

Dear shareholders, associates and customers: As I sit down to write this year's letter, I'm feeling proud of the progress we're making at Walmart and, most specifically, the passion and hard work exhibited by our associates. I'm encouraged by the way we're moving with greater speed to better serve customers. Our business is getting stronger. In the U.S., we've delivered positive comp store sales for ten consecutive quarters and we're hearing from our customers that their experience continues to improve. Sam's Club comp sales improved throughout the year and members are increasingly using our digital tools like Scan & Go and Club Pickup. Outside the U.S., ten of our 11 markets posted positive comp sales this past year. Across our business segments, e-commerce growth is accelerating. Our strategy to serve customers through e-commerce and our stores in a seamless way is gaining traction. The momentum we're seeing is real and I'm excited about what the future holds. At Walmart, we're harnessing the power of technology and the investments in our associates to create new ways of serving customers and provide associates with more opportunities to grow their careers. We're clearly living in a time of transformative change. The world is moving faster and the magnitude of the changes, and their influence on business, seem larger than I can remember. In retail, the things made possible by technology are fundamentally transforming this industry. These changes are creating compelling ways for customers to save time and gain easy access to products and services they didn't have before. At Walmart, we're harnessing the power of technology and the investments in our associates to create new ways of serving customers and provide associates with more opportunities to grow their careers. We've been preparing ourselves to take advantage of the opportunities presented and we have four objectives that we're focused on this year. First, we want to make every day easier for busy families. Customers are timecrunched, so we want their shopping experience with us to be fast and easy—truly seamless—in all the ways they want to shop: in stores, on their mobile device, or

through pickup and delivery. I'm excited by many of our recent initiatives—like the free 2-day shipping offer with a \$35 minimum order from Walmart.com, the expansion of online grocery around the world, and Sam's Club's launch of Scan & Go across the U.S.—because of the convenience these initiatives provide. The strategic acquisitions of Jet, ShoeBuy, Moosejaw and ModCloth, as well as the alliance with JD.com in China, provide customers with a broader assortment as well as more ways to save time and money. It's truly been a significant year of progress on this front. Our second key objective is to change the way we work. We're focused on becoming more of a digital enterprise. We're working to increase productivity with more efficient internal processes and creating more real-time information at our finger tips, supported by more advanced analytics. We're providing in-store associates with the tools they need, like apps and tablets, to make it easier to gain insight into our performance. Our goal is to increase our speed, effectiveness for customers and productivity throughout the business. We're also working to strengthen the performance mindset of our culture and fight bureaucracy that can plague large companies. A strong and effective culture is foundational to success and we're shaping ours to drive performance and create even more opportunity for our diverse group of associates in an inclusive work environment.

Third, we will deliver results and operate with discipline. We were founded on an everyday low-cost mentality but we think we have opportunities to work in new ways and find a path to a lower cost base. This is vital for our future. We'll be smart with how we allocate capital to drive long-term value for our shareholders. We're after efficient growth. We will focus on growing more through e-commerce and comp sales in our current store fleet and rely less on new store growth in the U.S. We'll also continually look at our portfolio to make sure we're positioned to win. We'll invest in our core business with store remodels, technology and customer initiatives like online grocery and pickup, while at the same time being open to divest non-core assets if it's in our

best interest. The fourth objective is to be the most trusted retailer. During this time of change, customers are watching the companies they spend their time and money with more closely than ever. The way we earn their trust is through our associates doing the right thing every day—being creative, curious, ethical, service oriented and embodying our purpose of making lives better for others. If everyone could see inside the company I've come to love, they would feel even better about the company. We're doing things people would expect from Walmart: focusing on lowering prices—not by cutting corners, but by being better at delivering great items more efficiently than our competitors; and constantly innovating to save customers time as well as money. We're also doing things that might surprise some people. We've made significant investments in our associates, providing the career opportunities they deserve and skills necessary to be successful at Walmart or wherever their career takes them. Over the last decade, we've become one of the most environmentally sustainable retailers (and companies) in the world and we're raising the bar even higher. We're investing in making our supply chain safer and more transparent so customers can be confident that the products they purchase are sourced the right way. And, we have embraced the journey towards the concept of "shared value" as espoused by Dr. Michael Porter of Harvard Business School, which challenges us to create a business model that is not just good for shareholders but better for everyone: customers, associates, suppliers, communities and society in general. We've worked hard over the years to earn the trust of those we serve and do business with around the world. By no means am I saying Walmart is perfect. We'll make honest mistakes along the way, but we won't let up until we get it right. Our purpose is simple: we save people money so they can live better. We take both aspects of our purpose seriously. We want to thank you for believing in us...for investing in our future. We are a company of the future. As I stated earlier, we're operating from a strong foundation built by those before us and taking action aimed at

strengthening our business this year and beyond. We'll continue to strengthen our stores around the world, we'll continue to build our e-commerce and digital capabilities, and we'll put them together in a way that saves customers time and money. And as they choose to shop with us, we'll be doing things behind the scenes to create shared value for all so they are confident that their trust in us is well-placed.

Honored to serve