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

(Mark One)

ý **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the quarterly period ended July 31, 2015.

or

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the transition period from ______ to ______.

Commission file number 1-6991

WAL-MART STORES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**71-0415188**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
702 S.W. 8th Street **Bentonville, Arkansas**	**72716**
(Address of principal executive offices)	**(Zip Code)**

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).
Yes ý No o

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

Large Accelerated Filer	ý	Accelerated Filer	o
Non-Accelerated Filer	o	Smaller Reporting Company	o

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

The registrant had 3,205,941,803 shares of common stock outstanding as of September 8, 2015.

Wal-Mart Stores, Inc.
Form 10-Q
For the Quarterly Period Ended July 31, 2015

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Wal-Mart Stores, Inc.
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions, except per share data)	2015	2014	2015	2014
Revenues:				
Net sales	$ 119,330	$ 119,336	$ 233,332	$ 233,503
Membership and other income	899	789	1,723	1,582
Total revenues	120,229	120,125	235,055	235,085
Costs and expenses:				
Cost of sales	90,056	90,010	176,539	176,724
Operating, selling, general and administrative expenses	24,104	23,375	46,767	45,428
Operating income	6,069	6,740	11,749	12,933
Interest:				
Debt	523	509	1,046	1,040
Capital lease and financing obligations	44	61	364	122
Interest income	(24)	(32)	(43)	(56)
Interest, net	543	538	1,367	1,106
Income from continuing operations before income taxes	5,526	6,202	10,382	11,827
Provision for income taxes	1,891	2,113	3,464	4,027
Income from continuing operations	3,635	4,089	6,918	7,800
Income from discontinued operations, net of income taxes	—	270	—	285
Consolidated net income	3,635	4,359	6,918	8,085
Consolidated net income attributable to noncontrolling interest	(160)	(266)	(102)	(399)
Consolidated net income attributable to Walmart	$ 3,475	$ 4,093	$ 6,816	$ 7,686
Basic net income per common share:				
Basic income per common share from continuing operations attributable to Walmart	$ 1.08	$ 1.22	$ 2.11	$ 2.32
Basic income per common share from discontinued operations attributable to Walmart	—	0.05	—	0.06
Basic net income per common share attributable to Walmart	$ 1.08	$ 1.27	$ 2.11	$ 2.38
Diluted net income per common share:				
Diluted income per common share from continuing operations attributable to Walmart	$ 1.08	$ 1.21	$ 2.11	$ 2.31
Diluted income per common share from discontinued operations attributable to Walmart	—	0.05	—	0.06
Diluted net income per common share attributable to Walmart	$ 1.08	$ 1.26	$ 2.11	$ 2.37
Weighted-average common shares outstanding:				
Basic	3,221	3,230	3,226	3,231
Diluted	3,231	3,241	3,237	3,244
Dividends declared per common share	$ —	$ —	$ 1.96	$ 1.92

See accompanying notes.

Wal-Mart Stores, Inc.

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions)	**2015**	**2014**	**2015**	**2014**
Consolidated net income	$ 3,635	$ 4,359	$ 6,918	$ 8,085
Less consolidated net income attributable to nonredeemable noncontrolling interest	(160)	(266)	(102)	(399)
Consolidated net income attributable to Walmart	3,475	4,093	6,816	7,686
Other comprehensive income (loss), net of income taxes				
Currency translation and other	437	795	(1,247)	1,080
Net investment hedges	(17)	(17)	(81)	(68)
Cash flow hedges	(139)	(8)	(19)	(4)
Minimum pension liability	4	2	74	6
Other comprehensive income (loss), net of income taxes	285	772	(1,273)	1,014
Less other comprehensive income (loss) attributable to nonredeemable noncontrolling interest	(78)	(17)	53	25
Other comprehensive income (loss) attributable to Walmart	207	755	(1,220)	1,039
Comprehensive income, net of income taxes	3,920	5,131	5,645	9,099
Less comprehensive income (loss) attributable to nonredeemable noncontrolling interest	(238)	(283)	(49)	(374)
Comprehensive income attributable to Walmart	$ 3,682	$ 4,848	$ 5,596	$ 8,725

See accompanying notes.

Wal-Mart Stores, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(Amounts in millions)	July 31, 2015	January 31, 2015	July 31, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,751	$ 9,135	$ 6,184
Receivables, net	5,275	6,778	6,146
Inventories	45,007	45,141	45,451
Prepaid expenses and other	2,099	2,224	1,851
Total current assets	58,132	63,278	59,632
Property and equipment:			
Property and equipment	178,899	177,395	177,975
Less accumulated depreciation	(66,075)	(63,115)	(61,709)
Property and equipment, net	112,824	114,280	116,266
Property under capital lease and financing obligations:			
Property under capital lease and financing obligations	7,194	5,239	5,549
Less accumulated amortization	(3,507)	(2,864)	(3,092)
Property under capital lease and financing obligations, net	3,687	2,375	2,457
Goodwill	17,799	18,102	19,758
Other assets and deferred charges	6,178	5,455	5,649
Total assets	$ 198,620	$ 203,490	$ 203,762
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	$ 1,725	$ 1,592	$ 3,516
Accounts payable	37,225	38,410	36,828
Dividends payable	3,162	—	3,100
Accrued liabilities	18,290	19,152	18,237
Accrued income taxes	373	1,021	511
Long-term debt due within one year	4,024	4,791	4,639
Capital lease and financing obligations due within one year	463	287	301
Total current liabilities	65,262	65,253	67,132
Long-term debt	38,581	40,889	42,801
Long-term capital lease and financing obligations	4,262	2,606	2,695
Deferred income taxes and other	8,391	8,805	8,311
Commitments and contingencies			
Equity:			
Common stock	321	323	323
Capital in excess of par value	1,979	2,462	2,208
Retained earnings	84,959	85,777	77,172
Accumulated other comprehensive income (loss)	(8,388)	(7,168)	(1,957)
Total Walmart shareholders' equity	78,871	81,394	77,746
Nonredeemable noncontrolling interest	3,253	4,543	5,077
Total equity	82,124	85,937	82,823
Total liabilities and equity	$ 198,620	$ 203,490	$ 203,762

See accompanying notes.

Wal-Mart Stores, Inc.
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)

(Amounts in millions)	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Walmart Shareholders' Equity	Nonredeemable Noncontrolling Interest	Total Equity
Balances as of February 1, 2015	3,228	$ 323	$ 2,462	$ 85,777	$ (7,168)	$ 81,394	$ 4,543	$ 85,937
Consolidated net income	—	—	—	6,816	—	6,816	102	6,918
Other comprehensive income, net of income taxes	—	—	—	—	(1,220)	(1,220)	(53)	(1,273)
Cash dividends declared ($1.96 per share)	—	—	—	(6,314)	—	(6,314)	—	(6,314)
Purchase of Company stock	(18)	(2)	(37)	(1,312)	—	(1,351)	—	(1,351)
Cash dividend declared to noncontrolling interest	—	—	—	—	—	—	(771)	(771)
Other	5	—	(446)	(8)	—	(454)	(568)	(1,022)
Balances as of July 31, 2015	3,215	$ 321	$ 1,979	$ 84,959	$ (8,388)	$ 78,871	$ 3,253	$ 82,124

See accompanying notes.

Wal-Mart Stores, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(Amounts in millions)	Six Months Ended July 31, 2015	Six Months Ended July 31, 2014
Cash flows from operating activities:		
Consolidated net income	$ 6,918	$ 8,085
Income from discontinued operations, net of income taxes	—	(285)
Income from continuing operations	6,918	7,800
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	4,658	4,527
Deferred income taxes	(396)	79
Other operating activities	532	667
Changes in certain assets and liabilities, net of effects of acquisitions:		
Receivables, net	683	704
Inventories	(227)	(403)
Accounts payable	(562)	(420)
Accrued liabilities	(860)	(596)
Accrued income taxes	(644)	(458)
Net cash provided by operating activities	10,102	11,900
Cash flows from investing activities:		
Payments for property and equipment	(5,044)	(5,113)
Proceeds from the disposal of property and equipment	287	90
Proceeds from the disposal of certain operations	246	671
Other investing activities	(91)	12
Net cash used in investing activities	(4,602)	(4,340)
Cash flows from financing activities:		
Net change in short-term borrowings	274	(4,130)
Proceeds from issuance of long-term debt	42	4,565
Payments of long-term debt	(3,159)	(2,868)
Dividends paid	(3,157)	(3,094)
Purchase of Company stock	(1,283)	(933)
Dividends paid to noncontrolling interest	(434)	(339)
Purchase of noncontrolling interest	(847)	(1,720)
Other financing activities	(210)	(236)
Net cash used in financing activities	(8,774)	(8,755)
Effect of exchange rates on cash and cash equivalents	(110)	98
Net increase (decrease) in cash and cash equivalents	(3,384)	(1,097)
Cash and cash equivalents at beginning of year	9,135	7,281
Cash and cash equivalents at end of period	$ 5,751	$ 6,184

See accompanying notes.

Wal-Mart Stores, Inc.

Notes to Condensed Consolidated Financial Statements

Note 1. Accounting Policies

Basis of Presentation

The Condensed Consolidated Financial Statements of Wal-Mart Stores, Inc. and its subsidiaries ("Walmart" or the "Company") and the accompanying notes included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for the fair presentation of the Condensed Consolidated Financial Statements have been included. Such adjustments are of a normal, recurring nature. The Condensed Consolidated Financial Statements, and the accompanying notes, are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and do not contain certain information included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015. Therefore, the interim Condensed Consolidated Financial Statements should be read in conjunction with that Annual Report on Form 10-K.

The Company's Condensed 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 July 2015 related to the operations consolidated using a lag that materially affected the Condensed Consolidated Financial Statements.

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

Certain prior period amounts have been reclassified to conform to the current period's presentation. These reclassifications did not impact the Company's operating income or consolidated net income.

Receivables

Receivables are stated at their carrying values, net of a reserve for doubtful accounts. Receivables consist primarily of amounts due from:

- 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;
- consumer financing programs in certain international operations;
- suppliers for marketing or incentive programs; and
- real estate transactions.

The Walmart International segment offers a limited number of consumer credit products, primarily through its financial institutions in select countries. The receivable balance from consumer credit products was $941 million, net of a reserve for doubtful accounts of $70 million at July 31, 2015, compared to a receivable balance of $1.2 billion, net of a reserve for doubtful accounts of $114 million at January 31, 2015. These balances are included in receivables, net, in the Company's Condensed Consolidated Balance Sheets.

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 substantially all of the 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 based on the weighted-average cost using the LIFO method. At July 31, 2015 and January 31, 2015, the Company's inventories valued at LIFO approximated those inventories as if they were valued at FIFO.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers.* 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. On July 9, 2015, the FASB deferred the effective date of ASU 2014-09 to reporting periods beginning after December 15, 2017. Early adoption is permitted for reporting periods beginning after December 15, 2016. The Company will adopt this ASU on February 1, 2018. Companies may use either a full retrospective or a modified retrospective approach to adopt this ASU. Management is currently evaluating this standard, including which transition approach to use, and does not expect this ASU to materially impact the Company's consolidated net income, financial position or cash flows.

In April 2015, the FASB issued ASU 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost*. The FASB issued ASU 2015-03 to simplify the presentation of debt issuance costs related to a recognized debt liability to present the debt issuance costs as a direct deduction from the carrying value of the debt liability rather than showing the debt issuance costs as a deferred charge on the balance sheet. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2015, with early adoption permitted. Management elected to early adopt this new guidance effective for the first quarter of fiscal year 2016 and has applied the changes retrospectively to all periods presented. Adoption of this ASU did not materially impact the Company's consolidated net income, financial position or cash flows.

Note 2. Net Income Per Common Share

Basic income per common share from continuing operations attributable to Walmart is based on the weighted-average common shares outstanding during the relevant period. Diluted income per common share from continuing operations 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 income per common share from continuing operations attributable to Walmart for the three and six months ended July 31, 2015 and 2014.

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

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions, except per share data)	2015	2014	2015	2014
Numerator				
Income from continuing operations	$ 3,635	$ 4,089	$ 6,918	$ 7,800
Income from continuing operations attributable to noncontrolling interest	(160)	(166)	(102)	(295)
Income from continuing operations attributable to Walmart	$ 3,475	$ 3,923	$ 6,816	$ 7,505
Denominator				
Weighted-average common shares outstanding, basic	3,221	3,230	3,226	3,231
Dilutive impact of stock options and other share-based awards	10	11	11	13
Weighted-average common shares outstanding, diluted	3,231	3,241	3,237	3,244
Income per common share from continuing operations attributable to Walmart				
Basic	$ 1.08	$ 1.22	$ 2.11	$ 2.32
Diluted	1.08	1.21	2.11	2.31

Note 3. Accumulated Other Comprehensive Income (Loss)

The following table provides the changes in the composition of total accumulated other comprehensive income (loss) for the six months ended July 31, 2015:

(Amounts in millions and net of income taxes)	Currency Translation and Other	Net Investment Hedges	Cash Flow Hedges	Minimum Pension Liability	Total
Balances as of February 1, 2015	$ (7,011)	$ 656	$ (134)	$ (679)	$ (7,168)
Other comprehensive income (loss) before reclassifications	(1,194)	(81)	(39)	80	(1,234)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	20	(6)	14
Balances as of July 31, 2015	$ (8,205)	$ 575	$ (153)	$ (605)	$ (8,388)

Amounts reclassified from accumulated other comprehensive income (loss) for derivative instruments are recorded in interest, net, in the Company's Condensed Consolidated Statements of Income, and the amounts for the minimum pension liability are recorded in operating, selling, general and administrative expenses in the Company's Condensed Consolidated Statements of Income.

Note 4. Long-term Debt

The following table provides the changes in the Company's long-term debt for the six months ended July 31, 2015:

(Amounts in millions)	Long-term debt due within one year	Long-term debt	Total
Balances as of February 1, 2015	$ 4,791	$ 40,889	$ 45,680
Proceeds from long-term debt	—	42	42
Repayments of long-term debt	(3,159)	—	(3,159)
Reclassifications of long-term debt	2,000	(2,000)	—
Other	392	(350)	42
Balances as of July 31, 2015	$ 4,024	$ 38,581	$ 42,605

Issuances

The Company did not have any material long-term debt issuances during the six months ended July 31, 2015, but received proceeds from other, smaller long-term debt issuances by several of its non-U.S. operations.

Maturities

During the six months ended July 31, 2015, the following long-term debt matured and was repaid:

(Amounts in millions)

Maturity Date	Principal Amount	Fixed vs. Floating	Interest Rate	Repayment
April 1, 2015	750 USD	Fixed	2.875%	$ 750
July 1, 2015	750 USD	Fixed	4.500%	750
July 8, 2015	750 USD	Fixed	2.250%	750
July 28, 2015	30,000 JPY	Floating	Floating	243
July 28, 2015	60,000 JPY	Fixed	0.940%	487
				$ 2,980

The Company also repaid other, smaller long-term debt as it matured in several of its non-U.S. operations.

Note 5. Fair Value Measurements

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 ordinary 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. 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.

Recurring Fair Value Measurements

The Company holds derivative instruments that are required to be measured at fair value on a recurring basis. The 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 July 31, 2015 and January 31, 2015, the notional amounts and fair values of these derivatives were as follows:

	July 31, 2015		January 31, 2015	
(Amounts in millions)	Notional Amount	Fair Value	Notional Amount	Fair Value
Receive fixed-rate, pay variable-rate interest rate swaps designated as fair value hedges	$ 5,000	$ (11)	$ 500	$ 12
Receive fixed-rate, pay fixed-rate cross-currency interest rate swaps designated as net investment hedges	1,250	154	1,250	207
Receive fixed-rate, pay fixed-rate cross-currency interest rate swaps designated as cash flow hedges	4,358	(271)	4,329	(317)
Receive variable-rate, pay fixed-rate interest rate swaps designated as cash flow hedges	—	—	255	(1)
Total	$ 10,608	$ (128)	$ 6,334	$ (99)

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company's assets and liabilities are also subject to nonrecurring fair value measurements. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges. The Company did not record any significant impairment charges to assets measured at fair value on a nonrecurring basis during the three and six months ended July 31, 2015, or for the fiscal year ended January 31, 2015.

Other Fair Value Disclosures

The Company records cash and cash equivalents 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 July 31, 2015 and January 31, 2015, are as follows:

	July 31, 2015		January 31, 2015	
(Amounts in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including amounts due within one year	$ 42,605	$ 48,961	$ 45,680	$ 56,237

Note 6. Derivative Financial Instruments

The Company uses derivative financial instruments for hedging and non-trading 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 derivative financial instruments 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 derivative financial instrument will change. In a hedging relationship, the change in the value of the derivative financial instrument is offset to a great extent by the change in the value of the underlying hedged item. Credit risk related to a derivative financial instrument represents the possibility that the counterparty will not fulfill the terms of the contract. The notional, or contractual, amount of the Company's derivative financial instruments is used to measure interest to be paid or received and does not represent the Company's exposure due to credit risk. Credit risk is monitored through established approval procedures, including setting concentration limits by counterparty, reviewing credit ratings and requiring collateral (generally cash) from the counterparty when appropriate.

The Company only enters into derivative transactions with counterparties rated "A-" or better by nationally recognized credit rating agencies. Subsequent to entering into derivative transactions, the Company regularly monitors the credit ratings of its counterparties. In connection with various derivative agreements, including master netting arrangements, the Company held cash collateral from counterparties of $330 million and $323 million at July 31, 2015 and January 31, 2015, respectively. The Company records cash collateral received as amounts due to the counterparties exclusive of any derivative asset. Furthermore, as part of the master netting arrangements with these counterparties, the Company is also required to post collateral if the Company's net derivative liability position exceeds $150 million with any counterparty. The Company did not have any cash collateral posted with counterparties at July 31, 2015 or January 31, 2015, respectively. The Company records cash collateral it posts with counterparties as amounts receivable from those counterparties exclusive of any derivative liability.

The Company uses derivative financial instruments for the purpose of hedging its exposure to interest and currency exchange rate risks and, accordingly, the contractual terms of a hedged instrument closely mirror those of the hedged item, 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 financial instrument is recorded using hedge accounting, depending on the nature of the hedge, changes in the fair value of the instrument 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 income (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 instruments are highly effective hedges and the ineffective portion has not been, and is not expected to be, significant. Instruments 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 Instruments

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 derivative instruments match those of the fixed-rate debt being hedged, the derivative instruments are assumed to be perfectly effective hedges. Changes in the fair values of these derivative instruments 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 Condensed Consolidated Statements of Income. These fair value instruments will mature on dates ranging from October 2020 to April 2024.

Net Investment Instruments

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 instruments are recorded in accumulated other comprehensive income (loss), offsetting the currency translation adjustment of the related investment that is also recorded in accumulated other comprehensive income (loss). These instruments will mature on dates ranging from October 2023 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 income (loss), offsetting the foreign currency translation adjustment of the related net investments that is also recorded in accumulated other comprehensive income (loss). At July 31, 2015 and January 31, 2015, the Company had ¥10 billion and ¥100 billion, respectively, of outstanding long-term debt designated as a hedge of its net investment in Japan, as well as outstanding long-term debt of £2.5 billion at July 31, 2015 and January 31, 2015 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.

Cash Flow Instruments

The Company was a party to receive variable-rate, pay fixed-rate interest rate swaps that matured in July 2015. The Company used these interest rate swaps to hedge the interest rate risk of certain non-U.S. denominated debt. The swaps were designated as cash flow hedges of interest expense risk. Amounts reported in accumulated other comprehensive income (loss) related to these derivatives were reclassified from accumulated other comprehensive income (loss) to earnings as interest was expensed for the Company's variable-rate debt, converting the variable-rate interest expense into fixed-rate interest expense.

The Company is also 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 income (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 cash flow instruments will mature on dates ranging from April 2022 to March 2034.

Financial Statement Presentation

Although subject to master netting arrangements, the Company does not offset derivative assets and derivative liabilities in its Condensed Consolidated Balance Sheets. Derivative instruments with an unrealized gain are recorded in the Company's Condensed Consolidated Balance Sheets as either current or non-current assets, based on maturity date, and those hedging instruments with an unrealized loss are recorded as either current or non-current liabilities, based on maturity date.

The Company's derivative instruments, as well as its nonderivative debt instruments designated and qualifying as net investment hedges, were classified as follows in the Company's Condensed Consolidated Balance Sheets:

	July 31, 2015			January 31, 2015		
(Amounts in millions)	Fair Value Instruments	Net Investment Instruments	Cash Flow Instruments	Fair Value Instruments	Net Investment Instruments	Cash Flow Instruments
Derivative instruments						
Prepaid expenses and other	$ —	$ —	$ —	$ —	$ —	$ —
Other assets and deferred charges	11	154	343	12	207	293
Derivative asset subtotals	$ 11	$ 154	$ 343	$ 12	$ 207	$ 293
Accrued liabilities	$ —	$ —	$ —	$ —	$ —	$ 1
Deferred income taxes and other	22	—	614	—	—	610
Derivative liability subtotals	$ 22	$ —	$ 614	$ —	$ —	$ 611
Nonderivative hedging instruments						
Long-term debt due within one year	$ —	$ —	$ —	$ —	$ 766	$ —
Long-term debt	—	3,981	—	—	3,850	—
Nonderivative hedge liability subtotals	$ —	$ 3,981	$ —	$ —	$ 4,616	$ —

Gains and losses related to the Company's derivatives primarily relate to interest rate hedges, which are recorded in interest, net, in the Company's Condensed Consolidated Statements of Income. Amounts related to the Company's derivatives expected to be reclassified from accumulated other comprehensive income (loss) to net income during the next 12 months are not significant.

Note 7. Share Repurchases

From time to time, the Company repurchases shares of its common stock under share repurchase programs authorized by the Board of Directors. The current $15.0 billion share repurchase program has no expiration date or other restrictions limiting the period over which the Company can make share repurchases. At July 31, 2015, authorization for $9.0 billion of share repurchases remained under the current share repurchase program. Any repurchased shares are constructively retired and returned to an unissued status.

The Company considers several factors in determining when to execute share repurchases, including, among other things, current cash needs, capacity for leverage, cost of borrowings and the market price of its common stock. The following table provides, on a trade date basis, the number of shares repurchased, average price paid per share and total amount paid for share repurchases for the six months ended July 31, 2015 and 2014:

	Six Months Ended July 31,	
(Amounts in millions, except per share data)	**2015**	**2014**
Total number of shares repurchased	17.1	12.3
Average price paid per share	$ 75.27	$ 75.96
Total amount paid for share repurchases	$ 1,283	$ 933

Note 8. Common Stock Dividends

Dividends Declared

On February 19, 2015, the Board of Directors approved the fiscal 2016 annual dividend at $1.96 per share, an increase from the fiscal 2015 dividend of $1.92 per share. For fiscal 2016, the annual dividend will be paid in four quarterly installments of $0.49 per share, according to the following record and payable dates:

Record Date	Payable Date
March 13, 2015	April 6, 2015
May 8, 2015	June 1, 2015
August 7, 2015	September 8, 2015
December 4, 2015	January 4, 2016

The dividend installments payable on April 6, 2015, June 1, 2015 and September 8, 2015, were paid as scheduled.

Note 9. Contingencies

Legal Proceedings

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

Unless stated otherwise, the matters, or groups of related 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.

Wage-and-Hour Class Action: The Company is a defendant in *Braun/Hummel v. Wal-Mart Stores, Inc.*, a class-action lawsuit commenced in March 2002 in the Court of Common Pleas in Philadelphia, Pennsylvania. The plaintiffs allege that the Company failed to pay class members for all hours worked and prevented class members from taking their full meal and rest breaks. On October 13, 2006, a jury awarded back-pay damages to the plaintiffs of approximately $78 million on their claims for off-the-clock work and missed rest breaks. The jury found in favor of the Company on the plaintiffs' meal-period claims. On November 14, 2007, the trial judge entered a final judgment in the approximate amount of $188 million, which included the jury's back-pay award plus statutory penalties, prejudgment interest and attorneys' fees. By operation of law, post-judgment interest accrues on the judgment amount at the rate of six percent per annum from the date of entry of the judgment, which was November 14, 2007, until the judgment is paid, unless the judgment is set aside on appeal. On December 7, 2007, the Company filed its Notice of Appeal. On June 10, 2011, the Pennsylvania Superior Court of Appeals issued an opinion upholding the trial court's certification of the class, the jury's back pay award, and the awards of statutory penalties and prejudgment interest, but reversing the award of attorneys' fees. On September 9, 2011, the Company filed a Petition for Allowance of Appeal with the Pennsylvania Supreme Court. On July 2, 2012, the Pennsylvania Supreme Court granted the Company's Petition. On December 15, 2014, the Pennsylvania Supreme Court issued its opinion affirming the Superior Court of Appeals' decision. At that time, the Company recorded expenses of $249 million for the judgment amount and post-judgment interest incurred to date. The Company will continue to accrue for the post-judgment interest until final resolution. However, the Company continues to believe it has substantial factual and legal defenses to the claims at issue, and, on March 13, 2015, the Company filed a petition for writ of certiorari with the U.S. Supreme Court. On April 20, 2015, the plaintiffs filed their response in opposition and on May 4, 2015, the Company filed its reply brief.

ASDA Equal Value Claims: ASDA Stores, Ltd. ("ASDA"), a wholly-owned subsidiary of the Company, is a defendant in over 6,000 "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, who 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 warehouse and distribution facilities, and that the disparity in pay between these different job positions is not objectively justified. Claimants are requesting differential back pay based on higher wage rates in the warehouse and distribution facilities and those higher wage rates on a prospective basis as part of these equal value proceedings. ASDA believes that further claims may be asserted in the near future. On March 23, 2015, ASDA asked the Employment Tribunal to stay all proceedings, contending that the High Court, which is the superior first instance civil court in the UK that is headquartered in the Royal Courts of Justice in the City of London, is the more convenient and appropriate forum to hear these claims. On March 23, 2015, ASDA also asked the Employment Tribunal to "strike out" substantially all of the claims for failing to comply with Employment Tribunal rules. On July 23, 2015, the Employment Tribunal denied ASDA's requests to stay all proceedings and to "strike out" substantially all of the claims. On September 2, 2015, ASDA filed a Notice of Appeal with the Employment Appeal Tribunal seeking to appeal both rulings. 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.

FCPA Investigation and Related Matters

The Audit Committee (the "Audit Committee") of the Board of Directors of the Company, which is composed solely of independent directors, is 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 is also conducting a voluntary global review of its policies, practices and internal controls for FCPA 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 are reported or identified, the Audit Committee and the Company, together with their third party advisors, conduct inquiries and when warranted based on those inquiries, open investigations. Inquiries or investigations regarding allegations of potential FCPA violations have been commenced in a number of foreign markets where the Company operates, including, but not limited to, Brazil, China and India.

The Company has been informed by the DOJ and the SEC that it is also the subject of their respective investigations into possible violations of the FCPA. The Company is cooperating with the investigations by the DOJ and the SEC. A number of federal and local government agencies in Mexico have also initiated investigations of these matters. Walmex is cooperating with the Mexican governmental agencies conducting these investigations. Furthermore, lawsuits relating to the matters under investigation have been filed by several of the Company's shareholders against it, certain of its current directors, certain of its former directors, certain of its current and former officers and certain of Walmex's current and former officers.

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. The shareholder lawsuits may result in judgments against the Company and its current and former directors and officers named in those proceedings. The Company cannot predict at this time the outcome or impact of the government investigations, the shareholder lawsuits, or its own internal investigations and review. 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 three and six months ended July 31, 2015 and 2014, the Company incurred the following third-party expenses in connection with the FCPA investigation and related matters:

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions)	2015	2014	2015	2014
Ongoing inquiries and investigations	$ 23	$ 31	$ 48	$ 65
Global compliance program and organizational enhancements	7	12	15	31
Total	$ 30	$ 43	$ 63	$ 96

These matters may require the involvement of certain members of the Company's senior management that could impinge on the time they have available to devote to other matters relating to the business. 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.

The Company's process of assessing and responding to the governmental investigations and the shareholder lawsuits continues. While the Company believes that it is probable that it will incur a loss from these matters, given the on-going nature and complexity of the review, inquiries and investigations, the Company cannot reasonably estimate any loss or range of loss that may arise from these matters. Although the Company does not presently believe that these matters will have a material adverse effect on its business, given the inherent uncertainties in such situations, the Company can provide no assurance that these matters will not be material to its business in the future.

Note 10. Acquisitions, Disposals and Related Items

During the six months ended July 31, 2015, the Company completed the following transaction that impacts the operations of Walmart International:

Yihaodian

In July 2015, the Company completed the purchase of all of the remaining noncontrolling interest in Yihaodian, our e-commerce operations in China, for approximately $760 million, using existing cash to complete this transaction.

In fiscal 2015, the Company completed the following transactions that impact the operations of Walmart International:

Walmart Chile

In fiscal 2014, the redeemable noncontrolling interest shareholders exercised put options that required the Company to purchase their shares in Walmart Chile. In February 2014, the Company completed this transaction for approximately $1.5 billion using existing cash of the Company, increasing its ownership interest in Walmart Chile to 99.7 percent. In March 2014, the Company completed a tender offer for most of the remaining noncontrolling interest shares at the same value per share as was paid to the redeemable noncontrolling interest shareholders. As a result of completing these transactions, the Company owns substantially all of Walmart Chile.

Vips Restaurant Business in Mexico

In fiscal 2014, Walmex, a majority-owned subsidiary of the Company, entered into a definitive agreement with Alsea S.A.B. de C.V. to sell the Vips restaurant business ("Vips") in Mexico. The sale of Vips was completed on May 12, 2014. The Company received $671 million of cash and recognized a net gain of $262 million in discontinued operations at the time of the sale.

Note 11. Segments

The Company is engaged in retail and wholesale operations located in the U.S., Argentina, Brazil, Canada, Chile, China, India, Japan, Mexico and the United Kingdom, as well as countries located in Africa and Central America. The Company's operations are conducted in three business segments: Walmart U.S., Walmart International and Sam's Club. The Company defines its segments as those operations whose results its 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. operating under the "Walmart" or "Wal-Mart" brands, as well as walmart.com. The Walmart International segment consists of the Company's operations outside of the U.S., including various retail websites. The Sam's Club segment includes the warehouse membership clubs in the U.S., as well as samsclub.com. Corporate and support consists of corporate overhead and other items not allocated to any of the Company's segments.

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

Net sales by segment are as follows:

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions)	2015	2014	2015	2014
Net sales:				
Walmart U.S.	$ 73,959	$ 70,601	$ 144,204	$ 138,453
Walmart International	30,637	33,872	60,915	66,296
Sam's Club	14,734	14,863	28,213	28,754
Net sales	$ 119,330	$ 119,336	$ 233,332	$ 233,503

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

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions)	2015	2014	2015	2014
Operating income (loss):				
Walmart U.S.	$ 4,819	$ 5,252	$ 9,458	$ 10,227
Walmart International	1,277	1,489	2,347	2,691
Sam's Club	428	494	855	973
Corporate and support	(455)	(495)	(911)	(958)
Operating income	6,069	6,740	11,749	12,933
Interest, net	543	538	1,367	1,106
Income from continuing operations before income taxes	$ 5,526	$ 6,202	$ 10,382	$ 11,827

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

Overview

Wal-Mart Stores, Inc. ("Walmart," the "Company" or "we") is engaged in retail and wholesale operations in various formats around the world. Through our operations, we help people around the world save money and live better – anytime and anywhere – in retail stores or through our e-commerce and mobile capabilities. Through innovation, we are striving to create a customer-centric experience that seamlessly integrates digital and physical shopping. Physical retail encompasses our brick and mortar presence in each of the markets in which we operate. Digital retail is comprised of our e-commerce websites and mobile commerce applications. Each week, we serve nearly 260 million customers who visit our over 11,000 stores under 72 banners in 28 countries and e-commerce websites in 11 countries. Our strategy is to lead on price, invest to differentiate on access, be competitive on assortment and deliver a great experience. 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"), while fostering a culture that rewards and embraces mutual respect, integrity and diversity. 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. Price leadership is core to who we are. Everyday low cost ("EDLC") is our commitment to control expenses so those cost savings can be passed along to our customers. Our digital and physical presence, which we are investing in to integrate, provides customers access to our broad assortment anytime and anywhere. We strive to give our customers and members a great digital and physical shopping experience.

Our operations consist of three reportable segments: Walmart U.S., Walmart International and Sam's Club.

- Walmart U.S. is our largest segment with three primary store formats, as well as digital retail. 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, it has historically contributed the greatest amount to the Company's net sales and operating income.
- Walmart International consists of operations outside of the U.S. and includes retail, wholesale and other businesses. These businesses consist of numerous formats, including supercenters, supermarkets, hypermarkets, warehouse clubs, including Sam's Clubs, cash & carry, home improvement, specialty electronics, restaurants, apparel stores, drug stores and convenience stores, as well as digital retail. The overall gross profit rate for Walmart International is lower than that of Walmart U.S. because of its merchandise mix. Walmart International is our second largest segment and, in recent years, has grown through acquisitions, as well as by adding retail, wholesale and other units, and by expanding digital retail.
- Sam's Club consists of membership-only warehouse clubs as well as digital retail. 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.

Each of our segments contributes to the Company's operating results differently, but each has generally maintained a consistent contribution rate to the Company's net sales and operating income in recent years.

Our fiscal year ends on January 31 for our U.S. and Canadian operations. We consolidate all other operations generally using a one-month lag and on a calendar year basis. Our business is seasonal to a certain extent due to calendar events and national and religious holidays, as well as weather patterns. Historically, our highest sales volume and operating income have occurred in the fiscal quarter ending January 31.

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 the three segments of our business to provide a better understanding of how each of those segments and its results of operations affect the financial condition and results of operations of the Company as a whole.

As previously disclosed in the Company's Form 8-K furnished on August 18, 2015, we have been engaged in a review of the accounting treatment of leases. As part of this ongoing global review, we are assessing our historical application of Accounting Standards Codification ("ASC") 840, *Leases*, regarding lessee involvement in the construction of leased assets. While we are in the final stages of management's assessment and review of the impact of the related errors, management believes that the maximum cumulative adjustment to the accompanying Balance Sheets, Statements of Income and Statements of Cash Flows is immaterial for all periods. We anticipate recording the immaterial cumulative adjustment in the third quarter of fiscal 2016. These immaterial errors resulted from the failure to appropriately consider the implications of ASC 840 with respect to lessee involvement in the construction of leased assets. In a number of our leases, payments we have made for certain structural components included in the lessor's construction of the leased assets will result in the Company being deemed the owner of the leased assets for accounting purposes. As a result, regardless of the significance of the payments, ASC 840 defines those payments as automatic indicators of ownership and requires the Company to capitalize the lessor's total project cost on the balance sheet with a corresponding financing obligation. Generally, in these situations, the Company has not historically accounted for the total project costs of the lessor as owned assets. Additionally, upon completion of the lessor's project, the

Company must perform a sale-leaseback analysis pursuant to ASC 840 to determine if the Company can derecognize these assets and the related financing obligation from its Balance Sheet. In a substantial number of our leases, due to many of the same factors that required the Company to originally account for the total project costs as owned assets (for example, a portion of the construction costs is reimbursed to the Company via lowered rental payments), we are deemed to have "continuing involvement," which precludes the Company from derecognizing these leased assets when construction is complete. In such cases, the leased assets and the related financing obligation remain on the Balance Sheet and are amortized over the lease term.

This discussion, which presents our results for periods occurring in the fiscal years ended January 31, 2016 ("fiscal 2016") and January 31, 2015 ("fiscal 2015"), should be read in conjunction with our Condensed Consolidated Financial Statements as of July 31, 2015, and the accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our Consolidated Financial Statements as of January 31, 2015, the accompanying notes and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in our Annual Report to Shareholders for the year ended January 31, 2015, and incorporated by reference in, and included as Exhibit 13 to, our Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

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

Comparable store and club sales is a metric that indicates the performance of our existing U.S. stores and clubs by measuring the change in sales for such stores and clubs, including e-commerce sales, for a particular period from the corresponding period in the previous year. Walmart's definition of comparable store and club sales includes sales from stores and clubs open for the previous 12 months, including remodels, relocations, expansions and conversions, as well as e-commerce sales. We measure the e-commerce sales impact by including those sales initiated through our websites and fulfilled through our e-commerce distribution facilities, as well as an estimate for sales initiated online, but fulfilled through our stores and clubs. Changes in format are excluded from comparable store and club sales when the conversion is accompanied by a relocation or expansion that results in a change in retail square feet of more than five percent. Comparable store and club sales are also referred to as "same-store" sales by others within the retail industry. The method of calculating comparable store and club sales varies across the retail industry. As a result, our calculation of comparable store and club 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 all countries where the functional currency is not the U.S. dollar. 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. 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.

We made certain reclassifications to prior period amounts or balances to conform to the presentation in the current fiscal year. These reclassifications did not impact the Company's operating income or consolidated net income.

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 ensure we maintain our strong leadership position around the world and in the countries in which we operate. For several years, our performance metrics have emphasized three financial priorities: growth, leverage and returns. We are currently making strategic investments in our associates and in the integration of digital and physical retail. These investments support long-term growth while we maintain our heritage of everyday low prices which are supported by everyday low cost. During this time of increased investments, we have shifted our financial priorities to focus primarily on growth, balanced by returns. We will continue to grow through new stores and clubs, and through increasing comparable store and club sales, which include our e-commerce sales. While leverage remains important to everyday low cost, during this time of increased investments, operating expenses may grow greater than or equal to our sales growth, and operating income may grow equal to or less than sales growth.

Our objective of balancing growth with returns means that we are focused on efficiently employing assets for return on investment and more effectively managing working capital to deliver strong free cash flow. We will also continue to provide returns to our shareholders through share repurchases and dividends.

Growth

We measure growth primarily by monitoring net sales and comparable store and club sales. We also review the progress of our digital retail investments by measuring the impact e-commerce sales have on our comparable store and club sales. At times, we make strategic investments which are focused on the long-term growth of the Company. These strategic investments may not benefit net sales and comparable store and club sales in the near term.

Net Sales

	Three Months Ended July 31,					Six Months Ended July 31,				
	2015			2014		2015			2014	
(Amounts in millions)	Net Sales	Percent of Total	Percent Change	Net Sales	Percent of Total	Net Sales	Percent of Total	Percent Change	Net Sales	Percent of Total
Walmart U.S.	$ 73,959	62.0%	4.8 %	$ 70,601	59.1%	$ 144,204	61.8%	4.2 %	$ 138,453	59.3%
Walmart International	30,637	25.7%	(9.6)%	33,872	28.4%	60,915	26.1%	(8.1)%	66,296	28.4%
Sam's Club	14,734	12.3%	(0.9)%	14,863	12.5%	28,213	12.1%	(1.9)%	28,754	12.3%
Net sales	$ 119,330	100.0%	0.0 %	$ 119,336	100.0%	$ 233,332	100.0%	(0.1)%	$ 233,503	100.0%

Our consolidated net sales were flat for the three months ended July 31, 2015 and decreased 0.1% for the six months ended July 31, 2015, when compared to the same periods in the previous fiscal year. Net sales were negatively impacted by $4.2 billion and $7.4 billion of fluctuations in currency exchange rates and $490 million and $1.1 billion of decreases in fuel sales due to lower fuel prices for the three and six months ended July 31, 2015, respectively. The decreases were offset by 2.5% year-over-year growth in retail square feet, positive comparable sales in the Walmart U.S. segment and higher e-commerce sales across the Company.

Calendar Comparable Store and Club Sales

Comparable store and club sales is a metric which indicates the performance of our existing U.S. stores and clubs by measuring the change in sales for such stores and clubs, including e-commerce sales, for a particular period over the corresponding period in the previous year. The retail industry generally reports comparable store and club sales using the retail calendar (also known as the 4-5-4 calendar). To be consistent with the retail industry, we provide comparable store and club sales using the retail calendar in our quarterly earnings releases. However, when we discuss our comparable store and club sales below, we are referring to our calendar comparable store and club sales calculated using our fiscal calendar. As our fiscal calendar differs from the retail calendar, our calendar comparable store and club sales also differ from the retail calendar comparable store and club sales provided in our quarterly earnings releases. Calendar comparable store and club sales, as well as the impact of fuel, for the three and six months ended July 31, 2015 and 2014, were as follows:

	Three Months Ended July 31,				Six Months Ended July 31,			
	2015	2014	2015	2014	2015	2014	2015	2014
	With Fuel		Fuel Impact		With Fuel		Fuel Impact	
Walmart U.S.	1.9 %	0.2%	0.0 %	0.0%	1.3 %	(0.1)%	0.0 %	0.0%
Sam's Club	(2.2)%	0.6%	(3.6)%	0.5%	(3.2)%	(0.3)%	(3.9)%	0.0%
Total U.S.	1.2 %	0.2%	(0.7)%	0.1%	0.5 %	(0.2)%	(0.7)%	0.0%

Comparable store and club sales in the U.S., including fuel, increased 1.2% and 0.5% for the three and six months ended July 31, 2015, respectively, when compared to the same periods in the previous fiscal year. The total U.S. comparable store and club sales were positively impacted by continued traffic improvement and higher e-commerce sales at the Walmart U.S. segment, partially offset by the negative impact of lower fuel sales due to lower fuel prices at the Sam's Club segment. E-commerce sales positively impacted Walmart U.S. comparable sales approximately 0.2% and 0.3% for the three and six months ended July 31, 2015, respectively, compared to positive impacts of approximately 0.3% for both the three and six months ended July 31, 2014. E-commerce sales positively impacted Sam's Club comparable sales approximately 0.5% for both the three and six months ended July 31, 2015, compared to positive impacts of approximately 0.2% for both the three and six months ended July 31, 2014.

Strategic Growth Investments

During the six months ended July 31, 2015, we made capital investments globally of $5.0 billion. These capital investments primarily consisted of payments to add new and remodel stores and clubs, construct distribution centers and invest in technology. In addition, we made operational investments of approximately $630 million in e-commerce, compared to approximately $430 million in the same period in the previous fiscal year. We also made investments of approximately $435 million in connection with the new associate wage structure and comprehensive associate training and educational programs announced during the first quarter of fiscal 2016.

Returns

While we are focused primarily on growth, we also place a priority on generating returns to ensure our approach is appropriately balanced. We generate returns by efficiently deploying assets and effectively managing working capital. We monitor these efforts through our return on investment and free cash flow metrics, which we discuss below. In addition, we are focused on providing returns to our shareholders in the form of share repurchases and dividends, which are discussed in the liquidity and capital resources section.

Return on Investment

Management believes return on investment ("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 potential strategic initiatives with possible short-term impacts.

ROI was 16.2% and 16.7% for the trailing twelve months ended July 31, 2015 and 2014, respectively. The decline in ROI was primarily due to continued capital investments, as well as our decrease in operating income.

We define ROI as adjusted operating income (operating income plus interest income, depreciation and amortization, and rent expense) for the fiscal year or 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 accumulated 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 eight. When we have discontinued operations, we exclude the impact of the discontinued operations.

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 eight for rent expense that estimates the hypothetical capitalization of our operating leases. We consider return on assets ("ROA") to be the financial measure computed in accordance with generally accepted accounting principles ("GAAP") that is the most directly comparable financial measure to our calculation of ROI. ROI differs from ROA (which is consolidated income from continuing operations for the period divided by average total assets of continuing operations for the period) because ROI: adjusts operating income to exclude certain expense items and adds interest income; adjusts total assets of continuing operations 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.

Although ROI is a standard financial metric, 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. We urge you to understand the methods used by other companies to calculate their ROI before comparing our ROI to that of such other companies.

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

(Amounts in millions)	For the Trailing Twelve Months Ending July 31, 2015	2014
CALCULATION OF RETURN ON INVESTMENT		
Numerator		
Operating income	$ 25,963	$ 26,590
+ Interest income	100	95
+ Depreciation and amortization	9,304	8,995
+ Rent	2,755	2,896
= Adjusted operating income	$ 38,122	$ 38,576
Denominator		
Average total assets of continuing operations[1]	$ 201,191	$ 202,261
+ Average accumulated depreciation and amortization[1]	67,192	61,328
- Average accounts payable[1]	37,027	36,765
- Average accrued liabilities[1]	18,264	18,427
+ Rent x 8	22,040	23,168
= Average invested capital	$ 235,132	$ 231,565
Return on investment (ROI)	16.2%	16.7%
CALCULATION OF RETURN ON ASSETS		
Numerator		
Income from continuing operations	$ 15,932	$ 16,214
Denominator		
Average total assets of continuing operations[1]	$ 201,191	$ 202,261
Return on assets (ROA)	7.9%	8.0%

	As of July 31, 2015	2014	2013
Certain Balance Sheet Data			
Total assets of continuing operations	$ 198,620	$ 203,762	$ 200,760
Accumulated depreciation and amortization	69,582	64,801	57,855
Accounts payable	37,225	36,828	36,701
Accrued liabilities	18,290	18,237	18,616

(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 income from continuing operations as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.

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 generated free cash flow of $5.1 billion for the six months ended July 31, 2015, compared to free cash flow of $6.8 billion for the six months ended July 31, 2014. The decrease in free cash flow was due to lower income from continuing operations and the timing of payments.

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

Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Walmart's management to calculate our free cash flow may differ from the methods used by other companies to calculate their free cash flow. We urge you to understand the methods used by other companies to calculate their free cash flow before comparing our free cash flow to that of such other companies.

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.

	Six Months Ended July 31,	
(Amounts in millions)	**2015**	**2014**
Net cash provided by operating activities	$ 10,102	$ 11,900
Payments for property and equipment	(5,044)	(5,113)
Free cash flow	$ 5,058	$ 6,787
Net cash used in investing activities [1]	$ (4,602)	$ (4,340)
Net cash used in financing activities	(8,774)	(8,755)

(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

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions, except unit counts)	2015	2014	2015	2014
Total revenues	$ 120,229	$ 120,125	$ 235,055	$ 235,085
Percentage change from comparable period	0.1 %	2.8%	0.0 %	1.8 %
Net sales	$ 119,330	$ 119,336	$ 233,332	$ 233,503
Percentage change from comparable period	0.0 %	2.8%	(0.1)%	1.8 %
Total U.S. calendar comparable store and club sales increase (decrease)	1.2 %	0.2%	0.5 %	(0.2)%
Gross profit margin as a percentage of net sales	24.5 %	24.6%	24.3 %	24.3 %
Operating income	$ 6,069	$ 6,740	$ 11,749	$ 12,933
Operating income as a percentage of net sales	5.1 %	5.7%	5.0 %	5.5 %
Income from continuing operations	$ 3,635	$ 4,089	$ 6,918	$ 7,800
Unit counts at period end	11,532	11,053	11,532	11,053
Retail square feet at period end	1,140	1,113	1,140	1,113

Our total revenues, which are mostly comprised of net sales, but also include membership and other income, increased 0.1% for the three months ended July 31, 2015, and were flat for the six months ended July 31, 2015 when compared to the same periods in the previous fiscal year. Net sales were flat for the three months ended July 31, 2015 and decreased 0.1% for the six months ended July 31, 2015. Net sales were negatively impacted by $4.2 billion and $7.4 billion of fluctuations in currency exchange rates and $490 million and $1.1 billion of decreases in fuel sales due to lower fuel prices for the three and six months ended July 31, 2015, respectively. The decreases were offset by 2.5% year-over-year growth in retail square feet, positive comparable sales in the Walmart U.S. segment and higher e-commerce sales across the Company.

Our gross profit rates were relatively flat for the three and six months ended July 31, 2015, respectively, when compared to the same periods in the previous fiscal year. Changes in the merchandise mix in the International segment and a reduction in low margin fuel sales in the Sam's Club segment positively impacted our gross profit rates, while continued pharmacy reimbursement pressure and a lower mix of higher margin cash transactions at the Walmart U.S. segment negatively impacted our gross profit rates.

For the three and six months ended July 31, 2015, operating expenses as a percentage of net sales increased 61 and 59 basis points, respectively, when compared to the same periods in the previous fiscal year. An increase in wage expense at the Walmart U.S. segment due to the new associate wage structure and increased associate hours to improve the overall customer experience, our continued investments in digital retail and increased employment claim contingencies and higher utility rates in Brazil were the primary factors that caused operating expenses as a percentage of net sales to increase for the three and six months ended July 31, 2015.

As a result of the factors discussed above, operating income decreased $671 million and $1.2 billion for the three and six months ended July 31, 2015, respectively, compared to the same periods in the previous fiscal year.

Our effective income tax rates were 34.2% and 33.4% for the three and six months ended July 31, 2015, respectively, compared to 34.1% for both of the same periods in the previous fiscal year. Our effective income tax rate may fluctuate from quarter to quarter as a result of factors including changes in our assessment of certain tax contingencies, valuation allowances, changes in tax law, outcomes of administrative audits, the impact of discrete items and the mix of earnings among our U.S. operations and international operations, which are subject to statutory rates that are generally lower than the U.S. statutory rate.

As a result of the factors discussed above, we reported $3.6 billion and $6.9 billion of consolidated income from continuing operations for the three and six months ended July 31, 2015, respectively, a decrease of $454 million and $882 million, respectively, when compared to the same periods in the previous fiscal year. Diluted income from continuing operations per common share attributable to Walmart ("EPS") was $1.08 and $2.11 for the three and six months ended July 31, 2015, respectively, a decrease compared to EPS of $1.21 and $2.31 for the three and six months ended July 31, 2014, respectively.

Walmart U.S. Segment

(Amounts in millions, except unit counts)	Three Months Ended July 31, 2015	Three Months Ended July 31, 2014	Six Months Ended July 31, 2015	Six Months Ended July 31, 2014
Net sales	$ 73,959	$ 70,601	$ 144,204	$ 138,453
Percentage change from comparable period	4.8%	2.7%	4.2%	2.3 %
Calendar comparable store sales increase (decrease)	1.9%	0.2%	1.3%	(0.1)%
Operating income	$ 4,819	$ 5,252	$ 9,458	$ 10,227
Operating income as a percentage of net sales	6.5%	7.4%	6.6%	7.4 %
Unit counts at period end	4,588	4,281	4,588	4,281
Retail square feet at period end	685	668	685	668

Net sales for the Walmart U.S. segment increased 4.8% and 4.2% for the three and six months ended July 31, 2015, respectively, when compared to the same periods in the previous fiscal year. The increases in net sales were primarily due to year-over-year growth in retail square feet of 2.6%, as well as increases in comparable store sales of 1.9% and 1.3% for the three and six months ended July 31, 2015, respectively. Positive customer traffic and higher e-commerce sales contributed to the increases in comparable store sales in both periods.

Gross profit rate decreased 41 and 27 basis points for the three and six months ended July 31, 2015, respectively, compared to the same periods in the previous fiscal year. Within pharmacy, the decreases were primarily due to continued reimbursement pressure and a lower mix of higher margin cash transactions, reflecting a marketplace shift in which more customers are now benefiting from greater drug insurance coverage. In addition, higher overall inventory shrink contributed to the decreases in the gross profit rate for both the three and six months ended July 31, 2015.

For the three and six months ended July 31, 2015, operating expenses as a percentage of segment net sales increased 50 and 55 basis points, respectively, when compared to the same periods in the previous fiscal year. The increases were primarily driven by an increase in wage expense due to the new associate wage structure and increased associate hours to improve the overall customer experience. In addition, increases in store associate incentive expense and our continued investments in digital retail and information technology contributed to the increases in operating expenses as a percentage of segment net sales.

As a result of the factors discussed above, segment operating income decreased $433 million and $769 million for the three and six months ended July 31, 2015, respectively, compared to the same periods in the previous fiscal year.

Walmart International Segment

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions, except unit counts)	2015	2014	2015	2014
Net sales	$ 30,637	$ 33,872	$ 60,915	$ 66,296
Percentage change from comparable period	(9.6)%	3.1%	(8.1)%	0.9%
Operating income	$ 1,277	$ 1,489	$ 2,347	$ 2,691
Operating income as a percentage of net sales	4.2 %	4.4%	3.9 %	4.1%
Unit counts at period end	6,293	6,132	6,293	6,132
Retail square feet at period end	368	359	368	359

Net sales for the Walmart International segment decreased 9.6% and 8.1% for the three and six months ended July 31, 2015, respectively, when compared to the same period in the previous fiscal year. The decreases in net sales were primarily due to $4.2 billion and $7.4 billion of negative impacts from fluctuations in currency exchange rates for the three and six months ended July 31, 2015, respectively. These decreases were partially offset by year-over-year growth in retail square feet of 2.5% and positive comparable sales in Mexico and Canada.

Gross profit rate increased 33 and 17 basis points for the three and six months ended July 31, 2015, when compared to the same periods in the previous fiscal year. The increases in the gross profit rate were primarily due to changes in the merchandise mix.

Operating expenses as a percentage of segment net sales increased 68 and 48 basis points for the three and six months ended July 31, 2015, respectively, when compared to the same periods in the previous fiscal year. The increase in operating expenses as a percentage of segment net sales for the three months ended July 31, 2015 was primarily driven by increased employment claim contingencies and higher utility rates in Brazil. In addition, continued investments in global e-commerce contributed to the increases in operating expenses as a percentage of segment net sales for the three and six months ended July 31, 2015.

As a result of the factors discussed above, segment operating income decreased $212 million and $344 million for the three and six months ended July 31, 2015, respectively, compared to the same periods in the previous fiscal year.

Sam's Club Segment

We believe the information in the following table under the caption "Excluding Fuel" 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.

	Three Months Ended July 31,		Six Months Ended July 31,	
(Amounts in millions, except unit counts)	2015	2014	2015	2014
Including Fuel				
Net sales	$ 14,734	$ 14,863	$ 28,213	$ 28,754
Percentage change from comparable period	(0.9)%	2.3%	(1.9)%	1.2 %
Calendar comparable club sales increase (decrease)	(2.2)%	0.6%	(3.2)%	(0.3)%
Operating income	$ 428	$ 494	$ 855	$ 973
Operating income as a percentage of net sales	2.9 %	3.3%	3.0 %	3.4 %
Unit counts at period end	651	640	651	640
Retail square feet at period end	87	86	87	86
Excluding Fuel				
Net sales	$ 13,395	$ 13,034	$ 25,758	$ 25,249
Percentage change from comparable period	2.8 %	1.7%	2.0 %	1.1 %
Operating income	$ 421	$ 466	$ 857	$ 943
Operating income as a percentage of net sales	3.1 %	3.6%	3.3 %	3.7 %

Net sales for the Sam's Club segment decreased 0.9% and 1.9% for the three and six months ended July 31, 2015, respectively, when compared to the same periods of the previous fiscal year. The decreases in net sales were primarily due to declines in comparable club sales, which were driven by decreases of $490 million and $1.1 billion in fuel sales from lower fuel prices for the three and six months ended July 31, 2015, respectively, partially offset by higher e-commerce sales at samsclub.com. Furthermore, the decreases in net sales were partially offset by year-over-year growth in retail square feet of 1.7%.

Gross profit rate decreased 5 basis points for the three months ended July 31, 2015, when compared to the same period in the previous fiscal year, primarily due to the segment's continued investment in the Cash Rewards program and increased seasonal markdowns. The decrease was partially offset by the reduction in low margin fuel sales. Gross profit rate increased 10 basis points for the six months ended July 31, 2015, when compared to the same period in the previous fiscal year. The gross profit rate benefited from a reduction in low margin fuel sales, partially offset by the segment's continued investment in the Cash Rewards program.

Membership and other income increased 6.4% and 5.6% for the three and six months ended July 31, 2015, respectively, when compared to the same periods in the previous fiscal year. The increases were primarily the result of increased membership upgrades and Plus member renewals.

For the three and six months ended July 31, 2015, operating expenses as a percentage of segment net sales increased 53 and 63 basis points compared to the same periods in the previous fiscal year. The increases in operating expenses as a percentage of segment net sales were primarily due to lower fuel sales on fixed expenses related to operating our fuel stations, and investments in new clubs, digital retail and information technology.

As a result of the factors discussed above, segment operating income decreased $66 million and $118 million for the three and six months ended July 31, 2015, respectively, compared to the same periods in the previous fiscal year.

Liquidity and Capital Resources

Liquidity

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

Net Cash Provided by Operating Activities

	Six Months Ended July 31,	
(Amounts in millions)	**2015**	**2014**
Net cash provided by operating activities	$ 10,102	$ 11,900

Net cash provided by operating activities was $10.1 billion and $11.9 billion for the six months ended July 31, 2015 and 2014, respectively. The decrease in net cash provided by operating activities was due to lower income from continuing operations and the timing of payments.

Cash Equivalents and Working Capital

Cash and cash equivalents were $5.8 billion and $6.2 billion at July 31, 2015 and 2014, respectively. Our working capital deficit was $7.1 billion and $7.5 billion at July 31, 2015 and 2014, 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 in providing returns to our shareholders in the form of payments of cash dividends and share repurchases.

We use intercompany financing arrangements in an effort to ensure cash can be made available in the country in which it is needed with the minimum cost possible. We do not believe it will be necessary to repatriate cash and cash equivalents held outside of the U.S. and anticipate our domestic liquidity needs will be met through cash flows provided by operating activities, supplemented with long-term debt and short-term borrowings. Accordingly, we intend, with only certain exceptions, to continue to indefinitely reinvest our cash and cash equivalents held outside of the U.S. in our foreign operations. When the income earned, either from operations or through intercompany financing arrangements, and indefinitely reinvested outside of the U.S. is taxed at local country tax rates, which are generally lower than the U.S. statutory rate, we realize an effective tax rate benefit. If our intentions with respect to reinvestment were to change, most of the amounts held within our foreign operations could be repatriated to the U.S., although any repatriation under current U.S. tax laws would be subject to U.S. federal income taxes, less applicable foreign tax credits. As of July 31, 2015 and January 31, 2015, cash and cash equivalents of approximately $1.2 billion and $1.7 billion, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions. We do not expect local laws, other limitations or potential taxes on anticipated future repatriations of cash amounts held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations.

Net Cash Used in Investing Activities

	Six Months Ended July 31,	
(Amounts in millions)	**2015**	**2014**
Net cash used in investing activities	$ (4,602)	$ (4,340)

Net cash used in investing activities was $4.6 billion and $4.3 billion for the six months ended July 31, 2015 and 2014, respectively, and generally consisted of payments to add stores, remodel existing stores, expand our digital retail capabilities and invest in other technologies. Net cash used in investing activities increased $262 million for the six months ended July 31, 2015, when compared to the same period in the previous fiscal year, primarily due to fewer proceeds received from the disposal of certain operations. In July 2015, we received cash proceeds of $246 million in connection with the sale of our bank operations in Mexico compared to cash proceeds of $671 million received in May 2014 in connection with the sale of the Vips restaurant business in Mexico. Both transactions are reflected in proceeds from disposal of certain operations. The sale of the Vips restaurant business is further described in Note 10 to our Condensed Financial Statements.

Net Cash Used in Financing Activities

(Amounts in millions)	Six Months Ended July 31, 2015	2014
Net cash used in financing activities	(8,774)	(8,755)

Net cash flows used in financing activities generally consist 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. Net cash used in financing activities was flat for the six months ended July 31, 2015, when compared to the same period in the previous fiscal year.

Long-term Debt

The following table provides the changes in our long-term debt for the six months ended July 31, 2015:

(Amounts in millions)	Long-term debt due within one year	Long-term debt	Total
Balances as of February 1, 2015	$ 4,791	$ 40,889	$ 45,680
Proceeds from issuance of long-term debt	—	42	42
Payments of long-term debt	(3,159)	—	(3,159)
Reclassifications of long-term debt	2,000	(2,000)	—
Other	392	(350)	42
Balances as of July 31, 2015	$ 4,024	$ 38,581	$ 42,605

Our total outstanding long-term debt balance decreased $3.1 billion for the six months ended July 31, 2015, primarily due to timing of issuances and maturities.

Dividends

On February 19, 2015, the Board of Directors approved the fiscal 2016 annual dividend of $1.96 per share, an increase compared to the fiscal 2015 annual dividend of $1.92 per share. For fiscal 2016, the annual dividend will be paid in four quarterly installments of $0.49 per share, according to the following record and payable dates:

Record Date	Payable Date
March 13, 2015	April 6, 2015
May 8, 2015	June 1, 2015
August 7, 2015	September 8, 2015
December 4, 2015	January 4, 2016

The dividend installments payable on April 6, 2015, June 1, 2015 and September 8, 2015, were paid as scheduled.

Company Share Repurchase Program

From time to time, we repurchase shares of our common stock under share repurchase programs authorized by the Board of Directors. The current $15.0 billion share repurchase program has no expiration date or other restrictions limiting the period over which we can make share repurchases. At July 31, 2015, authorization for $9.0 billion of share repurchases remained under the current 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. The following table provides, on a trade date basis, the number of shares repurchased, average price paid per share and total amount paid for share repurchases for the six months ended July 31, 2015 and 2014:

(Amounts in millions, except per share data)	Six Months Ended July 31, 2015	2014
Total number of shares repurchased	17.1	12.3
Average price paid per share	$ 75.27	$ 75.96
Total amount paid for share repurchases	$ 1,283	$ 933

Transactions with Noncontrolling Interests

As described in Note 10 to our Condensed Financial Statements, in July 2015, we completed the purchase of all of the remaining noncontrolling interest in Yihaodian, our e-commerce operations in China, for approximately $760 million, using existing cash to complete this transaction.

Capital Resources

We believe cash flows from continuing 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, 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. At July 31, 2015, the ratings assigned to our commercial paper and rated series of our outstanding long-term debt were as follows:

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

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

Other Matters

In Note 9 to our Condensed Consolidated Financial Statements, which is captioned "Contingencies" and appears in Part I of this Quarterly Report on Form 10-Q under the caption "Item 1. Financial Statements," we discuss, under the sub-caption "FCPA Investigation and Related Matters," our existing FCPA investigation and related matters and possible effects of those matters on Walmart's business. In that Note 9, we also discuss, under the sub-caption "Legal Proceedings-ASDA Equal Value Claims," certain existing employment claims against ASDA. We also discuss various legal proceedings related to the FCPA investigation in Part II of this Quarterly Report on Form 10-Q under the caption "Item 1. Legal Proceedings," under the sub-caption "II. Certain Other Proceedings." The ASDA employment claims and other matters described elsewhere in this Quarterly Report on Form 10-Q represent contingent liabilities of the Company that may or may not result in the incurrence of any material liability by the Company in connection with one or more of such matters upon their final resolution.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risks relating to our operations result primarily from changes in interest rates and changes in currency exchange rates. Our market risks at July 31, 2015 are similar to those disclosed in our Form 10-K for the fiscal year ended January 31, 2015. At July 31, 2015, the fair value of our derivative instruments had decreased approximately $29 million since January 31, 2015, primarily due to maturities and fluctuations in market interest rates during the six months ended July 31, 2015. In addition, movements in currency exchange rates and the related impact on the translation of the balance sheets of the Company's subsidiaries in Mexico, Brazil and Canada were the primary cause of the $1.2 billion net loss for the six months ended July 31, 2015, in the currency translation and other category of accumulated other comprehensive income (loss).

The information concerning market risk under the sub-caption "Market Risk" of the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 19 and 20 of the parts of our Annual Report to Shareholders for the fiscal year ended January 31, 2015, included as Exhibit 13 to our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, is hereby incorporated by reference into this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be disclosed timely, 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 and more efficient systems, updating existing systems, automating manual processes, migrating certain processes to our shared services organizations and increasing monitoring controls. These changes have not materially affected, and are not reasonably likely to materially affect, the Company's internal control over financial reporting.

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. This evaluation is performed to determine if 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.

During the second quarter of fiscal 2016, we identified a material weakness in our controls over accounting for leases, as described below. Based upon that discovery, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are not effective at a level that provides reasonable assurance as of the last day of the period covered by this report.

The material weakness in internal control over financial reporting resulted from the lack of controls which allowed for the misinterpretation and historical misapplication of Accounting Standards Codification ("ASC") 840, *Leases*, regarding sale-leaseback accounting, including lessee involvement in the construction of leased assets. Specifically, we did not have adequate controls in place to properly identify and account for leases that were subject to the sale-leaseback accounting guidance, including leases in which we made payments for certain structural components included in the lessor's construction of the leased assets, which should have resulted in the Company being deemed the owner of the leased assets for accounting purposes.

To remediate the material weakness described above, we have initiated compensating controls in the near term and are enhancing and revising the design of existing controls and procedures to properly apply sale-leaseback accounting, including lessee involvement in the construction of leased assets, under ASC 840. The material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of fiscal year 2016.

Except as noted above, there has been no change in the Company's internal control over financial reporting as of July 31, 2015, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

I. SUPPLEMENTAL INFORMATION: We discuss certain legal proceedings in Part I of this Quarterly Report on Form 10-Q under the caption "Item 1. Financial Statements," in Note 9 to our Condensed Consolidated Financial Statements, which is captioned "Contingencies," under the sub-caption "Legal Proceedings," and refer you to that discussion, which is incorporated herein by reference to that Note 9, 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.

Wage-and-Hour Class Action: *Braun/Hummel v. Wal-Mart*, Ct. of Common Pleas, Philadelphia County, PA, 3/20/02 and 8/30/04; Superior Ct. of PA, Eastern Dist., Philadelphia, PA, 12/7/07; Supreme Ct. of PA, Harrisburg, PA, 10/9/11; US Supreme Court, Washington, D.C., 3/13/15.

ASDA Equal Value Claims: Ms S Brierley & Others v ASDA Stores Ltd (2406372/2008 & Others-Manchester Employment Tribunal).

II. CERTAIN OTHER PROCEEDINGS: The Company is a defendant in several lawsuits in which the complaints closely track the allegations set forth in a news story that appeared in *The New York Times (*the "*Times*"*)* on April 21, 2012. One of these is a securities lawsuit 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 seeks damages and other relief based on allegations that the defendants' conduct affected the value of such stock. In addition, a number of derivative complaints have been filed in Delaware and Arkansas, also tracking the allegations of the *Times* story, and naming various current and former officers and directors as additional defendants. The plaintiffs in the derivative suits (in which the Company is a nominal defendant) allege, among other things, that the defendants who are or were directors or officers of the Company breached their fiduciary duties in connection with oversight of FCPA compliance. All of the derivative suits have been combined into two consolidated proceedings, one of which is currently pending in the Western District of Arkansas and the other in the Delaware Court of Chancery. On March 31, 2015, the United States District Court for the Western District of Arkansas granted the defendants' motion to dismiss the consolidated derivative proceedings in that court. On April 15, 2015, plaintiffs filed their notice of appeal with the United States Court of Appeals for the Eighth Circuit. Management does not believe any possible loss or the range of any possible loss that may be incurred in connection with these proceedings will be material to the Company's financial condition or results of operations.

Securities Class Action: *City of Pontiac General Employees Retirement System v. Wal-Mart Stores, Inc.,* USDC, Western Dist. of AR, 5/7/12.

Derivative Lawsuits: *In re Wal-Mart Stores, Inc. Shareholder Derivative Litigation*, USDC, Western Dist. of AR, 5/31/12; 8th Circuit Ct. of Appeals, St. Louis, MO; 4/15/15; *In re Wal-Mart Stores, Inc. Delaware Derivative Litigation,* Delaware Ct. of Chancery, 4/25/12.

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.

On April 23, 2015, Wal-Mart Transportation LLC, a subsidiary of the Company, received a Finding and Notice of Violation from the Environmental Protection Agency alleging that Walmart Transportation violated the California Air Resources Board's Truck and Bus regulations by failing to install particulate matter filters on some diesel fuelled vehicles. The Company is responding to the allegations and is cooperating with the agency.

On April 6, 2015, representatives for the Brazilian Institute of the Environment alleged that WMS Supermercados do Brasil Ltda ("Walmart Brazil"), a subsidiary of the Company, had failed to file required reports documenting the number of tires imported, sold and recycled. The agency proposed a penalty of approximately $857,000 and prohibited Walmart Brazil from selling or importing tires until the matter is resolved.

In September 2014, a spill of approximately 50 liters of fuel occurred at a store in Lerma, Mexico. A subsidiary of the Company, Nueva Wal-Mart de Mexico, S. de R.L. de C.V., took steps to address the spill, engaged an expert to oversee the final cleanup and implemented a monitoring program. No contamination was detected. The Municipality of Lerma proposed a penalty of approximately $128,000 to resolve the situation.

In February 2014, a division of the Health Department of the City of Vitória notified Walmart Brazil, a subsidiary of the Company, that a wastewater leak had been observed in the parking lot of a store. Walmart Brazil took steps to address the situation and is cooperating with the agency to resolve the issue.

In January 2014, a division of the State Department of Sustainable Development of Santa Catarina notified Walmart Brazil that a store did not have the proper license for a wastewater treatment system. Walmart Brazil is working with the agency to resolve the issue.

In August 2013, the Company received a notice from the California Air Resources Board ("CARB") alleging that two products sold by the Company have exceeded volatile organic chemical limits prescribed in its California Consumer Products Regulations. The Company is responding to the allegations and cooperating with CARB's investigation.

In April 2013, a subsidiary of the Company, Corporacion de Compañias 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 seventeen years ago for a perishables distribution center that is situated along a protected river bank. The subsidiary obtained permits from the Municipality and the Secretaria Técnica Nacional Ambiental at the time of construction, but the Municipality now alleges that the wall is non-conforming.

In July 2011, the Environmental Department of Bento Gonçalves notified Walmart Brazil that it is investigating alleged soil contamination from oil leakage. Walmart Brazil is cooperating with the agency and monitoring the affected area.

In April and May 2011, the Environmental and Natural History Ministry of Chiapas, Mexico ("Ministry") notified a subsidiary of the Company, Arrendadora de Centros Comerciales, S. de R.L. de C.V. ("Arrendadora"), that five stores may have been constructed without first obtaining an environmental impact license as required, and for failing to comply with conditions required by those licenses. In 2014, the Ministry informed Arrendadora that four additional stores may have been constructed with the same deficiencies. The Ministry has proposed a penalty of approximately $178,000 for the five original stores and $857,000 for the four additional stores. The Ministry has also required the Company to obtain the licenses and comply with the conditions.

In January 2011, the Environmental Department of Porto Alegre Municipality formally notified Walmart Brazil of soil inspection reports indicating soil contamination due to leakage of oil from power generating equipment at nine store locations in Brazil. Walmart Brazil is cooperating with the agency as well as the District Attorney's Office for the State of Rio Grande do Sul and has filed a mitigation plan to address the situation.

Item 1A. Risk Factors

The risks described in Item 1A. Risk Factors, in our Annual Report on Form 10-K for the year ended January 31, 2015, could materially and adversely affect Wal-Mart Stores, Inc.'s (the "Company" or "our" or "we") business, financial condition and results of operations. The risk factors discussed in that Form 10-K do not identify all risks that we face because our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. No material change in the risk factors discussed in that Form 10-K has occurred.

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

From time to time, the Company repurchases shares of its common stock under share repurchase programs authorized by the Board of Directors. The current $15.0 billion share repurchase program has no expiration date or other restrictions limiting the period over which the Company can make share repurchases. At July 31, 2015, authorization for $9.0 billion of share repurchases remained under the current share repurchase program. Any repurchased shares are constructively retired and returned to an unissued status.

The Company regularly reviews its share repurchase activity and considers several factors in determining when to execute share repurchases, including, among other things, current cash needs, capacity for leverage, cost of borrowings and the market price of its common stock. Share repurchase activity under our share repurchase program, on a trade date basis, for the three months ended July 31, 2015, was as follows:

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (billions)
May 1-31, 2015	2,680,453	$ 78.04	2,680,453	$ 9.8
June 1-30, 2015	3,980,196	73.16	3,980,196	9.5
July 1-31, 2015	6,914,935	72.66	6,914,935	9.0
Total	13,575,584		13,575,584	

Item 5. Other Information

Cautionary Statement Regarding Forward-Looking Statements

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

Forward-looking Statements

The forward-looking statements in this report include:

- statements in Note 6 to Walmart's Condensed Consolidated Financial Statements as of and for the three and six months ended July 31, 2015 regarding the expected insignificance of any ineffective portion of certain net investment and cash flow derivative financial instruments to which Walmart is a party and of the amounts relating to such derivative financial instruments expected to be reclassified from accumulated other comprehensive income (loss) to net income in the next 12 months; a statement in Note 8 to those Condensed Consolidated Financial Statements regarding the payment of dividends in the remainder of fiscal year 2016; and statements in Note 9 to those Condensed Consolidated Financial Statements regarding the possible outcome of, and future effect on Walmart's financial condition and results of operations of, certain litigation and other proceedings to which Walmart is a party, the possible outcome of, and future effect on Walmart's business of, certain other matters to which Walmart is subject, including Walmart's existing FCPA matters, and the liabilities, expenses and costs that Walmart may incur in connection with such matters;
- in Part I., Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations": statements under the caption "Overview" relating to the Company's strategy and the possible continuing impact of volatility in currency exchange rates on the results, including the net sales and operating income, of Walmart and the Walmart International segment and relating to the Company's expectations regarding making certain cumulative adjustments to the Company's balance sheets, statements of income and statements of cash flows relating to the Company's accounting treatment for leases in the third quarter of fiscal 2016 and the immateriality of those cumulative adjustments; statements under the caption "Company Performance Metrics" regarding Walmart continuing to grow through new stores and clubs and through increasing comparable store and club sales, Walmart's operating expenses potentially growing at a rate greater than or equal to the rate of Walmart's sales growth and Walmart's operating income potentially growing at a rate equal to or less than the rate of Walmart's net sales growth and with respect to Walmart's objective of balancing growth with returns and Walmart continuing to provide returns to our shareholders through share repurchases and dividends; a statement under the caption "Company Performance Metrics - Growth" regarding Walmart's strategic investments potentially not benefiting net sales and comparable store and club sales in the near term; statements under the caption "Results of Operations - Consolidated Results of Operations" regarding the possibility of fluctuations in Walmart's effective income tax rate from quarter to quarter and the factors that may cause those fluctuations; a statement under the caption "Results of Operations - Sam's Club Segment" relating to the possible continuing impact of volatility in fuel prices on the future operating results of the Sam's Club segment; a statement under the caption "Liquidity and Capital Resources - Liquidity" that the Company's sources of liquidity will be adequate to fund its operations, finance its global expansion activities, to pay dividends and to fund share repurchases; statements under the caption "Liquidity and Capital Resources - Liquidity - Net Cash Provided by Operating Activities - Cash Equivalents and Working Capital" regarding management's expectation that domestic liquidity needs will be met through funding sources other than cash held outside of the United States, Walmart's intent with respect to its reinvestment of certain cash and cash equivalents held outside of the United States in its foreign operations, its need and ability to repatriate certain amounts of cash held outside of the United States to the United States and management's expectations with respect to the effect on Walmart's overall liquidity, financial condition and results of operations of local laws, other limitations and potential taxes regarding repatriation of such cash; a statement under the caption "Liquidity and Capital Resources Liquidity - Net Cash Used in Financing Activities - Dividends Paid" regarding the payment of dividends in the remainder of fiscal year 2016; and statements under the caption "Liquidity and Capital Resources - Capital Resources" regarding management's expectations regarding the Company's cash flows from continuing operations, its current cash position and access to capital markets continuing to be sufficient to meet the Company's anticipated operating cash needs and for the effect that lower ratings of Walmart's commercial paper and rated series of long-term debt would have on Walmart's access to the commercial paper and long-term debt markets and Walmart's cost of funds; and

- in Part I., Item 4. "Controls and Procedures": the statements regarding the expectation of the remediation of the material weakness in internal controls over financial reporting regarding sale-leaseback accounting, including lessee involvement in the construction of leased assets under ASC 840 prior to the end of fiscal year 2016; and
- statements in Part II., Item 1. "Legal Proceedings" regarding management's expectations with respect to the effect that possible losses or the range of possible losses that might be incurred in connection with the legal proceedings and other matters discussed in Part II., Item 1. may have on Walmart's financial condition and results of operations, as well as other statements about Walmart's future performance, occurrences, plans and objectives, including financial and performance objectives and goals.

Risks, Factors and Uncertainties Regarding our Business

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

Economic Factors

- economic, geo-political, capital markets and business conditions, trends and events around the world and in the markets in which Walmart operates;
- currency exchange rate fluctuations;
- changes in market rates of interest;
- geopolitical conditions and events;
- unemployment levels;
- inflation or deflation, generally and in certain product categories;
- transportation, energy and utility costs;
- commodity prices;
- consumer confidence, disposable income, credit availability, spending levels, shopping patterns, and demand for certain merchandise;
- consumer enrollment in health and drug insurance programs and such programs' reimbursement rates;
- competitive pressures;

Operating Factors

- the Company's overall financial performance in a particular period, including amounts of Walmart's consolidated net sales and operating expenses for a particular period;
- the amounts of the Company's consolidated cash flows, the cash flows of the Company's U.S. businesses and the cash flows of the Company's international operations in a particular period;
- the Company's overall liquidity and liquidity requirements of its global operations, its operations in the U.S. and its international operations in a particular period;
- the effects that the Company's overall liquidity, liquidity requirements, globally and in each country in which the Company operates, and access to the capital markets at pertinent times has on the Company's funding of its operations, capital expenditures, dividend payments, and share repurchases;
- unanticipated changes in the Company's strategy for its business;
- the Company's need to repatriate into the United States the cash held by the Company outside of the United States;
- customer traffic and average ticket in Walmart's stores and clubs and on its e-commerce websites;
- the mix of merchandise Walmart sells and the amounts of merchandise Walmart sells in U.S. dollars and in each other currency in which Walmart conducts operations;
- the shrinkage that Walmart experiences;
- consumer acceptance of Walmart's stores and clubs, e-commerce websites, mobile apps, programs and merchandise offerings;
- Walmart's cost of goods sold and the cost to Walmart of non-inventory assets other than real property assets;
- the cost to Walmart of transportation, energy and utility services;
- Walmart’s selling prices of gasoline and diesel fuel and the volumes of gasoline and diesel fuel sold by each operating segment of Walmart in various fiscal periods;
- disruptions in Walmart's supply chain;
- cybersecurity events affecting Walmart and related costs;
- Walmart's labor costs, including healthcare and other benefit costs;
- Walmart's casualty and accident-related costs and insurance costs;
- turnover in Walmart's workforce;
- the ability of the Company to reduce its operating, selling, general and administrative expense or maintain the current level of such expenses relating to various aspects of its operations while continuing to grow its net sales;
- the amount expended for share repurchases by the Company in a particular period;
- the availability and cost of appropriate locations for new and relocated stores, clubs and other facilities;
- local real estate, zoning, land use and other laws, ordinances, legal restrictions and initiatives that impose limitations on Walmart's ability to build, relocate or expand stores in certain locations;

- the availability of persons with the necessary skills and abilities necessary to meet the company's needs for managing and staffing new units and conducting their operations and to meet seasonal associate hiring needs;
- the availability of necessary utilities for new units;
- the availability of skilled labor in areas in which new units are to be constructed or existing units are to be relocated, expanded or remodeled;
- delays in the opening of new, expanded or relocated units;
- developments in, and the outcome of, legal and regulatory proceedings and investigations to which Walmart is a party or is subject, and the liabilities, obligations and expenses, if any, that Walmart may incur in connection therewith;
- changes in the credit ratings assigned to the Company's commercial paper and debt securities by credit rating agencies;
- factors that may affect Walmart's effective income tax rate for fiscal year 2016 and fluctuations of the effective tax rate from quarter to quarter as discussed above;
- changes in accounting judgments and estimates;
- the outcome of the Company's review of its accounting treatment of leases, the total project costs associated with leased assets that must be treated as owned assets of the Company and have not previously been treated as such and the rents and other amounts payable under or associated with the leases to which such leased assets are subject or such leased assets;
- the outcome of the Company's remediation plan and approach to the material weakness in internal control over financial reporting regarding sale-leaseback accounting, including lessee involvement in the construction of leased assets under ASC 840 prior to the end of fiscal year 2016;

Regulatory and Other Factors

- governmental policies, programs, initiatives and actions in the markets in which Walmart operates and elsewhere;
- adoption of, expansion to, or changes in tax, labor and other laws and regulations that affect the Company's business, including changes in corporate tax rates;
- tariff rates and trade restrictions;
- changes in currency control laws;
- the level of public assistance payments;
- natural disasters, public health emergencies, civil disturbances, and terrorist attacks; and changes in generally accepted accounting principles in the United States.

Other Risks Factors; No Duty to Update

This Quarterly Report on Form 10-Q should be read in conjunction with Walmart's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 and all of Walmart's subsequent other filings, including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, made with the SEC. Walmart urges the reader to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in this Quarterly Report on Form 10-Q. The Company cannot assure you that the results or developments anticipated by the Company and reflected or implied by any forward-looking statement contained in this Quarterly Report on Form 10-Q will be realized or, even if substantially realized, that those results or developments will result in the forecasted or expected consequences for the Company or affect the Company, its operations or its financial performance as the Company has forecasted or expected. As a result of the matters discussed above and other matters, including changes in facts, assumptions not being realized or other factors, the actual results relating to the subject matter of any forward-looking statement in this Quarterly Report on Form 10-Q may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report, and Walmart undertakes no obligation to update any of these forward-looking statements to reflect subsequent events or circumstances.

Item 6. Exhibits

The required exhibits are included at the end of the Form 10-Q or are incorporated herein by reference and are described in the Index to Exhibits immediately following the signatures page.

SIGNATURES

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

WAL-MART STORES, INC.

Date: September 9, 2015	By:	/s/ C. Douglas McMillon
		C. Douglas McMillon **President and Chief Executive Officer** **(Principal Executive Officer)**
Date: September 9, 2015	By:	/s/ Charles M. Holley, Jr.
		Charles M. Holley, Jr. **Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**
Date: September 9, 2015	By:	/s/ Steven P. Whaley
		Steven P. Whaley **Senior Vice President and Controller** **(Principal Accounting Officer)**

Index to Exhibits

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

Exhibit 3.1	Restated Certificate of Incorporation of the Company, the Certificate of Amendment to the Restated Certificate of Incorporation executed August 19, 1991, and the Certificate of Amendment to the Restated Certificate of Incorporation executed July 27, 1999 are incorporated herein by reference to Exhibits 4.1, 4.2 and 4.3, respectively, to the Registration Statement on Form S-3 of the Company (File Number 333-178385) filed with the SEC on December 8, 2011.
Exhibit 3.2	Amended and Restated Bylaws of Wal-Mart Stores, Inc., effective as of June 5, 2014, are incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 30, 2014 as filed with the SEC on June 6, 2014.
Exhibit 12.1*	Ratio of Earnings to Fixed Charges
Exhibit 31.1*	Chief Executive Officer Section 302 Certification
Exhibit 31.2*	Chief Financial Officer Section 302 Certification
Exhibit 32.1**	Chief Executive Officer Section 906 Certification
Exhibit 32.2**	Chief Financial Officer Section 906 Certification
Exhibit 99	The information incorporated by reference in Part I, Item 3 of this Quarterly Report on Form 10-Q is incorporated herein by reference to the material set forth under the sub-caption "Market Risk" in Management's Discussion and Analysis of Financial Condition and Results of Operations, which is contained in Exhibit 13 to the Company's Annual Report on Form 10-K for the year ended January 31, 2015, as filed with the SEC.
Exhibit 101.INS*	XBRL Instance Document
Exhibit 101.SCH*	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith as an Exhibit.

** Furnished herewith as an Exhibit.

Exhibit 12.1

Wal-Mart Stores, Inc.
Ratio of Earnings to Fixed Charges

	Six Months Ended July 31,		Fiscal Years Ended January 31,				
(Amounts in millions)	**2015**	**2014**	**2015**	**2014**	**2013**	**2012**	**2011**
Income from continuing operations before income taxes	$ 10,382	$ 11,827	$ 24,799	$ 24,656	$ 25,662	$ 24,332	$ 23,506
Capitalized interest	(18)	(35)	(59)	(78)	(74)	(60)	(63)
Consolidated net income attributable to the noncontrolling interest	(102)	(399)	(736)	(673)	(757)	(688)	(604)
Adjusted income before income taxes	10,262	11,393	24,004	23,905	24,831	23,584	22,839
Fixed charges:							
Interest [1]	1,428	1,197	2,520	2,413	2,325	2,382	2,268
Interest component of rent	444	451	916	933	859	790	651
Total fixed charges	1,872	1,648	3,436	3,346	3,184	3,172	2,919
Income before income taxes and fixed charges	$ 12,134	$ 13,041	$ 27,440	$ 27,251	$ 28,015	$ 26,756	$ 25,758
Ratio of earnings to fixed charges	6.5	7.9	8.0	8.1	8.8	8.4	8.8

(1) Includes interest on debt and capital leases, amortization of debt issuance costs and capitalized interest.

Exhibit 31.1

I, C. Douglas McMillon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wal-Mart Stores, 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: September 9, 2015

/s/ C. Douglas McMillon

C. Douglas McMillon
President and Chief Executive Officer

Exhibit 31.2

I, Charles M. Holley, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wal-Mart Stores, 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: September 9, 2015

/s/ Charles M. Holley, Jr.

Charles M. Holley, Jr.
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Wal-Mart Stores, Inc. (the "Company") on Form 10-Q for the period ending July 31, 2015 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 September 9, 2015.

/s/ C. Douglas McMillon

C. Douglas McMillon
President and Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of Wal-Mart Stores, Inc. (the "Company") on Form 10-Q for the period ending July 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles M. Holley, Jr., 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 September 9, 2015.

/s/ Charles M. Holley, Jr.

Charles M. Holley, Jr.
Executive Vice President and Chief Financial Officer