walmart Pickup, where a customer places an order online and picks it up for free from a store; Pickup Today, where a customer places an order online and picks it up for free from a store; Grocery Delivery, where a customer places a grocery order online and has it delivered; or Grocery Pickup, where a customer places a grocery order online and picks it up at one of our participating stores or remote locations.

Distribution. For fiscal 2019, approximately 77% of Walmart U.S.'s purchases of store merchandise were shipped through our 156 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 33 dedicated eCommerce 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, as well as Brazil prior to the sale of the majority stake of Walmart Brazil discussed in [Note 13](#) to our Consolidated Financial Statements; 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 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 \$120.8 billion for fiscal 2019, representing 24% of our fiscal 2019 consolidated net sales, and had net sales of \$118.1 billion and \$116.1 billion for fiscal 2018 and 2017, respectively. The segment's net sales have been 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.

To deliver strong efficient growth, we have to be decisive when it comes to our capital and our time. As such, we have taken certain strategic actions to reposition Walmart International, including:

- Acquisition of a majority stake of Flipkart in August 2018 for \$16 billion, or \$13.8 billion net of cash acquired. We began consolidating Flipkart's results in the third quarter of fiscal 2019, using a one-month lag. The ongoing operations negatively impacted fiscal 2019 net income and this negative impact will continue in fiscal 2020.
- Proposed combination of J Sainsbury plc and Asda Group Limited ("Asda"), our wholly-owned United Kingdom retail subsidiary. Under the terms, we would receive approximately 42 percent of the share capital of the combined company and approximately £3.0 billion in cash, subject to customary closing adjustments, while retaining obligations under the Asda defined benefit pension plan. Due to a complex regulatory review process, the outcome of which is uncertain and may take some time to complete, the held for sale classification criteria for the disposal group has not been met as of January 31, 2019. Further, there can be no assurance as to whether regulatory approval will be obtained or the proposed combination will be consummated. In the future, if the held for sale classification criteria is met for the disposal group, we expect to recognize a loss, the amount of which may fluctuate based on the changes in the value of share capital received and foreign exchange rates.
- Divestiture of 80 percent of Walmart Brazil to Advent International ("Advent") in August 2018. Advent agreed to contribute additional capital to the business over a three-year period and we agreed to indemnify Advent for certain pre-closing tax and legal contingencies and other matters. We recorded a pre-tax net loss of \$4.8 billion in fiscal 2019 for the sale, of which \$2.0 billion related to cumulative foreign currency translation loss which was reclassified from accumulated other comprehensive loss.
- Consistent with our focus on core retail capabilities, the divestiture of the Walmart Chile banking operations in December 2018 and the proposed divestiture of the Walmart Canada banking operations, classified as held for sale as of January 31, 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, and our marketplaces, such as Flipkart in India.

Generally, retail units range in size from 1,500 square feet to 186,000 square feet. Our wholesale stores generally range in size from 25,000 square feet to 155,000 square feet. Other includes stand-alone gas stations operating in the United Kingdom, which range in size up to 2,200 square feet.

The following tables provide the unit count ⁽¹⁾ and square feet ⁽²⁾ for the fiscal years shown:

Fiscal Year	Unit Count
Balance forward	379
2015	396
2016	408
2017	412
2018	424
2019	436

(1) "Unit Count" includes retail stores, wholesale clubs and other. Walmart International unit counts, with the exception of Canada, are as of December 31, to correspond with the fiscal year end of the related geographic market. Canada unit counts and square footage are as of January 31.

(2) "Square Feet" columns are reported in thousands.

(3) The Company sold the majority stake of Walmart Brazil in fiscal 2019.

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Fiscal Year	Unit Count
Balance forward	405
2015	411
2016	432
2017	439
2018	443
2019	443

(1) "Unit Count" includes retail stores, wholesale clubs and other. Walmart International unit counts, with the exception of Canada, are as of December 31, to correspond with the fiscal year end of the related geographic market. Canada unit counts and square footage are as of January 31.

(2) "Square Feet" columns are reported in thousands.

(4) All periods presented exclude units and square feet for the Vips restaurant business. The Company completed the sale of the Vips restaurant business in fiscal 2015.

Unit counts ⁽¹⁾ as of January 31, 2019 for Walmart International are summarized by major category for each geographic market as follows:

Geographic Market

Africa ⁽³⁾
Argentina
Canada
Central America ⁽⁴⁾
Chile
China
India
Japan
Mexico
United Kingdom

Total

- (1) Walmart International unit counts, with the exception of Canada, are as of December 31, 2018, to correspond with the balance sheet date of the related geographic market. Canada unit counts are as of January 31, 2019.
- (2) Other includes stand-alone gas stations.
- (3) Africa unit counts by country are Botswana (11), Ghana (4), Kenya (2), Lesotho (3), Malawi (2), Mozambique (6), Namibia (4), Nigeria (5), South Africa (389), Swaziland (1), Tanzania (1), Uganda (1) and Zambia (7).
- (4) Central America unit counts by country are Costa Rica (256), El Salvador (97), Guatemala (250), Honduras (105) and Nicaragua (103).

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," "Mynta," "Jabong," "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, open 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 226 distribution facilities located in Argentina, Canada, Central America, Chile, China, Japan, Mexico, South Africa, India and the United Kingdom. Through these facilities, we process and distribute both imported and domestic products to the operating units of the Walmart International segment. During fiscal 2019, approximately 83% 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 90 dedicated eCommerce fulfillment centers, as well as more than 1,900 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 \$57.8 billion for fiscal 2019, representing 11% of our consolidated fiscal 2019 net sales, and had net sales of \$59.2 billion and \$57.4 billion for fiscal 2018 and 2017, 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:

Annual Membership Fee

Number of Add-on Memberships (\$40 each)

Eligible for Cash Rewards

All memberships include a spouse/household card at no additional cost. Plus Members are eligible for Cash Rewards, which is a benefit that provides \$10 for every \$500 in 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, glasses and contacts.

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 34,000 and 168,000 square feet, with an average size of approximately 134,000 square feet. The following table provides the retail unit count and retail square feet for the fiscal years shown:

Fiscal Year

Balance forward

2015

2016

2017

2018

2019

(1) "Total" and "Square Feet" columns are as of January 31 for the fiscal years shown. "Square Feet" column is reported in thousands.

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 the option of delivery direct-to-home or to the club through services such as "Club Pickup." Sam's Club omni-channel capabilities also include "Scan and Go," a mobile checkout and payment solution, which allows members to bypass the checkout line.

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 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.

The Member's Mark brand continues to expand assortment and deliver member value. In fiscal 2019, Member's Mark sales exceeded \$12 billion, driven by growth across multiple categories in the private brand portfolio.

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, all 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.

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 and segment operating income have 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 2019, approximately 70% of Sam's Club's non-fuel club purchases were shipped from Sam's Club's 23 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 from its six dedicated eCommerce fulfillment centers and other distribution centers, including two dedicated import facilities.

The principal focus of Sam's Club's distribution operations is on cross-docking merchandise while minimizing stored inventory. Cross-docking is a distribution process under which shipments are directly transferred from inbound to outbound trailers. Shipments typically spend less than 24 hours in a cross-dock facility, and sometimes less than an hour.

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 United States, 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 a number of our suppliers' annual sales, 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 2019, 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 both fiscal 2019 and 2018 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 12](#) 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. Similarly, in the

operations outside the U.S., we provide a variety of associate benefits that vary based on customary local practices and statutory requirements.

Executive Officers of the Registrant

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

Daniel J. Bartlett

M. Brett Biggs

Rachel Brand

Jacqueline P. Canney

David M. Chojnowski

Gregory Foran

John Furner

Marc Lore

Judith McKenna

C. Douglas McMillon

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 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.

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 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.

We may not timely identify or effectively respond to consumer trends or preferences, which 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, our market share and the growth of our business.

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

The retail business is rapidly evolving and consumers are increasingly embracing shopping digitally. 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 acquisitions, joint ventures, investments in eCommerce, technology, 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 build and deliver a seamless omni-channel shopping experience and is further subject to the risks we face as outlined in this [Item 1A](#). As a result, our market position, net sales and financial performance could be adversely affected, which could also result in impairment charges to intangible assets or other long-lived assets. In addition, a greater concentration of eCommerce 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 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 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 and geo-political events, such as war, civil unrest or terrorist attacks in a

country 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, 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 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 disruption in our communications with our stores.

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 in the countries in which our foreign suppliers and their manufacturers are located, the financial instability of suppliers, suppliers' failure to meet certain of 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 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 may also face 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 may 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. The applicability to us of laws related to such sales is currently unsettled and we may face reputational, financial and other risks, including liability, for third-party sales of goods that are counterfeit or otherwise fraudulent.

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), 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 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 we may 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 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 eCommerce 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 and electronic mail 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 "Walmart Pickup," "Pickup Today," "Club Pickup" and "Online Grocery" programs under which many products available for purchase online can be picked up by the customer 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 in the U.S. (whether through organic growth or eCommerce acquisitions) and in a number of markets in which our Walmart International segment operates.

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 computer and operating 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 access to our eCommerce websites (including marketplace platforms) or mobile commerce applications to obtain and make unauthorized use of customers' or members' payment information and related risks discussed below. Such attacks, if successful, may also create denials of service or otherwise disable, degrade or sabotage one or more of our digital platforms and 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 traffic, reputational damage and deterioration of our competitive position and incur liability for any damage to customers whose personal information is unlawfully obtained and used, 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.

As do most retailers, we receive and store in our digital information systems certain 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 encryption and authentication 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 single "hackers" or small groups of "hackers." Each year, cyber-attackers make numerous attempts to access the information stored in our information systems. As cyber threats evolve, change and become more difficult to detect and successfully defend against, one or more cyber-attacks might defeat our or a third-party service provider's security measures in the future and obtain the personal information of customers, members, associates and vendors.

Associate error or malfeasance, faulty password management 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 defects of design, manufacture or operations or could be inadvertently or intentionally implemented or used in a manner that could compromise information security. We or our third-party service providers may not discover any security breach and loss of information for a significant period of time after the security breach occurs.

Any breach of our security measures or any breach, error or malfeasance of those of our third-party service providers and loss of our confidential information, or any failure by us to comply with applicable privacy and information security laws and regulations, could cause us to incur significant costs to protect any customers, members, associates and vendors whose personal data was compromised and to restore their confidence in us and to make changes to our information systems and administrative processes to address security issues and compliance with applicable laws and regulations.

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 breach could require us to devote significant management resources to address the problems created by the security breach and to expend significant additional resources to upgrade further the security measures we employ to guard personal information against cyber-attacks and other attempts to access 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, 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 any cyber-attacks, cyber terrorism, or security breaches from known cyber-attacks or malware 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 or misappropriation of information, we may be materially adversely affected by claims from customers, financial institutions, regulatory authorities, payment card networks and others. In certain circumstances, payment card association rules and obligations to which we are subject under our contracts with payment card processors make us liable to payment card issuers if information in connection with payment cards and payment card transactions that we hold is compromised, which liabilities could be substantial. In addition, the cost of complying with stricter and more complex data privacy, data collection and information security laws and standards could be significant to us.

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. 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 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 and distribution centers, 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. If we are unable to locate, to attract or to retain qualified personnel, 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, fluctuations in currency exchange rates may 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 2019, our Walmart International operations generated approximately 24% of our consolidated net sales. Walmart International's operations in various countries also sources 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 on eCommerce offerings 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.

Our business and results of operations in the UK may be negatively affected by increases in food costs, changes in trade policies, changes in labor, immigration, tax or other laws and fluctuations in currency exchange rates resulting from the UK's pending exit from the European Union. We expect continued uncertainty around the extent of the impact of this exit on our business until the UK and the European Union put in 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 which 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 2019, our Walmart U.S. and Sam's Club operating segments generated approximately 76% 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 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, regulations, or accounting principles.

For example, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") significantly changed income tax laws that affect U.S. corporations and there are aspects of the Tax Act that remain unclear as additional guidance from the U.S. tax authority is 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.

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 United States 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 operations in the United States are subject to numerous federal, state and local regulations including licensing and other requirements for pharmacies 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 United States 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 United States. 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, fraud and other illicit activity. The impact of new laws, regulations and policies and the related interpretations and 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 United States; 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 United States 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 female employees in Asda's retail stores is of equal value in terms of, among other things, the demands of their jobs to that of male employees working in Asda's warehouses and distribution facilities, and that the disparity in pay between these different job positions 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.

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, and cannot reasonably estimate any loss or range of loss that may arise from such claims.

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.

We could be subject to liability, penalties and other sanctions and other adverse consequences arising out of our on-going FCPA matter.

As previously disclosed, we are under investigation by the U.S. Department of Justice (the "DOJ") and the SEC regarding possible violations of the FCPA. We have been cooperating with those agencies and discussions have been ongoing with them regarding the resolution of these matters. These discussions have progressed to a point that in fiscal 2018, we reasonably estimated a probable loss and recorded an aggregate accrual of \$283 million with respect to these matters (the "Accrual").

A number of federal and local government agencies in Mexico also investigated these matters. Walmex cooperated with the Mexican governmental agencies that conducted these investigations.

Furthermore, lawsuits relating to the matters under investigation were filed by several of our shareholders against us, certain of our current and former directors and former officers and certain of Walmex's former officers. These matters have been resolved or immaterial accruals have been made for proposed settlements.

We could be exposed to a variety of negative consequences as a result of the matters noted above. One or more enforcement actions could be instituted in respect of the matters that are the subject of some or all of the on-going government investigations, and such actions, if brought, may result in judgments, settlements, fines, penalties, injunctions, cease and desist orders, debarment or other relief, criminal convictions and/or penalties. Shareholder lawsuits may result in judgments against us and our current and former directors and officers named in those proceedings. We also expect that there will be ongoing media and governmental interest regarding these matters, including additional news articles on these matters that could impact the perception among certain audiences of our role as a corporate citizen. Moreover, we have incurred and expect to continue to incur costs in responding to requests for information or subpoenas seeking documents, testimony and other information in connection with the government investigations, in defending the shareholder lawsuits and with respect to investigations.

While we have made an Accrual for these matters, because the discussions are continuing, there can be no assurance as to the timing or the terms of the final resolution of these matters. Although we do not presently believe that these matters, including the Accrual (and the payment of the Accrual at some point-in-time in the future) will have a material adverse effect on our business, financial position, results of operations or cash flows, given the inherent uncertainties in such situations, we can provide no assurance that these matters will not be material to our business, financial position, results of operations or cash flows in the future.

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, 2019, unit counts for Walmart U.S. and Sam's Club are summarized by format for each state and territory as follows:

State or Territory

Alabama	—	—	—	—	—	—
Alaska	—	—	—	—	—	—
Arizona	—	—	—	—	—	—
Arkansas	—	—	—	—	—	—
California	—	—	—	—	—	—
Colorado	—	—	—	—	—	—
Connecticut	—	—	—	—	—	—
Delaware	—	—	—	—	—	—
Florida	—	—	—	—	—	—
Georgia	—	—	—	—	—	—
Hawaii	—	—	—	—	—	—
Idaho	—	—	—	—	—	—
Illinois	—	—	—	—	—	—
Indiana	—	—	—	—	—	—
Iowa	—	—	—	—	—	—
Kansas	—	—	—	—	—	—
Kentucky	—	—	—	—	—	—
Louisiana	—	—	—	—	—	—
Maine	—	—	—	—	—	—
Maryland	—	—	—	—	—	—
Massachusetts	—	—	—	—	—	—
Michigan	—	—	—	—	—	—
Minnesota	—	—	—	—	—	—
Mississippi	—	—	—	—	—	—
Missouri	—	—	—	—	—	—
Montana	—	—	—	—	—	—
Nebraska	—	—	—	—	—	—
Nevada	—	—	—	—	—	—
New Hampshire	—	—	—	—	—	—
New Jersey	—	—	—	—	—	—
New Mexico	—	—	—	—	—	—
New York	—	—	—	—	—	—
North Carolina	—	—	—	—	—	—
North Dakota	—	—	—	—	—	—
Ohio	—	—	—	—	—	—
Oklahoma	—	—	—	—	—	—
Oregon	—	—	—	—	—	—
Pennsylvania	—	—	—	—	—	—
Puerto Rico	—	—	—	—	—	—
Rhode Island	—	—	—	—	—	—
South Carolina	—	—	—	—	—	—
South Dakota	—	—	—	—	—	—
Tennessee	—	—	—	—	—	—
Texas	—	—	—	—	—	—
Utah	—	—	—	—	—	—
Vermont	—	—	—	—	—	—
Virginia	—	—	—	—	—	—
Washington	—	—	—	—	—	—
Washington D.C.	—	—	—	—	—	—
West Virginia	—	—	—	—	—	—
Wisconsin	—	—	—	—	—	—
Wyoming	—	—	—	—	—	—
U.S. total	—	—	—	—	—	—

(1) Includes 698 neighborhood markets, 77 Walmart U.S. eCommerce retail locations and 38 other small formats.

International

The Walmart International segment comprises the Company's operations outside of the U.S. Unit counts as of January 31, 2019 ⁽¹⁾ for Walmart International are summarized by major category for each geographic market as follows:

Geographic Market

Africa ⁽³⁾

Argentina

Canada

Central America ⁽⁴⁾

Chile

China

India

Japan

Mexico

United Kingdom

International total

(1) Walmart International unit counts, with the exception of Canada, are as of December 31, 2018, to correspond with the balance sheet date of the related geographic market. Canada unit counts are as of January 31, 2019.

(2) Other includes stand-alone gas stations.

(3) Africa unit counts by country are Botswana (11), Ghana (4), Kenya (2), Lesotho (3), Malawi (2), Mozambique (6), Namibia (4), Nigeria (5), South Africa (389), Swaziland (1), Tanzania (1), Uganda (1) and Zambia (7).

(4) Central America unit counts by country are Costa Rica (256), El Salvador (97), Guatemala (250), Honduras (105) and Nicaragua (103).

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, 2019:

U.S. properties

Walmart U.S. retail units

Sam's Club retail units

Total U.S. retail units

Walmart U.S. distribution facilities

Sam's Club distribution facilities

Total U.S. distribution facilities

Total U.S. properties

International properties

Africa

Argentina

Canada

Central America

Chile

China

India

Japan

Mexico

United Kingdom

Total International retail units

International distribution facilities

Total International properties

Total properties

Total retail units

Total distribution facilities

Total properties

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 440 cases as of March 15, 2019; 27 cases are in the process of being transferred to the MDL or have remand motions pending; and there are 92 additional state cases pending as of March 15, 2019. The case citations for the state cases are listed on Exhibit 99.1 to this Form 10-K.

II. CERTAIN OTHER PROCEEDINGS: The Company is a defendant in a lawsuit in which the complaint closely tracks the allegations set forth in a news story that appeared in The New York Times (the "Times") on April 21, 2012. This is a securities lawsuit, *City of Pontiac General Employees Retirement System v. Wal-Mart Stores, Inc.*, USDC, Western Dist. of AR, that was filed on May 7, 2012, in the United States District Court for the Middle District of Tennessee, and subsequently transferred to the Western District of Arkansas, in which the plaintiff alleges various violations of the U.S. Foreign Corrupt Practices Act (the "FCPA") beginning in 2005, and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, relating to certain prior disclosures of the Company. The plaintiff seeks to represent a class of shareholders who purchased or acquired stock of the Company between December 8, 2011, and April 20, 2012, and has sought damages and other relief based on allegations that the defendants' conduct affected the value of such stock. On September 20, 2016, the court granted plaintiff's motion for class certification. On October 6, 2016, the defendants filed a petition to appeal the class certification ruling to the U.S. Court of Appeals for the Eighth Circuit. On November 7, 2016, the U.S. Court of Appeals for the Eighth Circuit denied the Company's petition. On October 26, 2018, the parties filed a motion asking the court to approve a proposed settlement under which the Company would pay \$160 million (the "Settlement Amount") to resolve the claims of all class members. On December 6, 2018, the court preliminarily approved the settlement and scheduled the final approval hearing for April 4, 2019. The settlement does not include or constitute an admission, concession, or finding of any fault, liability, or wrongdoing by the Company or any defendant. The Settlement Amount was expensed in the Company's fiscal 2019 financial statements. **Securities Class Action :** *City of Pontiac General Employees Retirement System v. Wal-Mart Stores, Inc.*, USDC, Western Dist. of AR; 5/7/12.

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 1, 2017 through June 23, 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 Secretaría 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

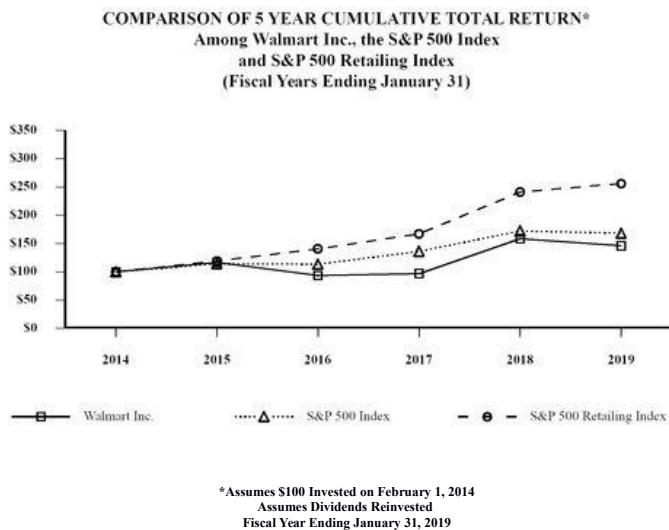
Walmart's common stock is listed for trading on the New York Stock Exchange, which is the primary market for Walmart's common stock. The common stock trades under the symbol "WMT."

Holders of Record of Common Stock

As of March 26, 2019, there were 223,968 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 with fiscal 2019 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, 2014, in shares of our common stock and in each of the indices shown and assumes that all of the dividends were reinvested.



Walmart Inc.
S&P 500 Index
S&P 500 Retailing Index

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 2019 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, 2019, authorization for \$11.3 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, 2019, was as follows:

Fiscal Period	—	—	—	—
November 1-30, 2018	—	—	—	—
December 1-31, 2018	—	—	—	—
January 1-31, 2019	—	—	—	—
Total	—	—	—	—

(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.

(Amounts in millions, except per share and unit count data)

Operating results

Total revenues	—	—
Percentage change in total revenues from previous fiscal year	—	—
Net sales	—	—
Percentage change in net sales from previous fiscal year	—	—
Increase (decrease) in calendar comparable sales ⁽¹⁾ in the U.S.	—	—
Walmart U.S.	—	—
Sam's Club	—	—
Gross profit margin	—	—
Operating, selling, general and administrative expenses, as a percentage of net sales	—	—
Operating income	—	—
Interest, net	—	—
Loss on extinguishment of debt	—	—
Other (gains) and losses	—	—
Income from continuing operations attributable to Walmart	—	—
Diluted income per common share from continuing operations attributable to Walmart	—	—
Dividends declared per common share	—	—

Financial position

Inventories	\$	44,269
Property, equipment, capital lease and financing obligation assets, net		111,395
Total assets		219,295
Long-term debt and long-term capital lease and financing obligations (excluding amounts due within one year)		
Total Walmart shareholders' equity		50,203
		72,496

Unit counts ⁽²⁾

Walmart U.S. segment

Walmart International segment

Sam's Club segment

Total units

(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) Unit counts related to discontinued operations have been removed from all relevant periods.

Overview

This discussion, which presents our results for the fiscal years ended January 31, 2019 ("fiscal 2019"), January 31, 2018 ("fiscal 2018") and January 31, 2017 ("fiscal 2017") 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.

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. In fiscal 2019, the Company revised certain of its corporate overhead allocations, including depreciation expense, to the operating segments and, accordingly, revised prior period amounts for comparability.

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.

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 made certain strategic portfolio decisions, further discussed in [Item 1. Business](#), which include the following:

- Acquisition of 81 percent of the outstanding shares, or 77 percent of the diluted shares, of Flipkart Private Limited ("Flipkart") in August 2018. The ongoing operations negatively impacted fiscal 2019 net income and this negative impact will continue in fiscal 2020.
- Proposed combination of J Sainsbury plc and Asda Group Limited ("Asda"), where we would receive approximately 42 percent of the share capital of the combined company, however, the held for sale criteria has not been met as of January 31, 2019. Further, there can be no assurance as to whether regulatory approval will be obtained or the proposed combination will be consummated. In the future, if the held for sale classification criteria is met for the disposal group, we expect to recognize a loss, the amount of which may fluctuate based on the changes in the value of share capital received and foreign exchange rates.
- 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.
- Divestiture of banking operations in Walmart Chile in December 2018 and the proposed divestiture of banking operations in Walmart Canada, classified as held for sale as of January 31, 2019.

The Retail Industry

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 also 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, competitive pressures, consumer disposable income, consumer debt levels and buying patterns, consumer credit availability, cost of goods, currency exchange rate fluctuations, customer preferences, deflation, inflation, fuel and energy prices, general economic conditions, insurance costs, interest rates, labor costs, tax rates, the imposition of tariffs, cybersecurity attacks and unemployment. Further information on the factors that can affect our operating results and on certain risks to our Company and an investment in 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 expansion of omni-channel initiatives while slowing the rate of growth of new stores and clubs. At times, we make strategic investments which are focused on the long-term growth of the Company. Comparable sales is a metric that indicates the performance of our existing stores and clubs by measuring the change in sales for such stores and clubs, including eCommerce sales, for a particular period over the corresponding period in the previous year. The retail industry generally reports comparable sales using the retail calendar (also known as the 4-5-4 calendar). To be consistent with the retail industry, we provide comparable sales using the retail calendar in our quarterly earnings releases. However, when we discuss our comparable sales below, we are referring to our calendar comparable sales calculated using our fiscal calendar, 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 2019 and 2018, were as follows:

Walmart U.S.	—	—	—
Sam's Club	—	—	—
Total U.S.	—	—	—

Walmart U.S. comparable sales increased 3.7% and 2.1% in fiscal 2019 and 2018, respectively, driven by ticket and traffic growth. Walmart U.S. eCommerce sales positively contributed approximately 1.3% and 0.7% to comparable sales for fiscal 2019 and fiscal 2018, respectively, as we continue to focus on a seamless omni-channel experience for our customers. Sam's Club comparable sales increased 5.4% and 2.8% in fiscal 2019 and 2018, respectively. Sam's Club fiscal 2019 comparable sales were driven by strong traffic, which was aided by transfers of sales from our closed clubs to our existing clubs and fuel sales. These increases were partially offset by reduced tobacco sales due to our decision to remove tobacco from certain locations in fiscal 2019. Sam's Club fiscal 2018 comp sales were driven by strong traffic and fuel sales. Sam's Club eCommerce sales positively contributed approximately 0.9% and 0.7% to comparable sales for fiscal 2019 and 2018, 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)

Net sales

Percentage change from comparable period

Operating, selling, general and administrative expenses

Percentage change from comparable period

Operating, selling, general and administrative expenses as a percentage of net sales

For fiscal 2019, operating, selling, general and administrative ("operating") expenses as a percentage of net sales decreased 48 basis points, when compared to the same period in the previous fiscal year. The primary drivers of the expense leverage were strong sales performance in conjunction with productivity improvements and lapping fiscal 2018 charges discussed in the following paragraph. 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.

For fiscal 2018, operating expenses as a percentage of net sales increased 32 basis points, when compared to the previous fiscal year. While our increase in net sales and improving expense management had a positive impact on our operating expenses as a percentage of net sales, we did not leverage expenses as a result of approximately \$0.6 billion in charges related to Sam's Club closures and discontinued real estate projects, \$400 million related to a lump sum bonus paid to associates, \$300 million related to Home Office severance, the legal accrual of \$283 million related to the FCPA matter, a charge of \$244 million related to discontinued real estate projects in Walmart U.S. and the decisions to exit certain international properties and wind down the first party Brazil eCommerce operations.

Strategic Capital Allocation

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. This allocation aligns with our initiatives of improving our customer proposition in stores and clubs and a seamless omni-channel experience for our customers. Total fiscal 2019 capital expenditures increased slightly compared to the prior year; the following table provides additional detail:

(Amounts in millions)

Allocation of Capital Expenditures

eCommerce, technology, supply chain and other

Remodels

New stores and clubs, including expansions and relocations

Total U.S.

Walmart International

Total capital expenditures

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 3.4% and 5.2% for the fiscal years ended January 31, 2019 and 2018, respectively. For fiscal 2019, the decline in ROA was primarily due to the decrease in consolidated net income resulting from the \$4.5 billion net loss related to the sale of the majority stake in Walmart Brazil and also the \$2.8 billion net unrealized loss on our JD.com investment. For fiscal 2018, the decline in ROA was primarily due to the loss on extinguishment of debt and the decrease in operating income. ROI was 14.2% for fiscal 2019, which was flat compared to fiscal 2018.

We define ROI as adjusted operating income (operating income plus interest income, depreciation and amortization, and rent expense) for the trailing 12 months divided by average invested capital during that period. We consider average invested capital to be the average of our beginning and ending total assets, plus average accumulated depreciation and average amortization, less average accounts payable and average accrued liabilities for that period, plus a rent factor equal to the rent for the fiscal year or trailing 12 months multiplied by a factor of 8.

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. In addition, we include a factor of 8 for rent expense that estimates the hypothetical capitalization of our operating leases. As mentioned above, we consider ROA to be the financial measure computed in accordance with generally accepted accounting principles most directly comparable to our calculation of ROI. ROI differs from ROA (which is consolidated net income for the period divided by average total assets for the period) because ROI: adjusts operating income to exclude certain expense items and adds interest income; adjusts total assets for the impact of accumulated depreciation and amortization, accounts payable and accrued liabilities; and incorporates a factor of rent 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. Beginning in fiscal 2020, our calculation of ROI will change upon adoption of ASU 2016-02, *Leases*, primarily to replace the factor of 8 for rent expense with US GAAP operating lease assets.

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:

(Amounts in millions)

CALCULATION OF RETURN ON ASSETS

Numerator

Consolidated net income

Denominator

Average total assets ⁽¹⁾

Return on assets (ROA)

CALCULATION OF RETURN ON INVESTMENT

Numerator

Operating income

= = = = =

+ Interest income

= = = = =

+ Depreciation and amortization

= = = = =

+ Rent

= = = = =

= Adjusted operating income

Denominator

Average total assets ⁽¹⁾

= = = = =

+ Average accumulated depreciation and amortization ⁽¹⁾

= = = = =

- Average accounts payable ⁽¹⁾

= = = = =

- Average accrued liabilities ⁽¹⁾

= = = = =

+ Rent x 8

= Average invested capital

Return on investment (ROI)

Certain Balance Sheet Data

Total assets

= = = = =

Accumulated depreciation and amortization

= = = = =

Accounts payable

= = = = =

Accrued liabilities

= = = = =

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

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 \$27.8 billion, \$28.3 billion and \$31.7 billion for fiscal 2019, 2018 and 2017, respectively. We generated free cash flow of \$17.4 billion, \$18.3 billion and \$21.1 billion for fiscal 2019, 2018 and 2017, respectively. Net cash provided by operating activities for fiscal 2019 declined when compared to fiscal 2018 primarily due to timing of vendor payments, partially offset by lower tax payments mainly resulting from U.S. tax reform enacted on December 22, 2017 ("Tax Reform") 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. The decrease in net cash provided by operating activities and free cash flow in fiscal 2018 from fiscal 2017 were primarily due to the timing of tax and other payments, as well as lapping the previous year's improvements in working capital management and the benefit from the application of tax regulations adopted in fiscal 2017.

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)

Net cash provided by operating activities

Payments for property and equipment

Free cash flow

Net cash used in investing activities ⁽¹⁾

Net cash used in financing activities

(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)

Total revenues

Percentage change from comparable period

Net sales

Percentage change from comparable period

Total U.S. calendar comparable sales increase

Gross profit rate

Operating income

Operating income as a percentage of net sales

Consolidated net income

Unit counts at period end

Retail square feet at period end

Our total revenues, which are mostly comprised of net sales, but also include membership and other income, increased \$14.1 billion or 2.8% and \$14.5 billion or 3.0% for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. Net sales increased \$14.6 billion or 2.9% and \$14.4 billion or 3.0% for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. 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. For fiscal 2018, net sales were positively impacted by overall positive comparable sales, the impact from new store openings and sales generated from eCommerce acquisitions. The positive effect of such factors on our consolidated net sales for fiscal 2018 was partially offset by a reduction in net sales of \$1.9 billion due to divesting our Yihaojian and Suburbia businesses and the \$0.5 billion of negative impact from fluctuations in currency exchange rates.

Our gross profit rate decreased 18 and 26 basis points for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. For fiscal 2019, the decrease was due to the mix effects from our growing eCommerce business, the consolidation of Flipkart, our planned pricing strategy and increased transportation expenses. For fiscal 2018, the decrease was primarily due to our planned pricing strategy and the mix effects from our growing eCommerce business.

Membership and other income decreased for fiscal 2019, when compared to the previous fiscal year, primarily due to the prior year recognition of a \$387 million gain from the sale of Suburbia in our International Segment. Membership and other income was relatively flat for fiscal 2018, when compared to the previous fiscal year. While fiscal 2018 included a \$387 million gain from the sale of Suburbia, along with a \$47 million gain from a land sale, higher recycling income from our sustainability efforts and higher membership income from increased Plus Member penetration at Sam's Club, these gains were offset by gains recognized in fiscal 2017.

For fiscal 2019, operating expenses as a percentage of net sales decreased 48 basis points, when compared to the same period in the previous fiscal year. The primary drivers of the expense leverage were strong sales performance in conjunction with productivity improvements and lapping fiscal 2018 charges discussed in the following paragraph. 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.

For fiscal 2018, operating expenses as a percentage of net sales increased 32 basis points, when compared to the previous fiscal year. While our increase in net sales and improving expense management had a positive impact on our operating expenses as a percentage of net sales, we did not leverage expenses as a result of approximately \$0.6 billion in charges related to Sam's Club closures and discontinued real estate projects, \$400 million related to a lump sum bonus paid to associates, \$300 million related to Home Office severance, the legal accrual of \$283 million related to the FCPA matter, a charge of \$244 million related to discontinued real estate projects in Walmart U.S. and the decisions to exit certain international properties and wind down the first party Brazil eCommerce operations.

Other losses were \$8.4 billion for fiscal 2019, 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 pre-tax 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 37.4% for fiscal 2019, 30.4% for fiscal 2018, and 30.3% for fiscal 2017. Although the U.S. statutory rate was lowered due to the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), our effective income tax rate increased in fiscal 2019 primarily because we recognized minimal tax benefit related to the sale of the majority stake in Walmart Brazil and Flipkart's results. Additionally, our effective income tax rate may also fluctuate as a result of factors including changes in our assessment of certain tax contingencies, valuation allowances, changes in tax law, outcomes of administrative audits, the impact of discrete items and the mix and size of earnings among our U.S. operations and international operations, which are subject to statutory rates that, 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 2019, 2018 and 2017 is presented in [Note 9](#) in the " [Notes to Consolidated Financial Statements](#) ."

As a result of the factors discussed above, we reported \$7.2 billion and \$10.5 billion of consolidated net income for fiscal 2019 and 2018 , respectively, which represents a decrease of \$3.3 billion and \$3.8 billion for fiscal 2019 and 2018 , respectively, when compared to the previous fiscal year. Diluted net income per common share attributable to Walmart ("EPS") was \$2.26 , \$3.28 and \$4.38 for fiscal 2019 , 2018 and 2017 , respectively.

Walmart U.S. Segment

(Amounts in millions, except unit counts)

Net sales	—	—	—	—
Percentage change from comparable period				
Calendar comparable sales increase				
Operating income				
Operating income as a percentage of net sales				
Unit counts at period end				
Retail square feet at period end				

Net sales for the Walmart U.S. segment increased \$13.2 billion or 4.1% and \$10.6 billion or 3.5% for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. The increases in net sales were primarily due to increases in comparable store sales of 3.7% and 2.1% for fiscal 2019 and 2018, respectively, driven by ticket and traffic growth. Walmart U.S. eCommerce sales positively contributed approximately 1.3% and 0.7% to comparable sales for fiscal 2019 and 2018. Additionally, for fiscal 2018, year-over-year growth in retail square feet further contributed to the year-over-year increase.

Gross profit rate decreased 28 and 24 basis points for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. 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. For fiscal 2018, the decrease was primarily due to our planned pricing strategy and the mix effects from our growing eCommerce business. Partially offsetting the negative factors for fiscal 2018 was the positive impact of savings from procuring merchandise.

Operating expenses as a percentage of segment net sales decreased 23 basis points for fiscal 2019 and was relatively flat for fiscal 2018, when compared to the previous fiscal year. 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 \$244 million. 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 increased \$391 million for fiscal 2019 and was relatively flat for fiscal 2018, respectively, when compared to the same periods in the previous fiscal year.

Walmart International Segment

(Amounts in millions, except unit counts)

Net sales	—	—	—	—
Percentage change from comparable period				
Operating income				
Operating income as a percentage of net sales				
Unit counts at period end				
Retail square feet at period end				

Net sales for the Walmart International segment increased \$2.8 billion or 2.3% and \$1.9 billion or 1.7% for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. 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. For fiscal 2018, the increase in net sales was due to positive comparable sales in the majority of our markets and the impact of new stores, partially offset by a reduction in net sales of \$1.9 billion due to divesting our Yihodian and Suburbia businesses and a \$0.5 billion negative impact from fluctuations in currency exchange rates.

Gross profit rate decreased 41 and 28 basis points for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. For fiscal 2019, the decrease was due to Flipkart and strategic price investments in certain markets. For fiscal 2018, the decrease in the gross profit rate was primarily due to strategic price investments in certain markets.

Membership and other income decreased 22.4% and 14.0% for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. The decrease in fiscal 2019 was due to the prior year recognition of a \$387 million gain from the sale of Suburbia. While fiscal 2018 included the \$387 million gain from the sale of Suburbia and a \$47 million gain from a land sale, these gains were less than gains recognized in fiscal 2017, which included a \$535 million gain from the sale of our Yihodian business and a \$194 million gain from the sale of shopping malls in Chile.

Operating expenses as a percentage of segment net sales decreased 37 basis points for fiscal 2019 and was flat for 2018, when compared to the previous fiscal year. The decrease in operating expenses as a percentage of segment net sales for fiscal 2019 was 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. While fiscal 2018 was benefited by an increase in net sales, this benefit was offset by restructuring and impairment charges in certain markets of approximately \$0.5 billion, including charges from decisions to exit certain properties and wind down the first party Brazil eCommerce operations.

As a result of the factors discussed above, segment operating income decreased \$346 million and \$508 million for fiscal 2019 and 2018, respectively.

Sam's Club Segment

(Amounts in millions, except unit counts)

Including Fuel

Net sales

Percentage change from comparable period

Calendar comparable sales increase

Operating income

Operating income as a percentage of net sales

Unit counts at period end

Retail square feet at period end

Excluding Fuel ⁽¹⁾

Net sales

Percentage change from comparable period

Operating income

Operating income as a percentage of net sales

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

Net sales for the Sam's Club segment decreased \$1.4 billion or 2.3% for fiscal 2019 and increased \$1.9 billion or 3.2% for fiscal 2018, when compared to the previous fiscal year. 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. For fiscal 2018, the increase in net sales was primarily due to an increase in comparable sales which were benefited by an increase of \$0.7 billion in fuel sales from higher fuel prices. Sam's Club eCommerce sales positively contributed approximately 0.7% to comparable sales for fiscal 2018.

Gross profit rate was relatively flat for fiscal 2019 and decreased 44 basis points for fiscal 2018, when compared to the previous fiscal year. 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, which have lower margins. 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. For fiscal 2018, the decrease in gross profit rate was primarily due to the impact of markdowns to liquidate inventory related to club closures, a reclassification of certain supply expenses from operating expenses to cost of goods sold, increased shrink, increased eCommerce shipping costs and the investment in cash rewards.

Membership and other income increased 2.6% and 2.3% for fiscal 2019 and 2018, respectively, when compared to the previous fiscal year. 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. For fiscal 2018, the increase in membership and other income was primarily due to higher recycling income from our sustainability efforts and an increase of 1.3% in membership income resulting from increased Plus Member penetration.

Operating expenses as a percentage of segment net sales decreased 99 basis points for fiscal 2019 and increased 83 basis points for fiscal 2018, when compared to the previous fiscal year. 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. This charge resulted in the increase in operating expenses as a percentage of segment net sales in fiscal 2018.

As a result of the factors discussed above, segment operating income increased \$605 million for fiscal 2019 and decreased \$713 million for fiscal 2018, 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)

Net cash provided by operating activities

Net cash provided by operating activities was \$27.8 billion, \$28.3 billion and \$31.7 billion for fiscal 2019, 2018 and 2017, respectively. Net cash provided by operating activities for fiscal 2019 declined when compared to the previous fiscal year primarily due to timing of vendor payments, partially offset by lower tax payments mainly resulting from Tax Reform and the timing of tax payments. The decrease in net cash provided by operating activities for fiscal 2018, when compared to the previous fiscal year, was due to the timing of tax and other payments, as well as lapping the previous year's improvements in working capital management and the benefit from the application of tax regulations adopted in fiscal 2017.

Cash Equivalents and Working Capital

Cash and cash equivalents were \$7.7 billion and \$6.8 billion as of January 31, 2019 and 2018, respectively. Our working capital deficit was \$15.6 billion and \$18.9 billion as of January 31, 2019 and 2018, 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. The decreased working capital deficit as of January 31, 2019 compared to 2018 was primarily due to higher current assets as a result of the consolidation of Flipkart.

Historically, we have used intercompany financing arrangements to make cash available in the country in which it is needed with the minimum cost possible. During fiscal 2019, we repatriated to the U.S. \$5.3 billion of cash at a tax cost of approximately \$40 million.

As of January 31, 2019 and 2018, cash and cash equivalents of \$2.8 billion and \$1.4 billion, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions. Of the \$2.8 billion as of January 31, 2019, approximately \$1.2 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)

Net cash used in investing activities

Net cash used in investing activities was \$24.0 billion, \$9.1 billion and \$13.9 billion for fiscal 2019, 2018 and 2017, 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 increased \$15.0 billion for fiscal 2019 when compared to the previous fiscal year. This increase was primarily due to the \$13.8 billion payment for Flipkart, net of cash acquired, as well as payments for other, smaller acquisitions. Net cash used in investing activities decreased \$4.8 billion for fiscal 2018 when compared to the previous fiscal year. Fiscal 2018 included cash received of \$1.0 billion from the sale of Suburbia in Mexico, while fiscal 2017 included our acquisition of Jet.com, Inc. ("jet.com") for \$2.4 billion and our purchase of \$1.9 billion of shares in JD.com ("JD"). Refer to [Note 13](#) to our Consolidated Financial Statements for further details on our acquisition of jet.com and investment in JD. Additionally, refer to the "[Strategic Capital Allocation](#)" section in our [Company Performance Metrics](#) for capital expenditure detail for fiscal 2019 and 2018.

Growth Activities

For the fiscal year ending January 31, 2020 ("fiscal 2020"), we project capital expenditures will be approximately \$11.0 billion. In fiscal 2020, we expect to add approximately 300 new stores in Walmart International, primarily in Mexico, Central America and China, and add less than 10 stores in Walmart U.S.

Net Cash Used in Financing Activities

(Amounts in millions)

Net cash used in financing activities

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 2019 net cash used in financing activities decreased \$17.3 billion 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. Fiscal 2018 net cash used in financing activities increased \$0.8 billion for fiscal 2018 when compared to the same period in the previous fiscal year. The increase was primarily due to premiums paid for early extinguishment of debt. Further discussion of financing activities is provided by major categories below.

Short-term Borrowings

Net cash flows provided by short-term borrowings were relatively flat in fiscal 2019 and increased \$4.1 billion in fiscal 2018, when compared to the balance at the end of the previous fiscal year. 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 2018, the additional cash provided by short-term borrowings was primarily due to the timing of our January 2018 debt extinguishment.

The following table includes additional information related to the Company's short-term borrowings for fiscal 2019, 2018 and 2017:

(Amounts in millions)

Maximum amount outstanding at any month-end

Average daily short-term borrowings

Annual weighted-average interest rate

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 \$2.8 billion of various undrawn committed lines of credit outside of the U.S., as of January 31, 2019, that provide additional liquidity, if needed.

Long-term Debt

The following table provides the changes in our long-term debt for fiscal 2019:

(Amounts in millions)

Balances as of February 1, 2018

Proceeds from issuance of long-term debt

Payments of long-term debt

Reclassifications of long-term debt

Other

Balances as of January 31, 2019

Our total long-term debt increased \$11.6 billion for fiscal 2019, primarily due to the net proceeds from issuance of long-term debt to fund a portion of the purchase price for Flipkart and for general corporate purposes.

Dividends

Our total dividend payments were \$6.1 billion, \$6.1 billion and \$6.2 billion for fiscal 2019, 2018 and 2017, respectively. The Board of Directors approved, effective February 19, 2019, the fiscal 2020 annual dividend of \$2.12 per share, an increase over the fiscal 2019 annual dividend of \$2.08 per share. For fiscal 2020, the annual dividend will be paid in four quarterly installments of \$0.53 per share, according to the following record and payable dates:

Record Date

March 15, 2019
May 10, 2019
August 9, 2019
December 6, 2019

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 2019 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, 2019, authorization for \$11.3 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 2019, 2018 and 2017:

(Amounts in millions, except per share data)

Total number of shares repurchased

Average price paid per share

Total amount paid for share repurchases

Share repurchases decreased for fiscal 2019 and were relatively flat for fiscal 2018, respectively, when compared to the previous fiscal year. The decrease in fiscal 2019 was due to the suspension of repurchases in anticipation of the announcement of the Flipkart acquisition. Repurchases of Company stock returned to a more normalized level in the latter half of fiscal 2019.

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, 2019, the ratings assigned to our commercial paper and rated series of our outstanding long-term debt were as follows:

Rating agency

Standard & Poor's
Moody's Investors Service
Fitch Ratings

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, 2019 :

(Amounts in millions)

Recorded contractual obligations:

Long-term debt ⁽¹⁾
Short-term borrowings
Capital lease and financing obligations ⁽²⁾

Unrecorded contractual obligations:

Non-cancelable operating leases ⁽³⁾
Estimated interest on long-term debt
Syndicated and other letters of credit
Purchase obligations

Total contractual obligations

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

(2) "Capital lease and financing obligations" represents undiscounted aggregate minimum annual rentals, which are recorded on the balance sheet at present value. Refer to [Note 11](#) to our Consolidated Financial Statements for more information.

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

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, 2019 , the indemnification liability recorded was \$0.8 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 \$2.8 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, 2019 , 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, \$1.3 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, 2019 , 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 existing FCPA investigation and related matters and possible effects of those matters on Walmart's business, 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 discuss the "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 FCPA investigation, 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 contingent liabilities 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, 2019 and 2018, 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. 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. As a measure of sensitivity, fiscal 2019 impairment would not change materially with a 10% decrease in the undiscounted cash flows for the stores or clubs with indicators of impairment. For fiscal 2018, although impairment charges were \$1.4 billion, these charges primarily related to restructuring activities described in [Note 14](#), as well as discontinued real estate projects in the U.S. and decisions to exit certain international properties. Impairment charges not related to restructuring activities or decisions to exit properties for fiscal 2019 and 2018 were not material.

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, be 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, 2019, 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 and other indefinite-lived acquired intangible assets have generated sufficient returns to recover the cost of goodwill and other indefinite-lived acquired intangible assets. Because of the nature of the factors used in these tests, if different conditions occur in future periods, future operating results could be materially impacted. For approximately \$300 million of certain acquired indefinite-lived intangible assets, the fair value approximated the carrying value; any deterioration in the fair value may result in an impairment charge.

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 significant judgment, the use of estimates 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 lower 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 significant 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 heavily 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 2019, the net fair value of our interest rate swaps increased \$13 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, 2019.

(Amounts in millions)

Liabilities**Short-term borrowings:**

Variable rate	—	—	—	—
Weighted-average interest rate				

Long-term debt ⁽¹⁾:

Fixed rate	—	—	—	—
Weighted-average interest rate				
Variable rate	—	—	—	—
Weighted-average interest rate				

Interest rate derivatives**Interest rate swaps:**

Fixed to variable	\$	—	\$	750
Weighted-average pay rate	—%	—%		4.1%
Weighted-average receive rate	—%	—%		3.3%

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

As of January 31, 2019, our variable rate borrowings, including the effect of our commercial paper and interest rate swaps, represented 22% of our total short-term and long-term debt. Based on January 31, 2019 debt levels, a 100 basis point change in prevailing market rates would cause our annual interest costs to change by approximately \$110 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 2019, movements in currency exchange rates and the related impact on the translation of the balance sheets of the Company's subsidiaries in the UK, Chile, and Canada were the primary cause of the \$2.1 billion loss 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 an asset position of \$62 million and \$413 million as of January 31, 2019 and January 31, 2018, 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 2019. A hypothetical 10% change in the currency exchange rates underlying these swaps from the market rate as of January 31, 2019 would have resulted in a change in the value of the swaps of \$515 million. A hypothetical 10% change in interest rates underlying these swaps from the market rates in effect as of January 31, 2019 would have resulted in a change in the value of the swaps of \$13 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, 2019 and January 31, 2018 that was designated as a hedge of our net investment in the United Kingdom. As of January 31, 2019, 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, 2019 and January 31, 2018 that was designated as a hedge of our net investment in Japan. As of January 31, 2019, 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. Since February 1, 2018, when we adopted the new financial instrument accounting standard, the change in fair value recorded within other gains and losses resulted in a loss of \$3.5 billion due to a decrease in the stock price of JD. As of January 31, 2019, the fair value of our equity investment in JD was \$3.6 billion.

**Consolidated Financial Statements of Walmart Inc.
For the Fiscal Year Ended January 31, 2019**

[Report of Independent Registered Public Accounting Firm](#)
[Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting](#)
[Consolidated Statements of Income](#)
[Consolidated Statements of Comprehensive Income](#)
[Consolidated Balance Sheets](#)
[Consolidated Statements of Shareholders' Equity](#)
[Consolidated Statements of Cash Flows](#)
[Notes to Consolidated Financial Statements](#)

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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2019, 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, 2019, 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 28, 2019 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-01

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of measuring certain equity investments to fair value and recognizing the change in fair value in net income effective February 1, 2018, due to the adoption of Accounting Standards Update ("ASU") No. 2016-01, *Financial Instruments-Overall (Topic 825)*.

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.

/s/ Ernst & Young LLP

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

Rogers, Arkansas
March 28, 2019

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, 2019, 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, 2019, based on the COSO criteria.

As indicated in the accompanying Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Flipkart Private Limited ("Flipkart"), except for the recognition of goodwill and intangible assets that were included in management's assessment. Flipkart is included in the 2019 consolidated financial statements of the Company and constituted approximately 2% of the Company's total assets as of January 31, 2019 after excluding goodwill and intangible assets recorded and approximately 1% of the Company's net sales for the year ended January 31, 2019. Accordingly, our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Flipkart, except for the recognition of goodwill and intangible assets.

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, 2019 and 2018, 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, 2019, and the related notes and our report dated March 28, 2019 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 28, 2019

Walmart Inc.
Consolidated Statements of Income

	<u>Fiscal Years Ended January 31,</u>
<i>(Amounts in millions, except per share data)</i>	
Revenues:	
Net sales	
Membership and other income	
Total revenues	
Costs and expenses:	
Cost of sales	
Operating, selling, general and administrative expenses	
Operating income	
Interest:	
Debt	
Capital lease and financing obligations	
Interest income	
Interest, net	
Loss on extinguishment of debt	
Other (gains) and losses	
Income before income taxes	
Provision for income taxes	
Consolidated net income	
Consolidated net income attributable to noncontrolling interest	
Consolidated net income attributable to Walmart	
 Net income per common share:	
Basic net income per common share attributable to Walmart	
Diluted	
 net income per common share attributable to Walmart	
 Weighted-average common shares outstanding:	
Basic	
Diluted	
 Dividends declared per common share	

See accompanying notes.

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Walmart Inc.

Consolidated Statements of Comprehensive Income

	<u>Fiscal Years Ended January 31,</u>
<i>(Amounts in millions)</i>	
Consolidated net income	\$
Consolidated net income attributable to noncontrolling interest	
Consolidated net income attributable to Walmart	
 Other comprehensive income (loss), net of income taxes	
taxes	
Currency translation and other	
Net investment hedges	
Cash flow hedges	
Minimum pension liability	
Unrealized gain on available-for-sale securities	
Other	
comprehensive income (loss), net of income taxes	
Other comprehensive (income) loss attributable to noncontrolling interest	
Other comprehensive income (loss) attributable to Walmart	
 Comprehensive income, net of income taxes	
Comprehensive (income) loss attributable to noncontrolling interest	
Comprehensive income attributable to Walmart	\$

See accompanying notes.

Walmart Inc.
Consolidated Balance Sheets

(Amounts in millions)

ASSETS

Current assets:

 Cash and cash equivalents

 Receivables, net

 Inventories

 Prepaid expenses and other

 Total current assets

Property and equipment:

 Property and equipment

 Less accumulated depreciation

 Property and equipment, net

Property under capital lease and financing obligations:

 Property under capital lease and financing obligations

 Less accumulated amortization

 Property under capital lease and financing obligations, net

Goodwill

Other long-term assets

Total assets

LIABILITIES AND EQUITY

Current liabilities:

 Short-term borrowings

 Accounts payable

 Accrued liabilities

 Accrued income taxes

 Long-term debt due within one year

 Capital lease and financing obligations due within one year

 Total current liabilities

Long-term debt

Long-term capital lease and financing obligations

Deferred income taxes and other

Commitments and contingencies

Equity:

 Common stock

 Capital in excess of par value

 Retained earnings

 Accumulated other comprehensive loss

 Total Walmart shareholders' equity

Noncontrolling interest

Total equity		—	—
Total liabilities and equity		—	—

See accompanying notes.

Walmart Inc.
Consolidated Statements of Shareholders' Equity

(Amounts in millions)

Balances as of February 1, 2016

Consolidated net income

Other comprehensive income (loss), net of

income taxes

Cash dividends declared (\$2.00 per share)

Purchase of Company stock

Cash dividend declared to noncontrolling interest

Other

Balances as of January 31, 2017

Consolidated net income

Other comprehensive income (loss), net of

income taxes

Cash dividends declared (\$2.04 per share)

Purchase of Company stock

Cash dividend declared to noncontrolling interest

Other

Balances as of January 31, 2018

Adoption of new accounting standards on

February 1, 2018, net of income taxes

Consolidated net income

Other comprehensive income (loss), net of

income taxes

Cash dividends declared (\$2.08 per share)

Purchase of Company stock

Cash dividend declared to noncontrolling interest

Noncontrolling interest of acquired entity

Other

Balances as of January 31, 2019

See accompanying notes.

Walmart Inc.
Consolidated Statements of Cash Flows

Fiscal Years Ended January 31,

(Amounts in millions)

Cash flows from operating activities:

Consolidated net income	
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	
Depreciation and amortization	
Unrealized (gains) and losses	
(Gains) and losses for disposal of business operations	
Deferred income taxes	
Loss on extinguishment of debt	
Other operating activities	
Changes in certain assets and liabilities, net of effects of acquisitions:	
Receivables, net	
Inventories	
Accounts payable	
Accrued liabilities	
Accrued income taxes	

Net cash provided by operating activities

Cash flows from investing activities:

Payments for property and equipment	
Proceeds from the disposal of property and equipment	
Proceeds from the disposal of certain operations	
Purchase of available for sale securities	
Payments for business acquisitions, net of cash acquired	
Other investing activities	

Net cash used in investing activities

Cash flows from financing activities:

Net change in short-term borrowings	
Proceeds from issuance of long-term debt	
Repayments of long-term debt	
Premiums paid to extinguish debt	
Dividends paid	
Purchase of Company stock	
Dividends paid to noncontrolling interest	
Purchase of noncontrolling interest	
Other financing activities	

Net cash used in financing activities

Effect of exchange rates on cash, cash equivalents and restricted cash

Net increase (decrease) in cash, cash equivalents and restricted cash

Cash, cash equivalents and restricted cash at beginning of year

Cash, cash equivalents and restricted cash at end of period

Supplemental disclosure of cash flow information:

Income taxes paid

Interest paid

See accompanying notes.

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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 275 million customers who visit its more than 11,300 stores and numerous eCommerce websites under 58 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, 2019 ("fiscal 2019"), January 31, 2018 ("fiscal 2018") and January 31, 2017 ("fiscal 2017"). 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 2019 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 \$1.4 billion and \$1.6 billion as of January 31, 2019 and 2018, respectively.

The Company's cash balances are held in various locations around the world. Substantially all of the Company's \$7.7 billion and \$6.8 billion of cash and cash equivalents as of January 31, 2019 and January 31, 2018 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. During fiscal 2019, the Company repatriated to the U.S. \$5.3 billion of cash at a tax cost of approximately \$40 million.

As of January 31, 2019 and 2018, cash and cash equivalents of approximately \$2.8 billion and \$1.4 billion, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions. Of the \$2.8 billion as of January 31, 2019, approximately \$1.2 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.

Restricted Cash

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows—Restricted Cash (Topic 230)*, which requires restricted cash to be included with cash and cash equivalents when reconciling the beginning and ending amounts on the statement of cash flows. The Company adopted this ASU on February 1, 2018. Restricted cash held outside of cash and cash equivalents was \$34 million as of January 31, 2019, primarily recorded in prepaid expenses and other in the Consolidated Balance Sheets, and \$300 million as of January 31, 2018, primarily recorded in other long-term assets in the Consolidated Balance Sheets.

Receivables

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

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 Walmart U.S. segment's inventories. The inventory at 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, 2019 and January 31, 2018, 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, 2019 and January 31, 2018, 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)

Land

Buildings and improvements

Fixtures and equipment

Transportation equipment

Construction in progress

Property and equipment

Accumulated depreciation

Property and equipment, net

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 financing obligations, property under capital leases and intangible assets for fiscal 2019, 2018 and 2017 was \$10.7 billion, \$10.5 billion and \$10.1 billion, respectively.

Leases

The Company leases land, buildings, fixtures and equipment and transportation equipment. The Company estimates the expected lease term by assuming the exercise of renewal options where an economic penalty exists that would preclude the abandonment of the lease at the end of the initial non-cancelable term and the exercise of such renewal is at the sole discretion of the Company. The expected lease term is used in the determination of whether a store or club lease is a capital or operating lease and in the calculation of straight-line rent expense. Additionally, the useful life of leasehold improvements is limited by the expected lease term or the economic life of the asset, whichever is shorter. If significant expenditures are made for leasehold improvements late in the expected lease term and renewal is reasonably assured, the useful life of the leasehold improvement is limited to the end of the renewal period or economic life of the asset, whichever is shorter. Rent abatements and escalations are considered in the calculation of minimum lease payments in the Company's capital lease tests and in determining straight-line rent expense for operating leases.

The Company is often involved in the construction of its leased stores. In certain cases, payments made for certain structural components included in the lessor's construction of the leased assets result in the Company being deemed the owner of the leased assets for accounting purposes. As a result, the payments, regardless of the significance, are automatic indicators of ownership and require the Company to capitalize the lessor's total project cost with a corresponding financing obligation. Upon completion of the lessor's project, the Company performs a sale-leaseback analysis to determine if these assets and the related financing obligation can be derecognized from the Company's Consolidated Balance Sheets. If the Company is deemed to have "continuing involvement," the leased assets and the related financing obligation remain on the Company's Consolidated Balance Sheets and are generally amortized over the lease term. At the end of the lease term, including exercise of any renewal options, the net remaining financing obligation over the net carrying value of the fixed asset will be recognized as a non-cash gain.

Long-Lived Assets

Long-lived assets are initially recorded at cost. 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, 2019, 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 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 2019 and 2018:

(Amounts in millions)

Balances as of February 1, 2017

Changes in currency translation and other

Acquisitions

Balances as of January 31, 2018

Changes in currency translation and other

Acquisitions ⁽¹⁾

Balances as of January 31, 2019

⁽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. These assets are evaluated for impairment based on their fair values using valuation techniques which are updated annually based on the most recent variables and assumptions. There were no significant impairment charges related to intangible assets for fiscal 2019, 2018 and 2017.

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, 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.

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. Market risk represents the possibility that the value of the derivatives will change. In a hedging relationship, the change in the value of the derivative is offset to a great extent by the change in the value of the underlying hedged item. Credit risk related to a derivative represents the possibility that the counterparty will not fulfill the terms of the contract. Credit risk is monitored through established approval procedures, including setting concentration limits by counterparty, reviewing credit ratings and requiring collateral from the counterparty when appropriate. The Company only enters into derivatives with counterparties rated "A-" or better by nationally recognized credit rating agencies. Subsequent to entering into derivatives, the Company regularly monitors the credit ratings of its counterparties. The notional, or contractual, amount of the Company's derivatives is used to measure interest to be paid or received and does not represent the Company's exposure due to credit risk.

The contractual terms of the Company's derivatives closely mirror those of the hedged items, providing a high degree of risk reduction and correlation. Contracts that are effective at meeting the risk reduction and correlation criteria are recorded using hedge accounting. If a derivative is recorded using hedge accounting, depending on the nature of the hedge, changes in fair value will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or be recognized in accumulated other comprehensive loss until the hedged item is recognized in earnings. Any hedge ineffectiveness is immediately recognized in earnings. The Company's net investment and cash flow hedges are highly effective and the ineffective portion has not been, and is not expected to be, significant. 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 during the period of the change.

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. The notional amounts are used to measure interest to be paid or received and do not represent the Company's exposure due to credit loss. The Company's interest rate swaps that receive fixed-interest rate payments and pay variable-interest rate payments are designated as fair value hedges. As the specific terms and notional amounts of the derivatives match those of the fixed-rate debt being hedged, the derivatives are assumed to be perfectly effective hedges. Changes in the fair values of these derivatives are recorded in earnings, but are offset by corresponding changes in the fair values of the hedged items, also recorded in earnings, and, accordingly, do not impact the Company's Consolidated Statements of Income. These derivatives will mature on dates ranging from October 2020 to April 2024 .

Net Investment Hedges

The Company is a party to cross-currency interest rate swaps that the Company uses to hedge its net investments. The agreements are contracts to exchange fixed-rate payments in one currency for fixed-rate payments in another currency. All changes in the fair value of these derivatives are recorded in accumulated other comprehensive loss, offsetting the currency translation adjustment of the related investment that is also recorded in accumulated other comprehensive loss. These derivatives will mature on dates ranging from July 2020 to February 2030.

The Company has issued foreign-currency-denominated long-term debt as hedges of net investments of certain of its foreign operations. These foreign-currency-denominated long-term debt issuances are designated and qualify as nonderivative hedging instruments. Accordingly, the foreign currency translation of these debt instruments is recorded in accumulated other comprehensive loss, offsetting the foreign currency translation adjustment of the related net investment that is also recorded in accumulated other comprehensive loss.

Cash Flow Hedges

The Company is a party to receive fixed-rate, pay fixed-rate cross-currency interest rate swaps to hedge the currency exposure associated with the forecasted payments of principal and interest of certain non-U.S. denominated debt. The swaps are designated as cash flow hedges of the currency risk related to payments on the non-U.S. denominated debt. The effective portion of changes in the fair value of derivatives designated as cash flow hedges of foreign exchange risk is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The hedged items are recognized foreign currency-denominated liabilities that are re-measured at spot exchange rates each period, and the assessment of effectiveness (and measurement of any ineffectiveness) is based on total changes in the related derivative's cash flows. As a result, the amount reclassified into earnings each period includes an amount that offsets the related transaction gain or loss arising from that re-measurement and the adjustment to earnings for the period's allocable portion of the initial spot-forward difference associated with the hedging instrument. These derivatives will mature on dates ranging from April 2022 to March 2034.

Financial Statement Presentation

Realized derivative gains and losses are recorded in interest, net, in the Company's Consolidated Statements of Income. Although subject to master netting arrangements, the Company does not offset derivative assets and liabilities in its Consolidated Balance Sheets. 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 7](#) for the net presentation of the Company's derivatives. Additionally, the Company records cash collateral received as amounts due to the counterparties exclusive of any derivative asset and records cash collateral it posts with counterparties as amounts receivable from those counterparties exclusive of any derivative liability.

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 heavily on estimates.

The Tax Cuts and Jobs Act contains a provision which subjects a US parent of a foreign subsidiary to current US 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.

In February 2018, the FASB issued ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ("ASU 2018-02"). This ASU provides that the stranded tax effects from the Tax Cuts and Jobs Act of 2017 ("Tax Act") in accumulated other comprehensive loss may be reclassified to retained earnings. The Company adopted this ASU on February 1, 2018, which resulted in an immaterial negative adjustment to retained earnings.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The Company adopted this ASU on February 1, 2018, using the modified retrospective approach and applied this ASU only to contracts not completed as of February 1, 2018. The accounting policies and other disclosures are below as well as the disclosure of disaggregated revenues in [Note 15](#). The impact of adopting this ASU was not material to the Consolidated Financial Statements.

Net Sales

The Company recognizes sales revenue, net of sales taxes and estimated sales returns, at the time it sells merchandise to the customer. eCommerce sales include shipping revenue and are recorded upon delivery to the customer. Additionally, 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 \$1.4 billion for each of fiscal 2019, 2018 and 2017, respectively. Membership fee revenue is included in membership and other income in the Company's Consolidated Statements of Income. Deferred membership fee 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. Management periodically reviews and updates its estimates.

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 Condensed Consolidated Statements of Income.

Contract Balances

Contract balances as a result of transactions with customers primarily consist of receivables included in receivables, net, and deferred gift card revenue included in accrued liabilities in the Company's Condensed Consolidated Balance Sheets. The following table provides the Company's receivables and deferred gift card revenue from transactions with customers:

(Amounts in millions)

Assets:

Receivables from transactions with customers, net

Liabilities:

Deferred gift card revenue

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 \$3.5 billion, \$3.1 billion and \$2.9 billion for fiscal 2019, 2018 and 2017, 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

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. Certain qualitative and quantitative disclosures are also required. The Company will adopt this ASU and related amendments as of the beginning of the first quarter of the year ending January 31, 2020 ("fiscal 2020") and will be electing 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. The Company will be exempting leases with an initial term of twelve months or less from balance sheet recognition and, for most classes of assets, the Company will be combining non-lease components with lease components. Management has implemented and continues to implement new lease systems in connection with the adoption.

The adoption of this ASU and related amendments will result in total assets and liabilities increasing approximately \$15 billion, which is primarily due to recognizing approximately \$17.5 billion of operating lease assets and liabilities, partially offset by derecognizing approximately \$3 billion of assets and liabilities related to financial obligations connected with the construction of leased stores. Several other line items in the Company's Consolidated Balance Sheet will also be impacted by immaterial amounts. The Company's Consolidated Statements of Income and Consolidated Statements of Cash Flows will not be materially impacted. Finally, management expects the first quarter fiscal 2020 disclosure of future operating commitments to significantly increase compared to the aggregate minimum rentals disclosed in [Note 11](#), primarily because the new standard requires reasonably assured renewals be included.

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 will adopt this ASU on February 1, 2020. Management is currently evaluating this ASU to determine its 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 2019, 2018 and 2017.

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)

Numerator

Consolidated net income	—	—	—	—
Consolidated net income attributable to noncontrolling interest	—	—	—	—
Consolidated net income attributable to Walmart	—	—	—	—

Denominator

Weighted-average common shares outstanding, basic	—	—	—	—
Dilutive impact of stock options and other share-based awards	—	—	—	—
Weighted-average common shares outstanding, diluted	—	—	—	—

Net income per common share attributable to Walmart

Basic	—	—	—	—
Diluted	—	—	—	—

Note 3. Shareholders' Equity

The total authorized shares of \$0.10 par value common stock is 11.0 billion, of which 2.9 billion and 3.0 billion were issued and outstanding as of January 31, 2019 and 2018, 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 \$773 million, \$626 million and \$596 million for fiscal 2019, 2018 and 2017, 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 \$181 million, \$150 million and \$212 million for fiscal 2019, 2018 and 2017, respectively. The following table summarizes the Company's share-based compensation expense by award type for all plans:

(Amounts in millions)

Restricted stock and performance share units	—	—	—	—
Restricted stock units	—	—	—	—
Other	—	—	—	—

Share-based compensation expense

—	—	—	—	—
—	—	—	—	—
—	—	—	—	—

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 2019, 2018 and 2017 was 6.2%, 7.2% and 8.3%, respectively.
- **Restricted Stock Units.** Restricted stock units provide rights to Company stock after a specified service period; generally 50% vest three years from the grant date and the remaining 50% vest 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 2019, 2018 and 2017 was 7.2%, 9.0% 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 2019 due to a liquidity event performance condition that was not deemed probable of occurrence.

The following table shows the activity for restricted stock and performance share units and restricted stock units during fiscal 2019:

(Shares in thousands)

Outstanding as of February 1, 2018

Granted

Vested/exercised

Forfeited

Outstanding as of January 31, 2019

(1) Assumes payout rate at 100% for Performance Share Units.

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

(Amounts in millions, except years)

Fair value of restricted stock and performance share units vested

Fair value of restricted stock units vested

Unrecognized compensation cost for restricted stock and performance share units

Unrecognized compensation cost for restricted stock units

Weighted average remaining period to expense for restricted stock and performance share units (years)

Weighted average remaining period to expense for restricted stock units (years)

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 year 2019 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, 2019, authorization for \$11.3 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 2019, 2018 and 2017:

(Amounts in millions, except per share data)

Total number of shares repurchased

Average price paid per share

Total cash paid for share repurchases

Note 4. Accumulated Other Comprehensive Loss

The following table provides the changes in the composition of total accumulated other comprehensive loss for fiscal 2019, 2018 and 2017:

(Amounts in millions and net of income taxes)

Balances as of February 1, 2016

Other comprehensive income (loss) before reclassifications, net

Amounts reclassified from accumulated other comprehensive loss, net

Balances as of January 31, 2017

Other comprehensive income (loss) before reclassifications, net

Amounts reclassified from accumulated other comprehensive loss, net

Balances as of January 31, 2018

Adoption of new accounting standards on February 1, 2018⁽¹⁾

Other comprehensive income (loss) before reclassifications, net

Reclassifications to income, net⁽²⁾

Balances as of January 31, 2019

(1) Primarily relates to the adoption of ASU 2016-01 and ASU 2018-02.

(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 13).

The income tax impact for each of the amounts shown in the table above is immaterial. 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.

Note 5. Accrued Liabilities

The Company's accrued liabilities consist of the following as of January 31, 2019 and 2018:

	January 31,
(Amounts in millions)	\$
Accrued wages and benefits ⁽¹⁾	\$
Self-insurance ⁽²⁾	\$
Accrued non-income taxes ⁽³⁾	\$
Deferred gift card revenue	\$
Other ⁽⁴⁾	\$
Total accrued liabilities	\$

(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, value added, sales and miscellaneous other taxes.

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

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, 2019 and 2018 were \$5.2 billion and \$5.3 billion, respectively, with weighted-average interest rates of 2.7% and 1.5%, respectively.

The Company has various committed lines of credit in the U.S., committed with 22 financial institutions, totaling \$15.0 billion and \$12.5 billion as of January 31, 2019 and 2018, respectively. These committed lines of credit are summarized in the following table:

(Amounts in millions)	—	—	—	—	—	—
Five-year credit facility ⁽¹⁾	—	—	—	—	—	—
364-day revolving credit facility ⁽¹⁾	—	—	—	—	—	—
Total	=	=	=	=	=	=

(1) In May 2018, 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 2019 and May 2023, 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 and \$4.0 billion as of January 31, 2019 and 2018, respectively, of which approximately \$0.2 billion and no amount was drawn as of January 31, 2019 and 2018, respectively.

Apart from the committed lines of credit, the Company has syndicated and fronted letters of credit available totaling \$1.8 billion as of January 31, 2019 and 2018, of which \$1.6 billion and \$1.5 billion was drawn as of January 31, 2019 and 2018, respectively. The Company also has trade letters of credit, without stated limits, of which \$0.4 billion was drawn as of January 31, 2019 and 2018.

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, 2019 and 2018:

(Amounts in millions)

Unsecured debt

Fixed

Variable

Total U.S. dollar denominated

Fixed

Variable

Total Euro denominated

Fixed

Variable

Total Sterling denominated

Fixed

Variable

Total Yen denominated

Total unsecured debt

Total other ⁽²⁾

Total debt

Less amounts due within one year

Long-term debt

(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. Interest costs are also impacted by certain derivatives described in [Note 8](#).

(2) Includes deferred loan costs, discounts, fair value hedges, foreign-held debt and secured debt. As of January 31, 2019 and 2018 the Company had secured debt in the amount of \$8 million and \$10 million, respectively, which was collateralized by property that had an aggregate carrying amount of \$82 million and \$101 million, respectively.

As of January 31, 2018, the Company had \$500 million in debt with embedded put options. These bonds matured in June 2018, and were fully repaid. The issuance of money market puttable reset securities in the amount of \$500 million is structured to be remarketed in connection with the annual reset of the interest rate. If, for any reason, the remarketing of the notes does not occur at the time of any interest rate reset, the holders of the notes must sell and the Company must repurchase the notes at par.

Accordingly as of January 31, 2018, this issuance was classified as long-term debt due within one year in the Company's Consolidated Balance Sheets.

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

(Amounts in millions)

Fiscal Year

2020

2021

2022

2023

2024

Thereafter

Total

Debt Issuances

Information on long-term debt issued during fiscal 2019 to fund a portion of the purchase price for the Flipkart acquisition discussed in [Note 13](#) and for general corporate purposes, is as follows:

(Amounts in millions)

Issue Date

June 27, 2018

Repayments and Extinguishments

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

(Amounts in millions)

Maturity Date	
February 15, 2018	—
April 11, 2018	—
June 1, 2018	—
December 15, 2018	—
Various ⁽¹⁾	—
Total	—

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

During fiscal 2018, the following long-term debt matured and was repaid:

(Amounts in millions)

Maturity Date	
April 5, 2017	—
April 21, 2017	—
Various ⁽¹⁾	—
Total repayment of matured debt	—
December 15, 2018	—
February 1, 2019	—
July 8, 2020	—
October 25, 2020	—
April 15, 2021	—
October 16, 2023	—
April 5, 2027	—
February 15, 2030	—
September 4, 2035	—
September 28, 2035	—
August 17, 2037	—
April 15, 2038	—
January 19, 2039	—
April 2, 2040	—
July 9, 2040	—
October 25, 2040	—
April 15, 2041	—
April 11, 2043	—
October 2, 2043	—
April 22, 2044	—
Total repayment of extinguished debt	—
	Total

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

(2) Represents portion of the principal amount repaid during fiscal 2018.

In fiscal 2018, in connection with extinguishing debt, the Company paid premiums of approximately \$3.1 billion which resulted in a loss on extinguishment of debt of approximately \$3.1 billion.

Note 7. 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 measured using Level 1 inputs, which prior to fiscal 2019 was classified as available-for-sale with changes in fair value recognized through other comprehensive income; and
- The portion of the investment in JD received in exchange for selling certain assets related to Yihodian, 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. Prior to fiscal 2019, the investment was carried at cost.

Information for the cost basis, carrying value and fair value of the Company's investment in JD is as follows:

(Amounts in millions)

Investment in JD measured using Level 1 inputs	—	—	—	—	—	—	—
Investment in JD measured using Level 2 inputs	—	—	—	—	—	—	—

Total

(1) Fair value was already recognized on the balance sheet. Upon adoption of the new financial instrument standard on February 1, 2018, the excess of fair value over cost was reclassified from accumulated other comprehensive loss to retained earnings.

(2) Upon adoption of the new financial instrument standard on February 1, 2018, the excess of fair value over cost was recognized by increasing the carrying value of the asset and retained earnings.

(3) The decreases in fair value from February 1, 2018 to January 31, 2019 of \$ 3.5 billion was recognized in net income and included in other gains and losses in the Company's Consolidated Statements of Income.

The Company also has derivatives. 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, 2019 and January 31, 2018, the notional amounts and fair values of these derivatives were as follows:

(Amounts in millions)

Receive fixed-rate, pay variable-rate interest rate swaps designated as fair value hedges

Receive fixed-rate, pay fixed-rate cross-currency swaps designated as net investment hedges

Receive fixed-rate, pay fixed-rate cross-currency swaps designated as cash flow hedges

Total

— — — — —
— = — = — = — = — =

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.

As discussed in [Note 13](#), 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.

For the fiscal year ended January 31, 2018, the Company recorded impairment charges related to assets measured at fair value on a non-recurring basis of approximately \$1.4 billion primarily related to the following:

- in the Sam's Club segment as discussed in [Note 14](#), \$0.6 billion for restructuring charges for closures of underperforming clubs; the impaired assets consisted primarily of buildings and related store fixtures, and leased assets of its retail operations;
- in the Walmart International segment as discussed in [Note 14](#), \$0.2 billion for restructuring charges for the wind-down of the Brazil first-party eCommerce business; the impaired assets consisted primarily of fixtures and equipment; and
- immaterial discontinued real estate projects in the Walmart U.S. and Sam's Club segments and decisions to exit certain international properties in the Walmart International segment.

These impairment charges were classified in operating, selling, general and administrative expenses in the Company's Consolidated Statements of Income. The fair value was determined based on comparable market values of similar properties or on a rental income approach, using Level 2 inputs. Impairment charges not related to restructuring or decisions to exit properties for fiscal 2018 were not material.

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, 2019 and 2018, are as follows:

(Amounts in millions)

Long-term debt, including amounts due within one year

Note 8. Derivatives

In connection with various derivative agreements, including master netting arrangements, the Company held cash collateral from counterparties of \$220 million and \$279 million as of January 31, 2019 and January 31, 2018, respectively. Furthermore, as part of the master netting arrangements with each of these counterparties, the Company is also required to post collateral with a counterparty if the Company's net derivative liability position exceeds \$150 million with such counterparties. The Company did not have any cash collateral posted with counterparties as of January 31, 2019 and January 31, 2018, respectively.

As of January 31, 2019 and January 31, 2018, the Company had ¥180 billion of outstanding long-term debt designated as a hedge of its net investment in Japan, as well as outstanding long-term debt of £1.7 billion as of January 31, 2019 and January 31, 2018 that was designated as a hedge of its net investment in the United Kingdom. These nonderivative net investment hedges will mature on dates ranging from July 2020 to January 2039.

The Company's derivatives, as well as its nonderivative debt instruments designated and qualifying as net investment hedges, were classified as follows as of January 31, 2019 and 2018 in the Company's Consolidated Balance Sheets:

(Amounts in millions)

Derivatives

Derivative assets:

Other long-term assets

Derivative liabilities:

Deferred income taxes and other

Nonderivative hedging instruments

Long-term debt

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 9. Taxes

The components of income before income taxes are as follows:

(Amounts in millions)

U.S.

Non-U.S.

Total income before income taxes

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

(Amounts in millions)

Current:

U.S. federal

U.S. state and local

International

Total current tax provision

Deferred:

U.S. federal

U.S. state and local

International

Total deferred tax expense (benefit)

Total provision for income taxes

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. While management believes the Company's accounting for Tax Reform is complete, it is 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 finalized the calculations of 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, including the use of global funding structures and certain U.S. tax credits as further discussed in the "Cash and Cash Equivalents" section of [Note 1](#). However, beginning January 2018, the US 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:

	<u>Fiscal Years Ended January 31,</u>
U.S. statutory tax rate	—
U.S. state income taxes, net of federal income tax benefit	—
Impact of the Tax Act:	
One-time transition tax	—
Deferred tax effects	—
Income taxed outside the U.S.	—
Disposition of Walmart Brazil	—
Valuation allowance	—
Net impact of repatriated international earnings	—
Federal tax credits	—
Other, net	—
Effective income tax rate	—

Deferred Taxes

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

(Amounts in millions)

Deferred tax assets:

Loss and tax credit carryforwards	—
Accrued liabilities	—
Share-based compensation	—
Other	—

Total deferred tax assets

Valuation allowances	—
----------------------	---

Deferred tax assets, net of valuation allowances

Deferred tax liabilities:

Property and equipment	—
Acquired intangibles	—
Inventory	—
Other	—

Total deferred tax liabilities

Net deferred tax liabilities

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

(Amounts in millions)

Balance Sheet classification

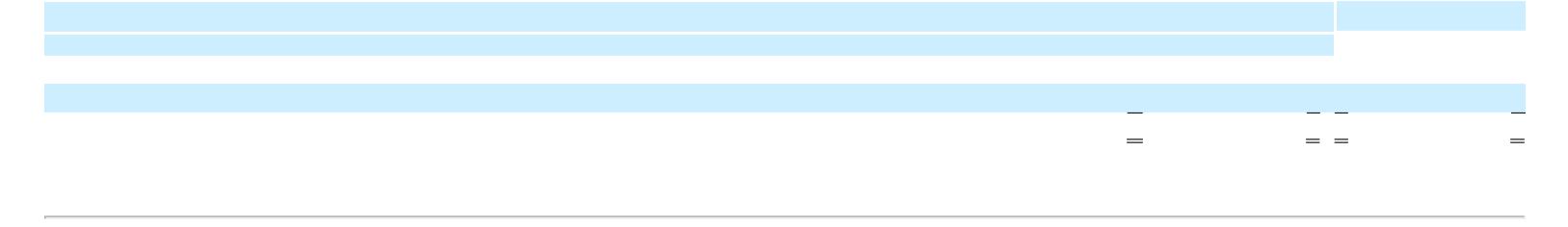
Assets:

Other long-term assets	—
------------------------	---

Liabilities:

Deferred income taxes and other	—
---------------------------------	---

Net deferred tax liabilities



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. During fiscal 2019, the Company repatriated to the U.S. \$5.3 billion of cash relating to fiscal 2019 and prior earnings at a tax cost of approximately \$40 million. As of January 31, 2019, 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, 2019, the Company had net operating loss and capital loss carryforwards totaling \$12.2 billion. Of these carryforwards, \$8.0 billion will expire, if not utilized, in various years through 2039. The remaining carryforwards have no expiration. As of January 31, 2019, the Company's transition tax calculation fully utilized all foreign tax credit carryforwards.

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 established. To the extent that a valuation allowance has been established and it is subsequently determined that it is more likely than not that the deferred tax assets will be recovered, the valuation allowance will be released.

The Company had valuation allowances of \$2.4 billion and \$1.8 billion as of January 31, 2019 and 2018, 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. Net activity in the valuation allowance during fiscal 2019 related to the acquisition of Flipkart and disposal of Walmart Brazil, changes in judgment regarding the future realization of deferred tax assets, releases arising from the use of deferred tax assets and decreases due to operating loss expirations and fluctuations in currency exchange rates. Management believes that it is more likely than not that the remaining deferred tax assets will be fully realized.

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, 2019 and 2018, the amount of unrecognized tax benefits related to continuing operations was \$1.3 billion and \$1.0 billion, respectively. The amount of unrecognized tax benefits that would affect the Company's effective income tax rate was \$1.1 billion and \$690 million as of January 31, 2019 and 2018, respectively.

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

(Amounts in millions)

Unrecognized tax benefits, beginning of year

Increases related to prior year tax positions

Decreases related to prior year tax positions

Increases related to current year tax positions

Settlements during the period

Lapse in statutes of limitations

Unrecognized tax benefits, end of year

Interest expense and penalties related to these positions were immaterial for fiscal 2019, 2018 and 2017. 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 through 2019. The Company also remains subject to income tax examinations for international income taxes for fiscal 2012 through 2019, and for U.S. state and local income taxes generally for the fiscal years ended 2013 through 2019.

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 or results of operations.

ASDA Equal Value Claims

ASDA Stores, Ltd. ("Asda"), a wholly-owned subsidiary of the Company, is a defendant in nearly 30,000 "equal value" claims that 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 female 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 male employees working in Asda's warehouse and distribution facilities, and that the disparity in pay between these different job positions is not objectively justified. As a result, 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.

On March 23, 2015, Asda asked the Employment Tribunal to stay all proceedings and to "strike out" substantially all of the claims because the claimants had not adhered to the Tribunal's procedural rule for including multiple claimants on the same claim form. On July 23, 2015, the Employment Tribunal denied Asda's requests. Following additional proceedings, on June 20, 2017, the Employment Appeal Tribunal ruled in favor of Asda on the "strike out" issue and remitted the matter to the Employment Tribunal to determine whether the improperly filed claims should be struck out. On July 12, 2017, claimants sought permission from the Court of Appeals to appeal this ruling, which was granted on October 3, 2017. A hearing before the Court of Appeals on the "strike out" issue was held on October 23, 2018. On January 17, 2019, the Court of Appeals declined to strike out any claims relying on the Employment Tribunal's finding that claimants had not deliberately disregarded the Tribunal's procedural rule.

As to the initial phase of the Equal Value claims, on October 14, 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. On August 31, 2017, the Employment Appeal Tribunal affirmed the Employment Tribunal's ruling and also granted permission for Asda to appeal substantially all of its findings. Asda sought permission to appeal the remainder of the Employment Appeal Tribunal's findings to the Court of Appeals. A hearing before the Court of Appeals on the comparability findings was held on October 10, 2018 and the Court of Appeals upheld the Employment Tribunal's findings.

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. 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

The Audit Committee (the "Audit Committee") of the Board of Directors of the Company has been conducting an internal investigation into, among other things, alleged violations of the U.S. Foreign Corrupt Practices Act ("FCPA") and other alleged crimes or misconduct in connection with foreign subsidiaries, including Wal-Mart de México, S.A.B. de C.V. ("Walmex"), and whether prior allegations of such violations and/or misconduct were appropriately handled by the Company. The Audit Committee and the Company have engaged outside counsel from a number of law firms and other advisors who are assisting in the on-going investigation of these matters.

The Company has also been conducting a voluntary global review of its policies, practices and internal controls for anti-corruption compliance. The Company is engaged in strengthening its global anti-corruption compliance program through appropriate remedial anti-corruption measures. In November 2011, the Company voluntarily disclosed that investigative activity to the U.S. Department of Justice (the "DOJ") and the Securities and Exchange Commission (the "SEC"). Since the implementation of the global review and the enhanced anti-corruption compliance program, the Audit Committee and the Company have identified or been made aware of additional allegations regarding potential violations of the FCPA. When such allegations have been reported or identified, the Audit Committee and the Company, together with their third party advisors, have conducted inquiries and when warranted based on those inquiries, opened investigations. Inquiries or investigations regarding allegations of potential FCPA violations were commenced in a number of foreign markets where the Company operates or has operated, including, but not limited to, Brazil, China and India.

As previously disclosed, the Company is under investigation by the DOJ and the SEC regarding possible violations of the FCPA. The Company has been cooperating with the agencies and discussions have been ongoing regarding the resolution of these matters. These discussions have progressed to a point that, in fiscal 2018, the Company reasonably estimated a probable loss and recorded an aggregate accrual of \$283 million with respect to these matters (the "Accrual"). As the discussions are continuing, there can be no assurance as to the timing or the terms of the final resolution of these matters.

A number of federal and local government agencies in Mexico also investigated these matters. Walmex cooperated with the Mexican governmental agencies that conducted these investigations.

Furthermore, lawsuits relating to the matters under investigation were filed by several of the Company's shareholders against Walmart, certain current and former directors and former officers and certain of Walmex's former officers. These matters have been resolved or immaterial accruals have been made for proposed settlements.

The Company could be exposed to a variety of negative consequences as a result of the matters noted above. There could be one or more enforcement actions in respect of the matters that are the subject of some or all of the on-going government investigations, and such actions, if brought, may result in judgments, settlements, fines, penalties, injunctions, cease and desist orders, debarment or other relief, criminal convictions and/or penalties and shareholder lawsuits may result in judgments against the Company and its current and former directors and officers named in those proceedings. The Company expects that there will be on-going media and governmental interest, including additional news articles from media publications on these matters, which could impact the perception among certain audiences of the Company's role as a corporate citizen.

In addition, the Company has incurred and expects to continue to incur costs in responding to requests for information or subpoenas seeking documents, testimony and other information in connection with the government investigations, in defending the shareholder lawsuits, and in conducting the review and investigations. These costs will be expensed as incurred. For the fiscal years ended January 31, 2019, 2018 and 2017, the Company incurred the following third-party expenses in connection with the FCPA investigation and related matters:

(Amounts in millions)	—	—	—	—
Ongoing inquiries and investigations	—	—	—	—
Global compliance program and organizational enhancements	—	—	—	—
Total	=	=	=	=

The Company does not presently believe that these matters, including the Accrual (and the payment of the Accrual at some point-in-time in the future), will have a material adverse effect on its business, financial position, results of operations or cash flows, although given the inherent uncertainties in such situations, the Company can provide no assurance that these matters will not be material to its business, financial position, results of operations or cash flows in the future.

Note 11. Commitments

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, \$2.9 billion and \$2.6 billion in fiscal 2019, 2018 and 2017, respectively.

Aggregate minimum annual rentals as of January 31, 2019, under non-cancelable leases are as follows:

(Amounts in millions)

Fiscal Year

2020
2021
2022
2023
2024

Thereafter

Total minimum rentals

Less estimated executory costs

Net minimum lease payments

Financing obligation noncash gains and other
--

Less imputed interest

Present value of minimum lease payments

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

Certain of the Company's leases provide for the payment of contingent rentals based on a percentage of sales. Such contingent rentals were not material for fiscal 2019, 2018 and 2017. Substantially all of the Company's store leases have renewal options, some of which may trigger an escalation in rentals.

Note 12. 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 2019, 2018 and 2017:

(Amounts in millions)

Defined contribution plans:

U.S.

International

Total contribution expense for defined contribution plans

— — — — —

= = = = =

Additionally, the Company's subsidiaries in the United Kingdom and Japan have sponsored defined benefit pension plans. The plan in the United Kingdom was overfunded by \$326 million and \$97 million as of January 31, 2019 and 2018, respectively. The plan in Japan was underfunded by \$175 million and \$184 million as of January 31, 2019 and 2018, respectively. Overfunded amounts are recorded as assets in the Company's Consolidated Balance Sheets in other assets and deferred charges. Underfunded amounts are recorded as liabilities 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 13. Acquisitions, Disposals and Related Items

The following significant transactions impact, or are expected to impact, the operations of 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, Advent agreed to contribute additional capital to the business over a three-year period and Walmart agreed to indemnify Advent for certain matters. Additionally, the Company may receive up to approximately \$250 million in contingent consideration. The disposal group consisted of the following:

- Assets of \$3.3 billion, which were fully impaired as discussed in [Note 7](#) upon meeting the held for sale criteria;
- Liabilities of \$1.3 billion, consisting of \$0.7 billion in accounts payable and accrued liabilities, \$0.1 billion of capital lease and financing obligations, and \$0.5 billion of deferred taxes and other long-term liabilities; and
- Cumulative foreign currency translation loss of \$2.0 billion, which was reclassified from accumulated other comprehensive loss (see [Note 4](#)).

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. 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, determined to have no initial fair value, using the equity method of accounting.

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. The purchase price allocation, which is still preliminary primarily due to certain tax items, is 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 \$13.6 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 \$1.8 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.

Asda

In April 2018, the Company entered into a definitive agreement and announced the proposed combination of J Sainsbury plc and Asda Group Limited ("Asda Group"), the Company's wholly owned UK retail subsidiary. Under the terms of the combination, the Company would receive approximately 42 percent of the share capital of the combined company. In addition, the Company would receive approximately £3 billion in cash, subject to customary closing adjustments, and retain obligations under the Asda Group defined benefit pension plan. Due to a complex regulatory review process, the outcome of which continues to be uncertain, the held for sale classification criteria for the disposal group was not met as of January 31, 2019. If the transaction closes, the Company would deconsolidate the financial statements of Asda Group and account for the ongoing investment in the combined company using the equity method of accounting.

Suburbia

In April 2017, the Company sold Suburbia, the apparel retail division in Mexico, for \$1.0 billion. As part of the sales agreement, the Company is also leasing certain real estate to the purchaser. The sale resulted in a pre-tax gain of \$0.7 billion, of which \$0.4 billion was recognized in the second quarter of fiscal 2018 in membership and other income, and the remainder was deferred and is being recognized over the lease terms of approximately 20 years.

Yihaodian and JD

In June 2016, the Company sold certain assets relating to Yihaodian, its eCommerce operations in China, including the Yihaodian brand, website and application, to JD in exchange for Class A ordinary shares of JD, valued at \$1.5 billion, representing approximately five percent of JD's outstanding ordinary shares on a fully diluted basis. The sale resulted in the recognition of a \$535 million noncash gain, which was included in membership and other income in the accompanying Consolidated Statements of Income. Subsequently, during fiscal 2017, the Company purchased \$1.9 billion of additional JD shares, representing an incremental ownership percentage of approximately five percent, for a total ownership of approximately ten percent of JD's outstanding ordinary shares.

The following significant transaction primarily impacts the Company's Walmart U.S. segment. Other immaterial transactions have also occurred or been announced.

Jet.com, Inc.

In September 2016, the Company completed the acquisition of jet.com, a U.S.-based eCommerce company. The integration of jet.com into the Walmart U.S. segment is building upon the current eCommerce foundation, allowing for synergies from talent, logistical operations and access to a broader customer base. The total purchase price for the acquisition was \$2.4 billion, net of cash acquired. The allocation of the purchase price includes \$1.7 billion in goodwill and \$0.6 billion in intangible assets. As part of the transaction, the Company is paying additional compensation of approximately \$0.8 billion over a five year period.

Note 14. Restructuring Charges

In fiscal 2018, the Company announced several organizational changes to position the business for more efficient growth going forward. As a result, the Company recorded \$1.2 billion in pre-tax restructuring charges in fiscal 2018 as follows:

(Amounts in millions)

Walmart International	—
Sam's Club	—
Corporate and support	—
Total	—

The asset impairment charges primarily relate to the real estate of the Sam's Club closures and the wind-down of the Brazil first-party eCommerce business, which were written down to their estimated fair value. Refer to [Note 7](#) for information on the fair value measurement.

The pre-tax restructuring charges of \$1.2 billion are classified in operating, selling, general and administrative expenses in the Company's Consolidated Statement of Income for fiscal 2018. As of January 31, 2018, substantially all of the severance costs were recorded in accrued liabilities in the Company's Consolidated Balance Sheets and were subsequently paid during fiscal 2019.

Note 15. 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, as well as Brazil prior to the sale of the majority stake of Walmart Brazil discussed in [Note 13](#). The Company's operations are conducted in three reportable segments: Walmart U.S., Walmart International and Sam's Club. The Company defines its segments as those operations whose results the chief operating decision maker ("CODM") regularly reviews to analyze performance and allocate resources. The Company sells similar individual products and services in each of its segments. It is impractical to segregate and identify revenues for each of these individual products and services.

The Walmart U.S. segment includes the Company's mass 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. In fiscal 2019, the Company revised certain of its corporate overhead allocations, including depreciation expense, to the operating segments and, accordingly, revised prior period amounts for comparability. 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)

Fiscal Year Ended January 31, 2019

Net sales	—
Operating income (loss)	—
Interest, net	—
Other gains and (losses)	—
Income before income taxes	—
Total assets	—
Depreciation and amortization	—
Capital expenditures	—

Fiscal Year Ended January 31, 2018

Net sales	—
Operating income (loss)	—
Interest, net	—
Loss on extinguishment of debt	—
Income before income taxes	—
Total assets	—
Depreciation and amortization	—
Capital expenditures	—

Fiscal Year Ended January 31, 2017

Net sales
Operating income (loss)
Interest, net
Income before income taxes
Total assets
Depreciation and amortization
Capital expenditures

Total revenues, consisting of net sales and membership and other income, and long-lived assets, consisting primarily of property and equipment, net, aggregated by the Company's U.S. and non-U.S. operations for fiscal 2019, 2018 and 2017, are as follows:

(Amounts in millions)

Revenues

U.S. operations
Non-U.S. operations

Total revenues

Long-lived assets

U.S. operations
Non-U.S. operations

Total long-lived assets

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)

Walmart U.S. net sales by merchandise category

Grocery
General merchandise
Health and wellness
Other categories

Total

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

(Amounts in millions)

Walmart International net sales by market

Mexico and Central America
United Kingdom
Canada
China
Other

Total

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

(Amounts in millions)

Sam's Club net sales by merchandise category

Fiscal Year Ended January 31, 2019

Grocery and consumables
Fuel, tobacco and other categories
Home and apparel
Technology, office and entertainment
Health and wellness

Total

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

Note 16. Subsequent Event**Dividends Declared**

The Board of Directors approved, effective February 19, 2019, the fiscal 2020 annual dividend of \$2.12 per share, an increase over the fiscal 2019 dividend of \$2.08 per share. For fiscal 2020, the annual dividend will be paid in four quarterly installments of \$0.53 per share, according to the following record and payable dates:

Record Date

March 15, 2019
May 10, 2019
August 9, 2019
December 6, 2019

Note 17. Quarterly Financial Data (Unaudited)

(Amounts in millions, except per share data)

Total revenues	—	—	—	—	—	—
Net sales	—	—	—	—	—	—
Cost of sales	—	—	—	—	—	—
Consolidated net income (loss)	—	—	—	—	—	—
Consolidated net income (loss) attributable to Walmart	—	—	—	—	—	—
Basic net income (loss) per common share attributable to Walmart	—	—	—	—	—	—
Diluted net income (loss) per common share attributable to Walmart ⁽¹⁾	—	—	—	—	—	—

Total revenues	—	—	—	—	—	—
Net sales	—	—	—	—	—	—
Cost of sales	—	—	—	—	—	—
Consolidated net income	—	—	—	—	—	—
Consolidated net income attributable to Walmart	—	—	—	—	—	—
Basic net income per common share attributable to Walmart	—	—	—	—	—	—
Diluted net income per common share attributable to Walmart ⁽¹⁾	—	—	—	—	—	—

(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

General

Management is responsible for the preparation, integrity and objectivity of Walmart Inc.'s Consolidated Financial Statements and other financial information contained in this Annual Report on Form 10-K. Those Consolidated Financial Statements were prepared in conformity with accounting principles generally accepted in the United States. In preparing those Consolidated Financial Statements, management is required to make certain estimates and judgments, which are based upon currently available information and management's view of current conditions and circumstances.

The Audit Committee of the Board of Directors oversees our process of reporting financial information and the audit of our Consolidated Financial Statements. The Audit Committee stays informed of the financial condition of Walmart Inc. and regularly reviews management's financial policies and procedures, the independence of our independent auditors, our internal control over financial reporting and the objectivity of our financial reporting. Both the independent auditors and the internal auditors have free access to the Audit Committee and meet with the Audit Committee regularly, both with and without management present.

Acting through our Audit Committee, we have retained Ernst & Young LLP, an independent registered public accounting firm, to audit our Consolidated Financial Statements appearing in this Annual Report on Form 10-K. We have made available to Ernst & Young LLP all of our financial records and related data in connection with their audit of our Consolidated Financial Statements. We have filed with the SEC the required certifications related to our Consolidated Financial Statements as of and for the year ended January 31, 2019. These certifications are attached as exhibits to this Annual Report on Form 10-K. Additionally, we have also provided to the New York Stock Exchange the required annual certification of our Chief Executive Officer regarding our compliance with the New York Stock Exchange's corporate governance listing standards.

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. During fiscal 2019, we announced an agreement to outsource select accounting transaction-processing activities which is part of an ongoing initiative to enhance our shared service model. 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, 2019. 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, 2019. The Company's internal control over financial reporting as of January 31, 2019, has been audited by Ernst & Young LLP as stated in their report which appears herein.

Under guidelines established by the SEC, companies are allowed to exclude acquisitions from their first assessment of internal control over financial reporting following the date of acquisition. Based on those guidelines, management's assessment of the effectiveness of the Company's internal control over financial reporting excluded Flipkart Private Limited ("Flipkart"), which the Company acquired in fiscal 2019, except for the recognition of goodwill and intangible assets that were included in management's assessment. Flipkart represented approximately 2% of the Company's total assets as of January 31, 2019, after excluding goodwill and intangible assets recorded, and approximately 1% of the Company's net sales for the year ended January 31, 2019. The Company's acquisition of Flipkart is discussed in [Note 13](#) to its Consolidated Financial Statements for fiscal 2019.

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, 2019, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Report on Ethical Standards

Our Company was founded on the belief that open communication and the highest ethical standards are necessary to be successful. Our long-standing "Open Door" communication policy helps management be aware of and address issues in a timely and effective manner. Through the open door policy all associates are encouraged to inform management at the appropriate level when they are concerned about any matter pertaining to Walmart.

Walmart has adopted a Statement of Ethics to guide our associates in the continued observance of high ethical standards such as honesty, integrity and compliance with the law in the conduct of Walmart's business. Familiarity and compliance with the Statement of Ethics is required of all associates. The Company also maintains a separate Code of Ethics for our senior financial officers. Walmart also has in place a Related-Party Transaction Policy. This policy applies to Walmart's senior officers and directors and requires material related-party transactions to be reviewed by the Audit Committee. The senior officers and directors are required to report material related-party transactions to Walmart. We maintain a global ethics and compliance office which oversees and administers several reporting mechanisms, including an ethics helpline. The ethics helpline provides a channel for associates to ask questions and make confidential complaints regarding potential violations of our statements of ethics, including violations related to financial or accounting matters. These contacts may be made anonymously.

/s/ C. Douglas McMillon

C. Douglas McMillon
President and Chief Executive Officer

/s/ M. Brett Biggs

M. Brett Biggs
Executive Vice President and Chief Financial Officer

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 "Executive Officers of the Registrant," 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 with respect to the Company's directors, certain family relationships, and compliance by the Company's directors, executive officers and certain beneficial owners of the Company's common stock with Section 16(a) of the Securities Exchange Act of 1934, as amended, is incorporated by reference to such information under the captions entitled "Proposal No. 1 – Election of Directors" and "Stock Ownership – Section 16(a) Beneficial Ownership Reporting Compliance" included in our Proxy Statement relating to our 2019 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 2018 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:
The required exhibits are included at the end of the Form 10-K or are incorporated herein by reference and are described in the Exhibit Index immediately preceding the first exhibit to this Annual Report on Form 10-K.
- (b) The exhibits furnished with this Annual Report on Form 10-K in accordance with the requirement of Form 10-K of the SEC are listed in the Exhibit Index, which appears immediately following the signature pages to this Annual Report on Form 10-K and which is incorporated in this Item 15(b) by reference to such Exhibit Index.
- (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.

Date: March 28, 2019

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 28, 2019

Date: March 28, 2019

Date: March 28, 2019

Date: March 28, 2019

Date:	By	Date: March 28, 2019	By
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Date: March 28, 2019	By	Date: March 28, 2019	By
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Date: March 28, 2019	By
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Date: March 28, 2019	By
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Cesar Conde
Director

/s/ Stephen J. Easterbrook
Stephen J. Easterbrook
Director

/s/ Timothy P. Flynn
Timothy P. Flynn
Director

/s/ Sarah Friar
Sarah Friar
Director

/s/ Carla A. Harris
Carla A. Harris
Director

/s/ Thomas W. Horton
Thomas W. Horton
Director

/s/ Marissa A. Mayer
Marissa A. Mayer
Director

/s/ Steven S Reinemund
Steven S Reinemund
Director

/s/ S. Robson Walton
S. Robson Walton
Director

/s/ Steuart L. Walton
Steuart L. Walton
Director

Signature Page to
Walmart Inc.
Form 10-K for the
Fiscal Year Ended
January 31, 2019

The following exhibits are filed or furnished as part of this Form 10-K or are incorporated herein by reference.

3(a)	Restated Certificate of Incorporation of the Company dated February 1, 2018 (File No. 001-06991)
3(b)	Amended and Restated Bylaws of the Company are incorporated herein by reference to Exhibit 3(b) to Registration Statement on Form S-3 (File Number 333-126512)
4(a)	Indenture dated as of April 1, 1991, between the Company and J.P. Morgan, 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 333-126512) ^(P)
4(b)	First Supplemental Indenture dated as of September 9, 1992, to the Company, as successor trustee to Bank One Trust Company, NA, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 333-126512)
4(c)	Indenture dated as of December 11, 2002, between the Company and J.P. Morgan, as successor trustee to The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4.5 to Registration Statement on Form S-3 (File Number 333-126512)
4(d)	Indenture dated as of July 19, 2005, between the Company and J.P. Morgan, as successor trustee to The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4.5 to Registration Statement on Form S-3 (File Number 333-126512)
4(e)	First Supplemental Indenture, dated December 1, 2006, between the Company, National Association, as Trustee, under the Indenture, dated December 1, 2006, between the Company, National Association, as Trustee, is incorporated herein by reference to Exhibit 4.6 to Post-Earnings Release Press Release dated January 29, 2007
4(f)	Second Supplemental Indenture, dated December 19, 2014, between the Company, National Association, as Trustee, under the Indenture, dated December 1, 2006, between the Company, National Association, as Trustee, is incorporated herein by reference to Exhibit 4.3 to Registration Statement on Form S-3 (File Number 333-126512)
4(g)	Third Supplemental Indenture, dated June 26, 2018, between the Company, National Association, as Trustee, under the Indenture, dated December 19, 2014, between the Company, National Association, as Trustee, is incorporated herein by reference to Exhibit 4(S) to Current Report on Form 8-K dated June 26, 2018
10(a)*	Walmart Inc. Officer Deferred Compensation Plan, as amended effective January 1, 2018
10(b)	Walmart Inc. Management Incentive Plan, as amended effective February 1, 2018
10(c)	Walmart Inc. 2016 Associate Stock Purchase Plan, as amended effective January 1, 2018
10(d)	Walmart Inc. Stock Incentive Plan of 2015, as amended effective February 1, 2018
10(e)	Walmart Inc. Supplemental Executive Retirement Plan, as amended effective January 1, 2018
10(f)	Walmart Inc. Director Compensation Deferral Plan, as amended effective January 1, 2018
10(g)	Form of Post-Termination Agreement and Covenant Not to Compete, dated January 1, 2018, filed on March 30, 2018 ^{(1)(C)}
10(g).1*	Amended Schedule of Executive Officers who have executed a Post-Termination Agreement and Covenant Not to Compete, dated January 1, 2018, filed on March 30, 2018
10(h)	Walmart Deferred Compensation Matching Plan, as amended effective January 1, 2018
10(i)	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2010 Performance-Based Restricted Stock Units, as amended effective January 1, 2018, filed on March 30, 2018
10(j)	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2010 Restricted Stock Units, as amended effective January 1, 2018, filed on March 30, 2018
10(k)	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 Global Share-Based Performance-Based Restricted Stock Units, as amended effective January 1, 2018, filed on March 30, 2018
10(l)	Form of Walmart Inc. Restricted Stock Award Notification of Award and Agreement, dated January 1, 2018, filed on March 30, 2018 ^{(1)(C)}
10(m)	Form of Walmart Inc. Global Share-Settled Performance-Based Restricted Stock Award, dated January 1, 2018, filed on March 30, 2018 ^{(1)(C)}

10(n)	Share Settled Restricted Stock Unit Notification and Terms and Conditions Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended
10(o)	Deferred Contingent Merger Consideration Agreement dated August 7, 2017 Annual Report on Form 10-K of the Company for the fiscal year ended
10(p)	Amendment to Deferred Contingent Merger Consideration Agreement dated August 7, 2017 Exhibit 10(w) to the Annual Report on Form 10-K of the Company for the fiscal year ended
10(q)	Non-Competition, Non-Solicitation and No-Hire Agreement between the Company and the Registrant 10(x) to the Annual Report on Form 10-K of the Company for the fiscal year ended
10(r)	Transition and Retirement Agreement by and among the Company, Wal-Mart Stores Inc. and the Registrant Current Report on Form 8-K of the Company filed on April 4, 2018 ^(C)
10(s)	Share Issuance and Acquisition Agreement by and Between Flipkart Private Limited and the Registrant 10.1 to the Quarterly Report of the Company for the fiscal quarter ended separately with the SEC pursuant to a request for confidential treatment
10(t)	Counterpart Form of Share Purchase Agreement by and Among Wal-Mart Stores Inc., the Registrant, Fortis Advisors LLC and Walmart Inc., dated as of May 9, 2018 fiscal quarter ended July 31, 2018 filed on September 6, 2018 (Portions of which are subject to 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**	
99.1*	
101.INS*	
101.SCH*	
101.CAL*	
101.DEF*	
101.LAB*	
101.PRE*	

Notes to Exhibit Index:

1. The exhibits listed in this Exhibit Index and incorporated as exhibits to the Annual Report on Form 10-K of Walmart Inc. (the "Company") for the fiscal year ended January 31, 2019 by reference to an Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Current Report on Form 8-K of the Company previously filed with the SEC by the Company are available for review online on the EDGAR system of the SEC at www.sec.gov as exhibits to the Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Current Report on Form 8-K referred to above in the description of the exhibit incorporated by reference. The historical filings of the Company may be reviewed and copied at the Public Reference Room of the SEC at 100 F Street, NE Washington, DC 20549-2521 under Commission File No. 001-6991.
 2. The Company and its subsidiaries have in the past issued, and may in the future issue from time to time, long-term debt instruments, but the aggregate principal amount of the debt instruments of any one series of such debt instruments has not exceeded or will not exceed 10% of the assets of the Company at any pertinent time. The Company has previously filed with the SEC its agreement to, and hereby agrees to, file copies of the agreements relating to long-term debt instruments and the instruments representing or evidencing such long-term debt instruments with the SEC upon request. As a result, in accordance with the provisions of paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K of the SEC, copies of such long-term debt instruments have not been filed as exhibits to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2019. The Company has previously filed the documents and instruments establishing the specific terms of long-term debt instruments offered and sold by the Company pursuant to its effective registration statements filed with the SEC pursuant to the Securities Act of 1933, as amended, as exhibits to the applicable registration statement or as exhibits to a Current Report on Form 8-K filed in connection with the applicable registration statement and the sale and issuance of those long-term debt instruments.

WALMART DEFERRED COMPENSATION MATCHING PLAN

Amended and Restated Effective February 1, 2019

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WALMART DEFERRED COMPENSATION MATCHING PLAN

ARTICLE I. GENERAL

1.1 Purpose.

The purpose of the Walmart Deferred Compensation Matching Plan is to enable certain individuals to defer compensation and to be credited with matching allocations and earnings. The Plan is intended to reward such individuals for their contributions to the success of Walmart and its Related Affiliates. The Plan is also intended to assist such individuals in saving for retirement by providing benefits that are in excess of benefits permitted by applicable law under the 401(k) Plan.

1.2 Effective Date.

The effective date of the amended and restated Plan is February 1, 2019.

1.3 Nature of Plan.

The Plan is intended to be (and shall be administered as) an unfunded employee pension plan benefiting a select group of management or highly compensated employees under the provisions of ERISA. The Plan shall be “unfunded” for tax purposes and for purposes of Title I of ERISA. Any and all payments under the Plan shall be made solely from the general assets of Walmart. A Participant’s interests under the Plan do not represent or create a claim against specific assets of Walmart or any Employer. Nothing herein shall be deemed to create a trust of any kind or create any fiduciary relationship between the Committee, Walmart or any Employer and a Participant, the Participant’s beneficiary or any other person. To the extent any person acquires a right to receive payments from Walmart under this Plan, such right is no greater than the right of any other unsecured general creditor of Walmart. The Plan is intended to be in compliance with Code Section 409A and shall be interpreted, applied and administered at all times in accordance with Code Section 409A and guidance issued thereunder.

ARTICLE II. DEFINITIONS

2.1 Definitions.

Whenever used in this Plan, the following words and phrases have the meaning set forth below unless the context plainly requires a different meaning:

- (a) **Account** means the bookkeeping account maintained under the Plan to reflect a Participant’s Deferral Credits, Matching Contribution Credits, and earnings credited in accordance with Section 4.4. A Participant’s “Account” shall consist of his or her Deferral Account, and his or her Matching Account. A Participant’s Deferral Account may be allocated among one or more Scheduled

In-Service Accounts and one or more Retirement Accounts to the extent authorized hereunder and as elected or deemed elected by the Participant in accordance with Section 3.5. A Participant's Matching Account will be allocated to either or both of the Participant's Retirement Accounts as elected or deemed elected by the Participant in accordance with Section 3.5.

- (b) **Code** means the Internal Revenue Code of 1986, as amended from time to time.
- (c) **Committee** means the Compensation and Management Development Committee of the Board of Directors of Walmart.
- (d) **Compensation** means a Participant's base compensation for a Plan Year with respect to services rendered for an Employer. Compensation includes, but is not limited to, short-term disability payments made by an Employer. Compensation does not include military differential payments.
- (e) **Deferral Account** means the bookkeeping account maintained on behalf of a Participant to reflect his or her Deferral Credits.
- (f) **Deferral Credit** means the amount of Deferred Compensation credited to a Participant's Deferral Account in accordance with Section 3.1, the amount of Deferred MIP Bonus credited to a Participant's Deferral Account in accordance with Section 3.2, and the amount of Deferred Special Bonus credited to a Participant's Deferral Account in accordance with Section 3.3.
- (g) **Deferred Compensation** means the Compensation deferred by a Participant in accordance with Section 3.1.
- (h) **Deferred MIP Bonus** means the amount deferred by a Participant in accordance with Section 3.2 from bonuses payable to the Participant under the MIP.
- (i) **Deferred Special Bonus** means the amount deferred by a Participant in accordance with Section 3.3 from a Special Bonus payable to the Participant.
- (j) **Disabled** means the Participant has incurred a Separation from Service because the Participant, as determined by the Committee or its delegate, is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.
- (k) **Eligible Officer** means an individual who is a corporate officer of an Employer, and who holds the title of Vice President or above, Treasurer, Controller, or an officer title of similar rank or other position as determined by the Committee. In no event will any individual constitute an Eligible Officer if he or she is not subject to federal income tax withholding in the United States. Notwithstanding anything in the preceding provisions of this Section 2.1(k), Eligible Officer shall exclude any individual who, pursuant to Walmart's Global Assignment Policy, is seconded to an Employer and, under the terms of his or her offer or

assignment letter, he or she is intended to remain on the home country's benefit and pension programs. For purposes of this Plan, effective February 1, 2019, an individual shall not become an Eligible Officer prior to the first day of the month immediately following the month in which the individual would otherwise satisfy the requirements of being an Eligible Officer.

- (l) **Eligible Participant** means with respect to a Plan Year an individual who either (1) is an Eligible Officer, (2) is an employee of an Employer and who as of the October 31 immediately preceding the Plan Year is in a Senior Director or Senior Director equivalent position in Position Pay Range X8 or X9 or a Market Manager position or Market Manager position equivalent in Position Pay Range 10F, or (3) is an employee of an Employer and who as of the October 31 immediately preceding the Plan Year has an annual rate of base compensation from the Employer that is equal to or greater than the annual compensation limit in effect under Code Section 401(a)(17) (or under a comparable provision of the Internal Revenue Code of the Commonwealth of Puerto Rico if the Participant is an eligible participant under the Walmart Puerto Rico 401(k) Plan) for the calendar year in which the Plan Year begins, or if such limit for such calendar year has not been determined as of such October 31 then such annual compensation limit as in effect for the calendar year that includes such October 31. For purposes of this Plan, effective February 1, 2019, an individual shall not become an Eligible Participant prior to the first day of the month immediately following the month in which the individual would otherwise satisfy the requirements of being an Eligible Participant.
- (m) **Employer** means Walmart and any entity, whether or not incorporated, which is a member of a controlled group of corporations, trades or businesses, as defined in Code Sections 414(b) and 414(c), of which Walmart is a member, and which has been designated by the Committee as a participating employer in the Plan.
- (n) **Employer Matching Contribution Credits** means the amount credited to a Participant's Matching Account pursuant to Section 3.4.
- (o) **ERISA** means the Employee Retirement Income Security Act of 1974, as amended from time to time.
- (p) **Excess Compensation** means for a Plan Year the excess, if any, of (1) the sum of (i) the Participant's base compensation for the Plan Year for services rendered for an Employer, and (ii) the Participant's MIP bonus payable with respect to a performance period that coincides with the Plan Year or that ends within the Plan Year, over (2) the annual compensation limit under Code Section 401(a)(17) (or under a comparable provision of the Internal Revenue Code of the Commonwealth of Puerto Rico if the Participant is an eligible participant under the Walmart Puerto Rico 401(k) Plan) in effect for the calendar year in which the Plan Year begins. For purposes of this paragraph, a Participant's base compensation and a Participant's MIP bonus shall include the cash amounts of such base compensation and MIP bonus payable to the

Participant regardless of whether the payment of any or all of such amounts to the Participant is deferred or not made on account of (1) a deferral election by the Participant under the 401(k) Plan, (2) a deferral election by the Participant under this Plan, (3) a pre-tax contribution by the Participant under Code Section 125, (4) a pre-tax contribution by the Participant under Code Section 132(f)(4), or (5) withholding for the payment of employment taxes or income taxes with respect to the Participant.

- (q) **401(k) Plan** means the Walmart 401(k) Plan and the Walmart Puerto Rico 401(k) Plan, as amended from time to time.
- (r) **Gross Misconduct** means conduct engaged in by the Participant which has been deemed by the Committee or its delegate to be detrimental to the best interests of Walmart or any Related Affiliate or any entity in which Walmart has an ownership interest. Examples of such conduct include, without limitation, disclosure of confidential information in violation of Walmart's Statement of Ethics, theft, the commission of a felony or a crime involving moral turpitude, gross misconduct or similar serious offenses.
- (s) **Matching Account** means the bookkeeping account maintained on behalf of a Participant to reflect his or her Employer Matching Contribution Credits.
- (t) **MIP** means the Walmart Inc. Management Incentive Plan, as amended from time to time, without regard to any non-U.S. subplans.
- (u) **Participant** means any individual for whom an Account is maintained. An individual will cease to be a Participant at such time that the Participant's Account has been fully distributed or forfeited in accordance with the Plan.
- (v) **Plan** means the Walmart Deferred Compensation Matching Plan, as set forth herein, and as amended from time to time.
- (w) **Plan Year** means the twelve (12)-month period commencing on February 1 and ending on January 31.
- (x) **Related Affiliate** means all persons with whom Walmart would be considered a single employer under Code Sections 414(b) and 414(c), except that in applying Code Sections 1563(a)(1), (2) and (3) for purposes of determining a controlled group of corporations under Code Section 414(b), the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Code Sections 1563(a)(1), (2) and (3), and in applying Treas. Regs. Sec. 1.414(c)-2 for purposes of determining a controlled group of trades or businesses under Code Section 414(c), the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Treas. Regs. Sec. 1.414(c)-2.
- (y) **Retirement Account** means a bookkeeping account maintained on behalf of a Participant to which the Participant's Deferral Account and Matching Account

may be allocated pursuant to the election or deemed election of the Participant in accordance with Section 3.5. The number of Retirement Accounts a Participant may have under the Plan at any time shall be determined by the Committee or its delegate.

- (z) **Scheduled In-Service Account** means a bookkeeping account maintained on behalf of a Participant to which the Participant's Deferral Account may be allocated pursuant to the election of the Participant in accordance with Section 3.5. The number of Scheduled In-Service Accounts a Participant may have under the Plan at any time shall be determined by the Committee or its delegate.
- (aa) **Scheduled Pay Date** means, with respect to each Scheduled In-Service Account, the first day of a calendar month designated by the Participant in accordance with Section 3.5. In no event shall such date be earlier than the first day of the second Plan Year beginning after the Plan Year for which Deferral Credits are first allocated to such Scheduled In-Service Account. Once selected, the Scheduled Pay Date with respect to any Scheduled In-Service Account is irrevocable. If a Participant fails to designate a Scheduled Pay Date with respect to a Scheduled In-Service Account, then the Participant is deemed to have designated as the Scheduled Pay Date for such Scheduled In-Service Account the first day of the second Plan Year beginning after the Plan Year for which Deferral Credits are first allocated to such Scheduled In-Service Account.
- (bb) **Separation from Service** means the Participant has a termination of employment (other than on account of death) with the Company. For purposes of this paragraph, "Company" means the Employer and any Related Affiliate. Whether a termination of employment has occurred shall be determined based on whether the facts and circumstances indicate the Participant and the Company reasonably anticipate that no further services will be performed by the Participant for the Company; provided, however, that a Participant shall be deemed to have a termination of employment if the level of services he or she actually performs for the Company after a certain date permanently decreases to no more than twenty percent (20%) of the average level of bona fide services performed for the Company by the Participant (whether as an employee or independent contractor) over the immediately preceding 36-month period (or the full period of services for the Company if the Participant has been providing services to the Company for less than 36 months). For this purpose, a Participant is not treated as having a Separation from Service while he or she is on a military leave, sick leave, or other bona fide leave of absence, if the period of such leave does not exceed six (6) months, or if longer, so long as the Participant has a right to reemployment with the Company under an applicable statute or by contract. This definition of Separation from Service is intended to be consistent with the separation from service requirements as defined in Code Section 409A.
- (cc) **Separation Pay Date** means the last day of the calendar month in which falls the date that is six (6) months after a Participant's Separation from Service.

- (dd) **Special Bonus** means a bonus, other than a bonus payable under the MIP, that is payable to an Eligible Officer with respect to services rendered or to be rendered for an Employer and that is eligible for deferral under the Plan either because (1) the bonus is payable pursuant to an offer letter accepted in writing by the Eligible Officer before commencement of employment and that specifically refers to the deferability of the bonus by explicit reference to this Plan or (2) the bonus is eligible for deferral in accordance with guidelines established by the Committee, or by an officer to whom the Committee has delegated authority to establish such guidelines, and the bonus requires as a condition of receipt of the bonus and to avoid forfeiture of the bonus that the recipient continue to perform services for the Employer for a period of at least thirteen (13) months after the date he or she obtains the legally binding right to the bonus.
- (ee) **Unforeseeable Emergency** means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary, or the Participant's dependent (as defined in Code Section 152, without regard to subsections (b)(1), (b)(2) and (d)(1)(B)), the loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.
- (ff) **Valuation Date** means each day of the Plan Year.
- (gg) **Walmart** means Walmart Inc., a Delaware corporation.
- (hh) **Years of Participation** means a period of Plan Years which includes the first Plan Year with respect to which an Eligible Participant makes a deferral election in accordance with any one or more of Sections 3.1, 3.2 and 3.3 and an amount is credited to the Participant's Account with respect to any such deferral election, and each subsequent Plan Year during all or part of which the Participant remains a Participant. In addition to the preceding definition, a Participant's Years of Participation shall include any period commencing February 1 and ending January 31, whether before or after the effective date of the Plan, during which or with respect to which an account is maintained for the Participant under the Walmart Inc. Officer Deferred Compensation Plan, as such plan may be amended from time to time.

ARTICLE III. **DEFERRAL CREDITS AND MATCHING CONTRIBUTION CREDITS AND** **ACCOUNT ALLOCATIONS**

3.1 Deferred Compensation.

- (a) For each Plan Year, each Eligible Officer may elect to defer, as Deferred Compensation, all or a portion of the Eligible Officer's Compensation to be otherwise paid for such Plan Year by the Employer, provided, however, that no election shall be effective to reduce amounts paid by the Employer to an

Eligible Officer to an amount which is less than the sum of the amount the Employer is required to withhold for a Plan Year for purposes of federal, state, or local taxes (including, but not limited to, income and FICA withholding) or for insurance premiums or other withholdings as allowed by Code Section 409A. The Eligible Officer's Deferred Compensation will be deferred proratably for each payroll period of the Plan Year. If a payroll period begins in one Plan Year and ends in the following Plan Year, the Deferred Compensation with respect to such payroll period shall be determined by the Eligible Officer's deferral election made with respect to the Plan Year in which the payroll period ends. All deferral elections made under this Section 3.1 must be filed with Walmart's Executive Compensation department on forms (which may be electronic) approved by Executive Compensation.

- (b) Compensation deferral elections must be filed:
 - (1) With respect to an individual who is an Eligible Officer as of the December 31 preceding the Plan Year for which the deferral election is to be effective, no later than such December 31; or
 - (2) With respect to an individual who first becomes an Eligible Officer during the Plan Year, within thirty (30) days following the first date he or she becomes an Eligible Officer. For purposes of this rule, an Eligible Officer will be treated as first becoming an Eligible Officer during the Plan Year only if:
 - (A) he or she was not eligible to participate in the Plan or any other plan required by Code Section 409A to be aggregated with the Plan at any time during the twenty-four (24)-month period ending on the date during the Plan Year he or she becomes an Eligible Officer; or
 - (B) he or she was paid all amounts previously due under the Plan and any other plan required by Code Section 409A to be aggregated with the Plan and, on and before the date of the last such payment, was not eligible to continue to participate in the Plan and any other plan required by Code Section 409A to be aggregated with the Plan for periods after such payment.

A deferral election under this Section 3.1(b)(2) will be effective only with respect to Compensation for payroll periods beginning after the payroll period in which the Eligible Officer's election form (which may be electronic) is received by Walmart's Executive Compensation department. In addition, a deferral election under this Section 3.1(b)(2) will be effective only if the deferral election meets the requirements set forth in Code Section 409A(a)(4)(B).

- (c) The Deferred Compensation of an Eligible Officer who elects to defer all or a portion of the Eligible Officer's Compensation under this Section 3.1 with respect to a Plan Year shall be credited to the Eligible Officer's Deferral Account for such Plan Year and shall be allocated to a Retirement Account or to a Scheduled In-Service Account in accordance with Section 3.5.

3.2 Deferred MIP Bonuses.

- (a) For each Plan Year, each Eligible Participant may elect to defer all or a portion of the Eligible Participant's bonus (if any) to be otherwise paid to the Eligible Participant under the MIP with respect to a performance period under the MIP that coincides with the Plan Year or that ends within the Plan Year; provided, however, an Eligible Participant who is not an Eligible Officer may elect to defer no more than eighty percent (80%) of the Eligible Participant's MIP bonus for a Plan Year. No election under this Section 3.2 shall be effective to reduce amounts paid by the Employer to an Eligible Participant to an amount which is less than the sum of the amount the Employer is required to withhold for a Plan Year for purposes of federal, state, or local taxes (including, but not limited to, income and FICA withholding) or for insurance premiums or other withholdings as allowed by Code Section 409A. All bonus deferral elections made under this Section 3.2 must be filed with Walmart's Executive Compensation department on forms (which may be electronic) approved by Executive Compensation.
- (b) MIP bonus deferral elections must be filed:
- (1) No later than the December 31 (or such other date as determined by the Committee or its delegate) preceding the first day of the performance period for which the deferral election is to be effective.
 - (2) If authorized by the Committee or its delegate with respect to an Eligible Participant, and if the MIP bonus constitutes "performance-based compensation" within the meaning of Code Section 409A based on services performed over a performance period of at least twelve (12) months, and if the Eligible Participant has been continuously employed by an Employer or a Related Affiliate since the first day of the performance period, then no later than the earlier of (i) the date that is six months prior to the last day of the performance period, or (ii) the date in the performance period as of which the amount of the MIP bonus has become both substantially certain to be paid and calculable.
 - (3) Solely with respect to an Eligible Officer who first becomes an Eligible Participant during the Plan Year, within thirty (30) days following the first date he or she becomes an Eligible Participant, as described in Code Section 409A(a)(4)(B). For purposes of this rule, an Eligible Officer will be treated as first becoming an Eligible Participant during the Plan Year only if:

- (A) he or she was not eligible to participate in the Plan or any other plan required by Code Section 409A to be aggregated with the Plan at any time during the twenty-four (24)-month period ending on the date during the Plan Year he or she becomes an Eligible Participant; or
- (B) he or she was paid all amounts previously due under the Plan and any other plan required by Code Section 409A to be aggregated with the Plan and, on and before the date of the last such payment, was not eligible to continue to participate in the Plan and any other plan required by Code Section 409A to be aggregated with the Plan for periods after such payment.

An MIP bonus deferral election under this Section 3.2(b)(3) will be effective only with respect to an MIP bonus paid for services performed after such election. For this purpose, the amount of the MIP bonus payable to the Eligible Officer for services rendered subsequent to the Eligible Officer's election will be determined by multiplying the bonus by a fraction, the numerator of which is the number of calendar days remaining in the performance period after the election and the denominator of which is the total number of calendar days in such performance period. For purposes of this Section 3.2(b)(3), the date of an Eligible Officer's election is the date the executed election form (which may be electronic) is received by Walmart's Executive Compensation department.

- (c) The Deferred MIP Bonus of an Eligible Participant who elects to defer all or a portion of the Eligible Participant's MIP bonus under this Section 3.2 with respect to a performance period that coincides with a Plan Year or that ends within a Plan Year shall be credited to the Eligible Participant's Deferral Account for such Plan Year and shall be allocated to a Retirement Account or to a Scheduled In-Service Account in accordance with Section 3.5.

3.3 Deferred Special Bonuses.

- (a) An Eligible Officer may elect to defer all or a portion of the Eligible Officer's Special Bonus to be otherwise paid to the Eligible Officer in a Plan Year. All Special Bonus deferral elections made under this Section 3.3 must be filed with Walmart's Executive Compensation department on forms (which may be electronic) approved by Executive Compensation. No election under this Section 3.3 shall be effective to reduce amounts paid by the Employer to an Eligible Participant to an amount which is less than the sum of the amount the Employer is required to withhold for a Plan Year for purposes of federal, state, or local taxes (including, but not limited to, income and FICA withholding) for insurance premiums or other withholdings as allowed by Code Section 409A. For purposes of this Section 3.3, the date of an Eligible Officer's election is the date the executed election form (which may be electronic) is received by

Executive Compensation. A deferral election is not permitted with respect to a Special Bonus unless the Special Bonus is a type described in, and the deferral election with respect to the Special Bonus satisfies the applicable conditions of, Section 3.3(b) or Section 3.3(c).

- (b) A Special Bonus described in this Section 3.3(b) is one that: (1) requires as a condition of receipt of the Special Bonus and to avoid forfeiture of the Special Bonus that the Eligible Officer continue to perform services for a period of at least thirteen (13) months after the date he or she obtains the legally binding right to the Special Bonus; (2) may not have an earlier vesting date for a good reason termination or the Eligible Officer's retirement; and (3) must otherwise meet the qualifications as described in Code Section 409A. The deferral election with respect to a Special Bonus described in this Section 3.3(b) must be filed within thirty (30) days after the Eligible Officer obtains the legally binding right to the Special Bonus.
- (c) A Special Bonus described in this Section 3.3(c) is one payable pursuant to an offer letter accepted in writing by an Eligible Officer before commencement of employment and that specifically refers to the deferability of the Special Bonus by explicit reference to the Plan. The deferral election with respect to a Special Bonus described in this Section 3.3(c) must be filed prior to the time the Eligible Officer renders any services to the Employer, regardless of whether the deferral election relates to all of the Special Bonus or a portion of the Special Bonus.
- (d) The Deferred Special Bonus of an Eligible Officer who elects to defer all or a portion of the Eligible Officer's Special Bonus under this Section 3.3 otherwise payable in a Plan Year shall be credited to the Eligible Officer's Deferral Account for such Plan Year and shall be allocated to a Retirement Account or to a Scheduled In-Service Account in accordance with Section 3.5.

3.4 Employer Matching Contribution Credits.

- (a) If a Participant is employed by the Employer or any Related Affiliate on the last day of the Plan Year and has not incurred a Separation from Service during that Plan Year and if Deferral Credits have been made to the Participant's Account with respect to the Plan Year, then to the extent applicable under the following provisions of this Section 3.4 an Employer Matching Contribution Credit will be made to the Participant's Matching Account. The amount of the Employer Matching Contribution Credit, if any, made to a Participant's Matching Account for the Plan Year will equal the total amount of Deferred Compensation and Deferred MIP Bonus credited to the Participant's Account for the Plan Year under Section 3.1(c) and Section 3.2(c); provided, however, in no event shall the Employer Matching Contribution Credit made to a Participant's Matching Account for a Plan Year exceed 6% of the Participant's Excess Compensation for such Plan Year. Notwithstanding the preceding provisions of this Section 3.4(a), an Employer Matching Contribution Credit for a Plan Year shall not be

made with respect to any Deferral Credits for the Plan Year that have been withdrawn in accordance with Section 5.5.

- (b) A Participant shall become vested in his or her Matching Account, including earnings thereon, if the Participant has completed at least three (3) Years of Participation. If a Participant is not otherwise vested in the Participant's Matching Account under the preceding sentence of this Section 3.4(b), the Participant will become vested in the Participant's Matching Contribution Account if the Participant dies prior to the Participant's Separation from Service, or if the Participant is Disabled. Notwithstanding any provision hereunder to the contrary, a Participant's Matching Account shall be distributed pursuant to Article V only if the Participant has become vested in the Participant's Matching Contribution Account under this Section 3.4(b) as of the date of the Participant's Separation from Service.

3.5 Account Allocation Elections

- (a) At the same time that an Eligible Participant makes an election to defer Compensation, an MIP bonus, or a Special Bonus in accordance with the provisions of the Plan, the Eligible Participant shall also make an election to allocate the amount or amounts subject to each such deferral election to a Retirement Account or Accounts or to a Scheduled In-Service Account or Accounts. In addition to the preceding requirement, at the same time that an Eligible Participant makes an election to defer Compensation or an MIP bonus in accordance with the provisions of this Plan, the Eligible Participant shall also make an election to allocate the Employer Matching Contribution Credits (if any) with respect to such Deferred Compensation or Deferred MIP Bonus to a Retirement Account or Accounts.
- (b) At the time of an Eligible Participant's first election to allocate any amount subject to a deferral election (regardless of whether the amount is Deferred Compensation, Deferred MIP Bonus, Deferred Special Bonus or Employer Matching Contribution Credit) to a Retirement Account, the Eligible Participant shall also designate the form of distribution with respect to such Retirement Account. The form of distribution must be a form permitted under Section 5.4(a).
- (c) At the time of an Eligible Participant's first election to allocate any amount subject to a deferral election (regardless of whether the amount is Deferred Compensation, Deferred MIP Bonus or Deferred Special Bonus) to a Scheduled In-Service Account, the Eligible Participant shall also designate the Scheduled Pay Date with respect to such Scheduled In-Service Account.
- (d) If at the time of an Eligible Participant's deferral election under the Plan the Eligible Participant fails to make an account allocation election under Section 3.5(a), then the amount subject to such deferral election shall be allocated in the same manner as the same category of deferred amounts (meaning either

Deferred Compensation, Deferred MIP Bonus, Deferred Special Bonus or Employer Matching Contribution Credits) were allocated for the most recent preceding Plan Year for which the Eligible Participant made an allocation election, but if none then to the Eligible Participant's Retirement Account if there is only one, or equally to the Eligible Participant's Retirement Accounts if the Eligible Participant has more than one Retirement Accounts, but if the Eligible Participant has no Retirement Account then the amount subject to such deferral election shall be allocated to a Retirement Account deemed to be elected by the Participant with a lump sum form of payment, and such Retirement Account shall be one of the Participant's permitted Retirement Accounts under the Plan.

3.6 Irrevocability of Deferral Elections and Account Allocation Elections.

- (a) Except as otherwise provided herein, once made for a Plan Year, a deferral election or elections under Sections 3.1(b)(1), 3.2(b)(1) and 3.2(b)(2), and the corresponding account allocation election or elections under Section 3.5, may not be revoked, changed or modified after the applicable deferral election filing deadline specified in Sections 3.1(b)(1), 3.2(b)(1), and 3.2(b)(2), and a deferral election or elections under Sections 3.1(b)(2), 3.2(b)(3), 3.3(b) and 3.3(c), and the corresponding account allocation election or elections under Section 3.5, may not be revoked, changed or modified after the date of each such deferral election as provided in Sections 3.1(b)(2), 3.2(b)(3), 3.3(b) and 3.3(c). A deferral election for one Plan Year will not automatically be given effect for a subsequent Plan Year, so that if a deferral is desired for a subsequent Plan Year, a separate election must be made by the Eligible Participant.
- (b) In the event an Eligible Officer has a Separation from Service for any reason, then his or her deferral election under Section 3.1 will terminate as of the date of such Separation from Service (but will be effective with respect to the last regular paycheck issued to such Eligible Officer), regardless of whether the Eligible Officer continues to receive Compensation, or other remuneration, from any Employer or Related Affiliate thereafter. If an Eligible Officer has a Separation from Service for any reason and is rehired (whether or not as an Eligible Officer) within the same Plan Year, his or her deferral election, if any, under Section 3.1 shall be automatically reinstated and shall remain in effect for the remainder of such Plan Year.
- (c) In the event an Eligible Participant has a Separation from Service for any reason, then his or her deferral elections, if any, under Sections 3.2 and 3.3 will remain in effect with respect to the bonus, if any, subject to any such deferral election. If an Eligible Participant has a Separation from Service for any reason and is rehired (whether or not as an Eligible Participant) within the same Plan Year or the same performance period, his or her deferral elections, if any, under Sections 3.2 and 3.3 will remain in effect with respect to the bonus, if any, subject to any such deferral elections.

- (d) In the event an Eligible Participant who is an Eligible Officer ceases to be an Eligible Officer (other than on account of a Separation from Service) during any Plan Year, then his or her Compensation deferral election, if any, under Section 3.1 will terminate as of the next following January 31. In addition, in the event the Compensation of such individual is reduced as a result of the change in status, his or her deferral election following such loss and through the date of termination of such election as provided in the preceding sentence will be pro rated based on his or her new level of Compensation.
- (e) In the event an Eligible Officer receives Company-paid short term disability payments and the Compensation of such individual is reduced as a result of the short term disability status, then following such reduction in Compensation his or her Compensation deferral election, if any, under Section 3.1 will be pro rated based on his or her new level of Compensation through the date of termination of such election.
- (f) In the event an Eligible Participant ceases to be an Eligible Participant (other than on account of a Separation from Service) during any Plan Year, then his or her bonus deferral election, if any, under Section 3.2 will terminate for any performance period beginning in the calendar year following the year of the loss of Eligible Participant status.
- (e) In the event an Eligible Participant who is an Eligible Officer ceases to be an Eligible Officer (other than on account of Separation from Service) during any Plan Year, then his or her bonus deferral election, if any, under Section 3.3 will remain in effect.
- (f) Notwithstanding anything herein to the contrary, in the event an Eligible Officer goes on an unpaid leave of absence, his or her Compensation deferral election, if any, under Section 3.1 shall automatically cease when he or she commences the unpaid leave of absence; provided, however, that if he or she returns from the unpaid leave of absence during the same Plan Year, his or her Compensation deferral election under Section 3.1 shall automatically resume immediately upon return from the leave of absence and shall continue in effect for the balance of the Plan Year. An Eligible Officer's Compensation deferral election under Section 3.1, if any, shall remain in effect with respect to any Compensation to which such election applies that is paid while on a leave of absence. An Eligible Participant's deferral election under Sections 3.2 or 3.3, if any, shall not be affected by his or her leave of absence.

3.7 Automatic Suspension of Deferral Elections.

- (a) In the event a Participant receives a distribution from the Walmart 401(k) Plan (or any other plan or successor plan sponsored by Walmart or any Related Affiliate) on account of hardship, which distribution is made pursuant to Treasury Regulations Section 1.401(k)-1(d)(3) and requires suspension of deferrals under other arrangements such as this Plan, the Participant's deferral

elections under Sections 3.1, 3.2 and 3.3, if any, pursuant to which deferrals would otherwise be made during the six (6)-month period following the date of the distribution from the Walmart 401(k) Plan shall be cancelled.

- (b) In the event a Participant requests a distribution pursuant to Section 5.5 due to an Unforeseeable Emergency, or the Participant requests a cancellation of deferrals under the Plan in order to alleviate his or her Unforeseeable Emergency, and the Committee or its delegate determines that the Participant's Unforeseeable Emergency may be relieved through the cessation of deferrals under the Plan, some or all the Participant's deferral elections under Sections 3.1, 3.2 and 3.3, if any, for such Plan Year as determined by the Committee or its delegate, shall be cancelled as soon as administratively practicable following such determination by the Committee or its delegate.

ARTICLE IV. ACCOUNTS AND TIMING OF CREDITS TO ACCOUNTS

4.1 Nature of Accounts.

Each Participant's Account will be used solely as a measuring device to determine the amount to be paid a Participant under this Plan. The Accounts do not constitute, nor will they be treated as, property or a trust fund of any kind. All amounts at any time attributable to a Participant's Account will be, and remain, the sole property of Walmart. A Participant's rights hereunder are limited to the right to receive Plan benefits as provided herein. The Plan represents an unsecured promise by Walmart to pay the benefits provided by the Plan.

4.2 Deferral Credits and Employer Matching Contribution Credits.

Deferral Credits and Employer Matching Contribution Credits will be credited to each Participant's Account as follows:

- (a) Deferred Compensation will be credited to the Participant's Deferral Account as soon as practicable after the date such Compensation would have otherwise been paid in cash.
- (b) Deferred MIP Bonuses and Deferred Special Bonuses will be credited to the Participant's Deferral Account as soon as practicable after the date the bonus could have otherwise been paid in cash.
- (c) Employer Matching Contribution Credits for a Plan Year will be credited to the Participant's Matching Account as of the last day of the Plan Year.

A Participant's Account, including earnings credited thereto, will be maintained by the Committee until the Participant's Plan benefits have been paid in full.

4.3 Valuation of Accounts.

Each Participant's Account will be valued daily as of each Valuation Date.

4.4 Credited Earnings.

- (a) Every Valuation Date during a Plan Year, a Participant's Account will be credited with an equivalent of a daily rate of simple interest based on the yield on United States Treasury securities (not indexed for inflation) with a constant maturity of ten (10) years, as of the first business day of January preceding such Plan Year, plus two hundred seventy (270) basis points. This rate shall be determined on the basis of Federal Reserve Statistical Release H-15 (or any successor statistical release of the Federal Reserve) and, if there is no such statistical release, on the basis of such other generally recognized source of information concerning the market for United States Treasury securities as the Committee selects.

ARTICLE V. PAYMENT OF PLAN BENEFITS

5.1 Scheduled In-Service Benefits.

- (a) In-Service Benefits. Each of a Participant's Scheduled In-Service Accounts will be distributed in a lump sum within the 90-day period commencing on the Scheduled Pay Date applicable to such Scheduled In-Service Account. The lump sum amount will be the value of the applicable Participant's Scheduled In-Service Account as of the Scheduled Pay Date.
- (b) Intervening Separation or Death. Notwithstanding the preceding, should an event occur prior to the Scheduled Pay Date of any Scheduled In-Service Account that would trigger a distribution under Section 5.2 or 5.3 earlier than the Scheduled Pay Date, such Scheduled In-Service Account or Accounts shall be distributed in accordance with Section 5.2 or 5.3, as applicable, and not in accordance with Section 5.1(a).

5.2 Separation Benefits.

- (a) Separation Benefits. In the event of a Participant's Separation from Service, the Participant's Scheduled In-Service Accounts will be distributed in a lump sum under Section 5.2(b) and the Participant's Retirement Accounts will be distributed in one of the forms provided in Section 5.2(b) or 5.2(c) below in accordance with the Participant's distribution election given effect under the provisions of Section 5.4 with respect to each such Retirement Account.
- (b) Lump Sum Distributions.
 - (1) Any lump sum to be paid under this Section 5.2(b) shall be paid within the 90-day period commencing on the Participant's Separation Pay Date.

- (2) The lump sum amount will be the value of the Participant's Account, or Retirement Account, as applicable, as of the last day of the month preceding the date of the distribution.
- (c) **Installment Distributions.**
 - (1) If a Participant's Retirement Account is to be distributed in the form of annual installments, the first such installment shall be made within the 90-day period commencing on the first January 31 following the Participant's Separation from Service; provided, however, that if such January 31 is earlier than the Participant's Separation Pay Date, the first such installment shall be made within the 90-day period commencing on the Participant's Separation Pay Date. Subsequent installments shall be made within the 90-day period commencing on each successive January 31, until the Participant's benefits under such Account are distributed in full.
 - (2) The Plan benefits will be paid in equal annual installments in an amount which would fully amortize a loan equal to the lump sum value of the Participant's Retirement Account determined in accordance with Section 5.2(b)(2) (using as the distribution date the date of the first installment) over the installment period, with interest calculated at the per annum rate in effect for the Plan Year in which the Participant's Separation from Service occurs.

5.3 Death Benefits.

- (a) **General.** In the event of the Participant's death before incurring a Separation from Service or before commencement of benefits, the Participant's Account will be distributed in one of the forms provided in Section 5.3(b) or 5.3(c) below in accordance with the Participant's distribution election given effect under the provisions of Section 5.4 below.

A Participant may elect only one form of payment under the Plan for all beneficiaries (at any level). If the Participant fails to make an effective election as provided in Section 5.4 below, the Participant will be deemed to have elected distribution in a lump sum under Section 5.3(b) for all beneficiary levels.

- (b) **Lump Sum Distributions.**
 - (1) Any lump sum to be paid under this Section 5.3(b) shall be paid within the 90-day period commencing on the last day of the month in which the Participant's death occurs.
 - (2) The lump sum amount will be the value of the Participant's Account as of the last day of the month preceding the date of distribution.
- (c) **Installment Distributions.**

- (1) If the Participant's Account is to be distributed in the form of annual installments, the first such installment shall be made within the 90-day period commencing on the first January 31 coincident with or next following the Participant's death. Subsequent installments will be made during the 90-day period commencing on each successive January 31, until the Participant's benefits are distributed in full.
 - (2) The Plan benefits will be paid in equal annual installments in an amount which would fully amortize a loan equal to the lump sum value of the Participant's Account determined in accordance with Section 5.3(b)(2) (using as the distribution date the date of the first installment) over the installment period, with interest calculated at the per annum rate in effect for the Plan Year in which the Participant's death occurs.
- (d) Death After Commencement of Installments. Notwithstanding the preceding, in the event of a Participant's death after installment payments to the Participant have commenced, such installment payments shall continue to be made to the Participant's designated beneficiary in the same manner as they were being distributed to the Participant prior to his or her death, provided, however, that if the Participant's distribution election applicable to Section 5.3(a) is a lump sum payment, the Participant's remaining installments will be distributed in lump sum to the Participant's designated beneficiary within the 90-day period commencing on the last day of the month in which the Participant's death occurs.
- (e) Designation of Beneficiary. A Participant may, by written or electronic instrument delivered to the Committee in the form prescribed by the Committee, designate primary and contingent beneficiaries (which may be a trust or trusts) to receive any benefit payments which may be payable under this Plan following the Participant's death, and may designate the proportions in which such beneficiaries are to receive such payments. A Participant may change such designation from time to time and the last designation filed with the Committee in accordance with its procedures prior to the Participant's death will control. In the event no beneficiary is designated, or if all designated beneficiaries predecease the Participant, payment shall be payable to the following "default" beneficiaries of the Participant in the following order of priority: (1) the Participant's surviving spouse known to the Committee, if any; (2) the Participant's living children known to the Committee in equal shares; (3) the Participant's living parents known to the Committee in equal shares; (4) the Participant's surviving siblings known to the Committee in equal shares; or (5) the beneficiary's estate for distribution in accordance with the terms of the beneficiary's last will and testament or as a court of competent jurisdiction shall determine.
- (f) Death of Beneficiary. In the event a beneficiary dies before full payment of the Participant's benefits under the Plan, benefits that would have been paid to such beneficiary shall continue in the same form in equal shares to the remaining

beneficiaries at the same level (i.e., primary, contingent) and, if none, to the next level of beneficiaries. If there are no beneficiaries at the next level, then any remaining benefits shall be paid to the following “default” beneficiaries of the last living beneficiary in the following order of priority: (1) the beneficiary’s surviving spouse known to the Committee, if any; (2) the beneficiary’s living children known to the Committee in equal shares; (3) the beneficiary’s surviving parents known to the Committee in equal shares; (4) the beneficiary’s surviving siblings known to the Committee in equal shares; or (5) the beneficiary’s estate for distribution in accordance with the terms of the beneficiary’s last will and testament or as a court of competent jurisdiction shall determine.

5.4 Form of Distribution.

- (a) Forms Available. In the event of a Participant’s Separation from Service, or in the event of a Participant’s death if the Participant dies prior to Separation from Service, distribution of his or her Retirement Account or, in the event of death, his or her Account, may be made, at the Participant’s election per this Section 5.4, in one of the following forms:
 - (1) a lump sum;
 - (2) subject to the minimum account value restriction below, substantially equal annual installments over a period not to exceed fifteen (15) years; or
 - (3) solely with respect to distribution of the Participant’s Account in the event of death, partially a lump sum and, subject to the minimum account value restriction below, substantially equal annual installments over a period not to exceed fifteen (15) years;

provided, however, that an installment election will be given effect only if, as of the date on which any lump sum payment would be valued, the value of the Participant’s Retirement Account, or, in the event of death, Account, is at least fifty thousand dollars (\$50,000). Any Participant whose Retirement Account, or in the event of death, Account, is valued at less than fifty thousand dollars (\$50,000) as of the date on which any lump sum payment would be valued shall be defaulted to a lump sum payment.

- (b) Subsequent Elections. In accordance with the procedures and rules established by the Company, a Participant may change his or her distribution election (or deemed distribution election) with respect to his or her Retirement Account, or, in the event of death, his or her Account, per this Section 5.4 at any time by making a new election (referred to in this subsection as a “subsequent election”) on a form (which may be electronic) approved by Walmart’s Executive Compensation department and filed with Executive Compensation; provided, however, that such subsequent election shall be subject to the following restrictions:

- (1) A subsequent election may not take effect until at least twelve (12) months after the date on which such subsequent election is made;
- (2) Payment or initial payment pursuant to a subsequent election may not be made earlier than five (5) years from the date such payment would have been made absent the subsequent election (but, for this purpose, installment payments shall not commence until the first January 31 after such delay), unless the distribution is made on account of the Participant's death;
- (3) A subsequent election related to a payment must be made not less than twelve (12) months before the date the payment is scheduled to be paid;
- (4) Payment of a Participant's Retirement Account or, in the event of death, Account, pursuant to a subsequent election must be completed by the last day of the Plan Year which contains the twentieth (20th) anniversary of the Participant's Separation Pay Date or the Participant's death;
- (5) For purposes of this Section 5.4(b) and Code Section 409A, the entitlement to annual installment payments is treated as the entitlement to a single payment.

If a Participant's distribution election does not satisfy the requirements of this Section 5.4(b), it will not be recognized or given effect by the Committee. In that event, distribution of the benefit will be made in accordance with the Participant's most recent distribution election which does satisfy the requirements of this Section 5.4(b).

- (c) **Filing of Election.** A Participant's distribution election applicable to the Participant's Account in the event of the Participant's death prior to Separation from Service, and a Participant's distribution election with respect to the Participant's Retirement Account or Retirement Accounts, and the Participant's Scheduled Pay Date with respect to the Participant's Scheduled In-Service Accounts, must be filed with Executive Compensation on forms (which may be electronic) prescribed by Executive Compensation.

5.5 Distributions for Unforeseeable Emergencies.

- (a) In the event of an Unforeseeable Emergency, the Committee or its delegate, in its sole and absolute discretion and upon written application of a Participant or, following the Participant's death, the beneficiary to whom a Participant's benefits are then being paid, or will be paid, pursuant to Section 5.3, may direct immediate distribution of all or a portion of the Participant's Account (excluding the Participant's Matching Account and related earnings if the Participant is not fully vested in his or her Matching Account). The Committee will permit distribution on account of an Unforeseeable Emergency only to the extent reasonably necessary to satisfy the emergency need, plus amounts necessary to pay federal, state or local income taxes and penalties reasonably

anticipated to result from the distribution, after taking into account the extent to which such need is or may be relieved through reimbursement or compensation by insurance, by liquidation of the Participant's or beneficiary's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), or by cessation of deferrals under the Plan. Any distribution under this Section 5.5 shall first be made from the Participant's Scheduled In-Service Accounts with respect to Deferral Credits made in the same Plan Year as the Distribution under this Section 5.5(a), and then from the Participant's Retirement Accounts with respect to Deferral Credits made in the same Plan Year as the Distribution under this Section 5.5(a), and then proratably from the remaining amount of the Participant's Scheduled In-Service Accounts and then proratably from the Participant's Retirement Accounts.

- (b) Notwithstanding anything in the Plan to the contrary, if Walmart reasonably anticipates that its deduction with respect to any distribution under this Section 5.5 that occurs prior to January 1, 2021 would not be permitted due to the application of Code Section 162(m); such payment shall be suspended to the extent a deduction would not be permitted until the earliest date at which it reasonably anticipates that the deduction of such distribution would not be barred by application of Code Section 162(m); provided, however, that the conditions of Section 5.5(a) are still satisfied as of such date.

5.6 Distributions for Payment of Taxes

Walmart's Senior Vice President of Global Compensation, or any successor position, may accelerate and pay a portion of a Participant's Plan benefits in a lump sum equal to (a) the Federal Insurance Contributions Act tax imposed on Plan benefits and any income tax withholding related to such amounts, as well as (b) any state, local or foreign tax obligations arising from participation in the Plan (and related withholding under Code Section 3401) that apply to the amounts deferred under the Plan before such amount is paid or made available to the Participant.

5.7 Reductions Arising from a Participant's Gross Misconduct.

Notwithstanding anything herein to the contrary, a Participant's Plan benefits are contingent upon the Participant not engaging in Gross Misconduct while employed with any Employer or Related Affiliate or any entity in which Walmart has an ownership interest, or during such additional period as provided in Walmart's Statement of Ethics. In the event the Committee determines that the Participant has engaged in Gross Misconduct during the prescribed period, then notwithstanding any provisions hereunder to the contrary: (a) the Participant shall forfeit all Employer Matching Contribution Credits and credited Plan earnings thereon; (b) earnings credited to the Participant's Deferral Account shall be recalculated for each Plan Year to reflect the amount which would otherwise have been credited if the applicable per annum rate were fifty percent (50%) of the per annum rate in effect for such Plan Year; and (c) if the Participant is then receiving installment payments, any remaining

installments shall be recalculated to reflect the amount which would otherwise have been paid if the applicable per annum rate were fifty percent (50%) of the per annum rate in effect with respect to such installment payments. Under no circumstances will a Participant forfeit any portion of the Participant's Deferred Compensation, Deferred MIP Bonus and Deferred Special Bonus. Any payments received hereunder by a Participant (or the Participant's beneficiary) are contingent upon the Participant not engaging (or not having engaged) in Gross Misconduct while employed with any Employer or Related Affiliate or any entity in which Walmart has an ownership interest, or during such additional period as provided in Walmart's Statement of Ethics. If the Committee determines, after payment of amounts hereunder, that the Participant has engaged in Gross Misconduct during the prescribed period, the Participant (or the Participant's beneficiary) shall repay to Walmart any amount in excess of that to which the Participant is entitled under this Section 5.7.

ARTICLE VI. ADMINISTRATION

6.1 General.

The Committee is responsible for the administration of the Plan and is granted the following rights and duties:

- (a) The Committee shall have the exclusive duty, authority and discretion to interpret and construe the provisions of the Plan, to determine eligibility for and the amount of any benefit payable under the Plan, and to decide any dispute which may arise regarding the rights of Participants (or their beneficiaries) under this Plan;
- (b) The Committee shall have the authority to adopt, alter, and repeal such administrative rules, regulations, and practices governing the operation of the Plan as it shall from time to time deem advisable;
- (c) The Committee may appoint a person or persons to act on behalf of, or to assist, the Committee in the administration of the Plan, establishment of forms (including electronic forms) desirable for Plan operation, and such other matters as the Committee deems necessary or appropriate;
- (d) The decision of the Committee in matters pertaining to this Plan shall be final, binding, and conclusive upon Walmart, any Related Affiliate, the Participant, the Participant's beneficiary, and upon any person affected by such decision, subject to the claims procedure set forth in Article VII; and

- (e) In any matter relating solely to a Committee member's individual rights or benefits under this Plan, such Committee member shall not participate in any Committee proceeding pertaining to, or vote on, such matter.

6.2 Allocation and Delegation of Duties.

- (a) The Committee shall have the authority to allocate, from time to time, by instrument in writing filed in its records, all or any part of its respective responsibilities under the Plan to one or more of its members as may be deemed advisable, and in the same manner to revoke such allocation of responsibilities. In the exercise of such allocated responsibilities, any action of the member to whom responsibilities are allocated shall have the same force and effect for all purposes hereunder as if such action had been taken by the Committee. The Committee shall not be liable for any acts or omissions of such member. The member to whom responsibilities have been allocated shall periodically report to the Committee concerning the discharge of the allocated responsibilities.
- (b) The Committee shall have the authority to delegate, from time to time, by written instrument filed in its records, all or any part of its responsibilities under the Plan to such person or persons as the Committee may deem advisable (and may authorize such person to delegate such responsibilities to such other person or persons as the Committee shall authorize) and in the same manner to revoke any such delegation of responsibility. Any action of the delegate in the exercise of such delegated responsibilities shall have the same force and effect for all purposes hereunder as if such action had been taken by the Committee. The Committee shall not be liable for any acts or omissions of any such delegate. The delegate shall periodically report to the Committee concerning the discharge of the delegated responsibilities.

ARTICLE VII. CLAIMS PROCEDURE

7.1 General.

Any claim for benefits under the Plan must be filed by the Participant or beneficiary ("claimant") in writing with the Committee or its delegate within one (1) year of the Participant's Separation from Service. If the claim is not filed within one (1) year of the Participant's Separation from Service, neither the Plan nor any Employer nor any Related Affiliate shall have any obligation to pay the benefit and the claimant shall have no further rights under the Plan. If a timely claim for a Plan benefit is wholly or partially denied, notice of the decision will be furnished to the claimant by the Committee or its delegate within a reasonable period of time, not to exceed sixty (60) days, after receipt of the claim by the Committee or its delegate, unless special circumstances require an extension of time for processing, in which case a decision will be rendered within a reasonable period of time, but not later than one hundred twenty (120) days after receipt. Any claimant who is denied a claim for benefits will be furnished written notice setting forth:

- (a) the specific reason or reasons for the denial;
- (b) specific reference to the pertinent Plan provision upon which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- (d) an explanation of the Plan's claim review procedure, including the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse determination on review.

7.2 Appeals Procedure.

To appeal a denial of a claim, a claimant or the claimant's duly authorized representative:

- (a) may request a review by written application to the Committee not later than sixty (60) days after receipt by the claimant of the written notification of denial of a claim;
- (b) may review pertinent documents; and
- (c) may submit issues and comments in writing.

A decision on review of a denied claim will be made by the Committee not later than sixty (60) days after receipt of a request for review, unless special circumstances require an extension of time for processing, in which case a decision will be rendered within a reasonable period of time, but not later than one hundred twenty (120) days after receipt of a request for review. The decision on review will be in writing and shall include:

- (a) the specific reason or reasons for the adverse determination;
- (b) specific reference to pertinent Plan provisions on which the adverse determination is based;
- (c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
- (d) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA section 502(a).

7.3 Disability Claims.

Claims for disability benefits shall be determined under DOL Regulation section 2560.503-1 which is hereby incorporated by reference.

ARTICLE VIII.
MISCELLANEOUS PROVISIONS

8.1 Amendment, Suspension or Termination of Plan.

Walmart, by action of the Committee, reserves the right to amend, suspend or to terminate the Plan in any manner that it deems advisable. Notwithstanding the preceding sentence, the Plan may not be amended, suspended or terminated to cause a Participant to forfeit the Participant's then-existing Account.

Notwithstanding the preceding, Walmart may, by action of the Committee within the thirty (30) days preceding or twelve (12) months following a change in control (within the meaning of Code Section 409A) of a relevant affiliate, partially terminate the Plan and distribute benefits to all Participants involved in such change in control within twelve (12) months after such action, provided that all plans sponsored by the service recipient immediately after the change in control (which are required to be aggregated with this Plan pursuant to Code Section 409A) are also terminated and liquidated with respect to each Participant involved in the change in control. Any action taken in this Section 8.1 will be done in accordance with Code Section 409A.

8.2 Non-Alienability.

No interest or amounts payable under the Plan may be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, whether voluntary or involuntary. Notwithstanding the preceding, distribution may be made to the extent necessary to fulfill a domestic relations order as defined in Code Section 414(p)(1)(B) and in accordance with procedures established by the Committee from time to time; provided, however, that all such distributions shall be made in a single lump sum payment.

8.3 Recovery of Overpayments.

In the event any payments under the Plan are made on account of a mistake of fact or law, the recipient shall return such payment or overpayment to Walmart as requested by Walmart.

8.4 No Employment Rights.

Nothing contained herein shall be construed as conferring upon any Eligible Participant or Participant the right to continue in the employ of any Employer or any Related Affiliate as an officer or in any other capacity.

8.5 No Right to Bonus.

Nothing contained herein shall be construed as conferring upon the Participant the right to receive a bonus from the MIP or any other bonus or award from any Employer or a Related Affiliate. A Participant's entitlement to such a bonus or award is governed solely by the provisions of the MIP or such other plan or arrangement.

8.6 Withholding and Employment Taxes.

To the extent required by law, the Employer or a Related Affiliate will withhold from a Participant's current compensation such taxes as are required to be withheld for employment taxes. To the extent required by law, the Employer or a Related Affiliate will withhold from a Participant's Plan distributions such taxes as are required to be withheld for federal, Puerto Rican, state or local government income tax purposes.

8.7 Income and Excise Taxes.

The Participant (or the Participant's Beneficiaries) is solely responsible for the payment of all federal, Puerto Rican, state and local income and excise taxes resulting from the Participant's participation in this Plan.

8.8 Successors and Assigns.

The provisions of this Plan are binding upon and inure to the benefit of Walmart and each other Employer, their successors and assigns, and the Participant, the Participant's beneficiaries, heirs, and legal representatives.

8.9 Governing Law.

This Plan shall be subject to and construed in accordance with the laws of the State of Delaware to the extent not preempted by federal law.

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, 2019.

**Executive Officer Who is a Party to such a Post-Termination
Agreement and Covenant Not to Compete**

Daniel J. Bartlett
M. Brett Biggs
Rachel L. Brand
David Chojnowski
Gregory Foran
John R. Furner
C. Douglas McMillon
Jacqueline P. Canney
Judith McKenna

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
Wal-Mart Stores East, LP
Wal-Mart Stores Texas, LLC
Wal-Mart Property Company
Wal-Mart Real Estate Business Trust
Sam's West, Inc.
Sam's East, Inc.
Sam's Property Company
Sam's Real Estate Business Trust
ASDA Group Limited
Wal-Mart de Mexico, S.A.B. de C.V.
Wal-Mart Canada Corp.
Flipkart Private Limited
Wal-Mart Japan Holdings K.K.
Walmart Chile S.A. ⁽¹⁾
Massmart Holdings Ltd

(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
- (2) Stock Option Plan of 1994 of Wal-Mart Stores, Inc., as amended
- (3) Dividend Reinvestment and Stock Purchase Plan of Wal-Mart Stores, Inc.
- (4) Wal-Mart Stores, Inc. Director Compensation Plan
- (5) Wal-Mart Stores, Inc. 401(k) Retirement Savings Plan
- (6) Wal-Mart Puerto Rico, Inc., 401(k) Retirement Savings Plan
- (7) Wal-Mart Stores, Inc. Associate Stock Purchase Plan of 1996
- (8) Wal-Mart Stores, Inc. Stock Incentive Plan of 2015, which amended and restated the 2010 plan
- (9) The ASDA Colleague Share Ownership Plan
- 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
- (11) Wal-Mart Profit Sharing and 401(k) Plan
- (12) Wal-Mart Stores, Inc. Associate Stock Purchase Plan of 1996
- (13) Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan
- (14) ASDA Sharesave Plan 2000
- (15) Wal-Mart Stores, Inc. Stock Incentive Plan of 2015, which amended and restated the 2010 plan
- (16) The ASDA Sharesave Plan 2000
- (17) Walmart Deferred Compensation Matching Plan
- (18) Wal-Mart Stores, Inc. Common Stock
- (19) Walmart 401(k) Plan
- (20) Wal-Mart Stores, Inc. Associate Stock Purchase Plan
- (21) Debt Securities of Wal-Mart Stores, Inc.
- (22) Walmart Inc. 2016 Associate Stock Purchase Plan
- (23) Walmart Inc. Stock Incentive Plan of 2015

of our reports dated March 28, 2019, 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, 2019.

/s/ Ernst & Young LLP

Rogers, Arkansas
March 28, 2019

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 28, 2019

/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 28, 2019

/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, 2019 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 28, 2019 .

/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, 2019 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 28, 2019 .

/s/ M. Brett Biggs

M. Brett Biggs
Executive Vice President and Chief Financial Officer

State Court Prescription Opiate Litigation Case Citations as of March 15, 2019 .

State of New Mexico, ex rel., Hector Balderas, Attorney General v. Purdue Pharma L.P., et al., NM Dist. Ct, 1st Judicial District, Cty. of Santa Fe, 3/6/2019; Cty. of Lewis v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 2/26/2019; City of Sanford v. Purdue Pharma, L.P., et al., Me. Super Ct., York Cty., 2/1/2019; City of Saco v. Purdue Pharma, L.P., et al., Me. Super Ct., York Cty., 2/1/2019; Waldo Cty. v. Purdue Pharma L.P., et al., Me. Super Ct., Waldo Cty., 2/1/2019; Cty. of St. Lawrence v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 1/30/2019; City of New York v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 1/16/2019; Cty. Comm'n of Mason Cty., et al. v. Purdue Pharma, L.P., et al., W. Va. Cir. Ct., Marshall Cty., 1/11/2019; Cty. Comm'n of Barbour Cty., et al. v. Purdue Pharma, L.P., et al., W. Va. Cir. Ct., Marshall Cty., 1/11/2019; Mayor Chris Tatum on behalf of the Village of Barboursville, et al. v. Purdue Pharma, L.P., et al., W. Va. Cir. Ct., Marshall Cty., 1/11/2019; Cty. Comm'n of Taylor Cty., et al. v. Purdue Pharma, L.P., et al., W. Va. Cir. Ct., Marshall Cty., 1/11/2019; Cty. Comm'n of Webster Cty., et al. v. Purdue Pharma, L.P., et al., W. Va. Cir. Ct., Marshall Cty., 1/11/2019; Mayor Don E. McCourt, on Behalf of the Town of Addison aka the Town of Webster Springs, et al. v. Purdue Pharma, L.P., et al., W. Va. Cir. Ct., Marshall Cty., 1/11/2019; Cty. of Fulton v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 1/8/2019; Cty. of Cortland v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 1/8/2019; Cty. of Ontario v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 1/8/2019; Bad River Band of Lake Superior Chippewa v. McKesson Corporation, et al., Wis. Cir. Ct., Ashland Cty., 1/7/2019; Bd. of Cty. Comm'r's for San Miguel Cty. v. Purdue Pharma L.P., et al., N.M. St. Ct., San Miguel Cty., 12/28/2018; Cty. of Columbia v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 12/1/2018; Cty. of Monroe v. Purdue Pharma, L.P., et al., N.Y. Super. Ct., Suffolk Cty., 12/1/2018; Cty. of Wyoming v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/28/2018; Cty. of Greene v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/28/2018; Cty. of Oswego v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/27/2018; Cty. of Schenectady v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/15/2018; Carpenters Health and Welfare Fund v. Purdue Pharma L.P., et al., Pa. Ct. of Comm. Pleas, Del. Cty., 11/14/2018; Cty. of Broome v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/13/2018; Cty. of Erie v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/13/2018; Cty. of Orange v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/13/2018; Cty. of Dutchess v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/13/2018; Cty. of Seneca v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/13/2018; Cty. of Sullivan v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 11/13/2018; Johnson Cty. v. Abbott Labs, et al., Tex. Dist. Ct., 18th Dist. Ct., 11/2/2018; City of Ithaca v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Rensselaer v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Saratoga v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Schoharie v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Westchester v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Genesee v. Purdu Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Franklin v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Schuyler v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Steuben v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Clinton v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Tompkins v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Cty. of Nassau v. Purdue Pharma L.P., et al., N.Y. Super. Ct., Suffolk Cty., 10/23/2018; Monongalia Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 9/28/2018; Upshur Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 9/28/2018; Marion Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 9/28/2018; Doddridge Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 9/28/2018; Randolph Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 9/28/2018; City of Belmont v. Purdue Pharma L.P., et al., N.H. Super. Ct., Belknap Cty., 9/19/2018; Cheshire Cty. v. Purdu Pharma L.P., et al., N.H. Super. Ct., Cheshire Cty., 9/19/2018; Strafford Cty. v. Purdu Pharma L.P., et al., N.H. Super. Ct., Strafford Cty., 9/18/2018; City of Claremont v. Purdue Pharma L.P., et al., N.H. Super. Ct., Sullivan Cty., 9/18/2018; Sullivan Cty. v. Purdue Pharma L.P., et al., N.H. Super. Ct., Sullivan Cty., 9/18/2018; Rockingham Cty. v. Purdue Pharma L.P., et al., N.H. Super. Ct., Rockingham Cty., 9/18/2018; Grafton Cty. v. Purdue Pharma, L.P., et al., N.H. Super. Ct., Grafton Cty., 9/18/2018; Belknap Cty. v. Purdue Pharma L.P., et al., N.H. Super. Ct., Belknap Cty., 9/18/2018; Cty. of Bamberg v. Rite Aid of S.C., Inc., et al., S.C. Ct. of Comm. Pleas, Cty. of Bamberg, 9/13/2018; Cty. of Barnwell v. Rite Aid of S.C., Inc., et al., S.C. Ct. of Comm. Pleas, Cty. of Barnwell, 9/13/2018; Cty. of Greenwood v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 8/23/2018; Cty. of York v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, York Cty., 8/15/2018; Cty. of Laurens v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, Laurens Cty., 8/14/2018; Cty. of Union v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, Union Cty., 8/2/2018; Cty. of Cherokee v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, Cherokee Cty., 8/2/2018; Cty. of Oconee v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, Oconee Cty., 7/26/2018; Chesterfield Cty. v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 4th Jud. Cir., 7/11/2018; Cty. of Fairfield v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 6th Jud. Cir., 7/3/2018; Cty. of Lee v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 3d Jud. Cir., 7/3/2018; Cty. of Orangeburg v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 1st Jud. Cir., 7/3/2018; Cty. of Allendale v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 14th Jud.

Cir., 6/25/2018; Cty. of Hampton v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 14th Jud. Cir., 6/25/2018; Cty. of Jasper v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 14th Jud. Cir., 6/25/2018; Cty. of Kershaw, et al. v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 5th Jud. Cir., 6/25/2018; Cty. of Colleton v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 14th Jud. Cir., 6/20/2018; Cty. of Dorchester v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 1st Jud. Cir., 6/19/2018; Cty. of Williamsburg v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 3d Jud. Cir.; 6/19/2018; Cty. of Beaufort v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 14th Jud. Cir., 6/18/2018; Pickens Cty. v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, 13th Jud. Cir., 6/14/2018; Cty. of Anderson v. Rite Aid of S.C., Inc., et al., S.C. Ct. Comm. Pleas, Anderson Cty., 6/6/2018; People of the State of Illinois, the People of Union Cty., et al. v. Purdue Pharma L.P., et al., Ill. Cir. Ct., Cook Cty., 4/18/2018; Cty. of Greenville v. Rite Aid of S.C., Inc., et al., S.C. Ct. Com. Pl., 13th Jud. Cir., 3/5/2018; Brooke Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 12/13/2017; Hancock Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 12/13/2017; Harrison Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 12/13/2017; Lewis Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 12/13/2017; Marshall Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 12/13/2017; Ohio Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 12/13/2017; Tyler Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 12/13/2017; Wetzel Cty. Comm'n v. Purdue Pharma L.P., et al., W. Va. Cir. Ct., Marshall Cty., 12/13/2017.