

## 2015:

Dear Shareholders, Associates and Customers: It's an exciting time for Walmart. From the U.S. to the U.K., from Mexico to China, and across all the markets we serve, retail is changing in fundamental ways. Our future is bright because we're increasing our investments in associates, stores and e-commerce capabilities to prepare for the way customers will want to shop with us in this new era of retail. Each week, we serve close to 260 million customers in our stores, in 27 countries, and through our websites globally. While language and culture may differ, remarkable similarities exist globally in what customers expect from a retailer. Whether it's a young mom in Toronto or a retired couple in Phoenix, customers everywhere want to save money and save time. They want to shop on their terms in a manner that's easy and convenient. They seek broad choices in assortment. And, regardless of how they shop, in stores or on their mobile device, they expect a great price and experience. At Walmart, our enterprise strategy guides how we fulfill those expectations and deliver on our customer proposition. We'll drive sales growth by executing well, in stores and e-commerce, every time we serve customers. Delivering a solid financial performance I'm encouraged that Walmart's fiscal 2015 revenue grew by more than \$9 billion to nearly \$486 billion and earnings per share were \$4.99, a nearly 3 percent increase from the prior year. But, we have higher expectations. Our priority is to run great stores, clubs and e-commerce everywhere we operate to grow the business. Walmart U.S. delivered net sales of \$288 billion, a more than 3 percent increase, and improved its sales and operating income trends each consecutive quarter during the year. I'm pleased by the positive comp sales growth, especially the strong performance from Neighborhood Markets, but we're not satisfied. The Walmart U.S. team is implementing a broad range of initiatives focused on strengthening our assortment (especially the fresh offering), driving the integration of e-commerce with our stores, and improving the customer experience. For example, in February, we announced a \$1 billion investment in our U.S. hourly associates to provide higher wages, more training and increased opportunities to build a career with Walmart. These are strategic investments in our people to reignite the sense of ownership they have in our stores and foster an improved customer experience to drive sales growth. Walmart International produced solid constant currency sales and operating income growth. On a constant currency basis, net sales surpassed \$141 billion, while operating income increased to more than \$6 billion. I'm pleased that we're running better stores in our International markets. Operations in Canada, Mexico and China continue to improve, leading to stronger sales and profitability. The U.K. market has become fiercely competitive, and in Brazil, we continue to work on improving performance. Across International, our commitment to a compelling fresh food offering and innovations in e-commerce, like grocery home shopping, will be important growth drivers for the future. The emphasis of the Sam's Club team on making membership more rewarding helped

drive net sales of \$58 billion and an increase of more than 10 percent in membership income. Members appreciate the value-added benefits offered by Sam's Club like Plus Cash Rewards and the suite of comprehensive business member services. The team is focused on bringing merchandise excitement and newness to drive sales. In addition, Sam's Club continues to strengthen digital integration with clubs through initiatives like Club Pickup. Our 22 percent growth in global e-commerce sales surpassed the overall market and was supported by enhancements to our technology, assortment and supply chain. The investments in our global technology platform provide a foundation that strengthens usability and conversion across our e-commerce websites and mobile apps. We're also investing in more fulfillment centers around the world to enable faster delivery of merchandise to customers. Each of our business segments continues to increase the integration of e-commerce and mobile assets with our stores and clubs. For example, we're testing Click & Collect pickup points in many of our key markets. Asda already has Click & Collect capabilities in all stores. Investing in customer relevance As we invest to expand our global e-commerce capabilities and build more stores, we keep customer expectations at the forefront. The type of store format or fulfillment center we build, the location of where we put a club, or the functionality of a website are all predicated on how we can better serve our customers. And, as we make these choices, we're striving to balance sales growth and profitability. We're being thoughtful with our investments, ensuring we have the infrastructure in place for sustainable growth. Walmart's strong balance sheet and robust cash flow provide a solid foundation to support these investments. While we grow, we remain focused on expense management and EDLC. When we operate and grow efficiently, we'll generate increased value for shareholders. Engaged associates fuel our success Highly motivated and engaged associates are essential to providing customers with excellent service. And, it's only through associates who are merchant-minded that we'll continue to connect customers with new items that they want and need. Although technology has transformed our business, retail is still a people business. Walmart has always provided a ladder of opportunity – one that today is available to our 2.2 million associates globally. Regardless of your background, Walmart will give you the opportunity to grow a career as far as your ability and hard work will take you. I am one of many leaders in our company who benefited from this opportunity to begin as an hourly associate and grow into roles with increased responsibility. Talent is the essential enabler to reach our objectives. I'm excited by the new initiatives we've put in place around the world to better train and equip our associates for success. For example, the steps we've taken in the U.S., China and Mexico to strengthen compensation structures and increase training opportunities give associates more ownership and accountability, so they can react faster to customers' needs. Adding new talent is also important as we work to grow digital retail and fully align our organization with a changing retail environment. Some of the brightest minds in retail are joining Walmart because they know this is an organization that's embracing innovation to deliver a better future for

customers. Committed to a better world We're not only thinking differently about retail, we're thinking differently about the world. Walmart is a powerful change agent, and we're committed to global responsibility initiatives that make our world better. I'm proud of our work to advance environmental sustainability, to support women's economic empowerment, and to offer healthier food choices for our customers. We continue to look for more ways to lead and have an even greater impact on the communities that we serve. We'll also remain steadfast in our commitment to compliance, ethics and doing business the right way. I'm pleased with the enhancements we've made, including better technology, to strengthen these organizations and build world-class compliance. My career at Walmart began more than three decades ago, and I've never been more excited about our future than I am today. Walmart has a great purpose – to save people money so they can live better. We're embracing change so we can deliver that promise more effectively. As I look back over this past year, we've made great strides towards our goals. We know where our customers' expectations are going, and we're ideally positioned to deliver for them. Walmart has great assets and capabilities, but there's more we must do. We're continuing to build a Walmart that excels globally at the integration of digital and physical retail, providing our customers with a seamless experience to shop whenever, wherever and however they want. It's a great opportunity. I'm excited about the next steps in our journey. Sincerely.

## 2016:

Dear shareholders, associates and customers: Throughout our history, Walmart has been an innovator in retail. We're now living in a new period of disruption, largely driven by rapid technological advances, and that change is likely to accelerate even further. Our efforts are squarely focused on emerging as the retail leader. Around the world, we face stiff competition, but our future is within our control. We are a strong and profitable business, with unique strengths and assets. Our people, stores and supply chain, combined with our customer relationships and willingness to change, provide the opportunity for us to continue to win with customers. In fiscal 2016, we took several important steps to reimagine Walmart, including initiating an approximately \$2.7 billion investment in our people over two years and ramping up Online Grocery. And we will move even faster going forward. The bottom line is this: we have the resources to chart our own destiny, we know where we are going, and we will win with a strategy that only Walmart can execute. Our work starts and ends with the customer. Technology has changed customer expectations. Customers used to compare us with the store down the street; now they compare us with the best online shopping experience. And beyond just retail, they compare us with every business they interact with in their lives. They compare our pickup experience to the speed and friendliness of the best drive-through. They compare our checkout process to the ease of paying with an app. Our customers have high expectations of us. And they absolutely should. People have limited time,

limited money and limited patience. With so many options and technological tools available today, shopping shouldn't be a hassle. Our customers deserve and demand value, professional service and a simple, easy experience. And when they're searching for an item or paying for their purchase, they want it to be fast. Winning with customers today means being actively on their side – making their daily lives better. Customers should be able to shop on their own terms – in a great store or club, with a quick pickup stop on the way home from work, or with items reliably arriving at the front door. And customers want to have some money left over to put toward their priorities: an experience together as a family, a special gift every once in a while, or savings for a rainy day. Retail is not just about putting items on a shelf anymore. It's about fighting for our customers, cutting out the hassles and the headaches and advocating for them on price, too. We're moving beyond just selling products to being the brand customers rely on to make their lives simpler and more meaningful as they save money. The winners in this time of change will be those who put the customer first. Our plan to win is clear. It starts with unparalleled assets that only Walmart has – our 2.3 million people; more than 11,500 retail locations; e-commerce websites and apps; and a dynamic, optimized supply chain. But it also requires new capabilities and fresh thinking. This includes new digital tools for customers and frontline associates, as well as back-end software and platform work that benefits the entire enterprise. The use of data, algorithms, advanced forecasting capabilities – and more – is of extreme strategic significance. We will put these pieces together in a way no one else can. We will reimagine Walmart by being the first and only to deliver a truly seamless shopping experience at scale, with great savings and massive selection. We want customers to:

- Trust us to save them money,
- Find it simple and easy to do business with us, whether digitally or physically,
- Know they can find whatever they're looking for, either in stores, on our e-commerce sites, or with our marketplace vendors, and
- Get items when and where they want them – in stores and clubs, through pickup on or off-site, or delivered to their door.

Ultimately, customers don't care about what channel they're shopping in, or about how we deliver them a product or service. They simply know they're shopping with Walmart. We made great progress against this strategy over the past year. To help our associates succeed and better serve our customers, we're making big changes – including investing approximately \$2.7 billion over two years in higher wages, education and training to make Walmart U.S. a better place to work and shop. This is an investment to strengthen our company, and we're already seeing positive results: our fourth quarter of fiscal 2016 marked six consecutive quarters of positive comps and five straight quarters of positive traffic at Walmart U.S. There is an underlying strength to the U.S. business that was not there a year ago. Everything we're doing in omnichannel depends on customers having great interactions with us in our stores. We're also accelerating e-commerce and technology advances globally. We expanded Online Grocery shopping to new markets, ramped up in-store and in-club pickup, fully acquired the Chinese online retailer Yihodian, and began to add new mobile services such as Walmart Pay. We developed a

technology platform that we can scale across the business. We improved our fulfillment capabilities with new centers that are helping us get orders to customers' doors faster and more efficiently. Last year, we also took difficult but necessary steps to sharpen the focus of our portfolio. The decision to close stores is not one we took lightly, but we must do what's right for the company. We'll continue to evaluate our portfolio as part of the normal course of business. Overall, we served nearly 260 million customers a week last year in 28 countries. In the United States, more than 78 percent of Americans shopped with us during the year, and traffic was up over last year. Excluding more than \$17 billion in currency impacts, we delivered revenue of \$499.4 billion, up 2.8 percent, which is \$13.7 billion of growth. As we win with the customer, we will also create a great place to work. We will create tremendous opportunities for people from all walks of life, with all kinds of skill sets and education levels. We're striving to create a true meritocracy. Diversity and inclusion are core to who we are and make us a stronger company. No matter where you start from or what your unique and special characteristics are, you can fulfill your potential here. We believe in opportunity and that hard work, dedication and talent should be rewarded. We will also shape global systems using our size, mindset and policies and help make the world a better place. We create opportunity throughout our global supply chain – on farms and in factories, by buying more from women-owned businesses, by hiring veterans and by strengthening the retail industry workforce. We also work to be more sustainable, both in our own operations and in our supply chain. We have three big goals: creating zero waste, running on 100 percent renewable energy and selling products that sustain people and the environment. And we give back to the communities we serve – supporting American manufacturing, preparing for and responding to natural disasters and fighting hunger. Customers can be proud to shop at Walmart. When you put it all together, we'll enable customers around the world to save money and time, so they can invest more of both in the things they love. And we'll help make the world a better place one community at a time. We will win with a differentiated, disruptive strategy and a foundation of operational excellence. As we do, we believe shareholders will benefit by receiving above-average returns. We have a continued commitment to our shareholders that we're very proud of. Last year, we were able to return more than \$10 billion to shareholders through dividends and share repurchases. This year, we announced a dividend increase to \$2.00 per share, marking the 43rd consecutive year of dividend increases for Walmart. Although this will be another year of foundational investments, we believe we will soon be growing faster than the retail market. We are a growth company; we just happen to be a large one. The road ahead will not always be easy, but by being customer-focused, hungry, fast and accountable, we will win and have a good time doing it. Thank you for your continued interest in our company. It's an incredible time to be a part of Walmart. Sincerely,

## 2017:

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 time-crunched, 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.