

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

FORM 10-K

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
for the fiscal year ended January 31, 2016, or  
Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
Commission file number 001-6991.



**WAL-MART STORES, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

71-0415188  
(IRS Employer  
Identification No.)

702 S.W. 8th Street  
Bentonville, Arkansas  
(Address of principal executive offices)

72716  
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	New York Stock Exchange

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

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

Yes  No

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

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically 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  No

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

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of July 31, 2015, the aggregate market value of the voting common stock of the registrant held by non-affiliates of the registrant, based on the closing sale price of those shares on the New York Stock Exchange reported on July 31, 2015, was \$112,949,080,512. For the purposes of this disclosure only, the registrant has assumed that its directors, executive officers (as defined in Rule 3b-7 under the Exchange Act) and the beneficial owners of 5% or more of the registrant's outstanding common stock are the affiliates of the registrant.

The registrant had 3,144,335,104 shares of common stock outstanding as of March 28, 2016.

#### DOCUMENTS INCORPORATED BY REFERENCE

<u>Document</u>	<u>Parts Into Which Incorporated</u>
Portions of the registrant's Annual Report to Shareholders for the Fiscal Year Ended January 31, 2016 (the "Annual Report to Shareholders") included as Exhibit 13 to this Form 10-K	Parts I and II
Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held June 3, 2016 (the "Proxy Statement")	Part III

### **Cautionary Statement Regarding Forward-Looking Statements**

This Annual Report on Form 10-K and other reports, statements, and information that Wal-Mart Stores, Inc. (which individually or together with its subsidiaries, as the context otherwise requires, is referred to as "we," "Walmart" or the "Company") has filed with or furnished to the Securities and Exchange Commission ("SEC") or may file with or furnish to the SEC in the future, and prior or future public announcements and presentations that we or our management have made or may make, include or may include, or incorporate or may incorporate by reference, statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended (the "Act"), that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Act.

#### Nature of Forward-Looking Statements

Such forward-looking statements are not statements of historical facts, but instead express our estimates or expectations for our economic performance or results for future periods or as of future dates or events or developments that may occur in the future, including, without limitation, our earnings per share, the comparable store and clubs sales for one or more of our reportable segments, our effective tax rate, the dividends we will pay, our capital structure, the outcome of tax matters, the outcome of, the costs we may incur, and the liability we may have or not have in, legal or regulatory proceedings to which we are subject, and, on a consolidated basis or for one or more of our reportable segments, the amount of or period-over-period change in total revenue, net sales, membership income, other income, gross merchandise value, inventory levels, performance of certain categories of merchandise, capital expenditures, expense items, store and club openings, the amount and nature of capital and operating expenditures and investments, increases in retail square footage, the consummation of acquisitions or dispositions of assets, and other financial measures or metrics. Our forward-looking statements also include statements of our strategies, plans and objectives for our operations, including areas of future focus in our operations, and the assumptions underlying any of the forward-looking statements we make. The forward-looking statements we make can typically be identified by the use therein of words and phrases such as "aim," "anticipate," "believe," "could occur," "could result," "continue," "estimate," "expect," "expectation," "focus," "forecast," "goal," "guidance," "intend," "plan," "priority," "project," "to be," "will be," "will benefit," "will change," "will come in at," "will continue," "will decrease," "will grow," "will have," "will increase," "will remain," "will strengthen" and "will stay," variations of such words or phrases, other phrases commencing with the word "will" or similar words and phrases denoting anticipated or expected occurrences or results. The forward-looking statements include statements made in Part I, Item 3. "Legal Proceedings" in this Annual Report on Form 10-K as to our belief that the possible loss or range of any possible loss that may be incurred in connection with certain legal proceedings will not be material to our financial condition, results of operations, or liquidity.

#### Risks Factors and Uncertainties Affecting Our Business

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

- economic, geo-political, financial markets and business conditions, trends, changes, and events, economic crises, including sovereign debt crises, and disruptions in the financial markets;
- monetary policies of the various governments, governmental entities, and central banks;
- currency exchange rate fluctuations and volatility and changes in market rates of interest;
- inflation and deflation, generally and in certain product categories, including gasoline and diesel fuel;
- consumer confidence, disposable income, credit availability, spending levels, shopping patterns, debt levels, demand for certain merchandise and receipt of income tax refunds and public assistance payments;
- consumer acceptance of our stores and clubs, e-commerce websites, mobile commerce applications, initiatives, programs and merchandise offerings and customer traffic and average ticket in our stores and clubs and on our retail websites and mobile commerce applications;
- the availability of attractive opportunities for investment in retail operations and e-commerce operations;
- commodity and energy prices and selling prices of commodity items, such as gasoline and diesel fuel;
- our historical results of operations, cash flows, financial condition and liquidity;
- the amounts of sales and earnings from our United States and foreign operations and our cost of goods sold;
- competitive initiatives, and changes in the operations, of other retailers, including e-commerce retailers, and warehouse club operators, arrival of new competitors and other competitive pressures;
- the seasonality of our business, seasonal buying patterns and the disruption of such patterns;
- unanticipated store or club closures and unanticipated restructurings and the related expenses;

- the size of and turnover in our hourly workforce, and our labor costs, including health-care and other benefit costs;
- costs of transportation and other essential services, such as medical care;
- casualty- and accident-related costs and our casualty and other insurance costs;
- cyberattacks on and incidents relating to our information systems, related costs and liabilities and information security costs;
- availability and cost of acceptable building sites and necessary utilities for new and relocated units;
- availability and cost of skilled construction labor, materials and other construction costs;
- availability of qualified labor pools for existing, new or expanded units and to meet seasonal hiring needs;
- real estate, zoning, land use and other laws, ordinances, legal restrictions and initiatives affecting our ability to build new units in certain locations or relocate or expand existing units;
- weather conditions, patterns and events, climate change, catastrophic events and disasters, public health emergencies, civil disturbances and terrorist attacks, resulting damage to our units and store and club closings and limitations on our customers' access to our stores and clubs resulting from such events;
- disruptions in the availability of our e-commerce websites and mobile commerce applications;
- trade restrictions, changes in tariff and freight rates and disruptions in our supply chain;
- costs of compliance with laws and regulations and effects of new or changed tax, labor and other laws and regulations, including those changing tax rates and imposing new taxes and surcharges;
- changes in our assessment of certain tax contingencies, changes in valuation allowances, outcome of administrative audits, impact of discrete items on our effective tax rate and resolution of tax matters;
- developments in and the outcome of our legal and regulatory proceedings and our FCPA-related matters, and associated costs and expenses;
- changes in the rating of any of our indebtedness and our access to the capital markets; and
- unanticipated changes in generally accepted accounting principles or their interpretations or applicability and in accounting estimates and judgments.

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

Other Risk Factors; No Duty to Update

The above list of factors that may affect the estimates and expectations discussed in or implied or contemplated by forward-looking statements we make or made on our behalf is not exclusive. We are subject to other risks and uncertainties discussed below under the caption "Item 1A. Risk Factors," and that we may discuss in Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference in our Annual Reports on Form 10-K and appearing in our Quarterly Reports on Form 10-Q or otherwise disclose in our Quarterly Reports on Form 10-Q and other reports filed with the SEC. Investors and other readers are urged to consider all of these risks, uncertainties and other factors carefully in evaluating our forward-looking statements.

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

**WAL-MART STORES, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**FOR THE FISCAL YEAR ENDED JANUARY 31, 2016**

**PART I**

**ITEM 1. BUSINESS**

**General**

Wal-Mart Stores, Inc. ("Walmart," the "Company" or "we") helps 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 market where 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 11,500 stores under 63 banners in 28 countries and e-commerce websites in 11 countries.

Our strategy is to lead on price, differentiate on access, be competitive on assortment and deliver a great experience. Leading on price is designed to earn the trust of our customers every day by providing a broad assortment of quality merchandise and services at everyday low prices ("EDLP"). EDLP is our pricing philosophy under which we price items at a low price every day so our customers trust that our prices will not change under frequent promotional activity. 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 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 comprise three reportable segments: Walmart U.S., Walmart International and Sam's Club. Our fiscal year ends on January 31 for our United States ("U.S.") and Canadian operations. We consolidate all other operations generally using a one-month lag and on a calendar basis. Our discussion is as of and for the fiscal years ended January 31, 2016 ("fiscal 2016"), January 31, 2015 ("fiscal 2015") and January 31, 2014 ("fiscal 2014"). During fiscal 2016, we generated total revenues of \$482.1 billion, which was primarily comprised of net sales of \$478.6 billion.

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

**The Development of Our Company**

Although Walmart was incorporated in Delaware in October 1969, the businesses conducted by our founders began in 1945 when Sam M. Walton opened a franchise Ben Franklin variety store in Newport, Arkansas. In 1946, his brother, James L. Walton, opened a similar store in Versailles, Missouri. Until 1962, our founders' business was devoted entirely to the operation of variety stores. In that year, the first Wal-Mart Discount City, which was a discount store, opened in Rogers, Arkansas. In 1983, we opened our first Sam's Club, and in 1988, we opened our first supercenter. In 1998, we opened our first Neighborhood Market.

In 1991, we began our first international initiative when we entered into a joint venture in Mexico. Since then, our international presence has continued to expand and, as of January 31, 2016, our Walmart International segment conducted business in 27 countries.

In 2000, we began our first digital initiative by creating the walmart.com retail website. Since then, our digital presence has continued to grow. As of January 31, 2016, we operated e-commerce websites in 11 countries, providing access to Walmart and our various brands around the world.

## Information About Our Segments

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

Walmart U.S. is our largest segment and operates retail stores in all 50 states in the U.S., Washington D.C. and Puerto Rico, with three primary store formats, as well as digital retail. Walmart U.S. generated approximately 62% of our net sales in fiscal 2016, and of our three segments, Walmart U.S. is the largest and has historically had the highest gross profit as a percentage of net sales ("gross profit rate"). In addition, Walmart U.S. has historically contributed the greatest amount to the Company's net sales and operating income.

Walmart International consists of operations in 27 countries outside of the U.S. and includes numerous formats divided into three major categories: retail, wholesale and other. These categories consist of numerous formats, including supercenters, supermarkets, hypermarkets, warehouse clubs, including Sam's Clubs, cash & carry, home improvement, specialty electronics, apparel stores, drug stores and convenience stores, as well as digital retail. Walmart International generated approximately 26% of our fiscal 2016 net sales. The overall gross profit rate for Walmart International is lower than that of Walmart U.S. primarily because of its merchandise mix. Walmart International is our second largest segment and has grown through acquisitions, as well as by adding retail, wholesale and other units.

Sam's Club consists of membership-only warehouse clubs and operates in 48 states in the U.S. and in Puerto Rico, as well as digital retail. Sam's Club accounted for approximately 12% of our fiscal 2016 net sales. As a membership-only warehouse club, membership income is a significant component of the segment's operating income. As a result, Sam's Club operates with a lower gross profit rate and lower operating expenses as a percentage of net sales than our other 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, we revise the measurement of each segment's operating income, including any corporate overhead allocations, as determined by the information regularly reviewed by our CODM. When the measurement of a segment changes, previous period amounts and balances are reclassified to be comparable to the current period's presentation.

### Walmart U.S. Segment

The Walmart U.S. segment is a mass merchandiser of consumer products, operating under the "Walmart" or "Wal-Mart" brands, as well as walmart.com. The Walmart U.S. segment had net sales of \$298.4 billion, \$288.0 billion and \$279.4 billion for fiscal 2016, 2015 and 2014, respectively. During the most recent fiscal year, no single unit accounted for as much as 1% of total Company consolidated net sales.

**Physical.** The Walmart U.S. segment operates retail stores in the U.S., including in all 50 states, Washington D.C. and Puerto Rico, with supercenters in 49 states, Washington D.C. and Puerto Rico, discount stores in 41 states and Puerto Rico and Neighborhood Markets and other small store formats in 31 states and Puerto Rico. The following table provides square footage details on each of our formats as of January 31, 2016:

	<u>Minimum Square Feet</u>	<u>Maximum Square Feet</u>	<u>Average Square Feet</u>
Supercenters (general merchandise and grocery)	69,000	260,000	178,000
Discount stores (general merchandise and limited grocery)	30,000	206,000	104,000
Neighborhood Markets <sup>(1)</sup> (grocery)	28,000	66,000	42,000

(1) Excludes other small formats which include various test formats used to understand market demands and needs.

**WALMART U.S. SEGMENT**  
**RETAIL UNIT COUNT AND RETAIL SQUARE FEET<sup>(1)</sup>**

Fiscal Year	Supercenters					Discount Stores				
	Opened	Closed	Conversions <sup>(2)</sup>	Total	Square Feet	Opened	Closed	Conversions <sup>(2)</sup>	Total	Square Feet
Balance forward				2,907	534,577				708	75,116
2012	43	—	79	3,029	552,237	—	—	(79)	629	66,402
2013	55	—	74	3,158	570,409	7	(1)	(74)	561	59,098
2014	72	—	58	3,288	589,858	4	—	(57)	508	53,496
2015	79	—	40	3,407	607,415	2	—	(40)	470	49,327
2016	55	(16)	19	3,465	616,428	—	(9)	(19)	442	45,991

Fiscal Year	Neighborhood Markets and Other Small Formats					Total Segment				
	Opened	Closed	Conversions <sup>(2)</sup>	Total	Square Feet	Opened <sup>(3)</sup>	Closed <sup>(4)</sup>	Total	Square Feet	
Balance forward				189	7,374			3,804	617,067	
2012	27	(6)	—	210	8,047	70	(6)	3,868	626,686	
2013	79	(3)	—	286	11,226	141	(4)	4,005	640,733	
2014	122	—	(1)	407	15,778	198	—	4,203	659,132	
2015	235	(3)	—	639	23,370	316	(3)	4,516	680,112	
2016	161	(133)	—	667	27,228	216	(158)	4,574	689,647	

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

(2) Conversions of discount stores or Neighborhood Markets to supercenters.

(3) Total opened, net of conversions of discount stores or Neighborhood Markets to supercenters.

(4) Of the 158 stores closed in fiscal 2016, 149 stores were closed following the announcement on January 15, 2016 of the closure of 269 stores globally. The fiscal 2016 store closures included 102 Express format locations of Walmart U.S., which were included in the Neighborhood Markets and Other Small Formats category.

**Digital.** Walmart U.S. provides its customers access to a broad assortment of merchandise, including products not found in our physical stores, and services online through our e-commerce websites and mobile commerce applications. Walmart.com experiences on average 85 million unique visits a month and offers access to approximately 8 million SKUs. In addition, our e-commerce website includes Marketplace, a feature of the website that permits third parties to sell merchandise on walmart.com. Digital retail is integrated with our physical stores through services like "Walmart Pickup," "Pickup Today" and "Online Grocery." The Walmart U.S. segment also offers access to digital content and services including Vudu and InstaWatch.

**Merchandise.** Walmart U.S. does business in six strategic merchandise units, listed below, across several store formats including supercenters, discount stores, Neighborhood Markets and other small store formats, as well as walmart.com.

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

The Walmart U.S. segment also offers fuel and financial services and related products, including money orders, prepaid cards, wire transfers, money transfers, check cashing and bill payment. These services total less than 1% of annual net sales.

National brand merchandise represents a significant portion of the merchandise sold in the Walmart U.S. segment. We also market lines of merchandise under our private-label store brands, including: "Equate," "Everstart," "Faded Glory," "George," "Great Value," "Holiday Time," "Hometrends," "Mainstays," "Marketside," "No Boundaries," "Ol' Roy," "Ozark Trail," "Parent's Choice," "Prima Della," "Pure Balance," "Sam's Choice," "Special Kitty," "Spring Valley" and "White Stag." The Company also markets lines of merchandise under licensed brands, some of which include: "Better Homes & Gardens," "Danskin Now," "Farberware," "General Electric," "OP," "Rival," "Russell," "Starter," and "Straight Talk."

The percentage of net sales for the Walmart U.S. segment, including online sales, represented by each strategic merchandise unit was as follows for fiscal 2016, 2015 and 2014:

STRATEGIC MERCHANDISE UNITS	Fiscal Years Ended January 31,		
	2016	2015	2014
Grocery	56%	56%	56%
Health and wellness	11%	11%	10%
Entertainment	9%	10%	11%
Hardlines	9%	9%	9%
Apparel	8%	7%	7%
Home	7%	7%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

**Operations.** Hours of operation for nearly all supercenters, and an increasing number of discount stores and Neighborhood Markets, are 24 hours each day. A variety of payment methods are accepted at our stores and through our e-commerce websites and mobile commerce applications.

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



**Competition.** The Walmart U.S. segment competes with a variety of local, national and global chains in the supermarket, discount, grocery, department, dollar, drug, variety and specialty stores, supercenter-type stores, hypermarkets, e-commerce and catalog businesses. We also compete with others for desirable sites for new or relocated retail units.

Our ability to develop, open and operate units at the right locations and to deliver a customer-centric experience that seamlessly integrates digital and physical shopping largely determines our competitive position within the retail industry. We employ many programs designed to meet competitive pressures within our industry. These programs include the following:

- EDLP: our pricing philosophy under which we price items at a low price every day so our customers trust that our prices will not change under frequent promotional activity;
- EDLC: everyday low cost is our commitment to control expenses so those cost savings can be passed along to our customers;
- Rollbacks: our commitment to continually pass cost savings on to the customer by lowering prices on selected goods;
- Savings Catcher, Save Even More and Ad Match: strategies to meet or be below a competitor's advertised price;
- Walmart Pickup: customer places order online and picks it up for free from a store. The merchandise is fulfilled through our distribution facilities;
- Pickup Today: customer places order online and picks it up at a store within four hours for free. The order is fulfilled through existing store inventory;
- Online Grocery: customer places grocery order online and has it delivered to home or picks it up at one of our participating stores or remote locations; and
- Money Back Guarantee: our commitment to ensure the quality and freshness of the fruits and vegetables in our stores by offering our customers a 100 percent money-back guarantee if they are not satisfied.

We offer a broad assortment of merchandise that provides one-stop shopping, in-stock levels that give our customers confidence that we will have the products they need and operating hours that allow customers to shop at their convenience. In addition, our retail website and mobile commerce applications are important factors in our competition with other retailers, particularly e-commerce retailers.

**Distribution.** For fiscal 2016, approximately 79% of the Walmart U.S. segment's purchases of merchandise were shipped through our 137 distribution facilities, which are located strategically throughout the U.S. The remaining merchandise we purchased was shipped directly from suppliers. General merchandise and dry grocery merchandise is transported primarily through the segment's private truck fleet. However, we contract with common carriers to transport the majority of our perishable grocery merchandise.

Walmart U.S. ships merchandise purchased by customers on its retail website and through its mobile commerce applications by a number of methods from multiple locations including from its dedicated e-commerce fulfillment centers.

The following table provides further details of our distribution facilities, including return facilities and 13 e-commerce dedicated fulfillment centers, as of January 31, 2016:

	Owned and Operated	Owned and Third Party Operated	Leased and Operated	Third Party Owned and Operated	Total
Walmart U.S. distribution facilities	102	2	10	23	137

### Walmart International Segment

The Walmart International segment consists of operations in 27 countries outside of the U.S. and includes numerous formats divided into three major categories: retail, wholesale and other. These categories consist of numerous formats, including supercenters, supermarkets, hypermarkets, warehouse clubs, including Sam's Clubs, cash & carry, home improvement, specialty electronics, apparel stores, drug stores and convenience stores, as well as digital retail. The segment's net sales for fiscal 2016, 2015 and 2014, were \$123.4 billion, \$136.2 billion and \$136.5 billion, respectively. During the most recent fiscal year, no single unit accounted for as much as 1% of total Company net sales.

**Physical.** Our Walmart International segment is comprised of physical stores operated by: our wholly-owned subsidiaries operating in Argentina, Brazil, Canada, Chile, China, India, Japan and the United Kingdom; our majority-owned subsidiaries operating in Africa (which includes Botswana, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda and Zambia), Central America (which includes Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and Mexico; and our joint ventures and other controlled subsidiaries in China.

Generally, retail units range in size from 4,000 square feet to 185,000 square feet. Our wholesale stores generally range in size from 35,000 square feet to 70,000 square feet. Other, which includes drugstores and convenience stores operating under various banners in Brazil, Chile, Japan, Mexico and the United Kingdom, range in size up to 2,400 square feet. Also, on a limited basis, our Walmart International segment operates financial institutions that provide consumer credit.

**WALMART INTERNATIONAL SEGMENT  
UNIT COUNT<sup>(1)</sup> AND RETAIL SQUARE FEET<sup>(2)</sup>**

Fiscal Year	Africa		Argentina		Brazil		Canada		Central America		Chile	
	Unit Count	Square Feet	Unit Count	Square Feet	Unit Count	Square Feet	Unit Count	Square Feet	Unit Count	Square Feet	Unit Count	Square Feet
Balance forward	—	—	63	6,211	479	30,272	325	42,005	549	8,739	279	11,115
2012	347	18,529	88	7,270	512	31,575	333	43,738	622	9,501	316	11,785
2013	377	19,775	94	7,531	558	32,494	379	48,354	642	9,873	329	12,671
2014	379	20,513	104	8,062	556	32,501	389	49,914	661	10,427	380	13,697
2015	396	21,223	105	8,119	557	33,028	394	50,927	690	11,094	404	14,762
2016	408	21,869	108	8,280	499	30,675	400	51,784	709	11,410	395	15,407

Fiscal Year	China		India		Japan		Mexico <sup>(3)</sup>		United Kingdom		Total Segment <sup>(4)</sup>	
	Unit Count	Square Feet	Unit Count	Square Feet	Unit Count	Square Feet	Unit Count	Square Feet	Unit Count	Square Feet	Unit Count	Square Feet
Balance forward	328	56,317	5	270	414	24,513	1,364	73,620	385	31,009	4,191	284,071
2012	370	62,124	15	826	419	24,521	1,724	82,611	541	33,765	5,287	326,245
2013	393	65,801	20	1,083	438	24,448	1,988	88,833	565	34,810	5,783	345,673
2014	405	67,205	20	1,083	438	24,489	2,199	94,900	576	35,416	6,107	358,207
2015	411	68,269	20	1,083	431	24,429	2,290	98,419	592	36,277	6,290	367,630
2016	432	71,724	21	1,146	346	22,551	2,360	100,308	621	37,044	6,299	372,198

(1) "Unit Count" includes retail stores, wholesale clubs and other, which includes drugstores and convenience stores. Walmart International unit counts, with the exception of Canada, are stated as of December 31, to correspond with the balance sheet date of the related geographic market. Canada unit counts are stated as of January 31. For the balance forward, all country balances are stated as of the end of fiscal year 2011.

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

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

(4) There were 189 store closures in fiscal 2016, of which 60 stores were closed in relation to the announcement on January 15, 2016 of the closure of 269 stores globally.

Unit counts<sup>(1)</sup> as of January 31, 2016 for Walmart International are summarized by major category for each geographic market as follows:

Geographic Market	Retail	Wholesale	Other <sup>(2)</sup>	Total
Africa <sup>(3)</sup>	318	90	—	408
Argentina	108	—	—	108
Brazil	414	71	14	499
Canada	400	—	—	400
Central America <sup>(4)</sup>	709	—	—	709
Chile	392	3	—	395
China	420	12	—	432
India	—	21	—	21
Japan	346	—	—	346
Mexico	2,189	161	10	2,360
United Kingdom	603	—	18	621
<b>Total</b>	<b>5,899</b>	<b>358</b>	<b>42</b>	<b>6,299</b>

(1) Walmart International unit counts, with the exception of Canada, are stated as of December 31, 2015, to correspond with the balance sheet date of the related geographic market. Canada unit counts are stated as of January 31, 2016.

(2) Other includes drug stores and convenience stores operating under varying banners.

(3) Africa unit counts by country are Botswana (11), Ghana (1), Kenya (1), Lesotho (3), Malawi (2), Mozambique (6), Namibia (4), Nigeria (8), South Africa (366), Swaziland (1), Tanzania (1), Uganda (1) and Zambia (3).

(4) Central America unit counts by country are Costa Rica (225), El Salvador (91), Guatemala (223), Honduras (82) and Nicaragua (88).

**Digital.** The Walmart International segment operates e-commerce websites in 10 countries (Argentina, Brazil, Canada, Chile, China, India, Japan, Mexico, South Africa and the United Kingdom). Customers have access through our e-commerce websites and, in countries where available, mobile commerce applications to a broad assortment of merchandise and services, both of which vary by country. Digital retail supports our physical stores with capabilities like "Click & Collect" in the United Kingdom and our grocery home delivery business in Mexico.

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

**Operations.** The hours of operation for operating units in the Walmart International segment vary by country and by individual markets within countries, depending upon local and national ordinances governing hours of operation. Each country accepts a variety of payment methods.

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

**Competition.** The Walmart International segment competes with a variety of local, national and global chains in the supermarket, discount, grocery, department, drug, variety and specialty stores, hypermarkets, wholesale clubs, home improvement, specialty electronic, e-commerce and catalog businesses in each of the markets in which we operate. We also operate, on a limited basis, consumer finance operations. We compete with others for desirable sites. Our ability to develop, open and operate units at the right locations and to deliver a customer-centric experience that seamlessly integrates digital and physical shopping determines, to a large extent, our competitive position in the markets in which Walmart International operates. We believe price leadership is a critical part of our business model and we continue to focus on moving our markets towards an EDLP approach. Additionally, our ability to operate food departments effectively has a significant impact on our competitive position in the markets where we operate. In the markets in which we have retail websites or retail websites and mobile commerce applications, those websites and applications help differentiate us from our competitors and help us compete with other retailers for customers and their purchases, both in the digital and the physical retail operations.

**Distribution.** We utilize a total of 176 distribution facilities located in Argentina, Brazil, Canada, Central America, Chile, China, Japan, Mexico, South Africa and the United Kingdom. Through these facilities, we process and distribute both imported and domestic products to the operating units of the Walmart International segment. During fiscal 2016, approximately 77% of the Walmart International segment's purchases passed through these distribution facilities. Suppliers ship the balance of the Walmart International segment's purchases directly to our stores in the various markets in which we operate. The following table provides further details of our international distribution facilities, including 19 e-commerce dedicated fulfillment centers, as of December 31, 2015, with the exception of distribution facilities in Canada, which is stated as of January 31, 2016:

	Owned and Operated	Owned and Third Party Operated	Leased and Operated	Third Party Owned and Operated	Total
International distribution facilities	45	11	72	48	176

We ship merchandise purchased by customers on our retail websites and through our mobile commerce applications by a number of methods from multiple locations including from our dedicated e-commerce fulfillment centers.

### Sam's Club Segment

The Sam's Club segment operates membership-only warehouse clubs, as well as samsclub.com, in the U.S. and had net sales of \$56.8 billion, \$58.0 billion and \$57.2 billion for fiscal 2016, 2015 and 2014, respectively. During the most recent fiscal year, no single club location accounted for as much as 1% of total Company net sales.

**Membership.** The following membership options are available to business owners and individual consumers:

Member Type	Membership Type			
	Business Plus	Savings Plus	Business	Savings
	Business Owner	Individual	Business Owner	Individual
Annual Membership Fee	\$100	\$100	\$45	\$45
Number of Add-on Memberships (\$45 each)	Up to 16	—	Up to 8	—
Eligible for Cash Rewards	Yes	Yes	No	No

All memberships include a spouse/household card at no additional cost. Plus Members are eligible for Cash Rewards, which is a benefit that provides \$10 for every \$500 in qualifying Sam's Club purchases up to a \$500 cash reward annually. The amount earned can be used for purchases, membership fees or redeemed for cash.

**Physical.** As a membership-only warehouse club, Sam's Club facility sizes generally range between 71,000 and 168,000 square feet, with an average size of approximately 134,000 square feet.

### SAM'S CLUB SEGMENT CLUB COUNT AND RETAIL SQUARE FEET<sup>(1)</sup>

Fiscal Year	Opened	Closed	Total	Square Feet
Balance forward			609	81,202
2012	3	(1)	611	81,586
2013	9	—	620	82,653
2014	12	—	632	84,382
2015	16	(1)	647	86,510
2016	8	—	655	87,552

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

**Digital.** Sam's Club provides its members access to a broad assortment of merchandise, including products not found in our clubs, and services online at samsclub.com and through our mobile commerce application. Samsclub.com experiences on average 16 million unique visits a month and offers access to approximately 51,000 SKUs providing the member the option of delivery direct-to-home or to the club through services such as "Club Pickup."

**Merchandise.** Sam's Club offers brand name merchandise, including hardgoods, some softgoods and selected private-label brands such as "Member's Mark" in five merchandise categories, listed below.

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

The percentage of net sales for the Sam's Club segment, including online sales, by merchandise category, was as follows for fiscal 2016, 2015 and 2014:

MERCHANDISE CATEGORY	Fiscal Years Ended January 31,		
	2016	2015	2014
Grocery and consumables	59%	57%	56%
Fuel and other categories	20%	23%	23%
Home and apparel	9%	8%	8%
Technology, office and entertainment	7%	7%	8%
Health and wellness	5%	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Operations.** Operating hours for Sam's Clubs are generally Monday through Friday from 10:00 a.m. to 8:30 p.m., Saturday from 9:00 a.m. to 8:30 p.m. and Sunday from 10:00 a.m. to 6:00 p.m. Additionally, all club locations offer Business Members and Plus Members the ability to shop before the regular operating hours Monday through Saturday, starting at 7:00 a.m. A variety of payment methods are accepted at our clubs and online, including the Sam's Club "Cash Back" MasterCard.

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

**Competition.** Sam's Club competes with other membership-only warehouse clubs, the largest of which are Costco Wholesale and BJ's Wholesale Club, as well as with discount retailers, retail and wholesale grocers, general merchandise wholesalers and distributors, gasoline stations, e-commerce and catalog businesses. Sam's Club also competes with other retailers and warehouse clubs for desirable new club sites. At Sam's Club, we provide value at members-only prices, a quality merchandise assortment, and bulk sizing to serve both our Savings and Business members. Our strategy allows us to differentiate ourselves within the membership-only warehouse club industry and the overall retail industry. Our e-commerce website and mobile commerce application have increasingly become important factors in our ability to compete with other membership-only warehouse clubs.

**Distribution.** During fiscal 2016, approximately 69% of the Sam's Club segment's non-fuel purchases were shipped from the Sam's Club segment's 24 dedicated distribution facilities located strategically throughout the U.S., or from some of the Walmart U.S. segment's distribution facilities, which service the Sam's Club segment for certain items. Suppliers shipped the balance of the Sam's Club segment's purchases directly to Sam's Club locations. The table below provides further details of our dedicated distribution facilities, including one e-commerce dedicated fulfillment center and two dedicated import facilities, as of January 31, 2016.

	Owned and Operated	Owned and Third Party Operated	Leased and Operated	Third Party Owned and Operated	Total
Sam's Club distribution facilities	3	3	2	16	24

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

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

Sam's Club ships merchandise purchased by members on its retail website and through its mobile commerce applications by a number of methods from its e-commerce dedicated fulfillment center and other distribution centers.

## **Other Segment Information**

Certain financial information relating to our segments is included in our Annual Report to Shareholders for the fiscal year ended January 31, 2016 ("Annual Report to Shareholders") under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in Note 14 in the "Notes to Consolidated Financial Statements" included therein, which information is incorporated herein by reference. Note 14 also includes information regarding total revenues and long-lived assets aggregated by our U.S. and non-U.S. operations. Such portions of the Annual Report to Shareholders are included as Exhibit 13 to this Annual Report on Form 10-K and incorporated by reference herein as expressly provided herein.

## **Suppliers and Supply Chain**

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

## **Employees**

As of the end of fiscal 2016, the Company and its subsidiaries employed approximately 2.3 million employees ("associates") worldwide, with nearly 1.5 million associates in the U.S. and 0.8 million associates internationally. Similar to other retailers, the Company has a large number of part-time, hourly or non-exempt associates and a large number of associates turn over each year. We believe our relationships with our associates are good.

On February 19, 2015, the Company announced a significant initiative on pay and training for U.S. associates. Approximately 500,000 full-time and part-time associates at Walmart U.S. stores and Sam's Clubs received pay raises in the first half of fiscal 2016 and in February 2016, approximately 1.2 million full-time and part-time associates at Walmart U.S. stores and Sam's Clubs received pay increases. Also included in the announcement were comprehensive changes to our hiring, training, compensation and scheduling programs, as well as to our store management structure. These changes will give our U.S. associates the opportunity to earn higher pay and advance in their careers.

Certain information relating to retirement-related benefits we provide to our associates is included in our Annual Report to Shareholders in Note 12 in the "Notes to Consolidated Financial Statements" included therein, which information is incorporated herein by reference.

In addition to retirement-related benefits, in the U.S., the Company offers a broad range of Company-paid benefits to our associates, including store discount cards or Sam's Club memberships, bonuses based on Company performance, matching a portion of purchases of our stock by associates through our Associate Stock Purchase Plan and life insurance. The Company also offers health-care benefits to eligible full-time and part-time associates in the U.S. The Company's medical plan in the U.S. has no lifetime maximum benefit for most expenses.

Similarly, in the operations outside the U.S., the Company provides a variety of associate benefits that vary based on customary local practices and statutory requirements.

## **Executive Officers of the Registrant**

The following chart names the executive officers of the Company, each of whom is elected by and serves at the pleasure of the Board of Directors. The business experience shown for each officer has been his or her principal occupation for at least the past five years, unless otherwise noted.

<b>Name</b>	<b>Business Experience</b>	<b>Current Position Held Since</b>	<b>Age</b>
Neil M. Ashe	Executive Vice President, President and Chief Executive Officer, Global eCommerce and Technology, beginning in February 2016, and from January 2012 to January 2016 served as Executive Vice President, President and Chief Executive Officer, Global eCommerce. From April 2011 to July 2011, he served as Special Advisor to the Chief Executive Officer of CBS Corporation, a mass media company. From July 2008 to April 2011, he served as President of CBS Interactive, Inc., an Internet content publisher.	2012	48
Daniel J. Bartlett	Executive Vice President, Corporate Affairs, beginning in June 2013. From November 2007 to June 2013, he served as the Chief Executive Officer and President of U.S. Operations at Hill & Knowlton, Inc., a public relations company.	2013	44
M. Brett Biggs	Executive Vice President and Chief Financial Officer, effective January 1, 2016. From January 2014 to December 2015, he served as Executive Vice President and Chief Financial Officer of Walmart International. From January 2013 to January 2014, he was Executive Vice President and Chief Financial Officer of Walmart U.S. and from January 2012 to January 2013, he was Senior Vice President and Chief Financial Officer of Walmart U.S. From September 2010 to January 2012, he served as Senior Vice President, Sam's Club Operations.	2016	47
Rosalind G. Brewer	Executive Vice President, President and Chief Executive Officer, Sam's Club, effective February 1, 2012. From February 2011 to January 2012, she served as Executive Vice President and President of the East business unit of Walmart U.S. From February 2010 to January 2011, she served as Executive Vice President and President of the South business unit of Walmart U.S. From March 2007 to January 2010, she served as Divisional Senior Vice President of Walmart U.S., responsible for operations in the Southeast.	2012	53
Jacqueline P. Canney	Executive Vice President, Global People, effective August 3, 2015. From September 2003 to July 2015, she served as the Managing Director of Global Human Resources at Accenture plc., a global management consulting, technology services, and outsourcing company, and prior to 2003, she served in a variety of human resource roles during her career with Accenture that began in 1989.	2015	48
David Cheesewright	Executive Vice President, President and Chief Executive Officer, Walmart International, effective February 1, 2014. From September 2011 to January 2014, he served as President and Chief Executive Officer for Walmart International's Europe, Middle East and Africa (EMEA) and Canada region. From February 2008 to September 2011, he served as President and Chief Executive Officer of Walmart Canada.	2014	53
Gregory Foran	Executive Vice President, President and Chief Executive Officer, Walmart U.S. beginning in August 2014. From May 2014 to August 2014, he served as President and Chief Executive Officer for the Walmart Asia region. From March 2012 to May 2014, he served as President and Chief Executive Officer of Walmart China. From October 2011 to March 2012, he served as Senior Vice President responsible for various international projects. From 2009 until July 2011, he served as Director of Supermarkets, Liquor and Petrol at Woolworths Limited, the largest retailer in Australia and New Zealand.	2014	54
Rollin L. Ford	Executive Vice President and Chief Administrative Officer, effective February 1, 2012. From May 2006 to January 2012, he served as Executive Vice President, Chief Information Officer.	2012	53
Jeffrey J. Gearhart	Executive Vice President, Global Governance and Corporate Secretary, effective February 1, 2013. From July 2010 to January 2013, he served as Executive Vice President, General Counsel and Corporate Secretary. From February 2009 to July 2010, he served as Executive Vice President, General Counsel.	2013	51
C. Douglas McMillon	President and Chief Executive Officer, effective February 1, 2014. From February 2009 to January 2014, he served as Executive Vice President, President and Chief Executive Officer, Walmart International.	2014	49
Steven P. Whaley	Senior Vice President and Controller.	2007	56

**Our Website and Availability of SEC Reports and Other Information**

Our corporate website is located at [www.stock.walmart.com](http://www.stock.walmart.com). We file with or furnish to the SEC Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports, proxy statements and annual reports to shareholders, and, from time to time, other documents. The reports and other documents filed with or furnished to the SEC are available to investors on or through our corporate website free of charge as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. In addition, the public may read and copy any of the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers, such as the Company, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov). Our SEC filings, our Code of Ethics for our CEO and Senior Financial Officers and our Statement of Ethics can be found on our website at [www.stock.walmart.com](http://www.stock.walmart.com). These documents are available in print to any shareholder who requests a copy by writing or calling our Investor Relations Department, which is located at our principal offices.

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



## **ITEM 1A. RISK FACTORS**

The risks described below could materially and adversely affect our business, results of operations, financial condition and liquidity. Our business operations could also be affected by additional factors that apply to all companies operating in the U.S. and globally.

### **Strategic Risks**

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

General economic conditions, globally or in one or more of the markets we serve, may adversely affect our financial performance. Higher interest rates, lower or higher prices of petroleum products, including crude oil, natural gas, gasoline, and diesel fuel, higher costs for electricity and other energy, weakness in the housing market, inflation, deflation, increased costs of essential services, such as medical care and utilities, higher levels of unemployment, decreases in consumer disposable income, unavailability of consumer credit, higher consumer debt levels, changes in consumer spending and shopping patterns, fluctuations in currency exchange rates, higher tax rates, imposition of new taxes and surcharges, other changes in tax laws, other regulatory changes, overall economic slowdown and other economic factors could adversely affect consumer demand for the products and services we sell through our business, change the mix of products we sell to one with a lower average gross margin, cause a slowdown in discretionary purchases of goods, otherwise adversely affect our net sales and result in slower inventory turnover and greater markdowns on inventory.

Higher levels of unemployment, inflation, deflation, decreases in consumer disposable income, unavailability of consumer credit, changes in consumer spending and shopping patterns, changes in tax and other laws, higher fuel and other energy costs, weakness in the local housing market, fluctuations in currency exchange rates, currency devaluations and other adverse developments in the economies of the other countries in which we operate may adversely affect consumer demand for our merchandise in those countries, especially those countries in which average incomes are significantly lower than average incomes in the U.S. These conditions may adversely affect our net sales, gross margins, cost of sales, inventory turnover and markdowns or otherwise adversely affect our operations and consolidated operating results.

Higher interest rates, lower or higher prices of petroleum products, including crude oil, natural gas, gasoline, and diesel fuel, higher costs for electricity and other energy, higher transportation costs, inflation, higher commodity prices, higher costs of labor, insurance and healthcare, currency exchange rate fluctuations, higher tax rates and other changes in tax laws, changes in healthcare laws, the imposition of measures that create barriers to or increase the costs associated with international trade, changes in other laws and regulations and other economic factors in the U.S. and other countries in which we have operations can increase our cost of sales and operating, selling, general and administrative expenses, and otherwise adversely affect our domestic and international operations and our operating results. The economic factors that affect our operations also affect the operations and economic viability of our suppliers from whom we purchase goods, a factor that can result in an increase in the cost to us of the goods we sell to our customers or, in more extreme cases, could result in certain suppliers not producing goods in the volume typically available to us for sale.

#### **We may not timely identify or effectively respond to consumer trends or preferences, whether involving physical retail, digital retail or the integration of physical and digital retail, which could negatively affect our relationship with our customers, the demand for our products and services, and our market share.**

It is difficult to predict consistently and successfully the products and services our customers will demand. The success of our business depends in part on how accurately we predict consumer demand, availability of merchandise, the related impact on the demand for existing products and the competitive environment, whether for customers purchasing products at our stores and clubs, through our digital retail businesses or through the combination of both retail offerings. A critical piece of identifying consumer preferences involves price transparency, assortment of products, customer experience, convenience and the speed and cost of shipping. These factors are of primary importance to customers and they continue to increase in importance, particularly as a result of digital tools and social media available to consumers and the choices available to consumers for purchasing products online, at physical locations or through a combination of both retail offerings. Failure to timely identify or effectively respond to changing consumer tastes, preferences (including the key factors described above) and spending patterns, whether for our physical retail offerings, digital retail offerings or the integration of physical retail and digital retail, could negatively affect our relationship with our customers, the demand for our products and services and our market share.

**We face strong competition from other retailers and wholesale club operators (whether through physical retail, digital retail or through the integration of both areas), which could materially adversely affect our financial performance.**

The retail business is highly competitive. Each of our segments competes for customers, employees, store and club sites, products and services and in other important aspects of its business with many other local, regional, national and global retailers and wholesale club operators, as well as other national and international internet-based retailers and retail intermediaries. Our Walmart U.S. segment competes with retailers operating discount, department, drug, dollar, variety and specialty stores, supermarkets, supercenter-type stores and hypermarkets, as well as e-commerce and catalog businesses. Our Sam's Club segment competes with other wholesale club operators, as well as discount retailers, retail and wholesale grocers and general merchandise wholesalers and distributors, gasoline stations, as well as e-commerce retailers, wholesalers and catalog businesses.

Internationally, we compete with retailers who operate department, drug, dollar stores, variety and specialty stores, supermarkets, supercenter-type stores, hypermarkets, wholesale clubs, home-improvement stores, specialty electronics stores, apparel stores, wholesale clubs, cash & carry operations, convenience stores and e-commerce and catalog businesses. We compete with such retailers, wholesale club operators and e-commerce retailers in a variety of ways, including the prices at which we sell our merchandise, the merchandise selection and availability, services offered to customers, location, store hours, in-store amenities, the shopping convenience and overall shopping experience we offer, the attractiveness and ease of use of our e-commerce websites and mobile commerce applications, cost and speed of and options for delivery to our customers of the merchandise they purchase from us online, through mobile commerce applications and the integration of our physical locations with our digital retail operations.

Where necessary, to compete effectively with competitors who price merchandise at points lower than the prices we set under our EDLP philosophy, we will lower our prices on goods for sale. Our ability to respond effectively to competitive pressures and changes in the retail markets could materially adversely affect our financial performance. See "Item 1. Business" above for additional discussion of our competitive situation in each of our reportable segments.

Although the retail industry as a whole is highly fragmented, certain segments of the retail industry may undergo consolidation from time to time, which could result in increased competition and significantly alter the dynamics of the retail marketplace. Such consolidation may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration than they previously enjoyed and other improvements in their competitive positions. Such business combinations could result in the provision of a wider variety of products and services at competitive prices by such consolidated companies, which could adversely affect our financial performance.

Consumers are increasingly embracing shopping online and through mobile commerce applications. As a result, a greater portion of total consumer expenditures with all retailers and wholesale clubs could occur online and through mobile commerce applications. If we fail to maintain or grow our overall market position through the integration of our physical retail presence and digital retail, our net sales and financial performance could be adversely affected. In addition, a greater concentration of retail and wholesale club sales in online and mobile commerce sales could result in a reduction in the amount of traffic we have in our stores and clubs, which would, in turn, reduce the opportunities for cross-store or cross-club sales of merchandise that such in-store and in-club traffic creates and could reduce our sales within our stores and materially adversely affect the financial performance of the physical side of our segments' overall operations.

**Operational Risks**

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

The occurrence of one or more natural disasters, such as hurricanes, cyclones, typhoons, tropical storms, floods, earthquakes, tsunamis, weather conditions such as major or extended winter storms, droughts and tornadoes, whether as a result of climate change or otherwise, severe changes in climate and geo-political events, such as civil unrest or terrorist attacks in a country in which we operate or in which our suppliers are located could adversely affect our operations and financial performance. Such events could result in physical damage to, or the complete loss of, one or more of our properties, the closure of one or more stores, clubs and distribution facilities, the lack of an adequate work force in a market, the inability of customers and our associates to reach or have transportation to our stores and clubs directly affected by such events, the evacuation of the populace from areas in which our stores, clubs and distribution facilities are located, the unavailability of our retail websites and mobile commerce applications to our customers, changes in the purchasing patterns of consumers and in consumers' disposable income, the temporary or long-term disruption in the supply of products from some local and overseas suppliers, the disruption in the transport of goods from overseas, the disruption or delay in the delivery of goods to our distribution facilities or stores within a country in which we are operating, the reduction in the availability of products in our stores, the disruption of utility services to our stores and our facilities, and disruption in our communications with our stores. These events and their impacts could otherwise disrupt and adversely affect our operations in the areas in which these types of events occur, such as Superstorm Sandy in the U.S. in 2012, or numerous winter storm systems in the U.S. in 2013, 2014 and 2015, and could adversely affect our financial performance.

In light of the substantial premiums payable for insurance coverage for losses caused by certain natural disasters, such as hurricanes, cyclones, typhoons, tropical storms, earthquakes, floods and tsunamis in the current insurance market, as well as the limitations on available coverage for such losses, we have chosen to be primarily self-insured with respect to such losses. Although we maintain certain specific coverages for losses from physical damages in excess of certain amounts to guard against catastrophic losses suffered from such causes, we still bear the risk of losses that would be incurred as a result of any physical damage to, or the destruction of, any stores, clubs and distribution facilities, loss or spoilage of inventory, and business interruption caused by any such events below catastrophic levels of coverage, as well as in the event of a catastrophe, in excess of the aggregate limits of applicable coverages. Significant losses caused by such events could materially adversely affect our financial performance.

**Risks associated with the suppliers from whom our products are sourced could materially adversely affect our financial performance.**

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

Political and economic instability in the countries in which foreign suppliers and their manufacturers are located, the financial instability of suppliers, suppliers' failure to meet certain of our supplier standards (including our responsible sourcing standards), labor problems experienced by our suppliers and their manufacturers, the availability of raw materials to suppliers, merchandise safety and quality issues, disruption in the transportation of merchandise from the suppliers and manufacturers to our stores, clubs, and other facilities, including as a result of labor slowdowns at any port at which a material amount of merchandise we purchase enters into the U.S., currency exchange rates, transport availability and cost, transport security, inflation and other factors relating to the suppliers and the countries in which they are located are beyond our control.

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

**If the products we sell are not safe or otherwise fail to meet our customers' expectations, we could lose customers, incur liability for any injuries suffered by our customers using or consuming a product we sell or otherwise experience material adverse effects to our financial performance.**

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

**We rely extensively on information systems to process transactions, summarize results and manage our business. Disruptions in both our primary and secondary (back-up) systems could harm our ability to conduct our operations.**

Although we have independent, redundant and physically separate primary and secondary information systems, given the number of individual transactions we have each year, it is critical that we maintain uninterrupted operation of our business-critical information systems. Our information systems, including our back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security breaches (through cyberattacks from cyber-attackers and sophisticated organizations), catastrophic events such as fires, tornadoes, earthquakes and hurricanes, and usage errors by our associates. If our information systems and our back-up systems are damaged, breached or cease to function properly, we may have to make a significant investment to repair or replace them, and we may suffer interruptions in our operations in the interim. Any material interruption in both our information systems and back-up systems may have a material adverse effect on our business or results of operations. In addition, we are pursuing complex initiatives to transform our information technology processes and systems, which will include, for many of our information systems, establishing common processes across our lines of business. The risk of system disruption is increased when significant system changes are undertaken, although we believe that our change management process will mitigate this risk. If we fail to integrate our information systems and processes, we may fail to realize the cost savings anticipated to be derived from these initiatives.

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

Many of our customers shop with us over our e-commerce websites and mobile commerce applications, including walmart.com and samsclub.com in the U.S. and our retail websites in 10 other countries, which are a part of our multi-channel sales strategy. Increasingly, customers are using computers, tablets, and smart phones to shop online and through mobile commerce applications with us and with our competitors and to do comparison shopping. We are increasingly using social media to interact with our customers and as a means to enhance their shopping experience. As a part of our multi-channel sales strategy, we offer "Walmart Pickup" and "Club Pickup" and in a growing number of locations, "Online Grocery" programs under which many products available for purchase online can be shipped to and picked up by the customer at his or her local Walmart store or Sam's Club, which provides additional customer traffic at such stores and clubs. Multi-channel retailing is a rapidly evolving part of the retail industry and of our operations in the U.S. and in a number of markets in which our Walmart International segment operates.

We must anticipate and meet our customers' changing expectations while adjusting for new developments and technology investments by our competitors through focusing on the building and delivery of a seamless shopping experience across all channels by each operating segment. Any failure on our part to provide attractive, user-friendly e-commerce platforms that offer a wide assortment of merchandise at competitive prices and with low cost and rapid delivery options and that continually meet the changing expectations of online shoppers and developments in online and mobile commerce application merchandising and related technology could place us at a competitive disadvantage, result in the loss of e-commerce and other sales, harm our reputation with customers, have a material adverse impact on the growth of our e-commerce business globally and could have a material adverse impact on our business and results of operations.

**Any failure to maintain the security of the information relating to our company, customers, members, associates and vendors that we hold, whether as a result of cybersecurity attacks on our information systems or otherwise, could damage our reputation with customers, members, associates, vendors and others, could cause us to incur substantial additional costs and to become subject to litigation, and could materially adversely affect our operating results.**

As do most retailers, we receive and store in our digital information systems certain personal information about our customers and members, and we receive and store personal information concerning our associates and vendors. We also utilize third-party service providers for a variety of reasons, including, without limitation, encryption and authentication technology, content delivery to customers, back-office support, and other functions. In addition, our online operations at www.walmart.com, www.samsclub.com and our websites in certain of our foreign markets depend upon the secure transmission of confidential information over public networks, including information permitting cashless payments. Each year, cyber-attackers make numerous attempts to access the information stored in our information systems. We maintain substantial security measures to protect, and to prevent unauthorized access to, such information and have security processes, protocols and standards that are applicable to our third-party service providers to protect information from our systems to which they have access to under their engagements with us.

However, we or our third-party service providers may be unable to anticipate one or more of the rapidly evolving and increasingly sophisticated means by which cyber-attackers may attempt to defeat our security measures or those of our third-party service providers and breach our or our third-party service providers' information systems. During fiscal 2016, we were notified that a third party service provider that hosts the online photo center for Walmart Canada suffered a security breach that compromised information of users of that company's site, including some Walmart Canada customers, which we believe has not had a material impact on Walmart Canada or the Company. Walmart Canada discontinued use of this third party service provider. Sam's Club in the United States also used the same third party service provider to host its online photo center through a different system than the one used by Walmart Canada. After the breach in Canada, Sam's Club suspended the operation of the online photo center until a security review could be completed by the third party service provider. Once the security review was complete and new technology with enhanced security measures was implemented by the third party service provider, along with a determination that the information of Sam's Club members was not compromised by the security breach, Sam's Club resumed the operation of the online photo center through the same third party service provider.

Cyber threats are rapidly evolving and are becoming increasingly sophisticated. As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat our security measures or those of our third-party service providers in the future like the incident referenced above and obtain the personal information of customers, members, associates and vendors that we hold or to which our third-party service providers have access, and we or our third-party service providers may not discover any security breach and loss of information for a significant period of time after the security breach occurs. Moreover, associate error or malfeasance, faulty password management or other irregularities may result in a defeat of our or our third-party service providers' security measures and breach our or our third-party service providers' information systems (whether digital or otherwise).

Any breach of our security measures or those of our third-party service providers and loss of our confidential information, which could be undetected for a period of time, or any failure by us to comply with applicable privacy and information security laws and regulations could cause us to incur significant costs to protect any customers and members whose personal data was compromised and to restore customer and member confidence in us and to make changes to our information systems and administrative processes to address security issues and compliance with applicable laws and regulations.

In addition, such events could materially adversely affect our reputation with our customers, members, associates, vendors and shareholders, as well as our operations, results of operations, financial condition and liquidity, could result in the release to the public of confidential information about our operations and financial condition and performance and could result in litigation against us or the imposition of penalties, fines, fees or liabilities, which may not be covered by our insurance policies. Moreover, a security breach could require us to devote significant management resources to address the problems created by the security breach and to expend significant additional resources to upgrade further the security measures that we employ to guard such important personal information against cyberattacks and other attempts to access such information and could result in a disruption of our operations, particularly our digital retail operations.

We accept payments using a variety of methods, including cash, checks, credit and debit cards, our private label cards and gift cards, and we may offer new payment options over time, which may have information security risk implications. By accepting debit and credit cards as a retailer for payment, we are subject to the Payment Card Industry Data Security Standard ("PCI DSS"), issued by the Payment Card Industry Security Standards Council. PCI DSS contains compliance guidelines and standards with regard to our security surrounding the physical and electronic storage, processing and transmission of individual cardholder data. The payment card industry set October 1, 2015 as the date on which it will shift liability for certain transactions to retailers who are not able to accept Europay, MasterCard, Visa (EMV) chip card credit and debit transactions. While we already accept many EMV cards, if we are unable to fully implement EMV as planned, we may incur increased costs associated with the liability shift. By accepting debit cards for payment, we are also subject to compliance with the American National Standards Institute encryption standards and payment network security operating guidelines. Even though we comply with these guidelines and standards and other information security measures, we cannot be certain that the security measures we maintain to protect all of our information technology systems are able to prevent, contain or detect any cyberattacks, cyber terrorism, or security breaches from known malware or malware that may be developed in the future. To the extent that any disruption results in the loss, damage or misappropriation of information, we may be materially adversely affected by claims from customers, financial institutions, regulatory authorities, payment card networks and others. In addition, the cost of complying with stricter privacy and information security laws and standards could be significant to us.

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

Our ability to continue to conduct and expand our operations depends on our ability to attract and retain a large and growing number of qualified associates globally. Our ability to meet our labor needs, including our ability to find qualified personnel to fill positions that become vacant at our existing stores, clubs and distribution centers, while controlling our associate wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the markets in which we are located, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and adoption of new or revised employment and labor laws and regulations. If we are unable to locate, to attract or to retain qualified personnel, the quality of service we provide to our customers may decrease and our financial performance may be adversely affected.

The wage increases for over 500,000 associates in our operations in the U.S. and investment in other initiatives for our associates in the U.S. that we announced in February 2015, and related wage increases for 1.2 million associates aggregating \$1.5 billion in the year ending January 31, 2017 ("fiscal 2017") will increase our wage and other labor expenses significantly. If we cannot offset the increases in our wage expenses resulting from those wage increases by increasing our gross profit, achieving decreases in our operating, selling, general and administrative expense or a combination of both in the year ending January 31, 2018 and thereafter, our consolidated operating income and our consolidated income from continuing operations could continue to be less than our consolidated operating income and consolidated income from continuing operations for our fiscal years prior to fiscal 2017. In addition, if our costs of labor or related costs increase even more significantly for other reasons or if new or revised labor laws, rules or regulations or healthcare laws are adopted or implemented that further increase our labor costs, our financial performance could be materially adversely affected.

**We may face impediments to our expansion of physical retail in the U.S., which may materially adversely affect our financial performance.**

Our expansion strategy in the U.S. depends upon our ability to execute our retail concepts successfully in new markets within the U.S. and upon our ability to increase the number of stores in markets in which we currently have operations. Our ability to open additional supercenters, discount stores, Neighborhood Markets, other store formats, and Sam's Clubs depends in large measure upon our ability to locate, hire and retain qualified personnel and to acquire new store sites on acceptable terms. Local real estate, land use, zoning, and other regulations restricting the construction of buildings of the type in which we operate our various formats, as well as local community action opposed to the location of specific stores at specific sites and the adoption of certain local laws restricting our operations, may affect our ability to open new stores and clubs, to convert discount stores into supercenters or to relocate or expand existing units in certain cities and states, including in market areas in which we have no existing operations.

Increased real estate, construction and development costs could limit our growth opportunities and our ability to convert our discount stores into supercenters. Moreover, our expansion in our existing local market areas may be limited if the opening of new stores or clubs would result in an unacceptable level of cannibalization of the sales of existing stores or clubs. If we are unable to open new supercenters, discount stores, Neighborhood Markets, other small formats or Sam's Clubs or continue to convert discount stores into supercenters, our financial performance, such as net sales and operating income growth, could be materially adversely affected. In addition, if consumers in the markets into which we expand or in which we build stores of a new format are not receptive to our retail concepts or are otherwise not receptive to our presence in a market, our financial performance could be adversely affected.

**Impediments to the expansion of our Walmart International operations could materially adversely affect our financial performance.**

Our business strategy for our Walmart International segment includes expansion by selective acquisitions and strategic alliances that add new stores and markets to our existing Walmart International business, as well as opening new units in the countries in which we have existing operations. In the countries in which we have existing operations, new units may be opened in the formats already existing in those countries or may be opened in newly introduced formats, such as supercenters or Sam's Clubs, not previously operated in those markets. As in the U.S., our ability to open new stores or to expand or relocate existing stores in a market served by our Walmart International segment depends in large measure upon our ability to locate, hire and retain qualified personnel and our ability to acquire new store sites on acceptable terms. Local laws can affect our ability to acquire attractive pre-existing buildings in which to locate units or sites on which to build new units or to expand existing units. In addition, access to local suppliers of certain types of goods may limit our ability to add new units or to expand product selections in existing units in certain markets, especially in those markets in which consumers desire to purchase locally produced goods.

Moreover, cultural differences in some markets into which we expand or into which we introduce new retail concepts may result in the consumers in those markets not being as receptive to our retail concepts as we anticipate those consumers will be and may make an effective response to such issues more difficult to achieve. Economic, business and legal environments in foreign markets may be such that we are unable to expand our operations and increase our net sales in those markets as we may want to do and could result in the closure of our existing units in such markets, which closures impede the growth of our international operations. Finally, some countries have foreign investment laws that prohibit us or limit us from holding a controlling interest in retail operations in those countries, making our entry into those markets, which may present attractive growth opportunities, more difficult, if not impossible. If we cannot effectively continue to expand our Walmart International segment, our ability to grow our business could be adversely affected.

We may be unable to continue to identify suitable acquisition candidates at acceptable prices and may not be successful in completing the acquisition of any such candidate identified. Although we ultimately believe we will be able to successfully integrate any newly acquired operations into our existing operations, no certainty exists that future acquisitions or alliances will be successfully integrated into our operations or can be successfully integrated in a reasonable time. Our failure to identify appropriate candidates for acquisition or alliance or to integrate effectively future acquisitions and alliances into our existing operations could adversely affect the growth of our Walmart International segment and our future financial performance.

**Financial Risks**

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

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

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

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

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

We believe that the price of our stock generally reflects high market expectations for our future operating results. Any failure to meet or delay in meeting these expectations, including our comparable store and club sales growth rates, e-commerce growth rates, gross margin, earnings and earnings per share or new store and club openings could cause the market price of our stock to decline, as could changes in our dividend or stock repurchase programs or policies.

**Regulatory, Compliance, Reputational and Other Risks**

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

We are currently engaged in the operation of retail through our wholly-owned subsidiaries operating in Argentina, Brazil, Canada, Chile, China, India, Japan and the United Kingdom; our majority-owned subsidiaries operating in Africa, Central America and Mexico; and our joint ventures and other controlled subsidiaries in China in addition to our U.S. operations. During fiscal 2016, our Walmart International operations generated approximately 26% of our consolidated net sales. Our divisions also source goods and services from other countries. The future expansion of our operations in countries outside the U.S. could result in our international operations accounting for a larger portion of our net sales in future years. Our future operating results in these countries or in other countries or regions throughout the world could be negatively affected by a variety of factors, most of which are beyond our control. These factors include political conditions, including political instability, local and global economic conditions, legal and regulatory constraints, local product safety and environmental laws, tax regulations, local labor laws, anti-money laundering laws and regulations, trade policies, currency regulations, and other matters in any of the countries or regions in which we operate, now or in the future.

In particular, Brazilian federal, state and local laws are complex and subject to varying interpretations. Although the Company believes it complies with those laws, the Company's subsidiaries in Brazil are party to a large number of labor claims and non-income tax assessments, which have arisen during the normal course of business in Brazil. These matters are subject to inherent uncertainties and if decided adversely to the Company, could materially adversely affect our financial performance.

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

In foreign countries in which we have operations, a risk exists that our associates, contractors or agents could, in contravention of our policies, engage in business practices prohibited by U.S. laws and regulations applicable to us, such as the Foreign Corrupt Practices Act and the laws and regulations of other countries such as the UK Bribery Act. We maintain policies prohibiting such business practices and have in place enhanced global anti-corruption compliance programs designed to ensure compliance with these laws and regulations. Nevertheless, we remain subject to the risk that one or more of our associates, contractors or agents, including those based in or from countries where practices that violate such U.S. laws and regulations or the laws and regulations of other countries may be customary, will engage in business practices that are prohibited by our

policies, circumvent our compliance programs and, by doing so, violate such laws and regulations. Any such violations, even if prohibited by our internal policies, could adversely affect our business or financial performance and our reputation.

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

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

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

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

In addition, ASDA Stores, Ltd. ("ASDA"), a wholly-owned subsidiary of the Company, has been named as a defendant in over 7,000 "equal value" claims that are pending in the Manchester Employment Tribunal (the "Employment Tribunal") in the United Kingdom. The claimants, who are current and former ASDA store employees, allege that the work performed by female employees in ASDA's retail stores is of equal value in terms of, among other things, the demands of their jobs to that of male employees working in ASDA's warehouses and distribution facilities, and that the disparity in pay between these different job positions is not objectively justified. The claimants are seeking: (i) back pay consisting of the difference between the wage rate paid in the stores and the rate paid in the warehouses and distribution facilities for the period of their employment up to a maximum of six years under the statute of limitations; and (ii) an increase in the store rate prospectively, to match that paid in the warehouses and the distribution facilities. On January 30, 2015, the Employment Tribunal held a case management conference in order to set a schedule for addressing jurisdictional challenges and other issues involved in the first phase of the litigation. At this time, it is undetermined: (i) how many of these claims may ultimately be filed; or (ii) whether the Employment Tribunal will decide to hear each claim individually or to consolidate them into groups of similar claims and proceed with the trial of "test cases." Determinations made in such test cases, if any, might be asserted as binding in subsequent trials of claims within that group and any subsequent claims involving the same issues. Moreover, a determination as to the appropriate rate of pay for a particular store position might be asserted as the basis for additional claims for back pay or wage increases by other store associates who perform, or who have performed, like work in that position.

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. Following argument and appellate proceedings, the claims have remained in the Employment Tribunal. The issue of stay, strike out, and the scope of Employment Tribunal rules are the subject of further appellate proceedings. We discuss this case and other litigation to which we are party below under the caption "Item 3. Legal Proceedings" and in Note 10 in the "Notes to our Consolidated Financial Statements," which are part of our Annual Report to Shareholders, which are incorporated by reference in this Annual Report on Form 10-K and are included as an exhibit to this Annual Report on Form 10-K.



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

The Audit Committee of our Board of Directors, which is composed solely of independent directors, is conducting an internal investigation into, among other things, alleged violations of the Foreign Corrupt Practices Act ("FCPA") and other alleged crimes or misconduct in connection with certain of our foreign subsidiaries, including Wal-Mart de México, S.A.B. de C.V., or Walmex, and whether we appropriately handled prior allegations of such violations and/or misconduct. We are also conducting a voluntary global review of our policies, practices and internal controls for FCPA compliance and strengthening our global anti-corruption compliance programs. Since the implementation of the global review and enhanced anti-corruption compliance programs, the Audit Committee and we have identified or been made aware of additional allegations regarding potential violations of the FCPA. Inquiries or investigations regarding allegations of potential FCPA violations have been commenced in a number of foreign markets in which we operate, including, but not limited to, Brazil, China and India. In November 2011, we voluntarily disclosed our investigative activity to the U.S. Department of Justice (the "DOJ") and the SEC, and we have been informed by the DOJ and the SEC that we are the subject of their respective investigations into possible violations of the FCPA. A number of federal and local government agencies in Mexico have also initiated investigations of these matters. Furthermore, lawsuits relating to the matters under investigation have been filed by several of our shareholders against us, certain of our current and former directors and officers and certain of Walmex's current and former officers.

We could be exposed to a variety of negative consequences as a result of these matters. One or more enforcement actions could be instituted in respect of the matters that are the subject of some or all of the on-going government investigations, and such actions, if brought, may result in judgments, settlements, fines, penalties, injunctions, cease and desist orders, debarment or other relief, criminal convictions and/or penalties. The existing and any additional shareholder lawsuits may result in judgments against us and our current and former directors and officers named in those proceedings. We cannot predict at this time the outcome or impact of the government investigations, the shareholder lawsuits, or our own internal investigations and review. Moreover, we expect to continue to incur costs (incremental to the \$126 million of costs incurred in fiscal 2016 and the costs incurred in prior years) in conducting our on-going review and investigations and in responding to requests for information or subpoenas seeking documents, testimony and other information in connection with the government investigations and in defending the existing and any additional shareholder lawsuits and any governmental proceedings that are instituted against us or any of our current or former officers. These matters may require the involvement of certain members of our senior management that could impinge on the time they have available to devote to other matters relating to our business. We also expect that there will be ongoing media and governmental interest, including additional news articles from media publications on these matters that could impact the perception of our role as a corporate citizen among certain audiences. Our process of assessing and responding to the governmental investigations and the shareholder lawsuits continues. While we believe that it is probable that we will incur a loss from these matters, given the on-going nature and complexity of the review, inquiries and investigations, we cannot reasonably estimate any loss or range of loss that may arise from these matters. Although we do not presently believe that these matters will have a material adverse effect on our business, given the inherent uncertainties in such situations, we can provide no assurance that these matters will not be material to our business in the future.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

The number of supercenters, discount stores, Neighborhood Markets, other small formats and Sam's Clubs located in each state or territory of the U.S. and the number of units located in each of the geographic markets internationally in which we operate are disclosed as of the fiscal year ended January 31, 2016 in the part of our Annual Report to Shareholders under the caption "Unit Counts as of January 31, 2016" that is an exhibit hereto and that information is incorporated herein by reference. The following table provides further details of our retail units and distribution facilities, including return facilities, as of January 31, 2016:

	Owned and Operated	Owned and Third Party Operated	Leased and Operated	Third Party Owned and Operated	Total
<b>U.S. properties</b>					
Walmart U.S. retail units	3,934	—	640	—	4,574
Sam's Club retail units	554	—	101	—	655
<b>Total U.S. retail units</b>	<b>4,488</b>	<b>—</b>	<b>741</b>	<b>—</b>	<b>5,229</b>
Walmart U.S. distribution facilities	102	2	10	23	137
Sam's Club distribution facilities	3	3	2	16	24
<b>Total U.S. distribution facilities</b>	<b>105</b>	<b>5</b>	<b>12</b>	<b>39</b>	<b>161</b>
<b>Total U.S. properties</b>	<b>4,593</b>	<b>5</b>	<b>753</b>	<b>39</b>	<b>5,390</b>
<b>International properties</b>					
Africa	42	—	366	—	408
Argentina	65	—	43	—	108
Brazil	219	—	280	—	499
Canada	133	—	267	—	400
Central America	239	—	470	—	709
Chile	231	—	164	—	395
China	3	—	429	—	432
India	2	—	19	—	21
Japan	57	—	289	—	346
Mexico	676	—	1,684	—	2,360
United Kingdom	433	—	188	—	621
<b>Total International retail units</b>	<b>2,100</b>	<b>—</b>	<b>4,199</b>	<b>—</b>	<b>6,299</b>
International distribution facilities	45	11	72	48	176
<b>Total International properties</b>	<b>2,145</b>	<b>11</b>	<b>4,271</b>	<b>48</b>	<b>6,475</b>
<b>Total retail units</b>	<b>6,588</b>	<b>—</b>	<b>4,940</b>	<b>—</b>	<b>11,528</b>
<b>Total distribution facilities</b>	<b>150</b>	<b>16</b>	<b>84</b>	<b>87</b>	<b>337</b>
<b>Total properties</b>	<b>6,738</b>	<b>16</b>	<b>5,024</b>	<b>87</b>	<b>11,865</b>

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

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

### **ITEM 3. LEGAL PROCEEDINGS**

**I. SUPPLEMENTAL INFORMATION:** We discuss certain legal proceedings in Note 10 to our Consolidated Financial Statements, entitled "Contingencies," which is one of the Notes to Consolidated Financial Statements incorporated by reference in Part II, Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K and is incorporated by reference in this item. We refer you to that discussion for important information concerning those legal proceedings, including the basis for such actions and, where known, the relief sought. We provide the following additional information concerning those legal proceedings, including the name of the lawsuit, the court in which the lawsuit is pending, and the date on which the petition commencing the lawsuit was filed.

**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 was consolidated in the United States District Court for the Western District of Arkansas and the other in the Delaware Court of Chancery. On March 31, 2015, 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.

During fiscal year 2015, a California Greenwashing Task Force informed the Company (including one of its subsidiaries) that it was investigating whether the Company and its subsidiary had violated a California statute that prohibits the sale of plastic products labeled by the Company's and its subsidiary's suppliers as "biodegradable" or "compostable." On January 13, 2016, the Task Force sent the Company and its subsidiary a settlement demand with the following terms: a \$1.5 million civil penalty; a restitution program; a compliance program; and investigative costs. On March 7, 2016, the Company and its subsidiary responded to the offer and are continuing to work with the Task Force towards a resolution.

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") 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 October 2015, Walmart Brazil filed its defense with the agency against the imposition of this penalty.

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 and engaged an expert to oversee the final cleanup. The Municipality of Lerma proposed a penalty of approximately \$128,000 along with the implementation of a monitoring program around the spill area to address the situation. The Company implemented a monitoring program which concluded that there was no contamination in the spill area and is challenging the penalty in an administrative court.

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 has been cooperating with the agency and believes that it has addressed the situation.

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 resolved the matter by paying a penalty of approximately \$50,000 and is awaiting the issuance of the license.

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 Compañías Agroindustriales, operating in Costa Rica, became aware that the Municipality of Curridabat is seeking a penalty of approximately \$380,000 in connection with the construction of a retaining wall 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 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. The Ministry proposed a penalty of approximately \$178,000 related to such stores and Arrendadora is currently in discussions with the Ministry regarding payment of such amount. In 2014, the Ministry informed Arrendadora it believed that four additional stores may have been constructed with the same deficiencies. The Ministry proposed a penalty of approximately \$640,000 in respect to such additional stores and also required Arrendadora to obtain the licenses and comply with the required conditions. Arrendadora was subsequently released by an administrative court from the payment of such penalty. Arrendadora is in compliance with the conditions required for the licenses of all the foregoing stores.

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 4. MINE SAFETY DISCLOSURES**

Not applicable.

PART II

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

Certain information required to be provided in this item is incorporated herein by reference to the information included under the captions "Market price of common stock," "Listing" and "Dividends paid per share" in our Annual Report to Shareholders. Such information appears in the portion of the Annual Report to Shareholders that is in Exhibit 13 to this Annual Report on Form 10-K and incorporated by reference herein.

Our common stock is primarily traded in the U.S. on the New York Stock Exchange. At March 28, 2016, the latest practicable date, there were 243,327 common stock shareholders of record.

From time to time, the Company repurchases shares of its common stock under share repurchase programs authorized by the Board of Directors. On October 13, 2015, the Company's Board of Directors replaced the previous \$15.0 billion share repurchase program, which had approximately \$8.6 billion of remaining authorization for share repurchases as of that date, with a new \$20.0 billion share repurchase program. As was the case with the replaced share repurchase program, the current share repurchase program has no expiration date or other restrictions limiting the period over which the Company can make share repurchases. At January 31, 2016, authorization for \$17.5 billion of share repurchases remained under the current share repurchase program. Any repurchased shares are constructively retired and returned to an unissued status.

Share repurchase activity under our share repurchase program, on a trade date basis, for each of the three months in the quarter ended January 31, 2016, was as follows:

<b>Fiscal Period</b>	<b>Total Number of Shares Repurchased</b>	<b>Average Price Paid per Share (in dollars)</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in billions)</b>
November 1-30, 2015	6,975,479	\$ 60.28	6,975,479	\$ 19.6
December 1-31, 2015	19,180,216	59.97	19,180,216	18.4
January 1-31, 2016	15,304,381	63.17	15,304,381	17.5
<b>Total</b>	<b>41,460,076</b>		<b>41,460,076</b>	

**ITEM 6. SELECTED FINANCIAL DATA**

The information required by this item is incorporated by reference to all information under the caption "Five-Year Financial Summary" included in our Annual Report to Shareholders. Such information is included in Exhibit 13 to this Annual Report on Form 10-K.

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

The information required by this item is incorporated by reference to all information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report to Shareholders. Such information is included in Exhibit 13 to this Annual Report on Form 10-K.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The information required by this item is incorporated by reference to all information under the sub-caption "Market Risk" under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report to Shareholders. Such information is included in Exhibit 13 to this Annual Report on Form 10-K.

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

The information required by this item is incorporated by reference to all information under the captions "Consolidated Statements of Income," "Consolidated Statements of Comprehensive Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity and Redeemable Noncontrolling Interest," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Registered Public Accounting Firm" included in our Annual Report to Shareholders. Such information is included in Exhibit 13 to this Annual Report on Form 10-K.

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

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be timely disclosed, is accumulated and communicated to management in a timely fashion. In designing and evaluating such controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management is necessarily required to use judgment in evaluating controls and procedures. Also, we have investments in unconsolidated entities. Since we do not control or manage those entities, our controls and procedures with respect to those entities are substantially more limited than those we maintain with respect to our consolidated subsidiaries.

In the ordinary course of business, we review our internal control over financial reporting and make changes to our systems and processes to improve such controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, updating existing systems, automating manual processes, migrating certain processes to our shared services organizations and increasing monitoring controls. These changes have not materially affected, and are not reasonably likely to materially affect, the Company's internal control over financial reporting. However, they allow us to continue to enhance our internal control over financial reporting and ensure that our internal control environment remains effective.

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report was performed under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

### **Reports on Internal Control Over Financial Reporting**

Management's report on internal control over financial reporting and the attestation report of Ernst & Young LLP, the Company's independent registered public accounting firm, on the Company's internal control over financial reporting are incorporated herein by reference to all information under the captions "Management's Report to Our Shareholders" and "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting," respectively, included in our Annual Report to Shareholders. Such information is included in Exhibit 13 to this Annual Report on Form 10-K.

### **Changes in Internal Control Over Financial Reporting**

During the second quarter of fiscal 2016, we identified and disclosed a material weakness in our controls over accounting for leases. The material weakness in internal control over financial reporting resulted from a lack of controls which allowed for the misinterpretation and historical misapplication of Accounting Standards Codification 840, *Leases* ("ASC 840") regarding sale-leaseback accounting, primarily 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, primarily 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 designed and implemented controls and enhanced and revised the design of existing controls and procedures to properly apply sale-leaseback accounting, primarily lessee involvement in the construction of leased assets, under ASC 840.

During the fourth quarter of fiscal 2016, we successfully completed the testing necessary to conclude that the material weakness has been remediated.

Except as noted above, there has been no change in the Company's internal control over financial reporting as of January 31, 2016, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item with respect to the Company's directors, certain family relationships, and compliance by the Company's directors, executive officers and certain beneficial owners of the Company's common stock with Section 16(a) of the Securities Exchange Act of 1934, as amended, is incorporated by reference to such information under the captions entitled "Corporate Governance – Proposal No. 1 – Election of Directors" and "Stock Ownership – Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement relating to the Annual Meeting of Shareholders to be held on June 3, 2016 (our "Proxy Statement").

Please see the information concerning our executive officers contained in Part I of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant," which is included there in accordance with Instruction 3 to Item 401(b) of the SEC's Regulation S-K.

No material changes have been made to the procedures by which shareholders of the Company may recommend nominees to our board of directors since those procedures were disclosed in our proxy statement relating to our 2015 Annual Shareholders' Meeting as previously filed with the SEC.

The information regarding our Audit Committee, including our audit committee financial experts and our Codes of Ethics for the CEO and Senior Financial Officers and our Statement of Ethics applicable to all of our associates, including our Chief Executive Officer, Chief Financial Officer and our Controller, who is our principal accounting officer, required by this item is incorporated herein by reference to the information under the captions "Corporate Governance – Board Committees" and "Audit Matters – Audit Committee Financial Experts" included in our Proxy Statement. "Item 1. Business" above contains information relating to the availability of a copy of our Code of Ethics for our CEO and Senior Financial Officers and our Statement of Ethics and the posting of amendments to and any waivers of the Code of Ethics for our CEO and Senior Financial Officers and our Statement of Ethics on our website.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to all information under the captions "Corporate Governance – Director Compensation," "Executive Compensation" and under the sub-captions "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" that appear under the caption "Executive Compensation" included in our Proxy Statement.

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

The information required by this item is incorporated herein by reference to all information under the sub-captions "Holdings of Major Shareholders" and "Holdings of Officers and Directors" that appear under the caption "Stock Ownership" and all information that appears under the caption "Executive Compensation – Equity Compensation Plan Information" included in our Proxy Statement.

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

The information required by this item is incorporated herein by reference to all information under the caption "Corporate Governance – Related Person Transactions" and under the caption "Corporate Governance – Director Independence" included in our Proxy Statement.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated herein by reference to all information under the caption "Audit Matters – Audit Committee Pre-Approval Policy" and under the caption "Audit Matters – Proposal No. 4 – Ratification of Independent Accountants" included in our Proxy Statement.



PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

1. Financial Statements:

See the Financial Statements incorporated herein by reference to the portions of our Annual Report to Shareholders filed as Exhibit 13 hereto.

2. Financial Statement Schedules:

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

3. Exhibits:

The required exhibits are included at the end of the Form 10-K or are incorporated herein by reference and are described in the Exhibit Index immediately preceding the first exhibit to this Annual Report on Form 10-K.

(b) The exhibits furnished with this Annual Report on Form 10-K in accordance with the requirement of Form 10-K of the SEC are listed in the Exhibit Index, which appears immediately following the signature pages to this Annual Report on Form 10-K and which is incorporated in this Item 15(b) by reference to such Exhibit Index.

(c) Financial Statement Schedules

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Wal-Mart Stores, Inc.

DATE: March 30, 2016

By /s/ C. Douglas McMillon  
C. Douglas McMillon  
President and Chief Executive Officer

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

DATE: March 30, 2016

By /s/ C. Douglas McMillon  
C. Douglas McMillon  
President and Chief Executive Officer and Director  
(Principal Executive Officer)

DATE: March 30, 2016

By /s/ Gregory B. Penner  
Gregory B. Penner  
Chairman of the Board and Director

DATE: March 30, 2016

By /s/ M. Brett Biggs  
M. Brett Biggs  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

DATE: March 30, 2016

By /s/ Steven P. Whaley  
Steven P. Whaley  
Senior Vice President and Controller  
(Principal Accounting Officer)

Signature Page to Wal-Mart Stores, Inc.  
Form 10-K for the Fiscal Year Ended January 31, 2016

DATE: March 30, 2016

By /s/ Aida M. Alvarez

Aida M. Alvarez

Director

DATE: March 30, 2016

By /s/ James I. Cash, Jr.

James I. Cash, Jr., Ph.D.

Director

DATE: March 30, 2016

By /s/ Roger C. Corbett

Roger C. Corbett

Director

DATE: March 30, 2016

By /s/ Pamela J. Craig

Pamela J. Craig

Director

DATE: March 30, 2016

By /s/ Michael T. Duke

Michael T. Duke

Director

DATE: March 30, 2016

By /s/ Timothy P. Flynn

Timothy P. Flynn

Director

DATE: March 30, 2016

By /s/ Thomas W. Horton

Thomas W. Horton

Director

DATE: March 30, 2016

By /s/ Marissa A. Mayer

Marissa A. Mayer

Director

Signature Page to Wal-Mart Stores, Inc.  
Form 10-K for the Fiscal Year Ended January 31, 2016

DATE: March 30, 2016

By /s/ Steven S Reinemund

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Steven S Reinemund  
Director

DATE: March 30, 2016

By /s/ Kevin Y. Systrom

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Kevin Y. Systrom  
Director

DATE: March 30, 2016

By /s/ Jim C. Walton

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Jim C. Walton  
Director

DATE: March 30, 2016

By /s/ S. Robson Walton

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S. Robson Walton  
Director

DATE: March 30, 2016

By /s/ Linda S. Wolf

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Linda S. Wolf  
Director

Signature Page to Wal-Mart Stores, Inc.  
Form 10-K for the Fiscal Year Ended January 31, 2016

### Exhibit Index<sup>(1),(2)</sup>

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

- 3 (a) Restated Certificate of Incorporation of the Company dated October 25, 1988, 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 hereby by reference to Exhibits 4.1, 4.2 and 4.3, respectively, to the Registration Statement on Form S-3 (File No. 333-178385).
- 3 (b) Amended and Restated Bylaws of the Company are incorporated herein by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q that the Company filed on June 6, 2014.
- 4 (a) Form of Indenture dated as of July 15, 1990, between the Company and Harris Trust and Savings Bank, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-35710).
- 4 (b) Indenture dated as of April 1, 1991, between the Company and J.P. Morgan Trust Company, National Association, as successor trustee to Bank One Trust Company, NA, as successor trustee to The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(a) to Registration Statement on Form S-3 (File Number 33-51344).
- 4 (c) First Supplemental Indenture dated as of September 9, 1992, to the Indenture dated as of April 1, 1991, between the Company and J.P. Morgan Trust Company, National Association, as successor trustee to Bank One Trust Company, NA, as successor trustee to The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-51344).
- 4 (d) Indenture dated as of July 5, 2001, between the Company and J.P. Morgan Trust Company, National Association, as successor trustee to Bank One Trust Company, NA, is incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-3 (File Number 333-64740).
- 4 (e) Indenture dated as of December 11, 2002, between the Company and J.P. Morgan Trust Company, National Association, as successor trustee to Bank One Trust Company, NA, is incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-3 (File Number 333-101847).
- 4 (f) Indenture dated as of July 19, 2005, between the Company and J.P. Morgan Trust Company, National Association is incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-3 (File Number 333-126512).
- 4 (g) First Supplemental Indenture, dated December 1, 2006, between Wal-Mart Stores, Inc. and The Bank of New York Trust Company, N.A., as successor-in-interest to J.P. Morgan Trust Company, National Association, as Trustee, under the Indenture, dated as of July 19, 2005, between Wal-Mart Stores, Inc. and J.P. Morgan Trust Company, National Association, as Trustee, is incorporated herein by reference to Exhibit 4.6 to Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (File Number 333-130569).
- 4 (h) Second Supplemental Indenture, dated December 19, 2014, between Wal-Mart Stores, Inc. and The Bank of New York Trust Company, N.A., as successor-in-interest to J.P. Morgan Trust Company, National Association, as Trustee, under the Indenture, dated as of July 19, 2005, between Wal-Mart Stores, Inc. and J.P. Morgan Trust Company, National Association, as Trustee, is incorporated herein by reference to Exhibit 4.3 to Registration Statement on Form S-3 (File Number 333-201074).

- 10(a) Wal-Mart Stores, Inc. Officer Deferred Compensation Plan as amended and restated effective February 1, 2012, is incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company dated September 29, 2011. **(Commission File No. 001-6991)**<sup>(1)</sup>
- 10(b) Wal-Mart Stores, Inc. Management Incentive Plan as amended and effective February 1, 2013, is incorporated herein by reference to Appendix A to the Proxy Statement that is a part of the Company's Schedule 14A filed on April 22, 2013.
- 10(c) The Rules of the ASDA Sharesave Plan 2000, as amended effective February 6, 2015, is incorporated herein by reference to Exhibit 10(c) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2015, filed on April 1, 2015.
- 10(d)\* Wal-Mart Stores, Inc. 2004 Associate Stock Purchase Plan, as amended and restated effective March 9, 2007.
- 10(e)\* Wal-Mart Stores, Inc. Stock Incentive Plan of 2015, as amended and restated effective February 23, 2016.
- 10(f) Form of Wal-Mart Stores, Inc. Stock Incentive Plan, Notice of Non Qualified Stock Option Grant is incorporated by reference to Exhibit 10(i) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2011, filed on March 30, 2011. **(Commission File No. 001-6991)**<sup>(1)</sup>
- 10(g) Wal-Mart Stores, Inc. Supplemental Executive Retirement Plan amended and restated effective February 1, 2011, is incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of the Company dated September 29, 2011. **(Commission File No. 001-6991)**<sup>(1)</sup>
- 10(h) Wal-Mart Stores, Inc. Director Compensation Deferral Plan, amended and restated effective June 4, 2010, is incorporated by reference to Exhibit 10(n) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2011, filed on March 30, 2011. **(Commission File No. 001-6991)**<sup>(1)</sup>
- 10(i) Form of Post-Termination Agreement and Covenant Not to Compete with attached Schedule of Executive Officers who have executed a Post-Termination Agreement and Covenant Not to Compete is incorporated by reference to Exhibit 10(p) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2011, filed on March 30, 2011. **(Commission File No. 001-6991)**<sup>(1)</sup>

10(i).1*	Amended Schedule of Executive Officers who have executed a Post-Termination Agreement and Covenant Not to Compete in the form filed as Exhibit 10(p) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2011.
10(j)*	Wal-Mart Deferred Compensation Matching Plan, as amended and restated effective February 1, 2016.
10(k)	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2010 Performance Unit Award, Notification of Award and Terms and Conditions of Award is incorporated by reference to Exhibit 10(s) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2014, filed on March 21, 2014.
10(l)	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2010 Restricted Stock Award, Notification of Award and Terms and Conditions of Award is incorporated by reference to Exhibit 10(t) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2014, filed on March 21, 2014.
10(m)	Post-Termination Agreement and Covenant Not to Compete between Wal-Mart Canada Corp. and David Cheesewright dated as of January 31, 2014, is incorporated by reference to Exhibit 10(u) to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2014, filed on March 21, 2014.
10(n)	Retirement Agreement by and between the Company and Charles M. Holley, dated October 8, 2015, is incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company filed on October 9, 2015.
10(o)*	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 Share-Settled Performance Unit Notification and Terms and Conditions.
10(p)*	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 Share-Settled Performance Unit Notification and Terms and Conditions (Wal-Mart Canada Corp.-related).
10(q)*	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 Restricted Stock Award, Notification of Award and Terms and Conditions of Award.
10(r)*	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 Performance-Based Restricted Stock Award, Notification of Award and Terms and Conditions of Award.
10(s)*	Form of Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 Share-Settled Restricted Unit Notification and Terms and Conditions (Wal-Mart Canada Corp.-related).
12*	Statement regarding computation of the Earnings to Fixed Charges Ratios.
13*	Portions of our Annual Report to Shareholders for the fiscal year ended January 31, 2016. All information incorporated by reference in Items 1, 2, 3, 5, 6, 7, 7A, 8 and 9A of this Annual Report on Form 10-K from the Annual Report to Shareholders for the fiscal year ended January 31, 2016, is filed with the SEC. The balance of the information in the Annual Report to Shareholders will be furnished to the SEC in accordance with Item 601(b) (13) of Regulation S-K.
21*	List of the Company's Significant Subsidiaries.
23*	Consent of Independent Registered Public Accounting Firm.
31.1*	Chief Executive Officer Section 302 Certification.
31.2*	Chief Financial Officer Section 302 Certification.
32.1**	Chief Executive Officer Section 906 Certification.
32.2**	Chief Financial Officer Section 906 Certification.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

\* Filed herewith as an Exhibit.

\*\* Furnished herewith as an Exhibit.

Notes to Exhibit Index:

1. The exhibits listed in this Exhibit Index and incorporated as exhibits to the Annual Report on Form 10-K of Wal-Mart Stores, Inc. (the "Company") for the fiscal year ended January 31, 2016 by reference to an Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Current Report on Form 8-K of the Company previously filed with the SEC by the Company are available for review online on the EDGAR system of the SEC at [www.sec.gov](http://www.sec.gov) as exhibits to the Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Current Report on Form 8-K referred to above in the description of the exhibit incorporated by reference. The historical filings of the Company may be reviewed and copied at the Public Reference Room of the SEC at 100 F Street, NE Washington, DC 20549-2521 under Commission File No. 001-6991.
2. The Company and its subsidiaries have in the past issued, and may in the future issue from time to time, long-term debt instruments, but the aggregate principal amount of the debt instruments of any one series of such debt instruments has not exceeded or will not exceed 10% of the assets of the Company at any pertinent time. The Company has previously filed with the SEC its agreement to, and hereby agrees to, file copies of the agreements relating to long-term debt instruments and the instruments representing or evidencing such long-term debt instruments with the SEC upon request. As a result, in accordance with the provisions of paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K of the SEC, copies of such long-term debt instruments have not been filed as exhibits to the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2016. The Company has previously filed the documents and instruments establishing the specific terms of long-term debt instruments offered and sold by the Company pursuant to its effective registration statements filed with the SEC pursuant to the Securities Act of 1933, as amended, as exhibits to the applicable registration statement or as exhibits to a Current Report on Form 8-K filed in connection with the applicable registration statement and the sale and issuance of those long-term debt instruments.



**WAL-MART STORES, INC.  
2004 ASSOCIATE STOCK PURCHASE PLAN**

**(As amended and restated effective as of February 1, 2004, and further amended on May 5, 2005 and March 9, 2007)**

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WAL-MART STORES, INC.

2004 ASSOCIATE STOCK PURCHASE PLAN

I. DEFINITIONS

- 1.1. "Account" shall mean a Participant's account which holds his or her shares of Stock pursuant to the Plan.
- 1.2. "Account Administrator" shall mean the third party administrator for the Accounts as may be from time to time appointed by the Committee.
- 1.3. "Account Closure" shall mean the closing of a Participant's Account by one of the following means:
- (a) "Automatic Account Closure" shall mean the closure of a Participant's Account by the Committee (or the Account Administrator if applicable) at the time such Participant's Account balance contains no shares (or fractional shares) of Stock on or after his or her termination of employment with the Employer.
- (b) "Participant Account Closure" shall mean the closure of a Participant's Account pursuant to a request by the Participant to have his or her Account closed and to have all Stock or proceeds from the sale thereof distributed.
- 1.4. "Affiliate" shall mean any entity that is more than 50% owned or controlled, directly or indirectly, by the Company.
- 1.5. "Associate" shall mean any common law employee of an Employer, but shall not include independent contractors. An individual classified by the Employer as either an independent contractor or an individual who provides services to the Employer through another entity shall not be eligible to participate in this Plan during the period that the individual is so classified, even if such individual is later retroactively reclassified as an Associate during all or any part of such period pursuant to applicable law or otherwise.
- 1.6. "Award Program" shall mean a program established by the Company or a Participating Employer that results in its Associates receiving shares of Stock as an award for job performance.
- 1.7. "Board" shall mean the Board of Directors of the Company.
- 1.8. "Committee" shall mean the Stock Option Committee of the Board, or such other committee as may be appointed by the Board.
- 1.9. "Company" shall mean Wal-Mart Stores, Inc., a Delaware corporation.
- 1.10. "Contribution" shall mean any of the types of contributions that may be made to a Participant's Account under the Plan, either by the Company, a Participating Employer or a Participant as set forth in Section III.
- 1.11. "Employer" shall mean the Company and its Affiliates.

1.12. “Participant” shall mean any Associate of the Company or a Participating Employer who satisfies the eligibility requirements in Section II and who has an Account established under the Plan, and Participant shall also include any former Associate of the Company or a Participating Employer who was a Participant in the Plan at the time of his or her termination of employment until such time as an Account Closure occurs.

1.13. “Participating Employer” shall mean an Affiliate whose participation in the Plan has been approved by the Committee. The Committee may require the Participating Employer to make corresponding contributions under the Plan in accordance with rules and procedures established by the Committee. The Committee, in its sole discretion, may terminate any such Affiliate’s Participating Employer status at any time and the Participants’ Accounts will be treated as if such Participants had transferred employment to an Affiliate that is not a Participating Employer as described in Section 5.3 of the Plan.

1.14. “Payroll Deduction” shall mean the payroll deduction from a Participant’s biweekly or weekly regular compensation (including from vacation pay and any paid leave of absence) of an amount authorized by the Participant as a Payroll Deduction Contribution.

1.15. “Plan” shall mean the Wal-Mart Stores, Inc. 2004 Associate Stock Purchase Plan (formerly known as the Wal-Mart Stores, Inc. 1996 Associate Stock Purchase Plan), as amended, restated and renamed herein, or as it may be further amended from time to time.

1.16. “Plan Year” shall mean April 1 of a calendar year to March 31 of the following calendar year, or such other period as set by the Committee.

1.17. “Section 16 Officers” shall mean those officers of the Company who are subject to subsection 16(a) of the Securities Exchange Act of 1934, as amended.

1.18. “Stock” shall mean the common stock, \$.10 par value per share, of the Company.

## **II. ELIGIBILITY**

2.1. In General. All Associates (including Section 16 Officers) of the Company or a Participating Employer are eligible to participate in the Plan, subject to the following limitations:

(a) Associates who are restricted or prohibited from participating in the Plan under the applicable law of their state or country of residence may not participate in the Plan, except as may be provided in accordance with rules and procedures established by the Committee.

(b) Associates of the Company and its affiliates who are members of a collective bargaining unit whose benefits were the subject of good faith collective bargaining are excluded from participation in the Plan.

(c) Participation by Associates of non-U.S. Participating Employers shall only be permitted upon approval by the Committee, which approval may be limited to groups or categories of Associates designated by the non-U.S. Participating Employer.

(d) Section 16 Officers may be restricted in their ability to acquire or sell shares of Stock in order to comply with Section 16 of the Securities Exchange Act of 1934, as amended, in accordance with rules and procedures adopted by the Committee.

2.2. Leaves of Absence. Participants continue to be eligible to participate in the Plan while on a bona fide leave of absence from the Company or a Participating Employer in accordance with applicable policies of the Company or Participating Employer, or under such other circumstances with the approval of the Committee.

### III. PLAN CONTRIBUTIONS

3.1. Shares Available for Contributions. Subject to stockholder approval, as of February 1, 2004, 142,624,272 shares of Stock will be available for issuance under the Plan.

3.2. Plan Contributions. The definitions of the types of Contributions which may be made pursuant to the Plan are as follows (subject to the limits provided in Section 3.3 as applicable):

(a) "Award Contribution" means a contribution under the Plan on behalf of a Participant by the Company or a Participating Employer, as applicable, made pursuant to the Award Program in the sole discretion of the Committee.

(b) "Matching Contribution" means a cash contribution to the Plan on behalf of a Participant by the Company or a Participating Employer, as applicable, which is equal to fifteen percent (15%) of the amount of the Participant's Payroll Deduction (up to a maximum dollar limit).

(c) "Payroll Deduction Contribution" means a contribution to the Plan by a Participant pursuant to a valid authorization for a Payroll Deduction.

(d) "Voluntary Contribution" means a contribution, if and to the extent permitted by the Committee from time to time, of shares of Stock or cash by the Participant to the Participant's Account which is not made by Payroll Deduction.

3.3. Maximum Limits on Contributions.

(a) Matching Contributions and "Outstanding Performance" awards under the Award Program are subject to a maximum dollar limit for the Plan Year as set by the Committee from time to time in its discretion.

(b) During any Plan Year, the combination of Payroll Deduction Contributions and Voluntary Contributions made in cash (not Stock) by a Participant shall not exceed \$125,000.

3.4. Payroll Deductions.

(a) Subject to the Committee's authority to adjust the following amounts, a Participant's authorization for Payroll Deduction shall be for a minimum amount of \$2.00 per

biweekly pay period or \$1.00 per weekly pay period, as applicable to the Participant, and such Payroll Deduction shall be in even multiples of \$.50.

(b) A Participant's request for Payroll Deduction (or a request for a revision thereto) will become effective as soon as practicable after receipt of such request by the Company or the Participating Employer, as applicable.

(c) A Participant's Payroll Deduction authorization may be revised or terminated at any time by the Participant's request to the Company or the Participating Employer, as applicable.

(d) A Participant's authorization for Payroll Deduction shall remain effective until the earlier of the Participant's (1) request to revise or terminate the Payroll Deduction authorization or (2) termination of employment with the Company or a Participating Employer, subject to Section 8 of the Plan.

(e) All requests to initiate, revise or terminate an authorization for Payroll Deduction as described in this Section 3.4 shall be made in writing or in such other form acceptable to the Committee or its delegate from time to time.

(f) The Vice President, Retirement Savings Plans, in his or her discretion, may prohibit associate stock purchase deductions from the final paycheck of a Participant. This Section applies to the Participant's final paycheck even if the Participant made a valid deduction election applicable to prior paychecks.

3.5. Matching Contributions. The Company or Participating Employer, as applicable, shall make Matching Contributions as provided under the Plan and subject to the limits set forth in Section 3.3.

3.6. Award Contributions. Award Contributions shall be made, in the Committee's sole discretion, by either (1) the Company or the Participating Employer, as applicable, remitting to the Account Administrator on behalf of the Participant funds sufficient to purchase any shares or fractional shares of Stock that have been granted to such Participant under the Award Program or (2) the Participant receiving the Award Contribution directly as a certificate for a share or shares (as applicable) of Stock.

3.7. Voluntary Contributions. Participants may make Voluntary Contributions to the Plan subject to the terms and limitations described herein or that may be prescribed by the Committee from time to time.

3.8. Remittance of Contributions.

(a) The Company or a Participating Employer, as applicable, will forward the total of all Payroll Deductions for the applicable payroll period along with the corresponding Matching Contributions, a list of Participants for whom the Contributions are being made and the amount allocable to each such Participant's Account to the Account Administrator as soon as practicable.

(b) Voluntary Contributions, whether made in cash or shares of Stock, shall be remitted to the Account Administrator directly by the Participant.

(c) As soon as practicable following a grant of an Award Contribution (for purposes of the “Great Job” component of the Award Program, a “grant” shall refer to the date on which the Associate tenders his or her four Great Job buttons to the Company in exchange for a share of Stock), an Award Contribution shall be made in the Committee’s sole discretion as described in Section 3.6 of the Plan.

(d) Prior to the time a Participant’s Payroll Deduction and corresponding Matching Contribution is distributed to the Account Administrator, such amounts are considered general assets of the Company or Participating Employer (as applicable) and, as such, are subject to the claims of the Company’s or Participating Employer’s (as applicable) creditors in the event of insolvency or bankruptcy. In addition, no interest shall be paid on such amounts and all Participants assume the risk of fluctuations in the value or market price of Stock.

#### **IV. ACCOUNT PURCHASES, MAINTENANCE & SALES**

4.1. Account Establishment. The Account Administrator shall establish an Account in accordance with the Plan for any Associate who becomes a Participant. Upon the Committee’s (or its delegate’s) request, the Account Administrator shall establish an Account for an Associate who is to be awarded shares under an Award Program and who is not then a Participant.

4.2. Share Purchases. No later than five business days after the Account Administrator receives the remittance of funds for Contributions (including Voluntary Contributions made in cash) made to the Plan, the Account Administrator shall purchase shares of Stock from the Company, a national stock exchange or in a combination of the foregoing. Notwithstanding the foregoing, the Committee may from time to time provide instructions to the Account Administrator with respect to the purchase of such shares of Stock but, absent such instructions, the Account Administrator shall determine the source of such Stock purchases in its discretion.

(a) In the case of purchases from the Company of authorized but unissued or treasury shares of Stock, the price of such shares is equal to the Volume Weighted Average Price (VWAP) as reported on the New York Stock Exchange - Composite Transactions on the relevant date of purchase; provided, however, that the Committee may, in its discretion, designate some other methodology for determining the fair market value of such shares of Stock purchased from the Company.

(b) The Account Administrator’s purchase of shares of Stock from a national stock exchange and the price per share shall be in accordance with rules and procedures established by the Committee from time to time.

(c) As determined in the discretion of the Account Administrator (in accordance with any applicable rules and procedures of the Committee), funds received as Voluntary Contributions may be bundled into a group for the purpose of purchasing shares of Stock and such shares may be purchased over a time period that is greater than one day. If such shares of Stock are purchased as part of a bundled group, a Participant’s purchase price for each



share of Stock shall be the average price of all shares of Stock purchased within that group as determined by the Account Administrator.

(d) No provision of this Plan shall limit the ability of the Committee to implement a real-time trading (or other) mechanism for the purchase or sale of shares of Stock under the Plan and, to the extent determined by the Committee, shall replace any other methodology for valuing and allocating shares of Stock purchased or sold under the Plan.

4.3. Share Purchases for Non-U.S. Participants. With respect to non-U.S. Participants, the amounts (1) withheld from such a Participant's compensation pursuant to an authorization for Payroll Deduction or (2) contributed as either a Matching Contribution or an Award Contribution made directly to a Participant's Account shall be converted from the applicable foreign currency to U.S. dollars for the purpose of purchasing shares of Stock, and such conversion shall be pursuant to the exchange rate published in The Wall Street Journal on a date as soon as practicable prior to the effective date of the cash transfer from the Company or the Participating Employer, as applicable, to the Account Administrator. All such Participants assume the risk of fluctuations in the value or market price of shares of Stock and applicable currency exchange rates. With respect to non-U.S. Participants making Voluntary Contributions in cash, such amounts must be tendered to the Account Administrator in U.S. dollars unless otherwise determined by the Committee.

4.4. Allocation to Accounts. The number of shares (whole and fractional shares) of Stock shall depend upon the purchase price as described in Section 4.2 at the time such purchases are made. Purchases of Stock will be allocated by the Account Administrator based upon the applicable purchase price to each applicable Participant's Account in proportion to the respective amount of Contributions received for each Participant's Account. Allocations of Stock will be made in full shares and in fractional interests in shares to the thousandths of a share.

4.5. Share Ownership. At the time shares of Stock are credited to a Participant's Account, he or she will acquire full ownership of all such shares (as well as any fractional interests) of Stock.

(a) All shares of Stock will be registered in the name of the Account Administrator and will remain so registered until delivery is requested by the Participant. The Participant may request from the Account Administrator that a certificate for any or all full shares of Stock be delivered to the Participant at no cost to such Participant at any time.

(b) The Account Administrator shall cause to be delivered at no cost to each Participant as promptly as practicable, by mail or otherwise, all notices of meetings, proxy statements and other material distributed by the Company to its stockholders. The full shares of Stock in each Participant's Account shall be voted in accordance with the Participant's signed proxy instructions timely delivered to the Account Administrator. In the event that a Participant does not timely provide the Account Administrator with proxy voting instructions, the Account Administrator may direct the voting of such shares of Stock held in an Account to the extent such action or direction would comply with applicable law and any applicable listing standards of a national stock exchange.

(c) A Participant may not assign or hypothecate any interest in the Plan; provided, however, that upon purchase of shares under the Plan, such shares may be sold, assigned, pledged, hypothecated or otherwise dealt with as would be the case with respect to any other shares of Stock the Participant might otherwise own.

(d) Neither the Company nor any Participating Employer may make any deductions from amounts properly credited to a Participant's Account. Neither the Company nor any Participating Employer shall have any security interest on the shares of Stock held in a Participant's Account. Notwithstanding the foregoing, a lender may have a security interest on the shares of Stock held in a Participant's Account if the Participant has pledged such Stock as collateral in connection with a line of credit that may be obtained by certain Participants (other than Section 16 Officers) through the Stock Secured Line of Credit Program.

4.6. Account Statements. Each Participant will be sent at least an annual statement reflecting all Account activity during the period covered by the statement.

4.7. Risk of Loss. There is no guarantee of the value or market price of shares of Stock acquired pursuant to the Plan. In seeking potential benefits of Stock ownership, each Participant bears the risks associated with Plan participation and ownership of Stock, including the risk of any decrease in the value of market price of shares of Stock acquired pursuant to the Plan.

4.8. Commission & Maintenance Charges.

(a) No brokerage commissions are charged to Participants for purchases of Stock under the Plan, however, brokerage commissions and other applicable fees shall be charged to the Participant for all sales of Stock from his or her Account. Such commissions and other applicable fees for sales of Stock held in a Participant's Account shall be at the rates posted by the Account Administrator, which may be changed from time to time by the Account Administrator with approval of the Committee (or its delegate).

(b) The Company or Participating Employer, as applicable, shall pay the applicable annual maintenance fees (if any) for the Participant's Account until the earlier of (1) a Participant Account Closure occurs or (2) the Participant incurs a termination of employment with the Company or Participating Employer, as applicable, subject to Section 5.3. Any services requested of the Account Administrator by the Participant that are not covered by the Company's arrangement with the Account Administrator shall be paid for solely by the Participant.

(c) At such time as the Company or Participating Employer, as applicable, ceases to pay the applicable Account maintenance fees as set forth subsection (b) above, the Participant shall become responsible for any applicable Account maintenance fees. In this case, annual maintenance fees and other applicable charges to the Account shall be paid from time to time to the Account Administrator automatically from the proceeds of a sale of a sufficient number of shares of Stock held in the Participant's Account until the earlier of a Participant Account Closure or an Automatic Account Closure occurring.

4.9. Account Sales. The Participant may instruct the Account Administrator in writing (or any other method acceptable to the Committee or its delegate) at any time to sell any portion or all of his or her full shares of Stock and the fractional interest in any shares of Stock allocable

to his or her Account, and the timing for such sale of Stock shall be in accordance with rules and procedures established by the Committee from time to time.

(a) The sale price for a share of Stock under the Plan shall be the average price of all shares of Stock sold by the Account Administrator on the date of the Participant's sale transaction; provided, however, that the Committee reserves the right to implement a real-time trading or similar mechanism for Participants' sales of shares of Stock from their respective Accounts under the Plan and the valuation of shares of Stock would be in accordance with any such mechanism.

(b) Upon such sale, the Account Administrator shall mail to the Participant a check (or such method of payment as approved by the Committee or its delegate) for the proceeds, less the brokerage commission, and other normal charges such as sales fees, which are payable by the Participant.

(c) Such instruction to the Account Administrator, or a request for delivery of Stock certificates held in the Participant's Account, will not affect the Participant's status as a Participant under the Plan unless an Account Closure occurs.

(d) With respect to non-U.S. Participants, shares of Stock are sold or traded in U.S. dollars and such amounts can be converted for the purpose of remitting the proceeds to the non-U.S. Participant. If the proceeds from the sale of shares of Stock held in the Participant's Account are converted, such conversion shall be made pursuant to the exchange rate published in The Wall Street Journal on the date such transaction is executed. All such Participants assume the risk of fluctuations in the value or market price of shares of Stock and applicable currency exchange rates.

## V. ACCOUNT CLOSURE & TERMINATION OF EMPLOYMENT

5.1. Account Closure. A Participant who elects to discontinue Payroll Deductions under the Plan shall continue to be a Participant until the earlier of a Participant Account Closure or an Automatic Account Closure occurring. In connection with a Participant Account Closure, the Participant must elect to have his or her Account fully distributed in either (1) Stock (except that the value of any fractional shares of Stock will be distributed in cash less any applicable fees) or (2) cash by directing all full shares (and fractional interests) of Stock to be sold with the proceeds, less applicable brokerage commissions and other applicable fees, being distributed.

5.2. By Termination of Employment Other Than Due to Death of Participant. The Account of a Participant who incurs a termination of employment (other than by reason of death) with the Company or a Participating Employer will continue to be maintained with the annual fees and any other applicable charges being paid by the Participant in accordance with Section 4.8(c) of the Plan.

5.3. By Transferring Employment from the Company or a Participating Employer to an Affiliate. A Participant who transfers employment from the Company or a Participating Employer to an Affiliate who does not sponsor or participate in the Plan may continue to have his or her Account maintained at the expense of the Company while still employed with an Affiliate until the earlier of a Participant Account Closure or an Automatic Account Closure occurring (provided that such Automatic Account Closure can only occur following termination

of employment with such Affiliate). In connection with a Participant Account Closure, the Participant must elect to have his or her Account fully distributed in either (1) Stock (except that the value of any fractional shares of Stock will be distributed in cash less any applicable fees) or (2) cash by directing all full shares (and fractional interests) of Stock to be sold with the proceeds, less applicable brokerage commissions and other applicable fees, being distributed. Such Participant shall no longer be eligible to make or receive Contributions to the Plan (including by Payroll Deduction or Voluntary Contribution).

5.4. Termination Due to Death of Participant. Following a Participant's death, the Company or Participating Employer, as applicable, shall cease making Payroll Deductions and Matching Contributions to such Participant's Account as soon as practicable. In addition, as soon as practicable following the Participant's death, the Account Administrator will distribute the proceeds of the deceased Participant's Account less any applicable fees in accordance with rules and procedures established by the Committee (which may include a designation by a Participant of a beneficiary or a joint tenant with respect to a Participant's Account) and, in the absence of applicable rules and procedures (or such designations), to the Participant's estate.

## **VI. AWARD PROGRAM**

6.1. Scope of the Award Program. The Award Program is designed to provide an incentive to Associates of the Company and Participating Employers who provide exceptional customer service and job performance. Awards under the Award Program are not intended to be given to those who satisfy, but do not exceed, expectations. The Award Program includes a "Great Job" component and an "Outstanding Performance" component.

6.2. Great Job Component. Awards under the Great Job component consist of "Great Job" buttons, which can be worn by Associates while at work.

(a) Great Job buttons are awarded by management of the Company or Participating Employers, as applicable.

(b) Once an Associate earns four "Great Job" buttons, he or she is eligible to receive one (1) share of Stock and such Participant will be given a new button signifying that he or she is a "Great Job Stockholder" Associate. As described in Section 3.6 of the Plan, the Committee may, in its discretion, issue the award of Stock under the Award Program to a Participant's Account under the Plan instead of issuing the Stock certificate directly.

(c) Notwithstanding anything herein to the contrary, the Great Job component of the Award Program is discontinued effective March 9, 2007, with respect to associates in the United States and effective May 1, 2007, with respect to associates in Canada, and no additional Great Job buttons shall be awarded from and after such date; provided, however, that the Stock Option Committee is authorized to discontinue the issuance of the Great Job buttons to associates in Canada as of any earlier appropriate date. Associates may voluntarily surrender Great Job buttons at any time during the period March 9, 2007 through August 31, 2008 and shall receive one (1) share of Stock for each four (4) Great Job buttons surrendered, or a proportionate fractional share of Stock for surrender of less than four (4) Great Job buttons. Any Great Job buttons not voluntarily surrendered during this period shall be cancelled on September 1, 2008,

and no additional Stock shall be issued under this Section 6.2 of the Award Program on or after such date.

6.3. Outstanding Performance Component. An “Outstanding Performance” award is an award of Stock to an Associate in recognition of the individual’s consistently outstanding performance in his or her specific job-related roles over a month, a quarter, or a year.

(a) Associates who receive “Outstanding Performance” awards may either be issued certificates for shares of Stock or, at the discretion of the Committee, the Company (or Participating Employer) may have the Account Administrator purchase shares of Stock to be credited to the Participant’s Account as described in Section 3.6 of the Plan.

(b) “Outstanding Performance” awards are either approved directly by the Committee or by its delegate in accordance with rules and procedures established by the Committee, and are subject to individual maximum dollar limitations as set by the Committee from time to time.

## VII. ADMINISTRATION

### 7.1. Committee.

(a) Subject to Section 7.2, the Plan shall be administered by the Committee.

(b) The Committee may delegate to officers or managers of the Company or any Affiliate the authority, subject to such terms as the Committee shall determine, to perform specified functions under the Plan. The Committee also may revoke any such delegation of authority at any time.

7.2. Powers of the Committee. Subject to and consistent with the provisions of the Plan, the Committee has full and final authority and sole discretion as follows:

- (a) to determine when, to whom and in what types and amounts Contributions should be made;
- (b) to make Contributions to eligible Associates in any number, and to determine the terms and conditions applicable to each Contribution;
- (c) to determine whether any terms and conditions applicable to a Contribution have been satisfied;
- (d) to set minimum and maximum dollar, share or other limitations on the various types of Contributions under the Plan;
- (e) to determine whether an Affiliate should be designated as a Participating Employer and whether an Affiliate’s Participating Employer status should be terminated;

- (f) to determine whether Associates of non-U.S. Participating Employers should be eligible to participate in the Plan;
- (g) to construe and interpret the Plan and to make all determinations, including factual determinations, necessary or advisable for the administration of the Plan;
- (h) to make, amend, suspend, waive and rescind rules and regulations relating to the Plan (including, but not limited to, such rules and regulations that would allow designations for beneficiaries and/or joint tenants to be made by Participants in connection with Accounts under the Plan);
- (i) to appoint such agents as the Committee may deem necessary or advisable to administer the Plan;
- (j) to correct any defect or supply any omission or reconcile any inconsistency, and to construe and interpret the Plan, the rules and regulations, and award agreements or any other instrument entered into or relating to a Contribution under the Plan; and
- (k) to take any other action with respect to any matters relating to the Plan for which it is responsible and to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan.

Any action of the Committee with respect to the Plan shall be final, conclusive and binding on all persons, including the Company, its Affiliates, any Associate, any person claiming any rights under the Plan from or through any Participant, and stockholders, except to the extent the Committee may subsequently modify, or take further action not consistent with, its prior action. If not specified in the Plan, the time at which the Committee must or may make any determination shall be determined by the Committee, and any such determination may thereafter be modified by the Committee. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee.

### **VIII. AMENDMENT & TERMINATION**

8.1. Right to Amend or Terminate. The Board, or a duly authorized committee thereof, reserves the right to amend, modify, suspend or discontinue the Plan at any time in its sole discretion without the approval of the Company's stockholders, except that (a) any amendment or modification shall be subject to the approval of the Company's stockholders if such stockholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the shares of Stock may then be listed or quoted, and (b) the Board may otherwise, in its discretion, determine to submit other such amendments or modifications to stockholders for approval.

8.2. Limitation on Right to Amend or Terminate. Any such amendment, modification, suspension or termination will not result in the forfeiture of (1) any funds contributed but not yet invested in the Participant's Account, (2) any shares (or fractional interests) of Stock purchased on behalf of the Participant under the Plan, or (3) any dividends or other distributions in respect of such shares of that are declared subsequent to a Participant's Contribution but prior to the effective date of the amendment, modification, suspension or termination of the Plan.

## IX. MISCELLANEOUS PROVISIONS

9.1. Successors. All obligations of the Company under the Plan with respect to Contributions made hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise of all or substantially all of the business and/or assets of the Company.

9.2. Severability. If any part of the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other part of the Plan. Any Section or part of a Section so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

9.3. Requirements of Law. The granting of awards, the making of Contributions, and the delivery of shares of Stock under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any provision of the Plan, Participants shall not be entitled to receive benefits under the Plan, and the Company (and any Affiliate) shall not be obligated to deliver any shares of Stock or deliver benefits to a Participant, if such delivery would constitute a violation by the Participant or the Company or any of its Affiliates of any applicable law or regulation.

9.4. Securities Law Compliance.

(a) If the Committee deems it necessary to comply with any applicable securities law, or the requirements of any stock exchange upon which shares of Stock may be listed, the Committee may impose any restriction on Contributions or shares of Stock acquired pursuant to Contributions under the Plan as it may deem advisable. All certificates for shares of Stock delivered under the Plan pursuant to any Contribution shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which shares of Stock are then listed, any applicable securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. If so requested by the Company, the Participant shall make a written representation to the Company that he or she will not sell or offer to sell any shares of Stock unless a registration statement shall be in effect with respect to such shares of Stock under the Securities Act of 1993, as amended, and any applicable state securities law or unless he or she shall have furnished to the Company, in form and substance satisfactory to the Company, that such registration is not required.

(b) If the Committee determines that the nonforfeitability of, or delivery of benefits pursuant to, any Contribution would violate any applicable provision of securities laws or

the listing requirements of any national securities exchange or national market system on which are listed any of the Company's equity securities, then the Committee may postpone any such nonforfeiture or delivery, as applicable, but the Company shall use all reasonable efforts to cause such nonforfeiture or delivery to comply with all such provisions at the earliest practicable date.

9.5. No Rights as a Stockholder. No Participant shall have any rights as a stockholder of the Company with respect to the shares of Stock which may be deliverable to the Participant's Account in connection with a Contribution (other than a Voluntary Contribution of previously-owned shares of Stock) under the Plan until such shares of Stock have been credited to his or her Account or have been delivered to him or her.

9.6. Nature of Payments. Matching Contributions and Award Contributions shall be special incentive payments to the Participant and shall not be taken into account in computing the amount of salary or compensation of the Participant for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance or other employee benefit plan of the Company or any Affiliate, except as such plan shall otherwise expressly provide, or (b) any agreement between (i) the Company or any Affiliate and (ii) the Participant, except as such agreement shall otherwise expressly provide.

9.7. Non-Exclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other compensatory arrangements for Associates as it may deem desirable.

9.8. Military Service. The Plan shall be administered in accordance with Section 414(u) of the Internal Revenue Code and the Uniformed Services Employment and Reemployment Rights Act of 1994.

9.9. Construction. The following rules of construction will apply to the Plan: (a) the word "or" is disjunctive but not necessarily exclusive, and (b) words in the singular include the plural, words in the plural include the singular, and words in the neuter gender include the masculine and feminine genders and words in the masculine or feminine gender include the other neuter genders.

9.10. Headings. The headings of articles and sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.

9.11. Stockholder Approval. All Contributions made on or after the effective date of the amended and restated Plan and prior to the date the Company's stockholders approve the amended and restated Plan are expressly conditioned upon and subject to approval of the amended and restated Plan by the Company's stockholders.

9.12. Taxes. All Matching Contributions and Award Contributions are subject to withholding for applicable federal, state and local income taxes and will be reported as wage income by the Company. When a Participant authorizes a Payroll Deduction of a specific



amount, more than that amount will actually be withheld from his or her compensation to cover the withholding taxes due on the Matching Contribution. The distribution of shares of Stock to Participants will not be a taxable event.

9.13. Company-Associate Relationships. Nothing contained in this Plan shall in any way affect the rights of the Company in its relationship with any Associate or affect the Company's right to discharge any Associate or increase or reduce any Associate's compensation.

9.14. Governing Law. This Plan shall be governed by the laws of the State of Arkansas, except to the extent it is governed by the federal securities laws or the choice of laws provision contained in the Company's agreement with the Account Administrator.

**WAL-MART STORES, INC.****STOCK INCENTIVE PLAN OF 2015**

(As amended and restated effective June 5, 2015,  
and as amended further effective February 23, 2016)

**1.1 Purpose and Effective Date.** Wal-Mart Stores, Inc. (“Walmart”) believes it is important to provide incentives to Walmart’s Associates, and Non-Management Directors, through participation in the ownership of Walmart and otherwise. The Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 was originally established under the name Wal-Mart Stores, Inc. Stock Incentive Plan of 1998 (“1998 Plan”). The 1998 Plan was amended, restated and renamed from time to time, and approved and re-approved by Walmart stockholders, as the Wal-Mart Stores, Inc. Stock Incentive Plan of 2005 (“2005 Plan”) and the Wal-Mart Stores, Inc. Stock Incentive Plan of 2010 (“2010 Plan”), as amended and restated in 2013 (“2013 Restatement”), and most recently on June 5, 2015, as the Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 (“Plan”). The Plan, as heretofore amended, is hereby further amended and restated as set forth herein effective February 23, 2016. The purpose of the Plan is to provide incentives to certain Associates and Non-Management Directors to enhance their job performance, to motivate them to remain or become associated with Walmart and its Affiliates, and to increase the success of Walmart. The Plan is not limited to Associates who are executive officers of Walmart, but will be available to provide incentives to any Associate or Non-Management Director that the Committee believes has made or may make a significant contribution to Walmart or an Affiliate of Walmart.

**DEFINITIONS**

**2.1 “Affiliate”** means any corporation, partnership, limited liability company, business trust, other entity or other business association that is now or hereafter controlled by Walmart; provided that if a Plan Award provides for the deferral of compensation within the meaning of Code Section 409A, and if the applicable Notice of Plan Award does not contain a definition of “Affiliate” that satisfies the requirements of Code Section 409A, then for purposes of such Plan Award, “Affiliate” means the entity for which the Recipient performs services and with respect to which the legally binding right to deferred compensation arises, and all persons that would be considered a single employer with such entity under section 414(b) of the Code (employees of controlled group of corporations), or section 414(c) of the Code (employees of partnerships, etc. under common control); provided that the applicable standard of control for purposes of such determination shall be “at least 50 percent”; and provided further that the entity is one with respect to which Shares will qualify as “service recipient stock” under Code Section 409A.

**2.2 “Associate”** means any person employed by Walmart or any Affiliate.

**2.3 “Board”** means the Board of Directors of Walmart.

**2.4 “Cause”** means a Recipient’s commission of any act deemed inimical to the best interest of Walmart or any Affiliate, as determined in the sole discretion of the Committee.

**2.5 “Code”** means the Internal Revenue Code of 1986, as amended.

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**2.6 “Committee”** means the Compensation, Nominating and Governance Committee of the Board. Where the Compensation, Nominating and Governance Committee of the Board has delegated duties, powers or authority hereunder, the term “Committee” shall refer to the delegate.

**2.7 “Continuous Status”** means the absence of any interruption or termination of the employment relationship between an Associate and Walmart or an Affiliate or the absence of any termination of services as a Non-Management Director. Continuous Status shall not be considered interrupted in the case of (a) sick leave, (b) military leave, or (c) any other leave of absence approved by Walmart or an Affiliate; provided that leave does not exceed one year, unless re-employment upon the expiration of that leave is guaranteed by contract or law or unless provided otherwise by a policy of Walmart or an Affiliate. Notwithstanding the preceding definition, if a Plan Award provides for the deferral of compensation within the meaning of Code Section 409A, and if the applicable Notice of Plan Award does not define a term that is a “separation from service” within the meaning of Code Section 409A, then for purposes of such Plan Award the Recipient’s Continuous Status will terminate if it is reasonably anticipated that no further services would be performed by the Recipient after a certain date or that the level of bona fide services the Recipient would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an Associate or Non-Management Director, or in any other capacity) over the immediately preceding 36-month period (or the full period of services to the Walmart or an Affiliate if the Recipient has been providing services to the Walmart or an Affiliate less than 36 months).

**2.8 “Covered Employee”** has the meaning set forth in Code Section 162(m)(3).

**2.9 “Exchange Act”** means the Securities Exchange Act of 1934, as amended, and the rules and regulations adopted thereunder.

**2.10 “Fair Market Value”** means, as of any date, the closing sales price for a Share (a) on the NYSE (or if no trading in Shares occurred on that date, on the last day on which Shares were traded) or (b) if the Shares are not listed for trading on the NYSE, but if there is a public market for the Shares, the closing sales price of the Shares on such other national exchange on which the Shares are principally traded (or if no trading in Shares occurred on that date, on the last day on which Shares were traded), or (c) as reported by the National Market System, or similar organization, or (d) if no such quotations are available, the average of the high bid and low asked quotations in the over-the-counter market as reported by the National Quotation Bureau Incorporated or similar organizations; or (e) in the event that there is no public market for the Shares, the value of a Share as determined by the reasonable application of a reasonable valuation method, determined good faith by the Committee; provided that for purposes of tax withholding, for purposes of a “net exercise” procedure for Options, and for such other purposes as the Committee deems appropriate, the Committee may apply a different method for calculating Fair Market Value determined in good faith by the Committee for such purpose.

**2.11 “Fiscal Year”** means the 12-month period beginning on each February 1 and ending on the following January 31.

**2.12 “Gross Misconduct”** is conduct that the Committee determines is detrimental to the best interests of Walmart or any Affiliate. Examples of conduct detrimental to the best interests of Walmart or any Affiliate include, without limitation, violation of Walmart’s Statement of Ethics or other Walmart policy governing behavior while providing services to Walmart or an Affiliate,

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or applicable period thereafter, or theft, the commission of a felony or a crime involving moral turpitude, gross misconduct or similar serious offenses while providing services to Walmart or an Affiliate.

**2.13 “Incentive Stock Option”** means an Option intended to qualify as an incentive stock option within the meaning of Code Section 422.

**2.14 “Non-Management Director”** means a member of the Board who is not employed by Walmart or a consolidated subsidiary of Walmart.

**2.15 “Nonqualified Option”** means an Option not intended to be treated as an Incentive Stock Option or that in fact does not qualify as an Incentive Stock Option.

**2.16 “Notice of Plan Award”** means the agreement or other document evidencing and governing any Plan Award.

**2.17 “NYSE”** means the New York Stock Exchange or any successor organization thereto.

**2.18 “Option”** means a stock option to acquire a certain number of the Subject Shares granted pursuant to the Plan.

**2.19 “Parent/Subsidiary Corporation”** means a “parent corporation” (within the meaning of Code Section 424(e)) or a “subsidiary corporation” (within the meaning of Code Section 424(f)) of Walmart, in each case determined as of the date of grant.

**2.20 “Performance Goals”** means the pre-established objective performance goals established by the Committee for each Performance Period. The Performance Goals may be based upon the performance of Walmart, of any Affiliate, or a division or unit thereof, or of an individual Recipient, or groups of Recipients, or of a store or groups of stores, using one or more of the Performance Measures selected by the Committee. Separate Performance Goals may be established by the Committee for Walmart or any Affiliate, or division or unit thereof, or an individual Recipient, or groups of Recipients, or of a store or groups of stores, using one or more of the Performance Measures selected by the Committee and different Performance Measures may be given different weights. The Performance Goals shall include one or more threshold Performance Goals under which no portion of the Plan Award shall become vested, be transferred, retained, or the value of which is to be paid as provided by the Plan and Notice of Plan Award, if the threshold goal or goals are not achieved. With respect to Recipients who are not Covered Employees, the Committee may establish other subjective or objective goals, including individual Performance Goals, which it deems appropriate. The preceding sentence shall also apply to Covered Employees with respect to any Plan Awards not intended at the time of grant to be Qualified Performance Based Awards.

Performance Goals may be set at a specific level, or may be expressed as a relative percentage to the comparable measure at comparison companies, business units, divisions or individuals or a defined index. Performance Goals shall, to the extent applicable, be based upon generally accepted accounting principles, but shall be adjusted by the Committee to take into account the effect of the following, to the extent determined by the Committee prior to the grant: changes in applicable accounting standards after the Performance Goal is established; realized investment gains and/or losses; extraordinary, unusual, non-recurring or infrequent items; currency fluctuations; acquisitions; divestitures; litigation losses; financing activities; expenses for restructuring or productivity initiatives; other non-operating items; new laws, cases or regulatory developments that result in unanticipated items of gain, loss, income or expense; executive severance arrangements; investment returns relating to investment vehicles which are

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unaffiliated with a corporate or divisional operating strategy; bonus expense; the impact on pre-tax income of interest expense attributable to the repurchase of Shares; extraordinary dividends or stock dividends; the effect of corporate reorganizations or restructuring, spinoff, or a sale of a business unit; and other items as the Committee determines to be required so that the operating results of Walmart, a division, or an Affiliate shall be computed on a comparative basis from Performance Period to Performance Period; in each case as those terms are defined under generally accepted accounting principles and provided in each case that such excluded items are objectively determinable by reference to Walmart's financial statements, notes to Walmart's financial statements, and/or management's discussion and analysis in Walmart's financial statements. Determination by the Committee or its designee shall be final and conclusive on all parties, but shall be based on relevant objective information or financial data.

**2.21 "Performance Measures"** means one or more of the following criteria, on which Performance Goals may be based, each a "Performance Measure": (a) earnings (either in the aggregate or on a per-Share basis, reflecting dilution of Shares as the Committee deems appropriate and, if the Committee so determines, net of or including dividends or net of or including the after-tax cost of capital) before or after interest and taxes ("EBIT") or before or after interest, taxes, depreciation and amortization ("EBITDA"); (b) gross or net revenue, or changes in annual revenues, same store sales, or comparable store sales, average ticket sales; (c) cash flow(s) (including either operating or net cash flows or free cash flows); (d) economic value added; (e) total stockholder return, stockholder return based on growth measures or the attainment by the Shares of a specified value for a specified period of time, (f) Share price or Share price appreciation; (g) market capitalization or changes in market capitalization; (h) earnings growth or growth in earnings per Share; (i) return measures, including financial return ratios, return or net return on assets, net assets, equity, investment, capital or gross sales, sales per square foot; (j) adjusted pre-tax margin; (k) pre-tax profits; (l) operating and gross margins; (m) operating profits; (n) operating or administrative expenses; (o) dividends; (p) net income or net operating income; (q) growth in operating earnings or growth in earnings per Share; (r) value of assets; (s) volume, unit volume, market share or market penetration with respect to specific designated products or product groups and/or specific geographic areas, market capitalization or changes in market capitalization; (t) aggregate product price, including markdown goals, and other product measures; (u) expense or cost levels, in each case, where applicable, determined either on a company-wide basis or in respect of any one or more specified divisions; (v) reduction of losses, loss ratios or expense ratios; (w) reduction in fixed costs; (x) operating cost management and budget comparisons; (y) cost of capital; (z) debt reduction; (aa) balance sheet measures and financial ratings (including maintenance of specified credit availability levels, compliance with credit covenants, inventory measurements and receivables/payables metrics, credit rating, capital expenditures, debt, debt reduction, working capital, average invested capital, leverage ratio, coverage ratio); (bb) productivity improvements and store payroll goals (including stocking and other labor hours goals); (cc) average inventory turnover or inventory controls and net asset turnover; (dd) satisfaction of specified business expansion goals or goals relating to acquisitions or divestitures, including implementation or completion of strategic initiatives or critical projects; (ee) customer satisfaction based on specified objective goals or a Walmart-sponsored customer survey designed and administered by an independent surveyor, and customer growth, number of customers; (ff) employee diversity goals; (gg) employee engagement; (hh) employee turnover; (ii) specified objective social goals, including specified goals in corporate ethics and integrity; (jj) compliance objectives; (kk)

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environmental and health and safety goals and record; (ll) workers' compensation goals; (mm) business integration; or (nn) succession plan development and implementation; (oo) store constructions, openings, remodels, and/or closings.

Performance Measures may be applied on a pre-tax or post-tax basis, and based upon the performance of Walmart, of any Affiliate, of a division thereof, or other business unit, or of an individual Recipient. The Committee may, at time of grant, in the case of a Plan Award intended to be a Qualified Performance Based Award, and in the case of other grants, at any time, provide that the Performance Goals for such Plan Award shall include or exclude items to measure specific objectives, such as losses from discontinued operations, extraordinary gains or losses, the cumulative effect of accounting changes, acquisitions or divestitures, foreign exchange impacts and any unusual nonrecurring gain or loss.

**2.22 "Performance Period"** means that period established by the Committee during which the attainment of Performance Goals specified by the Committee with respect to a Plan Award are to be measured. A Performance Period may be a 12-month period or a longer or shorter period.

**2.23 "Performance Share Unit," "Performance Unit" or "PSU"** means the right to receive the value of a Share, whether settled in Shares or in cash, upon attainment of specified Performance Goals. For Plan Awards granted prior to the 2013 Restatement, the term "Performance Share" referred to a Performance Share Unit (as defined above) payable in Shares, and "Performance Share Unit" referred to a Performance Share Unit (as defined above) to be settled in cash. To the extent that Notices of Plan Award granted prior to the 2013 Restatement use the term "Performance Share," the term "Performance Share" as used in such Notices of Plan Award shall, without formal amendment, be deemed to refer to Performance Share Units (as defined above) payable in Shares. To the extent that Notices of Plan Award granted prior to the 2013 Restatement use the term "Performance Share Unit," the term "Performance Share Unit" as used in such Notices of Plan Award shall, without formal amendment, be deemed to refer to Performance Share Units (as defined above) to be settled in cash.

**2.24 "Plan"** means this Wal-Mart Stores, Inc. Stock Incentive Plan of 2015, as amended from time to time.

**2.25 "Plan Award"** means an award or right granted under the Plan consisting of an Option, Restricted Stock, Restricted Stock Unit, Stock Appreciation Right, Performance Unit, or Stock. The terms and conditions applicable to a Plan Award shall be set forth in the applicable Notice of Plan Award.

**2.26 "Qualified Performance Based Award"** means a Plan Award to a Covered Employee or to an Associate that the Committee determines may be a Covered Employee at the time Walmart or an Affiliate would be entitled to a deduction for such Plan Award, which is intended to provide "qualified performance-based compensation" within the meaning of Code Section 162(m). For any Performance Period for which a Plan Award is intended to be a Qualified Performance Based Award, Performance Goals shall be established by the Committee no later than 90 days after the beginning of the Performance Period to which the Performance Goals pertain and while the attainment of the Performance Goals is substantially uncertain, and in any event no later than the date 25% of the Performance Period has elapsed.

**2.27 "Recipient"** means an Associate or Non-Management Director who has received a Plan Award that has not yet been settled.

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**2.28 “Restricted Stock,” or “Restricted Shares”** means Shares awarded to a Recipient pursuant to a Plan Award of Restricted Stock that are subject to a Restriction and all non-cash proceeds of those Shares that are subject to a Restriction.

**2.29 “Restricted Stock Unit” or “RSU”** means a right denominated in Shares, awarded under the Plan that, subject to Section 8.2, may result in payment to the Recipient in Shares or cash upon, but not before, the lapse of Restrictions related thereto. To the extent that Notices of Plan Award granted prior to the 2013 Restatement use the term “Restricted Stock Right,” the term “Restricted Stock Right” as used in such Notices of Plan Award shall, without formal amendment, be deemed to refer to Restricted Stock Units (as defined above) payable in Shares. To the extent that Notices of Plan Award granted prior to the 2013 Restatement use the term “Restricted Stock Unit,” the term “Restricted Stock Unit” as used in such Notices of Plan Award shall, without formal amendment, be deemed to refer to Restricted Stock Units (as defined above) to be settled in cash.

**2.30 “Restriction”** means any restriction on a Recipient’s free enjoyment of the Shares or other rights underlying a Plan Award. Restrictions may be based on the passage of time or the satisfaction of performance criteria or the occurrence of one or more events or conditions, and shall lapse separately or in combination upon such conditions and at such time or times, in installments or otherwise, as the Committee shall specify. Plan Awards subject to a Restriction shall be forfeited if the Restriction does not lapse prior to such date or the occurrence of such event or the satisfaction of such other criteria as the Committee shall determine.

**2.31 “Rule 16b-3”** means Rule 16b-3 promulgated by the SEC under the Exchange Act, as amended from time to time, together with any successor rule, as in effect from time to time.

**2.32 “SEC”** means the United States Securities and Exchange Commission, or any successor thereto.

**2.33 “Section 16 Person”** means any individual who is required to file reports under Section 16 of the Exchange Act.

**2.34 “Securities Act”** means the Securities Act of 1933, as amended and the rules and regulations adopted thereunder.

**2.35 “Share”** means a share of the common stock, \$.10 par value per share, of Walmart.

**2.36 “Stock Appreciation Right”** means a right granted to a Recipient pursuant to the Stock Appreciation Rights feature of the Plan.

**2.37 “Subject Shares”** means such term as defined in Section 3.1.

#### **SHARES SUBJECT TO THE PLAN**

**3.1 Shares Subject to the Plan.** Subject to Section 11.9, the sum of (a) 50,000,000 Shares plus (b) the number of remaining Shares under the 2005 Plan (not subject to outstanding Plan Awards and not delivered out of Shares reserved thereunder) as of the date of stockholder approval of the Plan (collectively, the “Subject Shares”) are reserved for delivery under the Plan. The Subject Shares may be authorized, but unissued Shares, treasury Shares held by Walmart or an Affiliate, or Shares acquired on the open market, including shares acquired on the open market by forwarding cash to an independent broker who will purchase Shares on behalf, and in the name of the Recipient. Shares reserved for delivery pursuant to a Plan Award or any rights

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thereto that expire, are forfeited or otherwise are no longer exercisable may be the subject of a new Plan Award.

Notwithstanding the foregoing, (a) Shares already owned by a Recipient and used to pay all or a portion of the exercise price of Shares subject to an Option, and (b) any other Shares reacquired by Walmart after such Shares have been issued (or, in the case of Open Market Shares, have been delivered), other than Restricted Stock that is forfeited or reacquired by Walmart without lapse of the Restrictions, shall not become Subject Shares to the extent such Shares are withheld, tendered, or reacquired by Walmart, or are otherwise no longer exercisable. For avoidance of doubt, pursuant to the preceding sentence, (i) when Stock Appreciation Rights are settled in shares, the full number exercised shall cease to be Subject Shares, (ii) when Options are “net exercised,” the full number exercised shall cease to be Subject Shares, and (iii) shares withheld to satisfy tax withholding obligations shall cease to be Subject Shares.

**3.2 Limits on Shares.** No Recipient may be granted a Plan Award denominated in Shares with respect to a number of Shares in any one Fiscal Year which when added to the Shares subject to any other Plan Award denominated in Shares granted to such Recipient in the same Fiscal Year would exceed 2,000,000 Shares; provided, however, that if the Performance Period applicable to a Plan Award exceeds twelve months, the 2,000,000 Share limit shall apply to each 12-month period in the Performance Period. If a Plan Award denominated in Shares is cancelled, the cancelled Plan Award continues to count against the maximum number of Shares for which a Plan Award denominated in Shares may be granted to a Recipient in any Fiscal Year. The Share limit shall be adjusted to the extent necessary to reflect adjustments to Shares required by Section 11.9.

Notwithstanding the foregoing, no Non-Management Director may be granted a Plan Award denominated in Shares with respect to a number of Shares in any one Fiscal Year which when added to the Shares subject to any other Plan Award denominated in Shares granted to such Non-Management Director in the same Fiscal Year would exceed a Share value of \$500,000; provided, however, that if the Performance Period applicable to a Plan Award granted to a Non-Management Director exceeds twelve months, the \$500,000 limit shall apply to each 12-month period in the Performance Period. For sake of clarity, the \$500,000 annual limit on Shares subject to any Plan Award granted to a Non-Management Director applies to Options granted under Section 6.1, Stock granted under Section 7.1, Restricted Stock granted under Section 7.2, Restricted Stock Units granted under Section 8.1, Stock Appreciation Rights granted under Section 9.1, and Performance Units granted under Section 10.1, but shall not include any Shares granted in lieu of cash compensation earned by a Non-Management Director or any Shares received by a Non-Management Director in settlement a Plan Award pursuant to Sections 6.3, 7.4, 8.3, 9.5, and 10.6.

## ADMINISTRATION

**4.1 Administration.** The Committee will administer the Plan and will grant all Plan Awards; provided that solely for purposes of granting Plan Awards to Non-Management Directors, “Committee” shall mean the full Board. The Plan and Plan Awards to Section 16 Persons shall be administered by the Committee in compliance with Rule 16b-3.

**4.2 Duties and Powers.** The Committee shall have these duties and powers as to the Plan:

- (a) to establish rules, procedures, and forms governing the Plan;
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- (b) to interpret and apply the provisions of the Plan and any Plan Award;
- (c) to recommend amendments of the Plan to the Board;
- (d) to determine those individuals who will be Recipients and what Plan Awards will be made to them;
- (e) to set the terms and conditions of any Plan Award and to determine and certify whether, and the extent to which, any such terms and conditions have been satisfied;
- (f) to determine the Fair Market Value of the Shares for any purpose;
- (g) to amend the terms of any Plan Award without the consent of the Recipient or any other person or to waive any conditions or obligations of a Recipient under or with respect to any Plan Award; provided that no amendment that, in the judgment of the Committee would materially adversely affect the Recipient shall be made without the Recipient's consent; provided further that no amendment that changes the timing of taxation of the Plan Award shall be deemed to materially adversely affect the Recipient;
- (h) to make such adjustments or modifications to Plan Awards to Recipients who are working outside the United States as are advisable to fulfill the purposes of the Plan or to comply with applicable local law and to establish, amend and terminate sub-plans for individuals outside the United States with such provisions as are consistent with the Plan as may be suitable in other jurisdictions to the extent permitted under local law;
- (i) to correct any defect or supply any omission; and
- (j) take any other action it deems necessary or advisable.

Notwithstanding the authority of the Committee under this Section 4.2 and notwithstanding any other discretionary power granted to the Committee under the Plan, except in connection with any corporate transaction involving Walmart, the terms of outstanding Plan Awards may not be amended to reduce the exercise price of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Plan Awards or Options or Stock Appreciation Rights with an exercise price that is less than the exercise price of the original Options or Stock Appreciation Rights without the prior approval of Walmart stockholders.

**4.3 Delegation.** Except for the administration of Qualified Performance Based Awards and matters under the Plan affected by Section 16 of the Exchange Act and the rules adopted thereunder, the Committee may delegate ministerial duties under the Plan (including but not limited to the duties described in Section 4.2(h)) to one or more administrators, who may be Associates of Walmart, and may delegate non-ministerial duties to an officer of Walmart; provided that the delegate of non-ministerial duties (a) shall not be authorized to make Plan Awards to himself or herself, and (b) in any Fiscal Year shall not make Plan Awards in excess of 100,000 Shares in the aggregate or 1,000 Shares to any one Recipient.

The Committee has delegated its powers, duties, and authority under the Plan (including the power to delegate, but not including the power to recommend amendments under Section 4.2(c)) with respect to Associates who are not Section 16 Persons, and other than Covered Employees whose awards are intended to be Qualified Performance Based Awards, to the Global Compensation Committee of the Board.

The Board may also delegate administration of the Plan or a particular feature of the Plan to another Committee of the Board.

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Any delegated authority, duty or power may be revoked at any time by the delegator as it deems appropriate. Any delegated authority, duty or power may be exercised by the delegator as well as the delegate; provided, however, that in the event of any conflict between the exercise of any authority, duty or power by the delegator and the exercise of any authority, duty or power by the delegate, the exercise by the delegator shall govern.

**4.4 Determinations Binding.** All actions taken or determinations made by the Committee, in good faith, with respect to the Plan, a Plan Award or any Notice of Plan Award shall not be subject to review by anyone, but shall be final, binding and conclusive upon all persons interested in the Plan or any Plan Award.

## **PARTICIPATION**

**5.1** All Associates and Non-Management Directors who the Committee determines have the potential to contribute significantly to the success of Walmart or an Affiliate, are eligible to participate in the Plan, except that Non-Management Directors may not receive Incentive Stock Options. An Associate may be granted one or more Plan Awards, unless prohibited by applicable law and subject to the limitations under Code Section 422 with respect to Incentive Stock Options. For any Performance Period for which Plan Awards are intended to be Qualified Performance Based Awards, the Committee shall designate the Associates eligible to be granted Plan Awards no later than the 90th day of the Fiscal Year (or in the case of a Performance Period other than a Fiscal Year, after not later than the date 25% of the Performance Period has elapsed).

## **STOCK OPTIONS**

**6.1 Term of Options.** Walmart may grant Options covering Subject Shares to Associates and Non-Management Directors. The term of each Option shall be the term stated in the Notice of Plan Award; provided, however, that in the case of an Incentive Stock Option, the term shall be no more than 10 years from the date of grant unless the Incentive Stock Option is granted to a Recipient who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of Walmart or any Parent/Subsidiary Corporation, in which case the term may not exceed 5 years from the date of grant.

Each Option shall be a Nonqualified Option unless designated otherwise in the Notice of Plan Award. Notwithstanding the designation of an Option, if the aggregate Fair Market Value of Shares subject to Incentive Stock Options that are exercisable for the first time by a Recipient during a calendar year exceeds \$100,000 (whether due to the terms of the Plan Award, acceleration of exercisability, miscalculation or error), or if such Option for any other reason fails to qualify as an Incentive Stock Option, the excess Options shall be treated as Nonqualified Options.

**6.2 Option Exercise Price and Consideration.** The per Share exercise price of an Option shall be determined by the Committee in its discretion, except that the per Share exercise price for an Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant except that, with respect to an Incentive Stock Option granted to an Associate who owns stock representing more than 10% of the voting power of all classes of stock of Walmart or any Parent/Subsidiary Corporation at the time of the grant, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant. The type of consideration in which the exercise price of an Option is to be paid shall be determined by the

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Committee in its discretion, and, in the case of an Incentive Stock Option, shall be determined at the time of grant.

**6.3 Exercise of Options.** An Option shall be deemed to be exercised when the person entitled to exercise the Option gives notice of exercise to Walmart in accordance with the Option's terms and Walmart receives full payment for the Shares as to which the Option is exercised or other provision for such payment is made in accordance with rules and procedures established by the Committee from time to time. Except with respect to Incentive Stock Options, such rules and procedures may include procedures for a "net-share settlement" method of exercise, under which, subject to the method requirements in the rules and procedures, the Recipient provides an irrevocable notice of exercise of the Option and Walmart retains a number of Shares sufficient to cover the exercise price and the minimum required withholding, and delivers the net number of Shares to the Recipient. In addition, if determined by the Committee in its discretion, which may be applied differently among Recipients or Plan Awards, an Option will be deemed exercised by the Recipient (or in the event of the death of the Recipient then by the person authorized to exercise the Recipient's Option under Section 11.6) on the expiration date of the Option, or if the NYSE is not open on the expiration date, on the last day prior to the expiration date on which the NYSE is open, using a net share settlement method of exercise to the extent that as of such expiration date the Option is vested and exercisable and the per Share exercise price of the Option is below the Fair Market Value of a Share on such expiration date.

**6.4 Termination of Employment.** If a Recipient's Continuous Status is terminated for any reason other than Cause, the Recipient may exercise Options that are not subject to Restrictions as of the termination date to the extent set out in the Recipient's Notice of Plan Award. Incentive Stock Options may be exercised only within 60 days (or other period of time determined by the Committee at the time of grant of the Option and not exceeding 3 months) after the date of the termination (but in no event later than the expiration date of the term of that Option as set forth in the Notice of Plan Award), and only to the extent that Recipient was entitled to exercise the Incentive Stock Option at the date of that termination. To the extent the Recipient is not entitled to or does not exercise an Option at the date of that termination or within the time specified herein or in the Notice of Plan Award, the Option shall terminate. In addition, the Recipient's right to exercise Options will be tolled pending any period initiated by the Committee to determine the existence of Cause with respect to the Recipient regardless of whether the commencement of such period is prior to, coincident with, or subsequent to the termination of the Recipient's Continuous Status. If the Committee determines there is no Cause, then the tolling period will end and the Recipient's right to exercise Options will be reinstated; provided, however, in no event will the exercise date of an Option be later than the earlier of (a) 90 days following the termination of the Recipient's Continuous Status plus the tolling period, or (b) the expiration date of the Option as set forth in the Notice of Plan Award. Notwithstanding any provision in the Plan to the contrary, an Associate's Continuous Status is not terminated for purposes of the Associate's Options if immediately upon the termination of the Associate's employment relationship with Walmart or an Affiliate the Associate becomes a Non-Management Director.

**6.5 Administrative Suspension from Employment.** During a period for which the Recipient is subject to administrative suspension from employment, the Recipient's right to exercise Options will be suspended. If upon the conclusion of the administrative suspension the Recipient returns to employment, then the Recipient's right to exercise Options will be reinstated

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subject to Restrictions set forth in the Notice of Plan Award; provided, however, in no event will the exercise date of an Option be later than the expiration date of the term of that Option as set forth in the Notice of Plan Award.

**6.6 Disability of Recipient.** Notwithstanding the provisions of Section 6.4, in the case of an Associate's Incentive Stock Option, if the Recipient's Continuous Status is terminated as a result of his or her total and permanent disability (as defined in Code Section 22(e)(3)), the Recipient may, but only within 12 months from the date of that termination (but in no event later than the expiration date of the term of that Option as set forth in the Notice of Plan Award), exercise an Incentive Stock Option to the extent otherwise entitled to exercise it at the date of that termination. To the extent the Recipient is not entitled to exercise an Incentive Stock Option at the date of termination, or if Recipient does not exercise that Incentive Stock Option to the extent so entitled within the time specified herein, the Incentive Stock Option shall terminate.

**6.7 Non-transferability of Options.** An Option may not be sold, pledged, hedged, assigned, hypothecated, transferred or disposed of in any manner except by testamentary devise or by the laws of descent or distribution or, in those circumstances expressly permitted by the Committee, to a Permitted Transferee. For this purpose, a "Permitted Transferee" means any member of the Immediate Family of the Recipient, any trust of which all of the primary beneficiaries are the Recipient or members of his or her Immediate Family or any partnership of which all of the partners or members are the Recipient or members of his or her Immediate Family. The "Immediate Family" of a Recipient means the Recipient's spouse, children, stepchildren, grandchildren, parents, stepparents, siblings, grandparents, nieces and nephews, or the spouse of any of the foregoing individuals.

**6.8 Withholding.** The Committee may withhold, or provide for the payment of, any amounts necessary to collect any withholding taxes upon any taxable event relating to an Option in accordance with Section 11.10 except to the extent otherwise provided under Section 6.3.

## SHARES AND RESTRICTED STOCK

**7.1 Grant of Shares.** Walmart may grant Shares without Restrictions or payment to those Non-Management Directors as the full Board may determine in its sole discretion.

**7.2 Grant of Restricted Stock.** Walmart may grant Restricted Stock to those Associates and Non-Management Directors as the Committee may select in its sole discretion. Each Plan Award of Restricted Stock shall have those terms and conditions that are expressly set forth in, or are required by, the Plan and any other terms and conditions as the Committee may determine in its discretion.

**7.3 Dividends; Voting.** While any Restriction applies to any Recipient's Restricted Stock, (a) unless the Committee provides otherwise, the Recipient shall receive the dividends paid on the Restricted Stock and shall not be required to return those dividends to Walmart in the event of the forfeiture of the Restricted Stock, (b) the Recipient shall have the right to, subject to all Restrictions then existing as to the Recipient's Restricted Stock, receive the proceeds of the Restricted Stock in any stock split, reverse stock split, recapitalization, or other change in the capital structure of Walmart, which proceeds shall automatically and without need for any other action become Restricted Stock and be delivered as provided in Section 7.4, and (c) the Recipient shall be entitled to vote the Restricted Stock during the Restriction period.

**7.4 Delivery of Shares.** Subject to any deferral election under Section 7.8, a Share will be

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delivered to the Recipient upon, or as soon as practicable after, the lapse of the Restrictions on a Share of Restricted Stock. Shares awarded under Section 7.1 shall be delivered immediately upon issuance of any such Plan Award. During the period of Restriction applicable to Restricted Stock, the Recipient shall not have the right to sell, transfer, assign, convey, pledge, hypothecate, grant any security interest in or mortgage on, or otherwise dispose of or encumber the Restricted Stock or any interest therein. As a result of the retention of rights in the Restricted Stock by Walmart, except as required by any law, neither any Shares of the Restricted Stock nor any interest therein shall be subject in any manner to any forced or involuntary sale, transfer, conveyance, pledge, hedge, hypothecation, encumbrance, or other disposition or to any charge, liability, debt, or obligation of the Recipient, whether as the direct or indirect result of any action of the Recipient or any action taken in any proceeding, including any proceeding under any bankruptcy or other creditors' rights law. Any action attempting to effect any transaction of that type shall be void.

**7.5 Forfeiture.** Unless expressly provided for in the Plan Award, any Restricted Stock held by the Recipient at the time the Recipient ceases to be an Associate or Non-Management Director for any reason shall be forfeited by the Recipient to Walmart and automatically re-conveyed to Walmart.

**7.6 Withholding.** The Committee may withhold in accordance with Section 11.10 any amounts necessary to collect any withholding taxes upon any taxable event relating to a Plan Award or the exercise or settlement thereof.

**7.7 Evidence of Share Ownership.** The Restricted Stock will be book-entry Shares held for the benefit of the Recipient with stop transfer instructions on Walmart's stop transfer records until the Restrictions lapse, at which time Walmart will remove stop transfer instructions from the Shares on its stock transfer records.

**7.8 Deferral of Shares or Restricted Stock.** At the time of grant of Shares or Restricted Stock (or at such earlier or later time as the Committee determines to be appropriate in light of the provisions of Code Section 409A) the Committee may permit a Recipient of a Plan Award of Shares or a Plan Award of Restricted Stock to defer his or her Stock or Restricted Stock in accordance with rules and procedures established by the Committee. Alternatively, the Committee may, in its discretion and at the times provided above, permit an individual who would have been a Recipient of a Plan Award of Shares or a Plan Award of Restricted Stock to elect instead to receive an equivalent Plan Award of Restricted Stock Units to be settled in Shares and may permit the Recipient to elect to defer receipt of Shares under such Plan Award of Restricted Stock Units in accordance with Section 8.7.

## **RESTRICTED STOCK UNITS**

**8.1 Grant of Restricted Stock Units.** Walmart may grant Restricted Stock Units to those Associates and Non-Management Directors as the Committee may select in its sole discretion. Each Plan Award of Restricted Stock Units shall have those terms and conditions that are expressly set forth in, or are required by, the Plan and the Notice of Plan Award, as the Committee may determine in its discretion. The Restrictions imposed shall take into account potential tax treatment under Code Section 409A.

**8.2 Beneficial Ownership.** Until the Restricted Stock Unit is released from Restrictions and settled in Shares or cash, the Recipient shall not have any beneficial ownership in any Shares

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subject to the Restricted Stock Unit, nor shall the Recipient have the right to sell, transfer, assign, convey, pledge, hypothecate, grant any security interest in or mortgage on, or otherwise dispose of or encumber any Restricted Stock Unit or any interest therein. Except as required by any law, no Restricted Stock Unit nor any interest therein shall be subject in any manner to any forced or involuntary sale, transfer, conveyance, pledge, hedge, hypothecation, encumbrance, or other disposition or to any charge, liability, debt, or obligation of the Recipient, whether as the direct or indirect result of any action of the Recipient or any action taken in any proceeding, including any proceeding under any bankruptcy or other creditors' rights law. Any action attempting to effect any transaction of that type shall be void.

**8.3 Settlement of Restricted Stock Units.** Upon the lapse of the Restrictions, the Recipient of Restricted Stock Units shall, except as noted below, be entitled to receive, as soon as administratively practical, (a) that number of Shares subject to the Plan Award that are no longer subject to Restrictions, (b) in cash in an amount equal to the Fair Market Value of the number of Shares subject to the Plan Award that are no longer subject to Restrictions, or (c) any combination of cash and Shares, as the Committee shall determine in its sole discretion and specify at the time the Plan Award is granted. Where in the judgment of the Committee, it is in the interests of Walmart to do so, a grant of Restricted Stock Units may provide that Walmart or an Affiliate may purchase Shares on the open market on behalf of a Recipient in accordance with Section 11.1 ("Open Market Shares").

**8.4 Forfeiture.** Restricted Stock Units and the entitlement to Shares, cash, or any combination thereunder will be forfeited and all rights of an Associate or Non-Management Director to such Restricted Stock Units and the Shares thereunder will terminate if the applicable Restrictions are not satisfied.

**8.5 Limitation of Rights.** A Recipient of Restricted Stock Units is not entitled to any rights of a holder of the Shares (e.g. voting rights and dividend rights), prior to the receipt of such Shares pursuant to the Plan. The Committee may, however, provide in the Notice of Plan Award that the Recipient shall be entitled to receive dividend equivalent payments on Restricted Stock Units, on such terms and conditions as the Notice of Plan Award shall specify.

**8.6 Withholding.** The Committee may withhold in accordance with Section 11.10 any amounts necessary to collect any withholding taxes upon any taxable event relating to Restricted Stock Units.

**8.7 Deferral of Restricted Stock Units.** At the time of grant of Restricted Stock Units (or at such earlier or later time as the Committee determines to be appropriate in light of the provisions of Code Section 409A) the Committee may permit the Recipient to elect to defer receipt of the Shares or cash to be delivered upon lapse of the Restrictions applicable to the Restricted Stock Units in accordance with rules and procedures established by the Committee. Such rules and procedures shall take into account potential tax treatment under Code Section 409A, and may provide for payment in Shares or cash.

## **STOCK APPRECIATION RIGHTS**

**9.1 Grant.** Walmart may grant Stock Appreciation Rights to those Associates and Non-Management Directors as the Committee selects in its sole discretion, on any terms and conditions the Committee deems desirable. A Recipient granted a Stock Appreciation Right will be entitled to receive payment as set forth in the Notice of Plan Award in an amount equal to (a) the excess of the Fair Market Value of a Share on the date on which the Recipient properly

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exercises Stock Appreciation Rights that are no longer subject to Restrictions over the Fair Market Value of a Share on the date of grant of the Recipient's Stock Appreciation Rights, (b) a predetermined amount that is less than that excess, or (c) with respect to Recipients who are exempt from U.S. taxation and who are expected to remain exempt from U.S. taxation until the Plan Award is settled, any other amount as may be set by the Committee, multiplied by the number of Stock Appreciation Rights as to which the Recipient exercises the Stock Appreciation Right. The Committee may provide that payment with respect to an exercised Stock Appreciation Right may occur on a date which is different than the exercise date, and may provide for additional payment in recognition of the time value of money and any delay between the exercise date and the payment date.

**9.2 Award Vesting and Forfeiture.** The Committee shall establish the Restrictions, if any, applicable to Stock Appreciation Rights. Stock Appreciation Rights and the entitlement to Shares thereunder will be forfeited and all rights of the Recipient to such Stock Appreciation Rights and the Shares thereunder will terminate if any applicable Restrictions in the Plan or Notice of Plan Award are not satisfied.

**9.3 Beneficial Ownership.** The Recipient of any Stock Appreciation Rights shall not have any beneficial ownership in any Shares subject to such Plan Awards until Shares are delivered in satisfaction of the Plan Award nor shall the Recipient have the right to sell, transfer, assign, convey, pledge, hypothecate, grant any security interest in or mortgage on, or otherwise dispose of or encumber any Stock Appreciation Rights or any interest therein. Except as required by any law, neither the Stock Appreciation Rights nor any interest therein shall be subject in any manner to any forced or involuntary sale, transfer, conveyance, pledge, hedge, hypothecation, encumbrance, or other disposition or to any charge, liability, debt, or obligation of the Recipient, whether as the direct or indirect result of any action of the Recipient or any action taken in any proceeding, including any proceeding under any bankruptcy or other creditors' rights law. Any action attempting to effect any transaction of that type shall be void.

**9.4 Election to Receive Payments.** A Recipient of a Stock Appreciation Right may elect to receive a payment to which the Recipient is entitled under the Plan Award by giving notice of such election to the Committee in accordance with the rules established by the Committee. In addition, if determined by the Committee in its discretion, which may be applied differently among Recipients or Plan Awards, a Stock Appreciation Right will be deemed exercised by the Recipient (or in the event of the death of the Recipient then by the person authorized to exercise the Recipient's Stock Appreciation Right under Section 11.6) on the expiration date of the Stock Appreciation Right, or if the NYSE is not open on the expiration date, on the last day prior to the expiration date on which the NYSE is open, to the extent that as of such expiration date the Stock Appreciation Right is vested and exercisable and to the extent that, if the Recipient exercised such Stock Appreciation Right, the Recipient would receive a payment under Section 9.5.

**9.5 Payments to Recipients.** Subject to the terms and conditions of the Notice of Plan Award granting the Stock Appreciation Rights, a payment to a Recipient with respect to Stock Appreciation Rights may be made (a) in cash, (b) in Shares having an aggregate Fair Market Value on the date on which the Stock Appreciation Rights are settled equal to the amount of the payment to be made under the Plan Award, or (c) any combination of cash and Shares, as the Committee shall determine in its sole discretion and specify at the time the Plan Award is granted. The Committee shall not make any payment in Shares if such payment would result in

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any adverse tax or other legal effect as to this Plan or Walmart.

**9.6 Termination of Continuous Status.** If a Recipient's Continuous Status is terminated for any reason other than Cause, then, Recipient may elect payment with respect to Stock Appreciation Rights that are not subject to Restrictions as of the termination date to the extent set out in the Recipient's Notice of Plan Award. To the extent the Recipient is not entitled to or does not elect payment with respect to a Stock Appreciation Right at the date of termination or within the time specified herein or in the Notice of Plan Award, the Stock Appreciation Right shall terminate. In addition, the Recipient's right to exercise Stock Appreciation Rights will be tolled pending any period initiated by the Committee to determine the existence of Cause with respect to the Recipient regardless of whether the commencement of such period is prior to, coincident with, or subsequent to the termination of the Recipient's Continuous Status. If the Committee determines there is no Cause, then the tolling period will end and the Recipient's right to elect payment of Stock Appreciation Rights will be reinstated; provided, however, in no event will the exercise date of a Stock Appreciation Right be later than the earlier of (a) 90 days following the termination of the Recipient's Continuous Status plus the tolling period, or (b) the expiration date of the Stock Appreciation Right as set forth in the Notice of Plan Award. Notwithstanding any provision in the Plan to the contrary, an Associate's Continuous Status is not terminated for purposes of the Associate's Stock Appreciation Rights if immediately upon the termination of the Associate's employment relationship with Walmart or an Affiliate the Associate becomes a Non-Management Director.

**9.7 Administrative Suspension from Employment.** During a period for which the Recipient is subject to administrative suspension from employment, the Recipient's right to elect payment of Stock Appreciation Rights will be suspended. If upon the conclusion of the administrative suspension the Recipient returns to employment, then the Recipient's right to elect payment of Stock Appreciation Rights will be reinstated subject to Restrictions set forth in the Notice of Plan Award; provided, however, in no event will the date of the payment election be later than the expiration date of the term of the Stock Appreciation Right as set forth in the Notice of Plan Award.

**9.8 Limitation of Rights.** A Recipient of Stock Appreciation Rights is not entitled to any rights of a holder of the Shares (e.g., voting rights and dividend rights), prior to the receipt of such Shares pursuant to the Plan.

**9.9 Withholding.** The Committee may withhold in accordance with Section 11.10 any amounts necessary to collect any withholding taxes upon any taxable event relating to the Stock Appreciation Rights.

**9.10 Deferral of Stock Appreciation Rights.** At the time of grant of a Plan Award of Stock Appreciation Rights the Committee may permit a Recipient who is exempt from U.S. taxation and who is expected to remain exempt from U.S. taxation until the Plan Award is settled to elect to defer the Shares or cash to be delivered in settlement of a Stock Appreciation Right in accordance with rules and procedures established by the Committee.

#### PERFORMANCE UNITS

**10.1 Grant.** Walmart may grant Performance Units to those Associates and Non-Management Directors as it may select in its sole discretion, on any terms and conditions the Committee deems desirable. Each Plan Award of Performance Units shall have those terms and conditions

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that are expressly set forth in, or are required by, the Plan and Notice of Plan Award.

**10.2 Performance Goals.** The Committee shall set Performance Goals which, depending on the extent to which they are met during a Performance Period, will determine the number of Performance Units that will be earned by the Recipient at the end of the Performance Period. The Performance Goals shall be set at threshold, target and maximum performance levels, with the number of Performance Units to be earned tied to the degree of attainment of the various performance levels under the various Performance Goals during the Performance Period. No Performance Units will be earned if the threshold performance level is not attained.

**10.3 Beneficial Ownership.** The Recipient of Performance Units shall not have any beneficial ownership in any Shares subject to the Performance Units unless and until Shares are delivered in satisfaction of the Performance Units nor shall the Recipient have the right to sell, transfer, assign, convey, pledge, hedge, hypothecate, grant any security interest in or mortgage on, or otherwise dispose of or encumber any Performance Units or any interest therein. Except as required by any law, neither the Performance Units nor any interest therein shall be subject in any manner to any forced or involuntary sale, transfer, conveyance, pledge, hypothecation, encumbrance, or other disposition or to any charge, liability, debt, or obligation of the Recipient, whether as the direct or indirect result of any action of the Recipient or any action taken in any proceeding, including any proceeding under any bankruptcy or other creditors' rights law. Any action attempting to effect any transaction of that type shall be void.

**10.4 Determination of Achievement of Performance Goals.** The Committee shall, promptly after the date on which the necessary financial, individual or other information for a particular Performance Period becomes available, determine and certify the degree to which each of the Performance Goals have been attained.

**10.5 Settlement of Performance Units.** After the applicable Performance Period has ended, the Recipient of Performance Units shall be entitled to payment based on the performance level attained with respect to the Performance Goals applicable to the Performance Units. The Committee may, in its sole discretion, reduce, eliminate or increase any amount of Shares or cash earned under Performance Units for any individual or group, except that such amount of Shares or cash intended to be a Qualified Performance Based Award may not be increased above the amount provided in the Notice of Plan Award. Unless deferred in accordance with Section 10.9, Performance Units shall be settled as soon as practicable after the Committee determines and certifies the degree of attainment of Performance Goals for the Performance Period.

The Committee shall have the discretion and authority to make adjustments to any Performance Units in circumstances where, during the Performance Period: (a) a Recipient leaves Walmart or an Affiliate and is subsequently rehired; (b) a Recipient transfers between positions with different incentive percentages or Performance Goals; (c) a Recipient transfers to a position not eligible to participate in the Plan; (d) a Recipient becomes eligible, or ceases to be eligible, for an incentive from another incentive plan maintained by Walmart or an Affiliate; (e) a Recipient is on a leave of absence; and (f) similar circumstances deemed appropriate by the Committee, consistent with the purpose and terms of the Plan; provided however, that the Committee shall not be authorized to increase the amount of Performance Units payable to a Covered Employee that would otherwise be payable if the amount was intended to be Qualified Performance Based Award.

**10.6 Payments to Recipients.** Subject to the terms and conditions of the Notice of Plan

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Award, payment to a Recipient with respect to Performance Units may be made (a) in Shares, (b) in cash or by check equal to the Shares' Fair Market Value on the date the Performance Units are settled, or (c) any combination of cash and Shares, as the Committee shall determine at any time in its sole discretion.

**10.7 Limitation of Rights.** A Recipient of Performance Units is not entitled to any rights of a holder of the Shares (e.g. voting rights and dividend rights), prior to the receipt of Shares pursuant to the settlement of the Plan Award (if the Plan Award is settled in Shares). No dividend equivalents will be paid with respect to Performance Units.

**10.8 Withholding.** The Committee may withhold in accordance with Section 11.10 any amounts necessary to collect any withholding taxes upon any taxable event relating to Performance Units.

**10.9 Deferral of Shares or Cash Payout.** At the time of grant of Performance Units (or at such earlier or later time as the Committee determines to be appropriate in light of Code Section 409A) the Committee may permit the Recipient to elect to defer delivery of Shares (or payment of cash) with respect to the Plan Award in accordance with such rules and procedures established by the Committee. Such rules and procedures shall take into account potential tax treatment under Code Section 409A.

## MISCELLANEOUS

### 11.1 Issuance of Stock Certificates; Book-Entry; or Purchase of Shares.

- (a) If a Recipient has the right to the delivery of any Shares pursuant to any Plan Award, Walmart shall issue or cause to be issued a stock certificate or a book-entry crediting Shares to the Recipient's account promptly upon the exercise of the Plan Award or the right arising under the Plan Award.
- (b) A Recipient's right to Open Market Shares pursuant to settlement of a Plan Award of Restricted Stock Units or Performance Units shall not be satisfied by Walmart's delivery of Shares but rather Walmart or an Affiliate shall purchase the Shares on the open market on behalf of the Recipient by forwarding cash to an independent broker who will in turn purchase the Shares on the open market on behalf of the Recipient.

### 11.2 Compliance with Code Section 162(m).

- (a) To the extent awards to Covered Employees are intended to be Qualified Performance Based Awards, the material terms of the Performance Goals under which awards are paid (and any material changes in material terms) shall be disclosed to and approved by Walmart's stockholders in a separate vote. Material terms include the eligible Recipients specified in Section 5.1, the Performance Measures pursuant to which the Performance Goals are set, and the maximum amount of compensation that could be paid to any Covered Employee or the formula used to calculate the amount of compensation to be paid to the Covered Employee if the Performance Goal is attained.
  - (b) Performance Measures must be disclosed to and reapproved by the stockholders no later than the first stockholder meeting that occurs in the fifth year following the year in which stockholders previously approved the Performance Measures. If applicable laws change to permit Committee discretion to alter the governing Performance Measures without conditioning deductibility on obtaining stockholder approval (or reapproval) of any
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changes, the Committee shall have sole discretion to make changes without obtaining stockholder approval or reapproval.

- (c) Whenever the Committee determines that it is advisable to grant or pay awards that do not qualify as Qualified Performance Based Awards, the Committee may make grants or payments without satisfying the requirements of Code Section 162(m).
- (d) The Committee may, but shall not be required to, establish rules and procedures providing for the automatic deferral of Shares or other Plan payouts of Recipients who are Covered Employees as necessary to avoid a loss of deduction under Code Section 162(m)(1).

**11.3 Termination of Employment or Interruption or Termination of Continuous Status.** Except as otherwise expressly set forth in the Plan, the Committee shall determine the effect of the termination of an Associate's employment, or a Recipient's disability or death, or any other interruption or termination of Continuous Status, on the lapse of any Restrictions contained in a Plan Award made to the Recipient. During a period for which the Recipient is subject to administrative suspension, a Recipient's right to exercise or receive payment for any rights under any Plan Award or the vesting of any rights under any Plan Award shall be suspended to the extent permitted under local law.

**11.4 Forfeiture for Cause.** Notwithstanding anything to the contrary contained in the Plan, any Recipient upon a finding of "Cause" by the Committee shall forfeit all Plan Awards (and rights thereunder) granted under the Plan, whether or not vested or otherwise exercisable.

**11.5 Repayment Obligation.**

- (a) Notwithstanding anything to the contrary contained in the Plan, in the event the Committee or its delegate (which expressly may include any officer of Walmart or a non-Associate third party (such as counsel to Walmart)) determines that a Recipient has engaged in Gross Misconduct, then the Recipient shall forfeit all Plan Awards then outstanding, and the Recipient shall repay to Walmart any payments received from Walmart with respect to any Plan Awards subsequent to the date which is twenty-four (24) months prior to the date of the behavior serving as the basis for the finding of Gross Misconduct. Any amount to be repaid by a Recipient pursuant to this Section 11.5 shall be held by the Recipient in constructive trust for the benefit of Walmart and shall be paid by the Recipient to Walmart with interest at the prime rate (as published in The Wall Street Journal) as of the date the Committee or its delegate determines the Recipient engaged in Gross Misconduct. The amount to be repaid pursuant to this Section 11.5 shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of payment to the Recipient, and without regard to any subsequent change in the Fair Market Value of a Share.
  - (b) If the Committee determines at any time that the Recipient of a Plan Award, prior to or within one year after the date of settlement of such Plan Award, (A) engaged in any act the Committee deems inimical to the best interest of Walmart or an Affiliate, (B) breached any restrictive covenant or confidentiality requirement to which the Recipient was subject; or (C) otherwise failed to comply with applicable policies of Walmart or an Affiliate at all times prior to the settlement of the Plan Award, the Recipient shall be obligated, upon demand, to return the amount paid or distributed in settlement of such Plan Award to Walmart. In addition, all Plan Awards, whether or not previously settled,
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and whether or not previously deferred, shall be subject to Walmart's policies, including Walmart's Statement of Ethics or requirements of applicable law (including regulations and other applicable guidance) regarding clawbacks (recoupment) as in effect from time to time.

**11.6 Death of Recipient.** To the extent permitted in the Notice of Plan Award or under Committee rules and procedures, a Recipient may name a beneficiary or beneficiaries to whom the Recipient's Plan Award may be paid, or who is authorized to exercise the Recipient's Plan Award, in the event of the death of the Recipient, subject to Committee rules and procedures. If no such beneficiary is effectively named by the Recipient for any reason, then except to the extent otherwise provided in the Notice of Plan Award or Committee rules and procedures, if the Recipient dies, the Recipient's Plan Award may be paid to the Recipient's estate or may be exercised, in accordance with its terms or as allowed by law, by the Recipient's estate or by the beneficiary or person to whom the award devolves by bequest or inheritance. Unless otherwise provided in the Notice of Plan Award, (a) Plan Awards may be exercised after death only to the extent the Recipient was otherwise entitled to exercise the Plan Award at the date of the Recipient's death and only if exercised within 12 months after the Recipient's death, and (b) to the extent a Plan Award was unvested at the date of death, the Plan Award shall terminate.

**11.7 Limitations on Liability and Award Obligations.** Receiving a Plan Award or being the owner of any Option, Restricted Stock, Restricted Stock Unit, Stock Appreciation Right, or Performance Unit shall not:

- (a) give a Recipient any rights except as expressly set forth in the Plan or in the Plan Award and except as a stockholder of Walmart as set forth herein as to the Restricted Stock only;
  - (b) as to Shares deliverable on the exercise of Options or Stock Appreciation Rights, or in settlement of Performance Units or Restricted Stock Units, until the delivery (as evidenced by the appropriate entry on the books of Walmart of a duly authorized transfer agent of Walmart) of such Shares, give the Recipient the right to vote, or receive dividends on, or exercise any other rights as a stockholder with respect to such Shares, notwithstanding the exercise (in the case of Options or Stock Appreciation Rights) of the related Plan Award;
  - (c) be considered a contract of employment or give the Recipient any right to continued employment, or to hold any position, with Walmart or any Affiliate;
  - (d) create any fiduciary or other obligation of Walmart or any Affiliate to take any action or provide to the Recipient any assistance or dedicate or permit the use of any assets of Walmart or any Affiliate that would permit the Recipient to be able to attain any performance criteria stated in the Recipient's Plan Award;
  - (e) create any trust, fiduciary or other duty or obligation of Walmart or any Affiliate to engage in any particular business, continue to engage in any particular business, engage in any particular business practices or sell any particular product or products;
  - (f) create any obligation of Walmart or any Affiliate that shall be greater than the obligations of Walmart or that Affiliate to any general unsecured creditor of Walmart or the Affiliate; or
  - (g) give a Recipient any right to receive any additional Plan Award of any type.
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If Walmart or an Affiliate terminates a Recipient's employment with Walmart or the Affiliate, the potential value of any Plan Award that must be returned to Walmart will not be an element of any damages that the Recipient may have for any termination of employment or other relationship in violation of any contractual or other rights the Recipient may have.

**11.8 No Liability of Committee Members.** Walmart shall indemnify and hold harmless each member of the Committee and each other officer and director of Walmart or any Affiliate that has any duty or power relating to the administration of the Plan against any liability, obligation, cost or expense incurred by that person arising out of any act or omission to act in connection with the Plan or any Plan Award if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of Walmart. Indemnification of Associates, directors, and agents shall be determined pursuant to the requirements of Article VI of Walmart's Amended and Restated Bylaws.

**11.9 Adjustments upon Changes in Capitalization or Merger.** Subject to any required action by the Walmart stockholders, the number and type of Shares (or other securities or property) covered by each Plan Award, and the number and type of Shares (or other securities or property) which have been authorized for delivery under the Plan but as to which no Plan Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of a Plan Award, the price per Share covered by any outstanding Plan Award that includes in its terms a price per Share, and the number of Shares with respect to which Plan Awards may be granted to an individual shall be proportionately adjusted to reflect an extraordinary dividend or other distribution (whether in the form of cash, Shares or other securities or property), stock split, reverse stock split, merger, reorganization, subdivision, consolidation or reduction of capital, recapitalization, consolidation, split-up, spin-off, combination or reclassification of the Shares, or any other increase or decrease in the number of outstanding Shares effected without receipt of consideration by Walmart, issuance or warrants or other rights to purchase Shares or other securities of Walmart or other similar corporate transaction or event that affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. That adjustment shall be made by the Committee, whose determination shall be final, binding and conclusive as to every person interested under the Plan. Except as expressly provided herein, no issuance by Walmart of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to a Plan Award.

**11.10 Tax Withholding.** Whenever taxes are to be withheld in connection with the grant, vesting, lapse of restrictions, exercise or settlement of a Plan Award or for any other reason in connection with a Plan Award (the date on which such withholding obligation arises being hereinafter referred to as the "Tax Date"), the Committee may decide, in its sole discretion, to provide for the payment for the withholding of federal, state and local taxes (including Social Security and Medicare ("FICA") taxes by one or a combination of the following methods and may (but need not) permit the Recipient to elect the method or methods: (a) payment in cash of the amount to be withheld, (b) requesting Walmart to withhold from Shares that would otherwise be delivered in settlement of a Plan Award payable in Shares (or upon the lapse of Restrictions on a Plan Award) a number of Shares having a Fair Market Value on the Tax Date or the last NYSE trading day prior to the Tax Date no greater than the amount to be withheld, (c) transfer of

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unencumbered Shares owned by the Recipient in circumstances permitted by the Committee valued at their Fair Market Value on the Tax Date or the last NYSE trading day prior to the Tax Date, (d) withholding from any cash compensation otherwise due to the Recipient; or (e) such other method as authorized by the Committee in its discretion. The Committee may set limits on the amount of withholding to be satisfied through withholding of Shares; e.g., the Committee may require that only the minimum withholding be satisfied in Shares, and may prohibit withholding from Open Market Shares or using a particular method if necessary or advisable in a particular country. Any fractional share amount must be paid in cash or withheld from compensation otherwise due to the Recipient.

**11.11 Amendment and Termination of the Plan.** The Board may amend or terminate the Plan at any time without the approval of the Recipients or any other person, except to the extent any action of that type is required to be approved by the stockholders of Walmart under applicable law, listing standards, or in connection with any outstanding Qualified Performance Based Awards. Notwithstanding the foregoing, no amendment that, in the judgment of the Board would materially adversely affect a Recipient holding an Award shall be made without the Recipient's consent; provided that no amendment that changes the timing of taxation of a Plan Award shall be deemed to materially adversely affect the Recipient.

**11.12 Compliance with Law.** The making of any Plan Award or delivery of any Shares is subject to compliance by Walmart with all applicable laws as determined by Walmart's legal counsel. Walmart need not issue or transfer any Plan Award or Shares pursuant to the Plan unless Walmart's legal counsel has approved all legal matters in connection with the delivery of any Plan Award or Shares.

**11.13 No Representation or Warranty Regarding Tax Treatment.** Notwithstanding any language contained in the Plan or any Plan Award, Walmart does not represent or warrant that any particular tax treatment will be achieved.

**11.14 Governing Law.** The Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

**11.15 Superseding Existing Plans, Effective Date, and Transition.** The Plan, as set forth herein, was approved by the Board on February 6, 2015, to be effective on June 5, 2015, subject to the approval of Walmart's stockholders. The 2013 Restatement was approved by the Board on April 12, 2013, to be effective August 12, 2013. The 2010 Plan was effective January 1, 2010, and approved by Walmart's stockholders on June 4, 2010. The 2005 Plan was effective January 1, 2005, and was approved by Walmart's stockholders on June 3, 2005. The 1998 Plan was effective as of March 5, 1998, and was approved by Walmart's stockholders on June 5, 1998. Shares made available for delivery in settlement of Plan Awards shall also be available for delivery in settlement of amounts payable under the provisions of the Wal-Mart Stores, Inc. Director Compensation Deferral Plan.

**11.16 Funding.** To the extent the Plan is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), it is intended to be (and will be administered as) an unfunded employee pension plan benefiting a select group of management or highly compensated employees under the provisions of ERISA. It is intended that the Plan be unfunded for federal tax purposes and for purposes of Title I of ERISA.

**11.17 Code Section 409A.** Plan Awards are intended to be exempt from the definition of "nonqualified deferred compensation" within the meaning of Code Section 409A, or to the extent

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not so exempt, to satisfy the requirements of Code Section 409A, and the Plan and Plan Awards shall be interpreted accordingly.

**AMENDED SCHEDULE OF EXECUTIVE OFFICERS WHO HAVE EXECUTED A POST-TERMINATION AGREEMENT AND COVENANT NOT TO COMPETE IN THE FORM FILED AS EXHIBIT 10(p) TO THE ANNUAL REPORT ON FORM 10-K OF THE COMPANY FOR THE FISCAL YEAR ENDED JANUARY 31, 2011 (this "Amended Schedule")**

This Amended Schedule amends the Schedule of Executive Officers Who Have Executed a Post-Termination Agreement and Covenant Not to Compete that followed the form of Post-Termination Agreement and Covenant Not to Compete originally filed by Wal-Mart Stores, Inc. as Exhibit 10(p) to its Annual Report on Form 10-K for the year ended January 31, 2011, as filed on March 30, 2011 (the "Form Agreement") and which is incorporated by reference as Exhibit 10(i) into Wal-Mart Stores, Inc.'s Annual Report on Form 10-K for the year ended January 31, 2016 to which this Amended Schedule is an exhibit. This Amended Schedule is included pursuant to Instruction 2 of Item 601(a) of Regulation S-K for the purpose of setting forth the details in which the specific agreements executed in the form of the Form Agreement differ from the Form Agreement, in particular to set forth the persons who, with Wal-Mart Stores, Inc., were parties to Post-Termination Agreements and Covenants Not to Compete in such form as of January 31, 2016.

<b>Executive Officer Who is a Party to such a Post-Termination Agreement and Covenant Not to Compete</b>	<b>Date of Agreement</b>	<b>Value of Restricted Stock Award Granted in Connection with Agreement</b>
Neil M. Ashe	January 16, 2012	Not Applicable
Daniel J. Bartlett	May 16, 2013	Not Applicable
M. Brett Biggs	September 21, 2010	\$500,000
Rosalind G. Brewer	March 23, 2010	Not Applicable
Gregory Foran	July 23, 2014	Not Applicable
Rollin L. Ford	January 19, 2010	\$1,000,000
Jeffrey J. Gearhart	June 11, 2013	\$1,500,000
C. Douglas McMillon	January 19, 2010	\$2,000,000
Jacqueline P. Canney	June 26, 2015	Not Applicable
Steven P. Whaley	January 19, 2010	\$300,000

In addition, certain terms of the Post-Termination Agreement and Covenant Not to Compete, dated January 16, 2012, between Wal-Mart Stores, Inc. and Neil M. Ashe differ from those of the Form Agreement as necessary to address certain laws of the jurisdiction in which Mr. Ashe resides.



**WALMART DEFERRED COMPENSATION MATCHING PLAN**

**Amended and Restated Effective February 1, 2016**

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## WALMART DEFERRED COMPENSATION MATCHING PLAN

### ARTICLE I. GENERAL

#### 1.1 Purpose.

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

#### 1.2 Effective Date.

The effective date of the amended and restated Plan is February 1, 2016.

#### 1.3 Nature of Plan.

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

### ARTICLE II. DEFINITIONS

#### 2.1 Definitions.

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

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

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

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

assignment letter, he or she is intended to remain on the home country's benefit and pension programs.

- (l) **Eligible Participant** means with respect to a Plan Year an individual who either (1) is an Eligible Officer, (2) is an employee of an Employer and who as of the October 31 immediately preceding the Plan Year is in a Senior Director or Senior Director equivalent position in Position Pay Range X8 or X9 or a Market Manager position or Market Manager position equivalent in Position Pay Range 10F, or (3) is an employee of an Employer and who as of the October 31 immediately preceding the Plan Year has an annual rate of base compensation from the Employer that is equal to or greater than the annual compensation limit in effect under Code Section 401(a)(17) (or under a comparable provision of the Internal Revenue Code of the Commonwealth of Puerto Rico if the Participant is an eligible participant under the Walmart Puerto Rico 401(k) Plan) for the calendar year in which the Plan Year begins, or if such limit for such calendar year has not been determined as of such October 31 then such annual compensation limit as in effect for the calendar year that includes such October 31.
- (m) **Employer** means Walmart and any entity, whether or not incorporated, which is a member of a controlled group of corporations, trades or businesses, as defined in Code Sections 414(b) and 414(c), of which Walmart is a member, and which has been designated by the Committee as a participating employer in the Plan.
- (n) **Employer Matching Contribution Credits** means the amount credited to a Participant's Matching Account pursuant to Section 3.4.
- (o) **ERISA** means the Employee Retirement Income Security Act of 1974, as amended from time to time.
- (p) **Excess Compensation** means for a Plan Year the excess, if any, of (1) the sum of (i) the Participant's base compensation for the Plan Year for services rendered for an Employer, and (ii) the Participant's MIP bonus payable with respect to a performance period that coincides with the Plan Year or that ends within the Plan Year, over (2) the annual compensation limit under Code Section 401(a)(17) (or under a comparable provision of the Internal Revenue Code of the Commonwealth of Puerto Rico if the Participant is an eligible participant under the Walmart Puerto Rico 401(k) Plan) in effect for the calendar year in which the Plan Year begins. For purposes of this paragraph, a Participant's base compensation and a Participant's MIP bonus shall include the cash amounts of such base compensation and MIP bonus payable to the Participant regardless of whether the payment of any or all of such amounts to the Participant is deferred or not made on account of (1) a deferral election by the Participant under the 401(k) Plan, (2) a deferral election by the Participant under this Plan, (3) a pre-tax contribution by the Participant under Code Section 125, (4) a pre-tax contribution by the Participant under Code Section 132(f)(4),

or (5) withholding for the payment of employment taxes or income taxes with respect to the Participant.

- (q) **401(k) Plan** means the Walmart 401(k) Plan and the Walmart Puerto Rico 401(k) Plan, as amended from time to time.
- (r) **Gross Misconduct** means conduct engaged in by the Participant which has been deemed by the Committee or its delegate to be detrimental to the best interests of Walmart or any Related Affiliate or any entity in which Walmart has an ownership interest. Examples of such conduct include, without limitation, disclosure of confidential information in violation of Walmart's Statement of Ethics, theft, the commission of a felony or a crime involving moral turpitude, gross misconduct or similar serious offenses.
- (s) **Matching Account** means the bookkeeping account maintained on behalf of a Participant to reflect his or her Employer Matching Contribution Credits.
- (t) **MIP** means the Wal-Mart Stores, Inc. Management Incentive Plan, as amended from time to time, without regard to any non-U.S. subplans.
- (u) **Participant** means any individual for whom an Account is maintained. An individual will cease to be a Participant at such time that the Participant's Account has been fully distributed or forfeited in accordance with the Plan.
- (v) **Plan** means the Walmart Deferred Compensation Matching Plan, as set forth herein, and as amended from time to time.
- (w) **Plan Year** means the twelve (12)-month period commencing on February 1 and ending on January 31.
- (x) **Related Affiliate** means all persons with whom Walmart would be considered a single employer under Code Sections 414(b) and 414(c), except that in applying Code Sections 1563(a)(1), (2) and (3) for purposes of determining a controlled group of corporations under Code Section 414(b), the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Code Sections 1563(a)(1), (2) and (3), and in applying Treas. Regs. Sec. 1.414(c)-2 for purposes of determining a controlled group of trades or businesses under Code Section 414(c), the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Treas. Regs. Sec. 1.414(c)-2.
- (y) **Retirement Account** means a bookkeeping account maintained on behalf of a Participant to which the Participant's Deferral Account and Matching Account may be allocated pursuant to the election or deemed election of the Participant in accordance with Section 3.5. The number of Retirement Accounts a Participant may have under the Plan at any time shall be determined by the Committee or its delegate.

- (z) **Scheduled In-Service Account** means a bookkeeping account maintained on behalf of a Participant to which the Participant's Deferral Account may be allocated pursuant to the election of the Participant in accordance with Section 3.5. The number of Scheduled In-Service Accounts a Participant may have under the Plan at any time shall be determined by the Committee or its delegate.
- (aa) **Scheduled Pay Date** means, with respect to each Scheduled In-Service Account, the first day of a calendar month designated by the Participant in accordance with Section 3.5. In no event shall such date be earlier than the first day of the second Plan Year beginning after the Plan Year for which Deferral Credits are first allocated to such Scheduled In-Service Account. Once selected, the Scheduled Pay Date with respect to any Scheduled In-Service Account is irrevocable. If a Participant fails to designate a Scheduled Pay Date with respect to a Scheduled In-Service Account, then the Participant is deemed to have designated as the Scheduled Pay Date for such Scheduled In-Service Account the first day of the second Plan Year beginning after the Plan Year for which Deferral Credits are first allocated to such Scheduled In-Service Account.
- (bb) **Separation from Service** means the Participant has a termination of employment (other than on account of death) with the Company. For purposes of this paragraph, "Company" means the Employer and any Related Affiliate. Whether a termination of employment has occurred shall be determined based on whether the facts and circumstances indicate the Participant and the Company reasonably anticipate that no further services will be performed by the Participant for the Company; provided, however, that a Participant shall be deemed to have a termination of employment if the level of services he or she actually performs for the Company after a certain date permanently decreases to no more than twenty percent (20%) of the average level of bona fide services performed for the Company by the Participant (whether as an employee or independent contractor) over the immediately preceding 36-month period (or the full period of services for the Company if the Participant has been providing services to the Company for less than 36 months). For this purpose, a Participant is not treated as having a Separation from Service while he or she is on a military leave, sick leave, or other bona fide leave of absence, if the period of such leave does not exceed six (6) months, or if longer, so long as the Participant has a right to reemployment with the Company under an applicable statute or by contract. This definition of Separation from Service is intended to be consistent with the separation from service requirements as defined in Code Section 409A.
- (cc) **Separation Pay Date** means the last day of the calendar month in which falls the date that is six (6) months after a Participant's Separation from Service.
- (dd) **Special Bonus** means a bonus, other than a bonus payable under the MIP, that is payable to an Eligible Officer with respect to services rendered or to be rendered for an Employer and that is eligible for deferral under the Plan either because (1) the bonus is payable pursuant to an offer letter accepted in writing by the

Eligible Officer before commencement of employment and that specifically refers to the deferability of the bonus by explicit reference to this Plan or (2) the bonus is eligible for deferral in accordance with guidelines established by the Committee, or by an officer to whom the Committee has delegated authority to establish such guidelines, and the bonus requires as a condition of receipt of the bonus and to avoid forfeiture of the bonus that the recipient continue to perform services for the Employer for a period of at least thirteen (13) months after the date he or she obtains the legally binding right to the bonus.

- (ee) **Unforeseeable Emergency** means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary, or the Participant's dependent (as defined in Code Section 152, without regard to subsections (b)(1), (b)(2) and (d)(1)(B)), the loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.
- (ff) **Valuation Date** means each day of the Plan Year.
- (gg) **Walmart** means Wal-Mart Stores, Inc., a Delaware corporation.
- (hh) **Years of Participation** means a period of Plan Years which includes the first Plan Year with respect to which an Eligible Participant makes a deferral election in accordance with any one or more of Sections 3.1, 3.2 and 3.3 and an amount is credited to the Participant's Account with respect to any such deferral election, and each subsequent Plan Year during all or part of which the Participant remains a Participant. In addition to the preceding definition, a Participant's Years of Participation shall include any period commencing February 1 and ending January 31, whether before or after the effective date of the Plan, during which or with respect to which an account is maintained for the Participant under the Wal-Mart Stores, Inc. Officer Deferred Compensation Plan, as such plan may be amended from time to time.

### **ARTICLE III.**

#### **DEFERRAL CREDITS AND MATCHING CONTRIBUTION CREDITS AND ACCOUNT ALLOCATIONS**

##### **3.1 Deferred Compensation.**

- (a) For each Plan Year, each Eligible Officer may elect to defer, as Deferred Compensation, all or a portion of the Eligible Officer's Compensation to be otherwise paid for such Plan Year by the Employer, provided, however, that no election shall be effective to reduce amounts paid by the Employer to an Eligible Officer to an amount which is less than the sum of the amount the Employer is required to withhold for a Plan Year for purposes of federal, state, or local taxes (including, but not limited to, income and FICA withholding) or for insurance premiums or other withholdings as allowed by Code Section 409A.



The Eligible Officer's Deferred Compensation will be deferred proratably for each payroll period of the Plan Year. If a payroll period begins in one Plan Year and ends in the following Plan Year, the Deferred Compensation with respect to such payroll period shall be determined by the Eligible Officer's deferral election made with respect to the Plan Year in which the payroll period ends. All deferral elections made under this Section 3.1 must be filed with Walmart's Executive Compensation department on forms (which may be electronic) approved by Executive Compensation.

(b) Compensation deferral elections must be filed:

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

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

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

### 3.2 Deferred MIP Bonuses.

- (a) For each Plan Year, each Eligible Participant may elect to defer all or a portion of the Eligible Participant's bonus (if any) to be otherwise paid to the Eligible Participant under the MIP with respect to a performance period under the MIP that coincides with the Plan Year or that ends within the Plan Year; provided, however, an Eligible Participant who is not an Eligible Officer may elect to defer no more than eighty percent (80%) of the Eligible Participant's MIP bonus for a Plan Year. No election under this Section 3.2 shall be effective to reduce amounts paid by the Employer to an Eligible Participant to an amount which is less than the sum of the amount the Employer is required to withhold for a Plan Year for purposes of federal, state, or local taxes (including, but not limited to, income and FICA withholding) or for insurance premiums or other withholdings as allowed by Code Section 409A. All bonus deferral elections made under this Section 3.2 must be filed with Walmart's Executive Compensation department on forms (which may be electronic) approved by Executive Compensation.
- (b) MIP bonus deferral elections must be filed:
  - (1) No later than the December 31 (or such other date as determined by the Committee or its delegate) preceding the first day of the performance period for which the deferral election is to be effective.
  - (2) If authorized by the Committee or its delegate with respect to an Eligible Participant, and if the MIP bonus constitutes "performance-based compensation" within the meaning of Code Section 409A based on services performed over a performance period of at least twelve (12) months, and if the Eligible Participant has been continuously employed by an Employer or a Related Affiliate since the first day of the performance period, then no later than the earlier of (i) the date that is six months prior to the last day of the performance period, or (ii) the date in the performance period as of which the amount of the MIP bonus has become both substantially certain to be paid and calculable.
  - (3) Solely with respect to an Eligible Officer who first becomes an Eligible Participant during the Plan Year, within thirty (30) days following the first date he or she becomes an Eligible Participant, as described in Code Section 409A(a)(4)(B). For purposes of this rule, an Eligible Officer will be treated as first becoming an Eligible Participant during the Plan Year only if:
    - (A) he or she was not eligible to participate in the Plan or any other plan required by Code Section 409A to be aggregated with the Plan at any time during the twenty-four (24)-month period ending on the date during the Plan Year he or she becomes an Eligible Participant; or

- (B) he or she was paid all amounts previously due under the Plan and any other plan required by Code Section 409A to be aggregated with the Plan and, on and before the date of the last such payment, was not eligible to continue to participate in the Plan and any other plan required by Code Section 409A to be aggregated with the Plan for periods after such payment.

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

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

### **3.3 Deferred Special Bonuses.**

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

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

### **3.4 Employer Matching Contribution Credits.**

- (a) If a Participant is employed by the Employer or any Related Affiliate on the last day of the Plan Year and if Deferral Credits have been made to the Participant's Account with respect to the Plan Year, then to the extent applicable under the following provisions of this Section 3.4 an Employer Matching Contribution Credit will be made to the Participant's Matching Account. The amount of the Employer Matching Contribution Credit, if any, made to a Participant's Matching Account for the Plan Year will equal the total amount of Deferred Compensation and Deferred MIP Bonus credited to the Participant's Account for the Plan Year under Section 3.1(c) and Section 3.2(c); provided, however, in no event shall the Employer Matching Contribution Credit made to a Participant's Matching Account for a Plan Year exceed 6% of the Participant's Excess Compensation for such Plan Year. Notwithstanding the preceding provisions of this Section 3.4(a), an Employer Matching Contribution Credit for a Plan Year shall not be made with respect to any Deferral Credits for the Plan Year that have been withdrawn in accordance with Section 5.5.
- (b) A Participant shall become vested in his or her Matching Account, including earnings thereon, if the Participant has completed at least three (3) Years of Participation. If a Participant is not otherwise vested in the Participant's Matching Account under the preceding sentence of this Section 3.4(b), the

Participant will become vested in the Participant's Matching Contribution Account if the Participant dies prior to the Participant's Separation from Service, or if the Participant is Disabled. Notwithstanding any provision hereunder to the contrary, a Participant's Matching Account shall be distributed pursuant to Article V only if the Participant has become vested in the Participant's Matching Contribution Account under this Section 3.4(b) as of the date of the Participant's Separation from Service.

### **3.5 Account Allocation Elections.**

- (a) At the same time that an Eligible Participant makes an election to defer Compensation, an MIP bonus, or a Special Bonus in accordance with the provisions of the Plan, the Eligible Participant shall also make an election to allocate the amount or amounts subject to each such deferral election to a Retirement Account or Accounts or to a Scheduled In-Service Account or Accounts. In addition to the preceding requirement, at the same time that an Eligible Participant makes an election to defer Compensation or an MIP bonus in accordance with the provisions of this Plan, the Eligible Participant shall also make an election to allocate the Employer Matching Contribution Credits (if any) with respect to such Deferred Compensation or Deferred MIP Bonus to a Retirement Account or Accounts.
- (b) At the time of an Eligible Participant's first election to allocate any amount subject to a deferral election (regardless of whether the amount is Deferred Compensation, Deferred MIP Bonus, Deferred Special Bonus or Employer Matching Contribution Credit) to a Retirement Account, the Eligible Participant shall also designate the form of distribution with respect to such Retirement Account. The form of distribution must be a form permitted under Section 5.4(a).
- (c) At the time of an Eligible Participant's first election to allocate any amount subject to a deferral election (regardless of whether the amount is Deferred Compensation, Deferred MIP Bonus or Deferred Special Bonus) to a Scheduled In-Service Account, the Eligible Participant shall also designate the Scheduled Pay Date with respect to such Scheduled In-Service Account.
- (d) If at the time of an Eligible Participant's deferral election under the Plan the Eligible Participant fails to make an account allocation election under Section 3.5(a), then the amount subject to such deferral election shall be allocated in the same manner as the same category of deferred amounts (meaning either Deferred Compensation, Deferred MIP Bonus, Deferred Special Bonus or Employer Matching Contribution Credits) were allocated for the most recent preceding Plan Year for which the Eligible Participant made an allocation election, but if none then to the Eligible Participant's Retirement Account if there is only one, or equally to the Eligible Participant's Retirement Accounts if the Eligible Participant has more than one Retirement Accounts, but if the Eligible Participant has no Retirement Account then the amount subject to such

deferral election shall be allocated to a Retirement Account deemed to be elected by the Participant with a lump sum form of payment, and such Retirement Account shall be one of the Participant's permitted Retirement Accounts under the Plan.

### **3.6 Irrevocability of Deferral Elections and Account Allocation Elections.**

- (a) Except as otherwise provided herein, once made for a Plan Year, a deferral election or elections under Sections 3.1(b)(1), 3.2(b)(1) and 3.2(b)(2), and the corresponding account allocation election or elections under Section 3.5, may not be revoked, changed or modified after the applicable deferral election filing deadline specified in Sections 3.1(b)(1), 3.2(b)(1), and 3.2(b)(2), and a deferral election or elections under Sections 3.1(b)(2), 3.2(b)(3), 3.3(b) and 3.3(c), and the corresponding account allocation election or elections under Section 3.5, may not be revoked, changed or modified after the date of each such deferral election as provided in Sections 3.1(b)(2), 3.2(b)(3), 3.3(b) and 3.3(c). A deferral election for one Plan Year will not automatically be given effect for a subsequent Plan Year, so that if a deferral is desired for a subsequent Plan Year, a separate election must be made by the Eligible Participant.
- (b) In the event an Eligible Officer has a Separation from Service for any reason, then his or her deferral election under Section 3.1 will terminate as of the date of such Separation from Service (but will be effective with respect to the last regular paycheck issued to such Eligible Officer), regardless of whether the Eligible Officer continues to receive Compensation, or other remuneration, from any Employer or Related Affiliate thereafter. If an Eligible Officer has a Separation from Service for any reason and is rehired (whether or not as an Eligible Officer) within the same Plan Year, his or her deferral election, if any, under Section 3.1 shall be automatically reinstated and shall remain in effect for the remainder of such Plan Year.
- (c) In the event an Eligible Participant has a Separation from Service for any reason, then his or her deferral elections, if any, under Sections 3.2 and 3.3 will remain in effect with respect to the bonus, if any, subject to any such deferral election. If an Eligible Participant has a Separation from Service for any reason and is rehired (whether or not as an Eligible Participant) within the same Plan Year or the same performance period, his or her deferral elections, if any, under Sections 3.2 and 3.3 will remain in effect with respect to the bonus, if any, subject to any such deferral elections.
- (d) In the event an Eligible Participant who is an Eligible Officer ceases to be an Eligible Officer (other than on account of a Separation from Service) during any Plan Year, then his or her Compensation deferral election, if any, under Section 3.1 will terminate as of the next following January 31. In addition, in the event the Compensation of such individual is reduced as a result of the change in status, his or her deferral election following such loss and through the date of

termination of such election as provided in the preceding sentence will be pro rated based on his or her new level of Compensation.

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

### **3.7 Automatic Suspension of Deferral Elections.**

- (a) In the event a Participant receives a distribution from the Walmart 401(k) Plan (or any other plan or successor plan sponsored by Walmart or any Related Affiliate) on account of hardship, which distribution is made pursuant to Treasury Regulations Section 1.401(k)-1(d)(3) and requires suspension of deferrals under other arrangements such as this Plan, the Participant's deferral elections under Sections 3.1, 3.2 and 3.3, if any, pursuant to which deferrals would otherwise be made during the six (6)-month period following the date of the distribution from the Walmart 401(k) Plan shall be cancelled.
- (b) In the event a Participant requests a distribution pursuant to Section 5.5 due to an Unforeseeable Emergency, or the Participant requests a cancellation of deferrals under the Plan in order to alleviate his or her Unforeseeable

Emergency, and the Committee or its delegate determines that the Participant's Unforeseeable Emergency may be relieved through the cessation of deferrals under the Plan, some or all the Participant's deferral elections under Sections 3.1, 3.2 and 3.3, if any, for such Plan Year as determined by the Committee or its delegate, shall be cancelled as soon as administratively practicable following such determination by the Committee or its delegate.

**ARTICLE IV.  
ACCOUNTS AND TIMING OF CREDITS TO ACCOUNTS**

**4.1 Nature of Accounts.**

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

**4.2 Deferral Credits and Employer Matching Contribution Credits.**

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

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

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

**4.3 Valuation of Accounts.**

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

**4.4 Credited Earnings.**

- (a) Every Valuation Date during a Plan Year, a Participant's Account will be credited with an equivalent of a daily rate of simple interest based on the yield on United States Treasury securities (not indexed for inflation) with a constant



maturity of ten (10) years, as of the first business day of January preceding such Plan Year, plus two hundred seventy (270) basis points. This rate shall be determined on the basis of Federal Reserve Statistical Release H-15 (or any successor statistical release of the Federal Reserve) and, if there is no such statistical release, on the basis of such other generally recognized source of information concerning the market for United States Treasury securities as the Committee selects.

**ARTICLE V.  
PAYMENT OF PLAN BENEFITS**

**5.1 Scheduled In-Service Benefits.**

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

**5.2 Separation Benefits.**

- (a) Separation Benefits. In the event of a Participant's Separation from Service, the Participant's Scheduled In-Service Accounts will be distributed in a lump sum under Section 5.2(b) and the Participant's Retirement Accounts will be distributed in one of the forms provided in Section 5.2(b) or 5.2(c) below in accordance with the Participant's distribution election given effect under the provisions of Section 5.4 with respect to each such Retirement Account.
- (b) Lump Sum Distributions.
  - (1) Any lump sum to be paid under this Section 5.2(b) shall be paid within the 90-day period commencing on the Participant's Separation Pay Date.
  - (2) The lump sum amount will be the value of the Participant's Account, or Retirement Account, as applicable, as of the last day of the month preceding the date of the distribution.
- (c) Installment Distributions.
  - (1) If a Participant's Retirement Account is to be distributed in the form of annual installments, the first such installment shall be made within the 90-

day period commencing on the first January 31 following the Participant's Separation from Service; provided, however, that if such January 31 is earlier than the Participant's Separation Pay Date, the first such installment shall be made within the 90-day period commencing on the Participant's Separation Pay Date. Subsequent installments shall be made within the 90-day period commencing on each successive January 31, until the Participant's benefits under such Account are distributed in full.

- (2) The Plan benefits will be paid in equal annual installments in an amount which would fully amortize a loan equal to the lump sum value of the Participant's Retirement Account determined in accordance with Section 5.2(b)(2) (using as the distribution date the date of the first installment) over the installment period, with interest calculated at the per annum rate in effect for the Plan Year in which the Participant's Separation from Service occurs.

### **5.3 Death Benefits.**

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

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

- (b) **Lump Sum Distributions.**
  - (1) Any lump sum to be paid under this Section 5.3(b) shall be paid within the 90-day period commencing on the last day of the month in which the Participant's death occurs.
  - (2) The lump sum amount will be the value of the Participant's Account as of the last day of the month preceding the date of distribution.
- (c) **Installment Distributions.**
  - (1) If the Participant's Account is to be distributed in the form of annual installments, the first such installment shall be made within the 90-day period commencing on the first January 31 coincident with or next following the Participant's death. Subsequent installments will be made during the 90-day period commencing on each successive January 31, until the Participant's benefits are distributed in full.

- (2) The Plan benefits will be paid in equal annual installments in an amount which would fully amortize a loan equal to the lump sum value of the Participant's Account determined in accordance with Section 5.3(b)(2) (using as the distribution date the date of the first installment) over the installment period, with interest calculated at the per annum rate in effect for the Plan Year in which the Participant's death occurs.
- (d) **Death After Commencement of Installments.** Notwithstanding the preceding, in the event of a Participant's death after installment payments to the Participant have commenced, such installment payments shall continue to be made to the Participant's designated beneficiary in the same manner as they were being distributed to the Participant prior to his or her death, provided, however, that if the Participant's distribution election applicable to Section 5.3(a) is a lump sum payment, the Participant's remaining installments will be distributed in lump sum to the Participant's designated beneficiary within the 90-day period commencing on the last day of the month in which the Participant's death occurs.
- (e) **Designation of Beneficiary.** A Participant may, by written or electronic instrument delivered to the Committee in the form prescribed by the Committee, designate primary and contingent beneficiaries (which may be a trust or trusts) to receive any benefit payments which may be payable under this Plan following the Participant's death, and may designate the proportions in which such beneficiaries are to receive such payments. A Participant may change such designation from time to time and the last designation filed with the Committee in accordance with its procedures prior to the Participant's death will control. In the event no beneficiary is designated, or if all designated beneficiaries predecease the Participant, payment shall be payable to the following "default" beneficiaries of the Participant in the following order of priority: (1) the Participant's surviving spouse known to the Committee, if any; (2) the Participant's living children known to the Committee in equal shares; (3) the Participant's living parents known to the Committee in equal shares; (4) the Participant's surviving siblings known to the Committee in equal shares; or (5) the beneficiary's estate for distribution in accordance with the terms of the beneficiary's last will and testament or as a court of competent jurisdiction shall determine.
- (f) **Death of Beneficiary.** In the event a beneficiary dies before full payment of the Participant's benefits under the Plan, benefits that would have been paid to such beneficiary shall continue in the same form in equal shares to the remaining beneficiaries at the same level (i.e., primary, contingent) and, if none, to the next level of beneficiaries. If there are no beneficiaries at the next level, then any remaining benefits shall be paid to the following "default" beneficiaries of the last living beneficiary in the following order of priority: (1) the beneficiary's surviving spouse known to the Committee, if any; (2) the beneficiary's living children known to the Committee in equal shares; (3) the beneficiary's surviving parents known to the Committee in equal shares; (4) the beneficiary's surviving

siblings known to the Committee in equal shares; or (5) the beneficiary's estate for distribution in accordance with the terms of the beneficiary's last will and testament or as a court of competent jurisdiction shall determine.

#### **5.4 Form of Distribution.**

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

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

- (b) Subsequent Elections. A Participant may change his or her distribution election (or deemed distribution election) with respect to his or her Retirement Account, or, in the event of death, his or her Account, per this Section 5.4 at any time by making a new election (referred to in this subsection as a "subsequent election") on a form (which may be electronic) approved by Executive Compensation and filed with Executive Compensation; provided, however, that such subsequent election shall be subject to the following restrictions:
- (1) A subsequent election may not take effect until at least twelve (12) months after the date on which such subsequent election is made;
  - (2) Payment or initial payment pursuant to a subsequent election may not be made earlier than five (5) years from the date such payment would have been made absent the subsequent election (but, for this purpose, installment payments shall not commence until the first January 31 after such delay), unless the distribution is made on account of the Participant's death;

- (3) A subsequent election related to a payment must be made not less than twelve (12) months before the date the payment is scheduled to be paid;
- (4) Payment of a Participant's Retirement Account or, in the event of death, Account, pursuant to a subsequent election must be completed by the last day of the Plan Year which contains the twentieth (20<sup>th</sup>) anniversary of the Participant's Separation Pay Date or the Participant's death;
- (5) For purposes of this Section 5.4(b) and Code Section 409A, the entitlement to annual installment payments is treated as the entitlement to a single payment.

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

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

#### **5.5 Distributions for Unforeseeable Emergencies.**

- (a) In the event of an Unforeseeable Emergency, the Committee or its delegate, in its sole and absolute discretion and upon written application of a Participant or, following the Participant's death, the beneficiary to whom a Participant's benefits are then being paid, or will be paid, pursuant to Section 5.3, may direct immediate distribution of all or a portion of the Participant's Account (excluding the Participant's Matching Account and related earnings if the Participant is not fully vested in his or her Matching Account). The Committee will permit distribution on account of an Unforeseeable Emergency only to the extent reasonably necessary to satisfy the emergency need, plus amounts necessary to pay federal, state or local income taxes and penalties reasonably anticipated to result from the distribution, after taking into account the extent to which such need is or may be relieved through reimbursement or compensation by insurance, by liquidation of the Participant's or beneficiary's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), or by cessation of deferrals under the Plan. Any distribution under this Section 5.5 shall first be made from the Participant's Scheduled In-Service Accounts with respect to Deferral Credits made in the same Plan Year as the Distribution under this Section 5.5(a), and then from the Participant's Retirement Accounts with respect to Deferral Credits made in the same Plan

Year as the Distribution under this Section 5.5(a), and then proratably from the remaining amount of the Participant's Scheduled In-Service Accounts and then proratably from the Participant's Retirement Accounts.

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

#### **5.6 Distributions for Payment of Taxes.**

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

#### **5.7 Reductions Arising from a Participant's Gross Misconduct.**

Notwithstanding anything herein to the contrary, a Participant's Plan benefits are contingent upon the Participant not engaging in Gross Misconduct while employed with any Employer or Related Affiliate or any entity in which Walmart has an ownership interest, or during such additional period as provided in Walmart's Statement of Ethics. In the event the Committee determines that the Participant has engaged in Gross Misconduct during the prescribed period, then notwithstanding any provisions hereunder to the contrary: (a) the Participant shall forfeit all Employer Matching Contribution Credits and credited Plan earnings thereon; (b) earnings credited to the Participant's Deferral Account shall be recalculated for each Plan Year to reflect the amount which would otherwise have been credited if the applicable per annum rate were fifty percent (50%) of the per annum rate in effect for such Plan Year; and (c) if the Participant is then receiving installment payments, any remaining installments shall be recalculated to reflect the amount which would otherwise have been paid if the applicable per annum rate were fifty percent (50%) of the per annum rate in effect with respect to such installment payments. Under no circumstances will a Participant forfeit any portion of the Participant's Deferred Compensation, Deferred MIP Bonus and Deferred Special Bonus. Any payments received hereunder by a Participant (or the Participant's beneficiary) are contingent upon the Participant not engaging (or not having engaged) in Gross Misconduct while employed with any Employer or Related Affiliate or any entity in which Walmart has an ownership interest, or during such additional period as provided in Walmart's Statement of Ethics. If the Committee determines, after payment of amounts hereunder, that the Participant

has engaged in Gross Misconduct during the prescribed period, the Participant (or the Participant's beneficiary) shall repay to Walmart any amount in excess of that to which the Participant is entitled under this Section 5.7.

## **ARTICLE VI. ADMINISTRATION**

### **6.1 General.**

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

- (a) The Committee shall have the exclusive duty, authority and discretion to interpret and construe the provisions of the Plan, to determine eligibility for and the amount of any benefit payable under the Plan, and to decide any dispute which may arise regarding the rights of Participants (or their beneficiaries) under this Plan;
- (b) The Committee shall have the authority to adopt, alter, and repeal such administrative rules, regulations, and practices governing the operation of the Plan as it shall from time to time deem advisable;
- (c) The Committee may appoint a person or persons to act on behalf of, or to assist, the Committee in the administration of the Plan, establishment of forms (including electronic forms) desirable for Plan operation, and such other matters as the Committee deems necessary or appropriate;
- (d) The decision of the Committee in matters pertaining to this Plan shall be final, binding, and conclusive upon Walmart, any Related Affiliate, the Participant, the Participant's beneficiary, and upon any person affected by such decision, subject to the claims procedure set forth in Article VII; and
- (e) In any matter relating solely to a Committee member's individual rights or benefits under this Plan, such Committee member shall not participate in any Committee proceeding pertaining to, or vote on, such matter.

### **6.2 Allocation and Delegation of Duties.**

- (a) The Committee shall have the authority to allocate, from time to time, by instrument in writing filed in its records, all or any part of its respective responsibilities under the Plan to one or more of its members as may be deemed advisable, and in the same manner to revoke such allocation of responsibilities.

In the exercise of such allocated responsibilities, any action of the member to whom responsibilities are allocated shall have the same force and effect for all purposes hereunder as if such action had been taken by the Committee. The Committee shall not be liable for any acts or omissions of such member. The member to whom responsibilities have been allocated shall periodically report to the Committee concerning the discharge of the allocated responsibilities.

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

## **ARTICLE VII. CLAIMS PROCEDURE**

### **7.1 General.**

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

- (a) the specific reason or reasons for the denial;
- (b) specific reference to the pertinent Plan provision upon which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and



- (d) an explanation of the Plan's claim review procedure, including the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse determination on review.

## **7.2 Appeals Procedure.**

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

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

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

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

## **ARTICLE VIII. MISCELLANEOUS PROVISIONS**

### **8.1 Amendment, Suspension or Termination of Plan.**

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

Notwithstanding the preceding, Walmart may, by action of the Committee within the thirty (30) days preceding or twelve (12) months following a change in control (within the

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

### **8.2 Non-Alienability.**

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

### **8.3 Recovery of Overpayments.**

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

#### **8.4 No Employment Rights.**

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

#### **8.5 No Right to Bonus.**

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

#### **8.6 Withholding and Employment Taxes.**

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

#### **8.7 Income and Excise Taxes.**

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

#### **8.8 Successors and Assigns.**

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

#### **8.9 Governing Law.**

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

Name of Grantee:	
Grant Date:	
Number of Performance Units at Target Performance:	
Dollar Value Used at Grant Date to Calculate Number of Performance Units at Target Performance	
Vesting Date:	[January 1, [Year]] or [January 31, [Year]]
Walmart Identification Number:	

**WAL-MART STORES, INC.  
STOCK INCENTIVE PLAN OF 2015**

**SHARE-SETTLED PERFORMANCE UNIT NOTIFICATION  
AND TERMS AND CONDITIONS**

These Share-Settled Performance Unit Notification and Terms and Conditions, including any applicable special terms and conditions for your specific country set forth in the appendix attached hereto (jointly, the “Agreement”), contain the terms and conditions of the Performance Units granted to you by Wal-Mart Stores, Inc. (“Walmart”), a Delaware corporation, under the Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 (the “Plan”).

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

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

1. **Grant of Performance Units.** Walmart has granted to you, effective on the Grant Date, the Performance Units, which consist of the right to receive a number of Shares underlying the Performance Units set forth above (as further determined in Paragraph 5 below), subject to certain vesting conditions during the Performance Period. For purposes of this Agreement, the Performance Period will mean the period beginning on February 1 of the calendar year in which the Grant Date falls, and ending on the Vesting Date as specified in the table at the top of this Agreement.
2. **Plan Governs.** The Performance Units and this Agreement are subject to the terms and conditions of the Plan. You are accepting the Performance Units, acknowledging receipt of a copy of the Plan and the prospectus covering the Plan, and acknowledging that the Performance Units and your participation in the Plan are subject to all the terms and conditions of the Plan and of this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee upon any disputes or questions arising under the Plan, including whether, and the extent to which, the Performance Measures and Performance Goals referred to in Paragraph 5 have been satisfied.

3. Payment. You are not required to pay for the Performance Units or the Shares underlying Performance Units granted to you pursuant to this Agreement.

4. Stockholder Rights. Unless and until your Performance Units vest and the underlying Shares have been delivered to you:

A. You do not have the right to vote the Shares underlying your Performance Units;

B. You will not receive, or be entitled to receive, cash or any non-cash dividends on the Performance Units or the Shares underlying the Performance Units; and

C. You will not have any other beneficial rights as a shareholder of Walmart due to the Performance Units. Upon receipt of the Shares, however, you will be accorded the same rights and responsibilities as any shareholder of Walmart, and will be provided with information regarding Walmart that is provided to all other shareholders of Walmart.

5. Vesting of the Performance Units and Delivery of Shares.

A. Incentive Years and Achievement Rates. The Committee establishes the Performance Goals and Performance Measures applicable to your Performance Units. You will be informed of the performance criteria applicable to your Performance Units in respect of each fiscal year of Walmart or, if different, the Affiliate that employs you (the "Employer") during the Performance Period. Each such fiscal year during the Performance Period is referred to in this Agreement as an "Incentive Year." The Performance Measures (including any applicable weightings thereof) and Performance Goals as set forth in such separate writing are hereby incorporated by reference into this Agreement.

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

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

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

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

At the end of the Performance Period, the number of Performance Units that ultimately vest (the “Vested Performance Units”) is determined by *multiplying*: (x) the average of all Incentive Year Achievement Rates during the Performance Period *and* (y) the number of Performance Units granted by this Agreement.

In some instances, and as set forth more specifically in the summary table at the beginning of this Agreement, your Performance Units may be subject to a Performance Period of less than three years.

1. If your Performance Units are subject to a two-year Performance Period, then the number of Vested Performance Units is determined by *multiplying*: (x) the average of the Incentive Year Achievement Rates during the two-year Performance Period *and* (y) the number of Performance Units granted.

2. If your Performance Units are subject to a one-year Performance Period, then the number of Vested Performance Units shall be calculated as the *lesser of*:

a) the Incentive Year Achievement Rate for the one-year Performance Period *multiplied by* the number of Performance Units granted; and

b) one hundred and ten percent (110%) of the result of *multiplying*: (x) the three year average of the Incentive Year Achievement Rate for the one-year Performance Period and the incentive achievement rates for the two fiscal years immediately preceding the one-year Performance Period *and* (y) the number of Performance Units granted.

B. Delivery of Shares. Upon the vesting of your Plan Award, you shall be entitled to receive a number of Shares equal to the number of Vested Performance Units as calculated in Paragraph 5.A. above less any Shares withheld or sold to satisfy tax withholding obligations as set forth in Paragraph 10 below. The Shares shall be delivered to you as soon as administratively feasible, but in any event:

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

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

C. Mandatory Deferral. If Walmart reasonably anticipates that the delivery of any Shares in any year would, when considered with your other compensation, result in Walmart’s

inability to deduct the value of such Shares because of the limitation on deductible compensation under Code Section 162(m), then Walmart shall defer the delivery of such Shares until the first year in which Walmart reasonably anticipates that the related deduction will not be limited under Section 162(m) (the “First Non-162(m) Year”) in accordance with the Deferral Procedures under the Plan and Code Section 409A and the regulations thereunder. However, if you have made an irrevocable election to defer such Shares to a date later than the First Non-162(m) Year, then Walmart shall not deliver such Shares in the First Non-162(m) Year, but shall instead deliver your Shares in accordance with your irrevocable election and the Deferral Procedures.

1. Covered Employee Plan Awards Subject to Shareholder Approval. To the extent you are a “covered employee” within the meaning of Code Section 162(m), your Plan Award and this Agreement are subject to, and conditioned upon, shareholder approval of the material terms of the performance goals referred to in Paragraph 5.A above.

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

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

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

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

7. Administrative Suspension. If you are subject to an administrative suspension, vesting of your Performance Units may be suspended as of the date you are placed on administrative suspension. If you are not reinstated as an Associate in good standing at the end of the administrative suspension period, your Performance Units may be immediately forfeited and you shall have no further rights with respect to such Performance Units or the underlying Shares. If you are reinstated as an Associate in good standing at the end of the administrative suspension period, then the vesting of your Performance Units will resume as provided in Paragraph 5, and any Performance Units that would have vested while you were on administrative suspension will

vest and the corresponding number of Shares will be delivered to you as soon as administratively feasible, but in any event within 74 days of the end of the administrative suspension period which shall be considered the Vesting Date for purposes of this Paragraph 7.

8. Accelerated Vesting; Vesting Notwithstanding Termination of Continuous Status by Death or Disability. Your Performance Units will vest earlier than described in Paragraph 5.A. above, and such earlier vesting date shall also be considered a Vesting Date under the following circumstances:

A. If your Continuous Status is terminated by your Disability, you will become vested in a number of Shares equal to the number of Shares that would have become vested under Paragraph 5.A had your Continuous Status as an Associate continued through the Vesting Date described in Paragraph 5.A, prorated based upon the number of full calendar months during the Performance Period in which you had Continuous Status. "Disability" for the purpose of this Agreement means, unless provided otherwise by a policy of Walmart, a physical or mental condition resulting from bodily injury, disease or mental disorder that constitutes total disability under applicable laws and regulations, for which disability benefits have actually been approved. It is your responsibility to notify the Walmart Global Equity team in the event you terminate due to Disability.

B. If your Continuous Status is terminated by your death on or after ten years of service, you will become vested in a number of Shares equal to the number of Shares that would have become vested under Paragraph 5.A had your Continuous Status continued through the Vesting Date described in Paragraph 5.A. If your Continuous Status is terminated by your death before you have completed ten years of service, you will become vested in a number of Shares equal to the number of Shares that would have become vested under Paragraph 5.A had your Continuous Status as an Associate continued through the Vesting Date described in Paragraph 5.A, prorated based upon the number of full calendar months during the Performance Period (as shown above) in which you had Continuous Status.

In the event of accelerated vesting under this Paragraph 8, the vested Shares, as determined above, shall be delivered as soon as administratively feasible after the later of the Vesting Date or the Committee's determination of whether, and the extent to which, the performance goals described in Paragraph 5.A have been satisfied.

9. Permanent Transfers Between Walmart and Walmart Affiliates.

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

B. Applicable Performance Measures and Goals Upon Permanent Transfer.

1. Incentive Year Prorated when Permanent Transfer Occurs. If you permanently transfer your Continuous Status during the Performance Period, then the Performance Measures (including any applicable weightings thereof) and Performance Goals for the Incentive Year in which you transferred Continuous Status will be prorated and/or adjusted to reflect the proportion of the Incentive Year during which you provided service to Walmart, or, if different, the Affiliate that initially employed you (the "Initial



Employer”) and the proportion of the Incentive Year during which you provided service to Walmart or, if different, the Affiliate to which you permanently transferred (the “Subsequent Employer”).

2. Incentive Years Following Permanent Transfer. Once you permanently transfer your Continuous Status, the Performance Measures (including any applicable weightings thereof) and Performance Goals applicable for the Subsequent Employer shall be applied to your Performance Units for the subsequent Incentive Years remaining in your Performance Period.

C. Permanent Transfers to Affiliate or Position where Performance-Based Awards are Not Granted. If you permanently transfer your Continuous Status to an Affiliate or into a position where performance-based Plan Awards are not granted (other than where Paragraph 6.B applies), then the Performance Measures (including any applicable weightings thereof) and Performance Goals applicable to your Performance Units will be prorated and adjusted in the same method as set forth in Paragraph 9.B.1. and 9.B.2. above; *provided however*, that for the purposes of Paragraph 9.B.2., you will be informed of the applicable performance criteria in respect of the subsequent Incentive Years in your Performance Period.

D. Transfers to New Position with Same Employer. If you transfer to a position with the same Employer (as defined herein) but your new position is subject to different applicable Performance Measures (including any applicable weightings thereof) and Performance Goals, then the Performance Measures (including any applicable weightings thereof) and Performance Goals applicable to your Performance Units for the remainder of the Performance Period will be prorated and adjusted using the same methodology as described in Paragraphs 9.B.1. and 9.B.2. above.

10. Taxes and Tax Withholding.

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

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

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

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

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

11. Performance Units Not Transferable. The Performance Units may not be sold, conveyed, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to vesting of the Performance Units and the issuance of the underlying Shares. Any attempted action in violation of this Paragraph 11 shall be null, void, and without effect.

12. Country-Specific Appendix. Notwithstanding any provision in these Share-Settled Performance Unit Notification and Terms and Conditions to the contrary, the grant of Performance Units also shall be subject to any special terms and conditions set forth in any appendix attached hereto (the "Appendix") with respect to certain laws, rules and regulations specific to your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent Walmart determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix is incorporated by reference into these Share-

Settled Performance Unit Notification and Terms and Conditions and, together, these documents constitute this Agreement.

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

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

L. no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Units resulting from the termination of your Continuous Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and in consideration of the grant of the Performance Units to which you are otherwise not entitled, you irrevocably agree (i) never to institute any claim against Walmart or any Affiliate; (ii) waive your ability, if any, to bring such claim, and (iii) release Walmart and all Affiliates from such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

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

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

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

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

15. Data Privacy. *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other grant materials by and among, as applicable, Walmart and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Walmart and its Affiliates may hold certain personal information about you,*

*including, but not limited to, your name, home address and telephone number, date of birth, social insurance identification number or other identification number, salary, nationality, job title, any Shares or directorships held in Walmart or an Affiliate, details of all Performance Units or any other awards granted, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to Merrill Lynch, Pierce, Fenner & Smith and its affiliates or such other stock plan service provider as may be selected by Walmart in the future, which is assisting Walmart in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize Walmart, Merrill Lynch, Pierce, Fenner & Smith and any other possible recipients which may assist Walmart (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of Data as may be required to Walmart's designated broker or other third party. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Continuous Status and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that Walmart would not be able to grant Performance Units or other Plan Awards to you or administer or maintain such Plan Awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

16. Other Provisions.

A. Determinations regarding this Agreement (including, but not limited to, whether, and the extent to which, the Performance Measures and Performance Goals referred to in Paragraph 5 have been satisfied, and whether an event has occurred resulting in the forfeiture of or accelerated vesting of a Performance Unit) shall be made by the Committee in its sole and exclusive discretion and in accordance with this Agreement and the Plan, and all determinations of the Committee shall be final and conclusive and binding on you and your successors and heirs.

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

- C. The Committee will administer the Plan. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among recipients and eligible Associates, whether or not such persons are similarly situated.
- D. Walmart reserves the right to amend any applicable Performance Measures (including any weightings thereof) and/or Performance Goals for any Plan Award under this Agreement. In such a case, any amendments will be communicated to you in writing (which may include a communication transmitted by electronic means, such as an e-mail communication or a communication posted online for your review).
- E. By accepting this Agreement, you agree to provide any information reasonably requested from time to time.
- F. This Agreement shall be construed under the laws of the State of Delaware, without regard to its conflict of law provisions.
- G. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
- H. If you receive this Agreement or any other documents related to your Plan Award or the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English language version of such document will control.
- I. Walmart may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Walmart or a third party designated by Walmart.
- J. Walmart reserves the right to impose other requirements on your participation in the Plan, on your Plan Award and the Shares underlying the Performance Units awarded pursuant to this Agreement, to the extent Walmart determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- K. You acknowledge that a waiver by Walmart or an Affiliate of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provisions of the Plan or this Agreement, or of any subsequent breach by you or any other Associate.
- L. You understand that your country may have insider trading and/or market abuse laws which may affect your ability to acquire or sell Shares under the Plan during such times you are considered to have "inside information" (as defined in the laws in your country). The restrictions applicable under these laws may be the same or different from Walmart's insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations and any applicable Walmart insider trading policy, and are advised to speak to your personal legal advisor on this matter.

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

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

Grantee:

I acknowledge that the Plan and this Agreement have been made available to me and that I have read and understood these documents. I accept the terms and conditions of my Restricted Stock award as set forth in this Agreement, subject to the terms and conditions of the Plan.

\_\_\_\_\_  
Signature

Name (please print): \_\_\_\_\_

Agreed to and accepted this day of \_\_\_\_\_, 2016

**WAL-MART STORES, INC.  
Stock incentive plan of 2015**

**SHARE-SETTLED PERFORMANCE UNIT NOTIFICATION  
AND TERMS AND CONDITIONS**

**COUNTRY-SPECIFIC APPENDIX**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Share-Settled Performance Unit Notification and Terms and Conditions (the “T&C’s”).

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

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

Notifications. This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of November 2015. Such laws are often complex and change frequently. As a result, Walmart strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that the Performance Units vest or you receive a cash payout under the Plan.

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

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

**ARGENTINA**

*Notifications*

Securities Law Information. Neither the Performance Units nor any Shares subject to the Performance Units are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.



Exchange Control Information. If you transfer proceeds from the sale of any Shares acquired under the Plan into Argentina within 10 days of sale (*i.e.*, if the proceeds have not been held in a U.S. bank or brokerage account for at least 10 days prior to transfer), you must deposit 30% of the sale proceeds into a non-interest bearing account in Argentina for 365 days. If you have satisfied the 10 day holding obligation, the Argentine bank handling the transaction may request certain documentation in connection with your request to transfer sale proceeds into Argentina, including evidence of the sale and proof of the source of funds used to purchase the Shares. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentine Central Bank has not been satisfied, it will require that 30% of the transfer amount be placed in a non-interest bearing dollar denominated mandatory deposit account for a holding period of 365 days. You understand that you must comply with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the Performance Units and your participation in the Plan.

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

## BRAZIL

### *Terms and Conditions*

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

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

### *Notifications*

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

## CANADA

### *Terms and Conditions*

Termination of Continuous Status. This provision replaces Paragraph 14(M) of the T&C's:

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

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

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

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

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

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

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

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

*Notifications*

Securities Law Information. You are permitted to sell the Shares acquired through the Plan through the designated broker, if any, provided the resale of Shares acquired under the Plan takes

place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the NYSE).

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

## CHILE

### *Terms and Conditions*

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

### *Notifications*

**Securities Law Information.** This grant of Performance Units constitutes a private offering of securities in Chile effective as of the Grant Date. This offer of Performance Units is made subject to general ruling n° 336 of the Chilean Superintendence of Securities and Insurance (“SVS”). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the SVS, and, therefore, such securities are not subject to oversight of the SVS. Given that the RSUs are not registered in Chile, Walmart is not required to provide public information about the Performance Units or the Shares in Chile. Unless the Performance Units and/or the Shares are registered with the SVS, a public offering of such securities cannot be made in Chile.

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

**Exchange Control Information.** You are not required to repatriate any funds you receive with respect to the Performance Units (*e.g.*, any proceeds from the sale of any Shares issued upon vesting of the Performance Units) to Chile. However, if you decide to repatriate such funds, you

acknowledge that you will be required to effect such repatriation through the Formal Exchange Market (*i.e.*, a commercial bank or registered foreign exchange office) if the amount of the funds repatriated exceeds US\$10,000. Further, if the value of your aggregate investments held outside of Chile exceeds US\$5,000,000 at any time in a calendar year, you must report the status of such investments to the Central Bank of Chile.

You will also be required to provide certain information to the Chilean Internal Revenue Service (“CIRS”) regarding the results of investments held abroad and the taxes you have paid abroad (if you will be seeking a credit against Chilean income tax owed). This information must be submitted on an electronic sworn statement, Formulario 1851 (for investments held abroad) and Formulario 1853 (for taxes paid abroad) before March 15 of each year. The formularios may be found at the CIRS website at [www.sii.cl](http://www.sii.cl).

Exchange control and tax reporting requirements in Chile are subject to change; you should consult with your personal legal and tax advisor regarding any obligations that you may have in connection with the Performance Units.

#### COSTA RICA

There are no country-specific provisions.

#### GUATEMALA

There are no country-specific provisions.

#### HONG KONG

##### *Terms and Conditions*

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

##### *Notifications*

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

#### INDIA

*Terms and Conditions*

Labor Law Acknowledgement. The Performance Units and the Shares underlying the Performance Units, and the income and value of same, are extraordinary items that are not part of your annual gross salary.

*Notifications*

Exchange Control Information. If you are a resident of India for exchange control purposes, you will be required to repatriate the cash payout upon vesting of Performance Units to India within 90 days of receipt. You will receive a foreign inward remittance certificate (“FIRC”) from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India, Walmart or any Affiliate requests proof of repatriation.

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

JAPAN

*Notifications*

Foreign Asset/ Account Reporting Information. If you are a Japanese tax resident, you will be required to report details of any assets held outside of Japan as of December 31st (including any cash acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to include details of any outstanding Performance Units or cash held by you in the report.

LUXEMBOURG

There are no country-specific provisions.

MEXICO

*Terms and Conditions*

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

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

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

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

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

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

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

*Spanish Translation*

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

*Modificación.* Al aceptar las Performance Units ("Unidades"), usted entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.

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

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

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

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

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

## NIGERIA

There are no country-specific provisions.

## PERU

### *Terms and Conditions*

Labor Law Acknowledgement. By accepting the Performance Units, you acknowledge that the Performance Units are being granted *ex gratia* to you with the purpose of rewarding you.

### *Notifications*

Securities Law Information. The offer of the Performance Units is considered a private offering in Peru; therefore, it is not subject to registration.

## SOUTH AFRICA

### *Term and Conditions*

Securities Law Information and Deemed Acceptance of Performance Units. Neither the Performance Units nor the underlying Shares shall be publicly offered or listed on any Share exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the Performance Units offer must be finalized on or before the 60th day following the Grant Date. If you do not want to accept the Performance Units, you are required to decline your Performance Units no later than the 60th day following the Grant Date. If you do not reject your Performance Units on or before the 60th day following the Grant Date, you will be deemed to accept the Performance Units.

Tax Reporting Information. By accepting the Performance Units, you agree to notify Walmart or your Employer, if different, of the amount of income realized at vesting of the Performance Units. If you fail to advise Walmart or your Employer, if different, of the income at vesting, you may be liable for a fine. You will be responsible for paying any difference between the actual tax liability and the amount withheld.

*Notifications*

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

UNITED KINGDOM

*Terms and Conditions*

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

If payment or withholding of the income tax is not made within ninety (90) days of the end of the tax year in which the income tax liability arises or such other period specified in Section 222(1)(c) of the U.K. Income Tax Act (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by you to Walmart or an Affiliate, effective on the Due Date. You agree that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and Walmart or an Affiliate may recover it at any time thereafter by the means referred to in Paragraph 10 of the T&C's. Notwithstanding the foregoing, if you are a director or executive officer of Walmart (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), you shall not be eligible for a loan from Walmart or an Affiliate to cover the income tax. In the event that you are a director or an executive officer and the income tax is not collected from or paid by you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing Walmart or an Affiliate, as applicable, for the value of any national insurance contributions due on this additional benefit, which Walmart or an Affiliate may recover from you at any time thereafter by the means referred to in Paragraph 10 of the T&C's.

UNITED STATES

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



Name of Grantee:	
Grant Date:	
Number of Performance Units at Target Performance:	
Dollar Value Used at Grant Date to Calculate Number of Performance Units at Target Performance	
Vesting Date:	[January 1, [Year]] or [January 31, [Year]]
Walmart Identification Number:	

**WAL-MART STORES, INC.  
STOCK INCENTIVE PLAN OF 2015**

**SHARE-SETTLED PERFORMANCE UNIT NOTIFICATION  
AND TERMS AND CONDITIONS**

These Share-Settled Performance Unit Notification and Terms and Conditions, including any applicable special terms and conditions for your specific country set forth in the appendix attached hereto (jointly, the “Agreement”), contain the terms and conditions of the Performance Units granted to you by Wal-Mart Stores, Inc. (“Walmart”), a Delaware corporation, under the Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 (the “Plan”).

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

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

1. Grant of Performance Units. Walmart has granted to you, effective on the Grant Date, the Performance Units, which consist of the right to receive a number of Shares underlying the Performance Units set forth above (as further determined in Paragraph 5 below), subject to certain vesting conditions during the Performance Period. For purposes of this Agreement, the Performance Period will mean the period beginning on February 1 of the calendar year in which the Grant Date falls, and ending on the Vesting Date as specified in the table at the top of this Agreement.
2. Plan Governs. The Performance Units and this Agreement are subject to the terms and conditions of the Plan. You are accepting the Performance Units, acknowledging receipt of a copy of the Plan and the prospectus covering the Plan, and acknowledging that the Performance Units and your participation in the Plan are subject to all the terms and conditions of the Plan and of this Agreement. You further agree to accept as binding, conclusive and final all decisions and

interpretations by the Committee upon any disputes or questions arising under the Plan, including whether, and the extent to which, the Performance Measures and Performance Goals referred to in Paragraph 5 have been satisfied.

3. Payment. You are not required to pay for the Performance Units or the Shares underlying Performance Units granted to you pursuant to this Agreement.

4. Stockholder Rights. Unless and until your Performance Units vest and the underlying Shares have been delivered to you:

A. You do not have the right to vote the Shares underlying your Performance Units;

B. You will not receive, or be entitled to receive, cash or any non-cash dividends on the Performance Units or the Shares underlying the Performance Units; and

C. You will not have any other beneficial rights as a shareholder of Walmart due to the Performance Units. Upon receipt of the Shares, however, you will be accorded the same rights and responsibilities as any shareholder of Walmart, and will be provided with information regarding Walmart that is provided to all other shareholders of Walmart.

5. Vesting of the Performance Units and Delivery of Shares.

A. Incentive Years and Achievement Rates. The Committee establishes the Performance Goals and Performance Measures applicable to your Performance Units. You will be informed of the performance criteria applicable to your Performance Units in respect of each fiscal year of Walmart or, if different, the Affiliate that employs you (the "Employer") during the Performance Period. Each such fiscal year during the Performance Period is referred to in this Agreement as an "Incentive Year." The Performance Measures (including any applicable weightings thereof) and Performance Goals as set forth in such separate writing are hereby incorporated by reference into this Agreement.

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

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

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

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

At the end of the Performance Period, the number of Performance Units that ultimately vest (the “Vested Performance Units”) is determined by *multiplying*: (x) the average of all Incentive Year Achievement Rates during the Performance Period *and* (y) the number of Performance Units granted by this Agreement.

In some instances, and as set forth more specifically in the summary table at the beginning of this Agreement, your Performance Units may be subject to a Performance Period of less than three years.

1. If your Performance Units are subject to a two-year Performance Period, then the number of Vested Performance Units is determined by *multiplying*: (x) the average of the Incentive Year Achievement Rates during the two-year Performance Period *and* (y) the number of Performance Units granted.

2. If your Performance Units are subject to a one-year Performance Period, then the number of Vested Performance Units shall be calculated as the *lesser of*:

a) the Incentive Year Achievement Rate for the one-year Performance Period *multiplied by* the number of Performance Units granted; and

b) one hundred and ten percent (110%) of the result of *multiplying*: (x) the three year average of the Incentive Year Achievement Rate for the one-year Performance Period and the incentive achievement rates for the two fiscal years immediately preceding the one-year Performance Period *and* (y) the number of Performance Units granted.

B. Delivery of Shares. Upon the vesting of your Plan Award, you shall be entitled to receive a number of Shares equal to the number of Vested Performance Units as calculated in Paragraph 5.A. above less any Shares withheld or sold to satisfy tax withholding obligations as set forth in Paragraph 10 below. The Shares shall be delivered to you as soon as administratively feasible, but in any event:

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

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

Furthermore, Walmart or Wal-Mart Canada Corp. or an Affiliate (“WM Canada”), in their sole discretion, also may settle your vested RSUs in cash, Shares, or a

combination of cash and Shares. To the extent your Plan Award will be settled in Shares, you hereby acknowledge and agree that such settlement will be satisfied by WM Canada by forwarding a cash settlement amount in respect of the vested RSUs to an independent broker who will in turn purchase the Shares on the open market on your behalf. Any Shares so purchased on the open market shall be delivered to you as set forth in this Paragraph 5.

C. Mandatory Deferral. If Walmart reasonably anticipates that the delivery of any Shares in any year would, when considered with your other compensation, result in Walmart's inability to deduct the value of such Shares because of the limitation on deductible compensation under Code Section 162(m), then Walmart shall defer the delivery of such Shares until the first year in which Walmart reasonably anticipates that the related deduction will not be limited under Section 162(m) (the "First Non-162(m) Year") in accordance with the Deferral Procedures under the Plan and Code Section 409A and the regulations thereunder. However, if you have made an irrevocable election to defer such Shares to a date later than the First Non-162(m) Year, then Walmart shall not deliver such Shares in the First Non-162(m) Year, but shall instead deliver your Shares in accordance with your irrevocable election and the Deferral Procedures.

1. Covered Employee Plan Awards Subject to Shareholder Approval. To the extent you are a "covered employee" within the meaning of Code Section 162(m), your Plan Award and this Agreement are subject to, and conditioned upon, shareholder approval of the material terms of the performance goals referred to in Paragraph 5.A above.

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

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

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

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

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

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

8. Accelerated Vesting; Vesting Notwithstanding Termination of Continuous Status by Death or Disability. Your Performance Units will vest earlier than described in Paragraph 5.A. above, and such earlier vesting date shall also be considered a Vesting Date under the following circumstances:

A. If your Continuous Status is terminated by your Disability, you will become vested in a number of Shares equal to the number of Shares that would have become vested under Paragraph 5.A had your Continuous Status as an Associate continued through the Vesting Date described in Paragraph 5.A, prorated based upon the number of full calendar months during the Performance Period in which you had Continuous Status. "Disability" for the purpose of this Agreement means, unless provided otherwise by a policy of Walmart, a physical or mental condition resulting from bodily injury, disease or mental disorder that constitutes total disability under applicable laws and regulations, for which disability benefits have actually been approved. It is your responsibility to notify the Walmart Global Equity team in the event you terminate due to Disability.

B. If your Continuous Status is terminated by your death on or after ten years of service, you will become vested in a number of Shares equal to the number of Shares that would have become vested under Paragraph 5.A had your Continuous Status continued through the Vesting Date described in Paragraph 5.A. If your Continuous Status is terminated by your death before you have completed ten years of service, you will become vested in a number of Shares equal to the number of Shares that would have become vested under Paragraph 5.A had your Continuous Status as an Associate continued through the Vesting Date described in Paragraph 5.A, prorated based upon the number of full calendar months during the Performance Period (as shown above) in which you had Continuous Status.

In the event of accelerated vesting under this Paragraph 8, the vested Shares, as determined above, shall be delivered as soon as administratively feasible after the later of the Vesting Date or the Committee's determination of whether, and the extent to which, the performance goals described in Paragraph 5.A have been satisfied.

9. Permanent Transfers Between Walmart and Walmart Affiliates.

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

B. Applicable Performance Measures and Goals Upon Permanent Transfer.

1. Incentive Year Prorated when Permanent Transfer Occurs. If you permanently transfer your Continuous Status during the Performance Period, then the Performance Measures (including any applicable weightings thereof) and Performance Goals for the Incentive Year in which you transferred Continuous Status will be prorated and/or adjusted to reflect the proportion of the Incentive Year during which you provided service to Walmart, or, if different, the Affiliate that initially employed you (the "Initial Employer") and the proportion of the Incentive Year during which you provided service to Walmart or, if different, the Affiliate to which you permanently transferred (the "Subsequent Employer").

2. Incentive Years Following Permanent Transfer. Once you permanently transfer your Continuous Status, the Performance Measures (including any applicable weightings thereof) and Performance Goals applicable for the Subsequent Employer shall be applied to your Performance Units for the subsequent Incentive Years remaining in your Performance Period.

C. Permanent Transfers to Affiliate or Position where Performance-Based Awards are Not Granted. If you permanently transfer your Continuous Status to an Affiliate or into a position where performance-based Plan Awards are not granted (other than where Paragraph 6.B applies), then the Performance Measures (including any applicable weightings thereof) and Performance Goals applicable to your Performance Units will be prorated and adjusted in the same method as set forth in Paragraph 9.B.1. and 9.B.2. above; *provided however*, that for the purposes of Paragraph 9.B.2., you will be informed of the applicable performance criteria in respect of the subsequent Incentive Years in your Performance Period.

D. Transfers to New Position with Same Employer. If you transfer to a position with the same Employer (as defined herein) but your new position is subject to different applicable Performance Measures (including any applicable weightings thereof) and Performance Goals, then the Performance Measures (including any applicable weightings thereof) and Performance Goals applicable to your Performance Units for the remainder of the Performance Period will be prorated and adjusted using the same methodology as described in Paragraphs 9.B.1. and 9.B.2. above.

10. Taxes and Tax Withholding.

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

B. You acknowledge that, regardless of any action taken by Walmart (or if different, the Employer), the ultimate liability for all income tax, social insurance, pension, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items") is and remains your responsibility and may exceed the amount actually withheld by Walmart or the Employer. You further acknowledge that Walmart and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Units, including, but not limited to, the

grant, vesting or settlement of the Performance Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the Performance Units or any aspect of the Performance Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that Walmart and/or the Employer (or your former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

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

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

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

11. Performance Units Not Transferable. The Performance Units may not be sold, conveyed, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to vesting of the Performance Units and the issuance of the underlying Shares. Any attempted action in violation of this Paragraph 11 shall be null, void, and without effect.

12. Country-Specific Appendix. Notwithstanding any provision in these Share-Settled Performance Unit Notification and Terms and Conditions to the contrary, the grant of Performance Units also shall be subject to any special terms and conditions set forth in any appendix attached hereto (the "Appendix") with respect to certain laws, rules and regulations specific to your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent Walmart determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix is incorporated by reference into these Share-Settled Performance Unit Notification and Terms and Conditions and, together, these documents constitute this Agreement.

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

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



J. unless otherwise agreed with Walmart, the Performance Units and the Shares underlying the Performance Units, and the income and the value of same, are not granted as consideration for, or in connection with, the service (if any) you may provide as a director of any Affiliate;

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

L. no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Units resulting from the termination of your Continuous Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and in consideration of the grant of the Performance Units to which you are otherwise not entitled, you irrevocably agree (i) never to institute any claim against Walmart or any Affiliate; (ii) waive your ability, if any, to bring such claim, and (iii) release Walmart and all Affiliates from such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

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

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

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

14. No Advice Regarding Award. Walmart and/or its Affiliates are not providing any tax, legal or financial advice, nor are Walmart or any Affiliate making any recommendation regarding your participation in the Plan or the Shares underlying the Performance Units acquired

upon vesting. You are advised to consult with your personal tax, legal, and financial advisors regarding the decision to participate in the Plan and before taking any action related to the Plan.

15. Data Privacy. *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other grant materials by and among, as applicable, Walmart and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Walmart and its Affiliates may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance identification number or other identification number, salary, nationality, job title, any Shares or directorships held in Walmart or an Affiliate, details of all Performance Units or any other awards granted, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to Merrill Lynch, Pierce, Fenner & Smith and its affiliates or such other stock plan service provider as may be selected by Walmart in the future, which is assisting Walmart in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize Walmart, Merrill Lynch, Pierce, Fenner & Smith and any other possible recipients which may assist Walmart (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of Data as may be required to Walmart's designated broker or other third party. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Continuous Status and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that Walmart would not be able to grant Performance Units or other Plan Awards to you or administer or maintain such Plan Awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

16. Other Provisions.

A. Determinations regarding this Agreement (including, but not limited to, whether, and the extent to which, the Performance Measures and Performance Goals referred to in Paragraph 5 have been satisfied, and whether an event has occurred resulting in the forfeiture of or accelerated vesting of a Performance Unit) shall be made by the Committee in its sole and exclusive discretion and in accordance with this Agreement and the Plan, and all determinations of the Committee shall be final and conclusive and binding on you and your successors and heirs.

- B. Walmart reserves the right to amend, abandon or terminate the Plan, including this Agreement, at any time subject to Committee approval. Nothing in the Plan should be construed as to create any expectations that the Plan will be in force and effect for an indefinite period of time nor shall give rise to any claims to acquired rights or similar legal theories.
- C. The Committee will administer the Plan. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among recipients and eligible Associates, whether or not such persons are similarly situated.
- D. Walmart reserves the right to amend any applicable Performance Measures (including any weightings thereof) and/or Performance Goals for any Plan Award under this Agreement. In such a case, any amendments will be communicated to you in writing (which may include a communication transmitted by electronic means, such as an e-mail communication or a communication posted online for your review).
- E. By accepting this Agreement, you agree to provide any information reasonably requested from time to time.
- F. This Agreement shall be construed under the laws of the State of Delaware, without regard to its conflict of law provisions.
- G. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
- H. If you receive this Agreement or any other documents related to your Plan Award or the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English language version of such document will control.
- I. Walmart may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Walmart or a third party designated by Walmart.
- J. Walmart reserves the right to impose other requirements on your participation in the Plan, on your Plan Award and the Shares underlying the Performance Units awarded pursuant to this Agreement, to the extent Walmart determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- K. You acknowledge that a waiver by Walmart or an Affiliate of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provisions of the Plan or this Agreement, or of any subsequent breach by you or any other Associate.
- L. You understand that your country may have insider trading and/or market abuse laws which may affect your ability to acquire or sell Shares under the Plan during such

times you are considered to have “inside information” (as defined in the laws in your country). The restrictions applicable under these laws may be the same or different from Walmart’s insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations and any applicable Walmart insider trading policy, and are advised to speak to your personal legal advisor on this matter.

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

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

Grantee:

I acknowledge that the Plan and this Agreement have been made available to me and that I have read and understood these documents. I accept the terms and conditions of my Restricted Stock award as set forth in this Agreement, subject to the terms and conditions of the Plan.

\_\_\_\_\_

Signature

Name (please print): \_\_\_\_\_

Agreed to and accepted this day of \_\_\_\_\_, 2016

**WAL-MART STORES, INC.  
STOCK INCENTIVE PLAN OF 2015**

**SHARE-SETTLED PERFORMANCE UNIT NOTIFICATION  
AND TERMS AND CONDITIONS**

**COUNTRY-SPECIFIC APPENDIX**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Share-Settled Performance Unit Notification and Terms and Conditions (the “T&C’s”).

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

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

Notifications. This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of November 2015. Such laws are often complex and change frequently. As a result, Walmart strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that the Performance Units vest or you receive a cash payout under the Plan.

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

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

ARGENTINA

*Notifications*

Securities Law Information. Neither the Performance Units nor any Shares subject to the Performance Units are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information. If you transfer proceeds from the sale of any Shares acquired under the Plan into Argentina within 10 days of sale (*i.e.*, if the proceeds have not been held in a U.S. bank or brokerage account for at least 10 days prior to transfer), you must deposit 30% of the sale proceeds into a non-interest bearing account in Argentina for 365 days. If you have satisfied the 10 day holding obligation, the Argentine bank handling the transaction may request certain documentation in connection with your request to transfer sale proceeds into Argentina, including evidence of the sale and proof of the source of funds used to purchase the Shares. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentine Central Bank has not been satisfied, it will require that 30% of the transfer amount be placed in a non-interest bearing dollar denominated mandatory deposit account for a holding period of 365 days. You understand that you must comply with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the Performance Units and your participation in the Plan.

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

## BRAZIL

### *Terms and Conditions*

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

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

### *Notifications*

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

## CANADA

### *Terms and Conditions*

Termination of Continuous Status. This provision replaces Paragraph 14(M) of the T&C's:

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

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

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

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

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

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

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

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

*Notifications*

Securities Law Information. You are permitted to sell the Shares acquired through the Plan through the designated broker, if any, provided the resale of Shares acquired under the Plan takes



place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the NYSE).

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

## CHILE

### *Terms and Conditions*

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

### *Notifications*

Securities Law Information. This grant of Performance Units constitutes a private offering of securities in Chile effective as of the Grant Date. This offer of Performance Units is made subject to general ruling n° 336 of the Chilean Superintendence of Securities and Insurance (“SVS”). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the SVS, and, therefore, such securities are not subject to oversight of the SVS. Given that the RSUs are not registered in Chile, Walmart is not required to provide public information about the Performance Units or the Shares in Chile. Unless the Performance Units and/or the Shares are registered with the SVS, a public offering of such securities cannot be made in Chile.

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

Exchange Control Information. You are not required to repatriate any funds you receive with respect to the Performance Units (*e.g.*, any proceeds from the sale of any Shares issued upon vesting of the Performance Units) to Chile. However, if you decide to repatriate such funds, you

acknowledge that you will be required to effect such repatriation through the Formal Exchange Market (*i.e.*, a commercial bank or registered foreign exchange office) if the amount of the funds repatriated exceeds US\$10,000. Further, if the value of your aggregate investments held outside of Chile exceeds US\$5,000,000 at any time in a calendar year, you must report the status of such investments to the Central Bank of Chile.

You will also be required to provide certain information to the Chilean Internal Revenue Service (“CIRS”) regarding the results of investments held abroad and the taxes you have paid abroad (if you will be seeking a credit against Chilean income tax owed). This information must be submitted on an electronic sworn statement, Formulario 1851 (for investments held abroad) and Formulario 1853 (for taxes paid abroad) before March 15 of each year. The formularios may be found at the CIRS website at [www.sii.cl](http://www.sii.cl).

Exchange control and tax reporting requirements in Chile are subject to change; you should consult with your personal legal and tax advisor regarding any obligations that you may have in connection with the Performance Units.

#### COSTA RICA

There are no country-specific provisions.

#### GUATEMALA

There are no country-specific provisions.

#### HONG KONG

##### *Terms and Conditions*

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

##### *Notifications*

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

#### INDIA

*Terms and Conditions*

Labor Law Acknowledgement. The Performance Units and the Shares underlying the Performance Units, and the income and value of same, are extraordinary items that are not part of your annual gross salary.

*Notifications*

Exchange Control Information. If you are a resident of India for exchange control purposes, you will be required to repatriate the cash payout upon vesting of Performance Units to India within 90 days of receipt. You will receive a foreign inward remittance certificate (“FIRC”) from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India, Walmart or any Affiliate requests proof of repatriation.

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

JAPAN

*Notifications*

Foreign Asset/ Account Reporting Information. If you are a Japanese tax resident, you will be required to report details of any assets held outside of Japan as of December 31st (including any cash acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to include details of any outstanding Performance Units or cash held by you in the report.

LUXEMBOURG

There are no country-specific provisions.

MEXICO

*Terms and Conditions*

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

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

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

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

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

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

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

*Spanish Translation*

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

*Modificación. Al aceptar las Performance Units (“Unidades”), usted entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.*

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

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

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

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

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

## NIGERIA

There are no country-specific provisions.

## PERU

### *Terms and Conditions*

Labor Law Acknowledgement. By accepting the Performance Units, you acknowledge that the Performance Units are being granted *ex gratia* to you with the purpose of rewarding you.

### *Notifications*

Securities Law Information. The offer of the Performance Units is considered a private offering in Peru; therefore, it is not subject to registration.

## SOUTH AFRICA

### *Term and Conditions*

Securities Law Information and Deemed Acceptance of Performance Units. Neither the Performance Units nor the underlying Shares shall be publicly offered or listed on any Share exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the Performance Units offer must be finalized on or before the 60th day following the Grant Date. If you do not want to accept the Performance Units, you are required to decline your Performance Units no later than the 60th day following the Grant Date. If you do not reject your Performance Units on or before the 60th day following the Grant Date, you will be deemed to accept the Performance Units.

Tax Reporting Information. By accepting the Performance Units, you agree to notify Walmart or your Employer, if different, of the amount of income realized at vesting of the Performance Units. If you fail to advise Walmart or your Employer, if different, of the income at vesting, you may be liable for a fine. You will be responsible for paying any difference between the actual tax liability and the amount withheld.

#### *Notifications*

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

### UNITED KINGDOM

#### *Terms and Conditions*

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

If payment or withholding of the income tax is not made within ninety (90) days of the end of the tax year in which the income tax liability arises or such other period specified in Section 222(1)(c) of the U.K. Income Tax Act (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by you to Walmart or an Affiliate, effective on the Due Date. You agree that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and Walmart or an Affiliate may recover it at any time thereafter by the means referred to in Paragraph 10 of the T&C's. Notwithstanding the foregoing, if you are a director or executive officer of Walmart (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), you shall not be eligible for a loan from Walmart or an Affiliate to cover the income tax. In the event that you are a director or an executive officer and the income tax is not collected from or paid by you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing Walmart or an Affiliate, as applicable, for the value of any national insurance contributions due on this additional benefit, which Walmart or an Affiliate may recover from you at any time thereafter by the means referred to in Paragraph 10 of the T&C's.

### UNITED STATES

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

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

**WAL-MART STORES, INC.  
STOCK INCENTIVE PLAN OF 2015**

**RESTRICTED STOCK AWARD  
NOTIFICATION OF AWARD AND TERMS AND CONDITIONS OF AWARD**

These Restricted Stock Award Notification of Award and Terms and Conditions of Award, including any applicable special terms and conditions for your specific country set forth in the appendix attached hereto (jointly, the "Agreement"), contains the terms and conditions of the Restricted Stock (as defined in the Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 (the "Plan")) granted to you by Wal-Mart Stores, Inc., a Delaware corporation ("Walmart"), under the Plan.

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

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

1. Grant of Restricted Stock. Walmart has granted to you, effective on the Grant Date, the right to receive the number of Shares set forth above on the Vesting Date as further set forth in Paragraph 5 below, subject to certain vesting conditions. Before the Shares are vested and delivered to you, they are referred to in this Agreement as "Restricted Stock."
2. Plan Governs. The Restricted Stock and this Agreement are subject to the terms and conditions of the Plan. You are accepting the Restricted Stock, acknowledging receipt of a copy of the Plan and the prospectus covering the Plan, and acknowledging that the Restricted Stock and your participation in the Plan are subject to all the terms and conditions of the Plan and of this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee of the Plan upon any disputes or questions arising under the Plan.
3. Payment. You are not required to pay for the Restricted Stock or the Shares underlying the Restricted Stock granted to you pursuant to this Agreement.
4. Stockholder Rights. Your Restricted Stock will be held for you by Walmart until the applicable delivery date described in Paragraph 5. You shall have all the rights of a stockholder of Shares of Restricted Stock that vest. With respect to your unvested Restricted Stock:

A. you shall have the right to vote the Shares underlying your Restricted Stock on any matter as to which Shares have voting rights at any meeting of shareholders of Walmart;

B. you shall have the right to receive, free of vesting restrictions (but subject to applicable withholding taxes) all cash dividends paid with respect to such Shares underlying your Restricted Stock; and

C. any non-cash dividends and other non-cash proceeds of such Shares underlying your Restricted Stock, including stock dividends and any other securities issued or distributed in respect of such Shares underlying your Restricted Stock shall be subject to the same vesting and forfeiture conditions as are applicable to your Restricted Stock, and the term "Restricted Stock," as used in this Agreement, shall also include any related stock dividends and other securities issued or distributed in respect of such Shares underlying your Restricted Stock.

5. Vesting of Restricted Stock and Delivery of Shares.

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

<b>Percentage of Restricted Stock Vesting</b>	<b>Vesting Date</b>

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

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

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



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

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

8. Accelerated Vesting; Vesting Notwithstanding Termination of Continuous Status by Death or Disability. Your Restricted Stock will vest earlier than described in Paragraph 5.A above, and such earlier vesting date shall also be considered a Vesting Date, under the following circumstances:

A. If your Continuous Status is terminated by your Disability, your Restricted Stock that would have become vested on a Vesting Date no more than 90 days after your Continuous Status is so terminated will become vested on the date your Continuous Status is so terminated. “Disability” for the purpose of this Agreement means, unless provided otherwise by a policy of Walmart, a physical or mental condition resulting from bodily injury, disease or mental disorder that constitutes total disability under applicable laws and regulations, for which disability benefits have actually been approved; or

B. If your Continuous Status is terminated by reason of your death on or after ten years of service or on or after the third anniversary of the Grant Date, then your unvested Restricted Stock shall immediately become fully vested.

For purposes of this Paragraph 8, your Continuous Status will be considered terminated on the date of death or the date on which your employment or other service relationship has been legally terminated by reason of Disability. It is your responsibility to notify the Walmart Global Equity team in the event you terminate due to Disability.

9. Deferral of Restricted Stock.

A. Mandatory Deferral. If Walmart reasonably anticipates that the delivery of Shares upon the vesting of Restricted Stock in any year would, when considered with your other compensation, result in Walmart's inability to deduct the value of such Shares because of the limitation on deductible compensation under Code Section 162(m), then Walmart shall defer the delivery of such Shares until the first year in which Walmart reasonably anticipates that the related deduction will not be limited under Section 162(m) (the "First Non-162(m) Year") in accordance with the Deferral Procedures under the Plan and Code Section 409A. However, if you have made an irrevocable election to defer such Shares to a date later than the First Non-162(m) Year, then Walmart shall not deliver such Shares in the First Non-162(m) Year, but shall instead deliver your Shares in accordance with your irrevocable election and the Deferral Procedures.

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

10. Taxes and Tax Withholding.

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

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

C. Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to Walmart and the Employer to satisfy all Tax-Related Items. In this regard, you authorize Walmart and/or the Employer or their respective agents, at their sole discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by withholding of Shares to be issued upon settlement of the vested Restricted Stock. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the Restricted Stock and this

Agreement, you authorize and direct Walmart, and any broker or other third party designated by Walmart to sell on your behalf a whole number of Shares corresponding to the vested Restricted Stock that Walmart or the Employer determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items. However, Walmart may also require you to satisfy the Tax-Related Items by any other method of withholding it authorizes, in its sole discretion, including through withholding from your wages or other cash compensation paid to you by Walmart or any Affiliate.

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

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

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

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

12. Country-Specific Appendix. Notwithstanding any provision in these Restricted Stock Award Notification of Award and Terms and Conditions of Award to the contrary, the grant of Restricted Stock also shall be subject to any special terms and conditions as set forth in any appendix attached hereto (the "Appendix") with respect to certain laws, rules, and regulations specific to your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent Walmart determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix is incorporated by reference into these Restricted Stock Award Notification of Award and Terms and Conditions of Award and, together, these documents constitute this Agreement.

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

- A. the Plan is established voluntarily by Walmart and is discretionary in nature;
- B. the grant of Restricted Stock is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock or other awards, or benefits in lieu of Restricted Stock, even if restricted stock has been granted in the past;
- C. all decisions with respect to future grants of Restricted Stock or other awards, if any, will be at the sole discretion of the Committee;
- D. neither this Agreement nor the Plan creates any contract of employment with any entity involved in the management or administration of the Plan or this Agreement, and nothing in this Agreement or the Plan shall interfere with or limit in any way the right of Walmart or the Employer, if different, to terminate your Continuous Status at any time, nor confer upon you the right to continue in the employ of Walmart or any Affiliate;
- E. the Restricted Stock and the Shares underlying the Restricted Stock, and the income and value of same, relate exclusively to your Continuous Status during the vesting period applicable to your Restricted Stock;
- F. nothing in this Agreement or the Plan creates any fiduciary or other duty owed to you by Walmart, any Affiliate, or any member of the Committee, except as expressly stated in this Agreement or the Plan;
- G. you are voluntarily participating in the Plan;
- H. the Restricted Stock and the Shares underlying the Restricted Stock, and the income and value of same, are not intended to replace any pension rights or compensation;
- I. the Restricted Stock and the Shares underlying the Restricted Stock, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- J. unless otherwise agreed with Walmart, the Restricted Stock and the Shares underlying the Restricted Stock, and the income and the value of same, are not granted as consideration for, or in connection with, the service (if any) you may provide as a director of any Affiliate;
- K. the future value of the Shares underlying the Restricted Stock is unknown, indeterminable and cannot be predicted with certainty;
- L. no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock and the Shares underlying the Restricted Stock resulting from the termination of your Continuous Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and in consideration of the grant of the Restricted Stock to which you are otherwise not entitled, you irrevocably agree (i) never to institute any claim against

Walmart or any Affiliate; (ii) waive your ability, if any, to bring such claim, and (iii) release Walmart and all Affiliates from such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

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

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

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

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

15. Data Privacy. *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other grant materials by and among, as applicable, Walmart and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Walmart and its Affiliates may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance identification number or other identification number, salary, nationality, job title, any Shares or directorships held in Walmart or an Affiliate, details of all RSUs or any other awards granted, canceled, exercised, vested, unvested or outstanding in your favor (“Data”), for the exclusive purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to Merrill Lynch, Pierce, Fenner & Smith and its affiliates or such other stock plan service provider as may be selected by Walmart in the future, which is assisting*

*Walmart in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize Walmart, Merrill Lynch, Pierce, Fenner & Smith and any other possible recipients which may assist Walmart (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of Data as may be required to Walmart's designated broker or other third party. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Continuous Status and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that Walmart would not be able to grant RSUs or other Plan Awards to you or administer or maintain such Plan Awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

16. Other Provisions.

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

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

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

D. By accepting this Agreement, you agree to provide any information reasonably requested from time to time.

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

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

G. If you receive this Agreement or any other documents related to your Plan Award or the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English language version of such document will control.

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

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

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

K. You understand that your country may have insider trading and/or market abuse laws which may affect your ability to acquire or sell Shares under the Plan during such times you are considered to have "inside information" (as defined in the laws in your country). The restrictions applicable under these laws may be the same or different from Walmart's insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and any applicable Walmart insider trading policy, and are advised to speak to your personal legal advisor on this matter.

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

M. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, Walmart shall not be required to deliver any Shares issuable upon vesting of the Restricted Stock prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of

the U.S. Securities and Exchange Commission (“SEC”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval Walmart shall, in its absolute discretion, deem necessary or advisable. You understand that Walmart is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Walmart may, without liability for its good faith actions, place legend restrictions upon Shares underlying your vested Restricted Stock and issue “stop transfer” instructions requiring compliance with applicable U.S. or other securities laws and the terms of the Agreement and Plan. Further, you agree that Walmart shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.



Grantee:

I acknowledge that the Plan and this Agreement have been made available to me and that I have read and understood these documents. I accept the terms and conditions of my Restricted Stock award as set forth in this Agreement, subject to the terms and conditions of the Plan.

\_\_\_\_\_  
Signature

Name (please print): \_\_\_\_\_

Agreed to and accepted this day of \_\_\_\_\_, 2016

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

**WAL-MART STORES, INC.  
STOCK INCENTIVE PLAN OF 2015**

**PERFORMANCE-BASED RESTRICTED STOCK AWARD  
NOTIFICATION OF AWARD AND TERMS AND CONDITIONS OF AWARD**

These Performance-Based Restricted Stock Award Notification of Award and Terms and Conditions of Award, including any applicable special terms and conditions for your specific country set forth in the appendix attached hereto (jointly, the “Agreement”), contains the terms and conditions of the Performance-Based Restricted Stock (as defined in the Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 (the “Plan”)) granted to you by Wal-Mart Stores, Inc., a Delaware corporation (“Walmart”), under the Plan.

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

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

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

4. Stockholder Rights. Your Performance-Based Restricted Stock will be held for you by Walmart until the applicable delivery date described in Paragraph 5. You shall have all the rights of a stockholder of Shares of Performance-Based Restricted Stock that vest. With respect to your unvested Performance-Based Restricted Stock:

A. you shall have the right to vote the Shares underlying your Performance-Based Restricted Stock on any matter as to which Shares have voting rights at any meeting of shareholders of Walmart;

B. you shall have the right to receive, free of vesting restrictions (but subject to applicable withholding taxes) all cash dividends paid with respect to such Shares underlying your Performance-Based Restricted Stock; and

C. any non-cash dividends and other non-cash proceeds of such Shares underlying your Performance-Based Restricted Stock, including stock dividends and any other securities issued or distributed in respect of such Shares underlying your Performance-Based Restricted Stock shall be subject to the same vesting and forfeiture conditions as are applicable to your Performance-Based Restricted Stock, and the term "Performance-Based Restricted Stock," as used in this Agreement, shall also include any related stock dividends and other securities issued or distributed in respect of such Shares underlying your Performance-Based Restricted Stock.

5. Vesting of Performance-Based Restricted Stock and Delivery of Shares.

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

Percentage of Performance-Based Restricted Stock Vesting	Vesting Date

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

6. Forfeiture Conditions.

A. Satisfaction of Performance Goals. Within 90 days of the Grant Date, the Committee will adopt one or more performance goals which must be met or exceeded during one or more performance periods as a condition precedent to the vesting of the Performance-Based Restricted Stock. Those performance goals will be communicated to you in a separate writing, which will be incorporated by reference into this Agreement. Unless the Company meets or exceeds the applicable performance goal or goals for the applicable performance period or periods, as certified by the Committee in accordance with the Plan, your Performance-Based Restricted Stock award that would otherwise vest in whole or in part on any Vesting Date will not vest and shall be immediately forfeited as of the last day of such performance period.

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

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

Each of the events described in Paragraphs 6.A, 6.B.i, and 6.B.ii above shall be referred to as a “Forfeiture Condition” for purposes of this Agreement. Upon the occurrence of a Forfeiture Condition, you shall have no further rights with respect to such Performance-Based Restricted Stock (including any cash dividends and non-cash proceeds related to the Performance-Based Restricted Stock for which the record date occurs on or after the date of the forfeiture) or the underlying Shares.

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

8. Accelerated Vesting; Vesting Notwithstanding Termination of Continuous Status by Death or Disability. Your Performance-Based Restricted Stock will vest earlier than described in Paragraph 5.A above, and such earlier vesting date shall also be considered a Vesting Date, under the following circumstances:

A. If your Continuous Status is terminated by your Disability, your Performance-Based Restricted Stock that would have become vested on a Vesting Date no more than 90 days after your Continuous Status is so terminated will become vested on the date your Continuous Status is so terminated. "Disability" for the purpose of this Agreement means, unless provided otherwise by a policy of Walmart, a physical or mental condition resulting from bodily injury, disease or mental disorder that constitutes total disability under applicable laws and regulations, for which disability benefits have actually been approved; or

B. If your Continuous Status is terminated by reason of your death on or after ten years of service or on or after the third anniversary of the Grant Date, then your unvested Performance-Based Restricted Stock shall immediately become fully vested.

For purposes of this Paragraph 8, your Continuous Status will be considered terminated on the date of death or the date on which your employment or other service relationship has been legally terminated by reason of Disability. It is your responsibility to notify the Walmart Global Equity team in the event you terminate due to Disability.

9. Deferral of Performance-Based Restricted Stock.

A. Mandatory Deferral. If Walmart reasonably anticipates that the delivery of Shares upon the vesting of Performance-Based Restricted Stock in any year would, when considered with your other compensation, result in Walmart's inability to deduct the value of such Shares because of the limitation on deductible compensation under Code Section 162(m), then Walmart shall defer the delivery of such Shares until the first year in which Walmart reasonably anticipates that the related deduction will not be limited under Section 162(m) (the "First Non-162(m) Year") in accordance with the Deferral Procedures under the Plan and Code Section 409A. However, if you have made an irrevocable election to defer such Shares to a date later than the First Non-162(m) Year, then Walmart shall not deliver such Shares in the First Non-162(m) Year, but shall instead deliver your Shares in accordance with your irrevocable election and the Deferral Procedures.

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

10. Taxes and Tax Withholding.

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

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

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

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

E. Finally, you agree to pay to Walmart or the Employer any amount of Tax-Related Items that Walmart or the Employer may be required to withhold or account for as a result of your

participation in the Plan that cannot be satisfied by the means previously described. Walmart may refuse to deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

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

11. Performance-Based Restricted Stock Not Transferable. The Performance-Based Restricted Stock may not be sold, conveyed, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to vesting of the Performance-Based Restricted Stock and the issuance of the underlying Shares. Any attempted action in violation of this Paragraph 11 shall be null, void, and without effect.

12. Country-Specific Appendix. Notwithstanding any provision in these Performance-Based Restricted Stock Award Notification of Award and Terms and Conditions of Award to the contrary, the grant of Performance-Based Restricted Stock also shall be subject to any special terms and conditions as set forth in any appendix attached hereto (the "Appendix") with respect to certain laws, rules, and regulations specific to your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent Walmart determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix is incorporated by reference into these Performance-Based Restricted Stock Award Notification of Award and Terms and Conditions of Award and, together, these documents constitute this Agreement.

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

A. the Plan is established voluntarily by Walmart and is discretionary in nature;

B. the grant of Performance-Based Restricted Stock is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance-Based Restricted Stock or other awards, or benefits in lieu of Performance-Based Restricted Stock, even if performance-based restricted stock has been granted in the past;

C. all decisions with respect to future grants of Performance-Based Restricted Stock or other awards, if any, will be at the sole discretion of the Committee;

D. neither this Agreement nor the Plan creates any contract of employment with any entity involved in the management or administration of the Plan or this Agreement, and nothing in this Agreement or the Plan shall interfere with or limit in any way the right of Walmart or the Employer, if different, to terminate your Continuous Status at any time, nor confer upon you the right to continue in the employ of Walmart or any Affiliate;

E. the Performance-Based Restricted Stock and the Shares underlying the Performance-Based Restricted Stock, and the income and value of same, relate exclusively to your Continuous Status during the vesting period applicable to your Performance-Based Restricted Stock;

F. nothing in this Agreement or the Plan creates any fiduciary or other duty owed to you by Walmart, any Affiliate, or any member of the Committee, except as expressly stated in this Agreement or the Plan;

G. you are voluntarily participating in the Plan;

H. the Performance-Based Restricted Stock and the Shares underlying the Performance-Based Restricted Stock, and the income and value of same, are not intended to replace any pension rights or compensation;

I. the Performance-Based Restricted Stock and the Shares underlying the Performance-Based Restricted Stock, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

J. unless otherwise agreed with Walmart, the Performance-Based Restricted Stock and the Shares underlying the Performance-Based Restricted Stock, and the income and the value of same, are not granted as consideration for, or in connection with, the service (if any) you may provide as a director of any Affiliate;

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

L. no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance-Based Restricted Stock and the Shares underlying the Performance-Based Restricted Stock resulting from the termination of your Continuous Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and in consideration of the grant of the Performance-Based Restricted Stock to which you are otherwise not entitled, you irrevocably agree (i) never to institute any claim against Walmart or any Affiliate; (ii) waive your ability, if any, to bring such claim, and (iii) release Walmart and all Affiliates from such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

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



of this Agreement (including whether you may still be considered to be providing services while on a leave of absence);

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

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

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

15. Data Privacy. *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other grant materials by and among, as applicable, Walmart and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Walmart and its Affiliates may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance identification number or other identification number, salary, nationality, job title, any Shares or directorships held in Walmart or an Affiliate, details of all RSUs or any other awards granted, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to Merrill Lynch, Pierce, Fenner & Smith and its affiliates or such other stock plan service provider as may be selected by Walmart in the future, which is assisting Walmart in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize Walmart, Merrill Lynch, Pierce, Fenner & Smith and any other possible recipients which may assist Walmart (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of Data as may be required to Walmart's designated broker or other third party. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and*

*processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Continuous Status and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that Walmart would not be able to grant RSUs or other Plan Awards to you or administer or maintain such Plan Awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

16. Other Provisions.

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

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

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

D. By accepting this Agreement, you agree to provide any information reasonably requested from time to time.

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

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

G. If you receive this Agreement or any other documents related to your Plan Award or the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English language version of such document will control.

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

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

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

K. You understand that your country may have insider trading and/or market abuse laws which may affect your ability to acquire or sell Shares under the Plan during such times you are considered to have “inside information” (as defined in the laws in your country). The restrictions applicable under these laws may be the same or different from Walmart’s insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and any applicable Walmart insider trading policy, and are advised to speak to your personal legal advisor on this matter.

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

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

Name of Grantee:	
Grant Date:	
Number of Restricted Stock Units:	
Dollar Value of Award as of Grant Date	
Walmart Identification Number:	

**WAL-MART STORES, INC.  
STOCK INCENTIVE PLAN OF 2015**

**SHARE-SETTLED RESTRICTED STOCK UNIT NOTIFICATION  
AND TERMS AND CONDITIONS**

These Share-Settled Restricted Stock Unit Notification and Terms and Conditions, including any applicable special terms and conditions for your specific country set forth in the appendix attached hereto (jointly, the “Agreement”), contain the terms and conditions of the Restricted Stock Units or RSUs (as defined in the Wal-Mart Stores, Inc. Stock Incentive Plan of 2015 (the “Plan”)) granted to you by Wal-Mart Stores, Inc. (“Walmart”), a Delaware corporation, under the Plan.

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

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

1. Grant of RSUs. Walmart has granted to you, effective on the Grant Date, the RSUs, which consist of the right to receive the number of Shares underlying the RSUs set forth above on the Vesting Date as further set forth in Paragraph 5 below, subject to certain vesting conditions.
2. Plan Governs. The RSUs and this Agreement are subject to the terms and conditions of the Plan. You are accepting the RSUs, acknowledging receipt of a copy of the Plan and the prospectus covering the Plan, and acknowledging that the RSUs and your participation in the Plan are subject to all the terms and conditions of the Plan and of this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee upon any disputes or questions arising under the Plan.
3. Payment. You are not required to pay for the RSUs or the Shares underlying the RSUs granted to you pursuant to this Agreement.
4. Stockholder Rights. Unless and until your RSUs vest and the underlying Shares have been delivered to you:
  - A. You do not have the right to vote the Shares underlying your RSUs;

B. you shall have the right to receive, free of vesting conditions (but subject to applicable withholding taxes), dividend equivalent payments made in the form of cash (paid to you in your normal payroll), until the Vesting Date(s) shown below; and

C. You will not have any other beneficial rights as a shareholder of Walmart due to the RSUs. Upon receipt of the Shares, however, you will be accorded the same rights and responsibilities as any shareholder of Walmart, and will be provided with information regarding Walmart that is provided to all other shareholders of Walmart.

5. Vesting of the RSUs and Delivery of Shares. Your RSUs will vest as follows, provided you have not incurred a Forfeiture Condition (as defined in Paragraph 6 below):

<b>Percentage of RSUs Vesting</b>	<b>Vesting Date</b>

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

Furthermore, Walmart or Wal-Mart Canada Corp. or an Affiliate (“WM Canada”), in their sole discretion, also may settle your vested RSUs in cash, Shares, or a combination of cash and Shares. To the extent your Plan Award will be settled in Shares, you hereby acknowledge and agree that such settlement will be satisfied by WM Canada by forwarding a cash settlement amount in respect of the vested RSUs to an independent broker who will in turn purchase the Shares on the open market on your behalf. Any Shares so purchased on the open market shall be delivered to you as set forth in this Paragraph 5.

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

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

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

Each of the events described in Paragraphs 6.A and 6.B above shall be referred to as a “Forfeiture Condition” for purposes of this Agreement. Furthermore, if applicable, you shall be advised if the Committee has determined that your acceptance of this Plan Award is further

conditioned upon your execution and delivery to Walmart of a Post Termination Agreement and Covenant Not to Compete, in a form to be provided to you by Walmart. If applicable, the failure to execute and deliver such Post Termination Agreement and Covenant Not to Compete shall also be deemed a "Forfeiture Condition" for purposes of this Agreement. Upon the occurrence of a Forfeiture Condition, you shall have no further rights with respect to such RSUs (including any cash dividends related to the RSUs for which the record date occurs on or after the date of the forfeiture) or the underlying Shares.

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

8. Accelerated Vesting; Vesting Notwithstanding Termination of Continuous Status by Death or Disability. Your RSUs will vest earlier than described in Paragraph 5 above, and such earlier vesting date shall also be considered a Vesting Date, under the following circumstances:

A. If your Continuous Status is terminated by your Disability, your RSUs that would have become vested on a Vesting Date no more than 90 days after your Continuous Status is so terminated will become vested on the date your Continuous Status is so terminated. "Disability" for the purpose of this Agreement means, unless provided otherwise by a policy of Walmart, a physical or mental condition resulting from bodily injury, disease or mental disorder that constitutes total disability under applicable laws and regulations, for which disability benefits have actually been approved. It is your responsibility to notify Global Equity in the event you terminate due to Disability; or

B. If your Continuous Status is terminated by reason of your death on or after ten years of service or on or after the third anniversary of the Grant Date, then your unvested Restricted Stock shall immediately become fully vested.

For purposes of this Paragraph 8, your Continuous Status will be considered terminated on the date of death or the date on which your employment or other service relationship has been legally terminated by reason of Disability.

9. Deferral.

A. Mandatory Deferral. If Walmart reasonably anticipates that the delivery of Shares upon the vesting of the RSUs in any year would, when considered with your other compensation, result in Walmart's inability to deduct the value of such Shares because of the limitation on deductible compensation under Section 162(m) of the Code, then

Walmart shall defer the delivery of such Shares until the first year in which Walmart reasonably anticipates that the related deduction will not be limited under Section 162(m) of the Code (the "First Non-162(m) Year") in accordance with the deferral procedures established pursuant to the Plan and Section 409A of the Code. However, if you have made an irrevocable election to defer such Shares to a date later than the First Non-162(m) Year, then Walmart shall not deliver such Shares in the First Non-162(m) Year, but shall instead deliver your Shares in accordance with your irrevocable election and the deferral procedures established pursuant to the Plan and Section 409A of the Code.

B. Elective Deferral of Restricted Stock Units. If you are eligible to defer delivery of the Shares underlying your Restricted Stock award to a future date in accordance with Section 8.7 of the Plan and rules and procedures relating thereto, you will be advised as to when any such deferral election must be made and the rules and procedures applicable to such deferral election.

10. Taxes and Tax Withholding.

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

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

C. Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to Walmart and the Employer to satisfy all Tax-Related Items. In this regard, you authorize Walmart and/or the Employer, or their respective agents, at their sole discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by withholding of Shares to be issued upon settlement of the vested RSUs. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the RSUs and this Agreement, you authorize and direct Walmart, and any broker or other third party designated by Walmart to sell on your behalf a whole

number of Shares corresponding to the vested RSUs that Walmart or the Employer determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items. However, Walmart may also require you to satisfy the Tax-Related Items by any other method of withholding it authorizes, in its sole discretion, including through withholding from your wages or other cash compensation paid to you by Walmart or any Affiliate.

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

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

11. RSUs Not Transferable. The RSUs may not be sold, conveyed, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to vesting of the RSUs and the issuance of the underlying Shares. Any attempted action in violation of this Paragraph 11 shall be null, void, and without effect.

12. Country-Specific Appendix. Notwithstanding any provision in these Global Share-Settled RSU Notification and Terms and Conditions to the contrary, the grant of RSUs also shall be subject to any special terms and conditions set forth in any appendix attached hereto (the "Appendix") with respect to certain laws, rules, and regulations specific to your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent Walmart determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix is incorporated by reference into these Global Share-Settled RSU Notification and Terms and Conditions and, together, these documents constitute this Agreement.

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

A. the Plan is established voluntarily by Walmart and is discretionary in nature;

B. the grant of RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs or other awards, or benefits in lieu of RSUs, even if RSUs have been granted in the past;



- C. all decisions with respect to future grants of RSUs or other awards, if any, will be at the sole discretion of the Committee;
- D. neither this Agreement nor the Plan creates any contract of employment with any entity involved in the management or administration of the Plan or this Agreement, and nothing in this Agreement or the Plan shall interfere with or limit in any way the right of Walmart or, if different, the Employer to terminate your Continuous Status at any time, nor confer upon you the right to continue in the employ of Walmart or any Affiliate;
- E. the RSUs and the Shares underlying the RSUs, and the income and value of same, relate exclusively to your Continuous Status during the vesting period applicable to your RSUs;
- F. nothing in this Agreement or the Plan creates any fiduciary or other duty owed to you by Walmart, any Affiliate, or any member of the Committee, except as expressly stated in this Agreement or the Plan;
- G. you are voluntarily participating in the Plan;
- H. the RSUs and the Shares underlying the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;
- I. the RSUs and the Shares underlying the RSUs, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- J. unless otherwise agreed with Walmart, the RSUs and the Shares underlying the RSUs, and the income and the value of same, are not granted as consideration for, or in connection with, the service (if any) you may provide as a director of any Affiliate;
- K. the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;
- L. no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs and the Shares underlying the RSUs resulting from the termination of your Continuous Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and in consideration of the grant of the RSUs to which you are otherwise not entitled, you irrevocably agree (i) never to institute any claim against Walmart or any Affiliate; (ii) waive your ability, if any, to bring such claim, and (iii) release Walmart and all Affiliates from such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

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

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

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

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

15. Data Privacy. *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other grant materials by and among, as applicable, Walmart and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Walmart and its Affiliates may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance identification number or other identification number, salary, nationality, job title, any Shares or directorships held in Walmart or an Affiliate, details of all RSUs or any other awards granted, canceled, exercised, vested, unvested or outstanding in your favor (“Data”), for the exclusive purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to Merrill Lynch, Pierce, Fenner & Smith and its affiliates or such other stock plan service provider as may be selected by Walmart in the future, which is assisting Walmart in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in your country or elsewhere, and that the recipient’s country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize*

*Walmart, Merrill Lynch, Pierce, Fenner & Smith and any other possible recipients which may assist Walmart (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of Data as may be required to Walmart's designated broker or other third party. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Continuous Status and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that Walmart would not be able to grant RSUs or other Plan Awards to you or administer or maintain such Plan Awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

16. Other Provisions.

- A. Determinations regarding this Agreement (including, but not limited to, whether an event has occurred resulting in the forfeiture of or accelerated vesting of the RSUs) shall be made by the Committee in its sole and exclusive discretion and in accordance with this Agreement and the Plan, and all determinations of the Committee shall be final and conclusive and binding on you and your successors and heirs.
- B. Walmart reserves the right to amend, abandon or terminate the Plan, including this Agreement, at any time subject to Committee approval. Nothing in the Plan should be construed as to create any expectations that the Plan will be in force and effect for an indefinite period of time nor shall give rise to any claims to acquired rights or similar legal theories.
- C. The Committee will administer the Plan. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among recipients and eligible Associates, whether or not such persons are similarly situated.
- D. By accepting this Agreement, you agree to provide any information reasonably requested from time to time.
- E. This Agreement shall be construed under the laws of the State of Delaware, without regard to its conflict of law provisions.
- F. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

G. If you receive this Agreement or any other documents related to your Plan Award or the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English language version of such document will control.

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

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

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

K. You understand that your country may have insider trading and/or market abuse laws which may affect your ability to acquire or sell Shares under the Plan during such times you are considered to have “inside information” (as defined in the laws in your country). The restrictions applicable under these laws may be the same or different from Walmart’s insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations and any applicable Walmart insider trader policy, and are advised to speak to your personal legal advisor on this matter.

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

M. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, Walmart shall not be required to deliver any Shares issuable upon vesting of the RSUs prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission (“SEC”) or of any

other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval Walmart shall, in its absolute discretion, deem necessary or advisable. You understand that Walmart is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Walmart may, without liability for its good faith actions, place legend restrictions upon Shares underlying your vested RSUs and issue "stop transfer" instructions requiring compliance with applicable U.S. or other securities laws and the terms of the Agreement and Plan. Further, you agree that Walmart shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

Grantee:

I acknowledge that the Plan and this Agreement have been made available to me and that I have read and understood these documents. I accept the terms and conditions of my RSU award as set forth in this Agreement, subject to the terms and conditions of the Plan.

\_\_\_\_\_  
Signature

Name (please print): \_\_\_\_\_

Agreed to and accepted this day of \_\_\_\_\_, 2016

**WAL-MART STORES, INC.  
STOCK INCENTIVE PLAN OF 2015**

**SHARE-SETTLED RESTRICTED STOCK UNIT NOTIFICATION  
AND TERMS AND CONDITIONS**

**COUNTRY-SPECIFIC APPENDIX**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Share-Settled RSU Notification and Terms and Conditions (the “T&C’s”).

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

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

Notifications. This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of November 2015. Such laws are often complex and change frequently. As a result, Walmart strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that the RSUs vest or you receive a cash payout under the Plan.

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

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

ARGENTINA

*Notifications*

Securities Law Information. Neither the RSUs nor any Shares subject to the RSUs are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information. If you transfer proceeds from the sale of any Shares acquired under the Plan into Argentina within 10 days of sale (*i.e.*, if the proceeds have not been held in a U.S. bank or brokerage account for at least 10 days prior to transfer), you must deposit 30% of the sale proceeds into a non-interest bearing account in Argentina for 365 days. If you have satisfied the 10 day holding obligation, the Argentine bank handling the transaction may request certain documentation in connection with your request to transfer sale proceeds into Argentina, including evidence of the sale and proof of the source of funds used to purchase the Shares. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentine Central Bank has not been satisfied, it will require that 30% of the transfer amount be placed in a non-interest bearing dollar denominated mandatory deposit account for a holding period of 365 days. You understand that you must comply with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the RSUs and your participation in the Plan.

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

## BRAZIL

### *Terms and Conditions*

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

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

### *Notifications*

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

## CANADA

### *Terms and Conditions*

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

In the event of the termination of your Continuous Status (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), your right to receive and vest in the RSUs under the Plan, if any, will terminate effective as of the date that is the earlier of (i) the date on which your Continuous Status is terminated, (ii) the date on which you receive a notice of termination of Continuous Status, or (iii) the date on which you are no longer providing active services to Walmart or any Affiliate, regardless of any notice period or period of pay in lieu of such notice required under local law. Walmart shall have the exclusive discretion to determine when you are no longer employed for purposes of this Agreement (including whether you may still be considered to be providing services while on a leave of absence).

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

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

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

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

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

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

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



## *Notifications*

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

## CHILE

### *Terms and Conditions*

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

### *Notifications*

**Securities Law Information.** This grant of RSUs constitutes a private offering of securities in Chile effective as of the Grant Date. This offer of RSUs is made subject to general ruling n° 336 of the Chilean Superintendence of Securities and Insurance (“SVS”). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the SVS, and, therefore, such securities are not subject to oversight of the SVS. Given that the RSUs are not registered in Chile, Walmart is not required to provide public information about the RSUs or the Shares in Chile. Unless the RSUs and/or the Shares are registered with the SVS, a public offering of such securities cannot be made in Chile.

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

**Exchange Control Information.** You are not required to repatriate any funds you receive with respect to the RSUs (e.g., any proceeds from the sale of any Shares issued upon vesting of the RSUs) to Chile. However, if you decide to repatriate such funds, you acknowledge that you will

be required to effect such repatriation through the Formal Exchange Market (*i.e.*, a commercial bank or registered foreign exchange office) if the amount of the funds repatriated exceeds US\$10,000. Further, if the value of your aggregate investments held outside of Chile exceeds US\$5,000,000 at any time in a calendar year, you must report the status of such investments to the Central Bank of Chile.

You will also be required to provide certain information to the Chilean Internal Revenue Service (“CIRS”) regarding the results of investments held abroad and the taxes you have paid abroad (if you will be seeking a credit against Chilean income tax owed). This information must be submitted on an electronic sworn statement, Formulario 1851 (for investments held abroad) and Formulario 1853 (for taxes paid abroad) before March 15 of each year. The formularios may be found at the CIRS website at [www.sii.cl](http://www.sii.cl).

Exchange control and tax reporting requirements in Chile are subject to change; you should consult with your personal legal and tax advisor regarding any obligations that you may have in connection with the RSUs.

#### COSTA RICA

There are no country-specific provisions.

#### GUATEMALA

There are no country-specific provisions.

#### HONG KONG

##### *Terms and Conditions*

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

##### *Notifications*

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

#### INDIA

## *Terms and Conditions*

Labor Law Acknowledgement. The RSUs and the Shares underlying the RSUs, and the income and value of same, are extraordinary items that are not part of your annual gross salary.

### *Notifications*

Exchange Control Information. If you are a resident of India for exchange control purposes, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon vesting of RSUs to India within 90 days of receipt and any proceeds from the receipt of dividends within 180 days of receipt. You will receive a foreign inward remittance certificate (“FIRC”) from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India, Walmart or any Affiliate requests proof of repatriation.

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

## JAPAN

### *Notifications*

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

## LUXEMBOURG

There are no country-specific provisions.

MEXICO

*Terms and Conditions*

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

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

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

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

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

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

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

*Spanish Translation*

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

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

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

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

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

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

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

## NIGERIA

There are no country-specific provisions.

## PERU

### *Terms and Conditions*

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

### *Notifications*

Securities Law Information. The offer of the RSUs is considered a private offering in Peru; therefore, it is not subject to registration.

## SOUTH AFRICA

*Term and Conditions*

Securities Law Information and Deemed Acceptance of RSUs. Neither the RSUs nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority.

Pursuant to Section 96 of the Companies Act, the RSU offer must be finalized on or before the 60th day following the Grant Date. If you do not want to accept the RSUs, you are required to decline your RSUs no later than the 60th day following the Grant Date. If you do not reject your RSUs on or before the 60th day following the Grant Date, you will be deemed to accept the RSUs.

Tax Reporting Information. By accepting the RSUs, you agree to notify Walmart or the Employer, if different, of the amount of income realized at vesting of the RSUs. If you fail to advise Walmart or the Employer, if different, of the income at vesting, you may be liable for a fine. You will be responsible for paying any difference between the actual tax liability and the amount withheld.

*Notifications*

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

UNITED KINGDOM

*Terms and Conditions*

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

If payment or withholding of the income tax is not made within ninety (90) days of the end of the tax year in which the income tax liability arises or such other period specified in Section 222(1)(c) of the U.K. Income Tax Act (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by you to Walmart or an Affiliate, effective on the Due Date. You agree that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and Walmart or an Affiliate may recover it at any time thereafter by the means referred to in Paragraph 10 of the T&C's. Notwithstanding the foregoing, if you are a director or executive officer of Walmart (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), you shall not be eligible for a loan from Walmart or an Affiliate to cover the income tax. In the event that you are a director or an executive officer and the income tax is not collected from or paid by you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing Walmart or an Affiliate, as applicable, for the value of any national insurance contributions due on this additional benefit,

which Walmart or an Affiliate may recover from you at any time thereafter by the means referred to in Paragraph 10 of the T&C's.

UNITED STATES

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

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

<i>(Amounts in millions)</i>	January 31,				
	2016	2015	2014	2013	2012
Income from continuing operations before income taxes	\$ 21,638	\$ 24,799	\$ 24,656	\$ 25,662	\$ 24,332
Capitalized interest	(39)	(59)	(78)	(74)	(60)
Consolidated net income attributable to the noncontrolling interest	(386)	(736)	(673)	(757)	(688)
Adjusted income before income taxes	21,213	24,004	23,905	24,831	23,584
Fixed charges:					
Interest <sup>(1)</sup>	2,587	2,520	2,413	2,325	2,382
Interest component of rent	836	916	933	859	790
Total fixed charges	3,423	3,436	3,346	3,184	3,172
Income before income taxes and fixed charges	\$ 24,636	\$ 27,440	\$ 27,251	\$ 28,015	\$ 26,756
<b>Ratio of earnings to fixed charges</b>	<b>7.2</b>	<b>8.0</b>	<b>8.1</b>	<b>8.8</b>	<b>8.4</b>

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



**Five-Year Financial Summary**

Wal-Mart Stores, Inc.

	As of and for the Fiscal Years Ended January 31,				
<i>(Amounts in millions, except per share and unit count data)</i>	2016	2015	2014	2013	2012
<b>Operating results</b>					
Total revenues	\$ 482,130	\$ 485,651	\$ 476,294	\$ 468,651	\$ 446,509
Percentage change in total revenues from previous fiscal year	(0.7)%	2.0%	1.6%	5.0%	6.0%
Net sales	\$ 478,614	\$ 482,229	\$ 473,076	\$ 465,604	\$ 443,416
Percentage change in net sales from previous fiscal year	(0.7)%	1.9%	1.6%	5.0%	6.0%
Increase (decrease) in calendar comparable sales <sup>(1)</sup> in the United States	0.3%	0.5%	(0.5)%	2.4%	1.6%
Walmart U.S.	1.0%	0.6%	(0.6)%	2.0%	0.3%
Sam's Club	(3.2)%	0.0%	0.3%	4.1%	8.4%
Gross profit margin	24.6%	24.3%	24.3%	24.3%	24.5%
Operating, selling, general and administrative expenses, as a percentage of net sales	20.3%	19.4%	19.3%	19.0%	19.2%
Operating income	\$ 24,105	\$ 27,147	\$ 26,872	\$ 27,725	\$ 26,491
Income from continuing operations attributable to Walmart	14,694	16,182	15,918	16,963	15,734
Net income per common share:					
Diluted income per common share from continuing operations attributable to Walmart	\$ 4.57	\$ 4.99	\$ 4.85	\$ 5.01	\$ 4.53
Dividends declared per common share	1.96	1.92	1.88	1.59	1.46
<b>Financial position</b>					
Inventories	\$ 44,469	\$ 45,141	\$ 44,858	\$ 43,803	\$ 40,714
Property, equipment, capital lease and financing obligation assets, net	116,516	116,655	117,907	116,681	112,324
Total assets <sup>(2)</sup>	199,581	203,490	204,541	202,910	193,120
Long-term debt <sup>(2)</sup> and long-term capital lease and financing obligations (excluding amounts due within one year)	44,030	43,495	44,368	41,240	46,818
Total Walmart shareholders' equity	80,546	81,394	76,255	76,343	71,315
<b>Unit counts<sup>(3)</sup></b>					
Walmart U.S. segment	4,574	4,516	4,203	4,005	3,868
Walmart International segment	6,299	6,290	6,107	5,783	5,287
Sam's Club segment	655	647	632	620	611
Total units	11,528	11,453	10,942	10,408	9,766

(1) Comparable sales include sales from stores and clubs open for the previous 12 months, including remodels, relocations and expansions, as well as e-commerce sales. Comparable store and club sales include fuel.

(2) Total assets and long-term debt were adjusted to reflect the adoption of ASU 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost*, for all periods.

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

**Wal-Mart Stores, Inc.**  
**Form 10-K**  
**For the Fiscal Year Ended January 31, 2016**

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## 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 11,500 stores under 63 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"). 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 reportable 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 our 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, 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 has grown through acquisitions, as well as by adding retail, wholesale and other units, and 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.

This discussion, which presents our results for periods occurring in the fiscal years ended January 31, 2016 ("fiscal 2016"), January 31, 2015 ("fiscal 2015") and January 31, 2014 ("fiscal 2014") should be read in conjunction with our Consolidated Financial Statements and the accompanying notes. We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from period to period and the primary factors that accounted for those changes. We also discuss certain performance metrics that management uses to assess the Company's performance. Additionally, the discussion provides information about the financial results of 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.

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 our mobile commerce applications and fulfilled through our e-commerce distribution facilities, as well as an estimate for sales initiated online and on our mobile commerce applications, but fulfilled through our stores and clubs. Sales of a store that has changed in format are excluded from

comparable store and club sales when the conversion of that store is accompanied by a relocation or expansion that results in a change in the store's retail square feet of more than five percent. Comparable 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, we use the term "currency exchange rates" to refer 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 into U.S. dollars for financial reporting purposes. We calculate the effect of changes in currency exchange rates from the prior period to the current period as the difference between current period activity translated using the current period's currency exchange rates, and current period activity translated using 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.

### ***The Retail Industry***

We operate in the highly competitive retail industry in all of the markets we serve. We face strong sales competition from other discount, department, drug, dollar, variety and specialty stores, warehouse clubs and supermarkets, as well as e-commerce and catalog businesses. Many of these competitors are national, regional or international chains or have a national or international online presence. We compete with a number of companies for prime retail site locations, as well as in attracting and retaining quality employees (whom we call "associates"). We, along with other retail companies, are influenced by a number of factors including, but not limited to: catastrophic events, weather, competitive pressures, consumer disposable income, consumer debt levels and buying patterns, consumer credit availability, cost of goods, currency exchange rate fluctuations, customer preferences, deflation, inflation, fuel and energy prices, general economic conditions, insurance costs, interest rates, labor costs, tax rates, cybersecurity attacks and unemployment. Further information on the factors that can affect our operating results and on certain risks to our Company and an investment in its securities can be found under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 31, 2016, and in the discussion under "Cautionary Statement Regarding Forward-Looking Statements and Information" in our Annual Report on Form 10-K for the fiscal year ended January 31, 2016.

## 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 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 the long-term health of the Company including 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 at a rate that is greater than or equal to the rate of our net sales growth, and operating income may grow at a rate that is equal to or less than the rate of our net 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 our growth primarily by the amount of the period-over-period growth in our net sales and our 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

(Amounts in millions)	Fiscal Years Ended January 31,							
	2016			2015			2014	
	Net Sales	Percent of Total	Percent Change	Net Sales	Percent of Total	Percent Change	Net Sales	Percent of Total
Walmart U.S.	\$ 298,378	62.3%	3.6 %	\$ 288,049	59.8%	3.1 %	\$ 279,406	59.0%
Walmart International	123,408	25.8%	(9.4)%	136,160	28.2%	(0.3)%	136,513	28.9%
Sam's Club	56,828	11.9%	(2.1)%	58,020	12.0%	1.5 %	57,157	12.1%
<b>Net sales</b>	<b>\$ 478,614</b>	<b>100.0%</b>	<b>(0.7)%</b>	<b>\$ 482,229</b>	<b>100.0%</b>	<b>1.9 %</b>	<b>\$ 473,076</b>	<b>100.0%</b>

Our consolidated net sales decreased \$3.6 billion or 0.7% for fiscal 2016 and increased \$9.2 billion or 1.9% for fiscal 2015, when compared to the previous fiscal year. Net sales for fiscal 2016 were negatively impacted by \$17.1 billion or 3.5% as a result of fluctuations in currency exchange rates and a \$1.9 billion decrease in fuel sales primarily due to the lower selling prices of fuel at our Sam's Club segment. The negative effect of such factors was offset by 1.3% 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. The increase in net sales for fiscal 2015 was primarily due to 3.0% year-over-year growth in retail square feet, positive comparable sales in the U.S. and higher e-commerce sales across the Company. The increase was partially offset by \$5.3 billion of negative impact from fluctuations in currency exchange rates for fiscal 2015.

#### 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 fiscal 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 fiscal 2016 and 2015, were as follows:

	Fiscal Years Ended January 31,			
	2016		2015	
	With Fuel	Fuel Impact	With Fuel	Fuel Impact
Walmart U.S.	1.0%	0.6%	0.0%	0.0%
Sam's Club	(3.2)%	0.0%	(3.4)%	(0.6)%
<b>Total U.S.</b>	<b>0.3%</b>	<b>0.5%</b>	<b>(0.6)%</b>	<b>(0.1)%</b>

Comparable store and club sales in the U.S., including fuel, increased 0.3% and 0.5% in fiscal 2016 and 2015, respectively, when compared to the previous fiscal year. The fiscal 2016 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, offset to a significant degree by the negative impact of lower fuel sales primarily due to lower fuel prices at the Sam's Club segment. E-commerce sales positively impacted comparable sales approximately 0.2% and 0.6% for Walmart U.S. and Sam's Club, respectively, for fiscal 2016. The fiscal 2015 total U.S. comparable store and club sales were positively impacted by higher traffic during the end of the fiscal year. E-commerce sales positively impacted comparable sales approximately 0.3% and 0.2% for Walmart U.S. and Sam's Club, respectively, for fiscal 2015.

As we continue to add new stores and clubs in the U.S., we do so with an understanding that additional stores and clubs may take sales away from existing units. We estimate the negative impact on comparable store and club sales as a result of opening new stores and clubs was approximately 0.8% and 0.9% in fiscal 2016 and 2015, respectively. Our estimate is calculated primarily by comparing the sales trends of the impacted stores and clubs, which are identified based on their proximity to the new stores and clubs, to those of nearby non-impacted stores and clubs, in each case, as measured after the new stores and clubs are opened.

*Strategic Growth Investments*

During fiscal 2016, we made capital investments globally of \$11.5 billion. These capital investments primarily consisted of payments to add new stores and clubs, remodel existing stores and clubs, construct distribution centers and invest in technology. In addition, we made an incremental operational investment of \$296 million in e-commerce in fiscal 2016 as compared to fiscal 2015. We also made operational investments of approximately \$1.2 billion in fiscal 2016 in connection with the new associate wage structure and comprehensive associate training and educational programs announced in first quarter of fiscal 2016. These operational investments will continue into the year ending January 31, 2017 ("fiscal 2017").

## **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 15.5% and 16.9% for the fiscal years ended January 31, 2016 and 2015, respectively. The decline in ROI was primarily due to our decrease in operating income, as well as continued capital investments.

We define ROI as adjusted operating income (operating income plus interest income, depreciation and amortization, and rent expense) for the fiscal year 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 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 financial measure calculated and presented in accordance with generally accepted accounting principles in the U.S. ("GAAP"). 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 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. Because of the adjustments mentioned above, we believe ROI more accurately measures how we are deploying our key assets and is more meaningful to investors than ROA.

Although ROI is a standard financial 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.

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

<i>(Amounts in millions)</i>	<b>Fiscal Years Ended January 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>CALCULATION OF RETURN ON INVESTMENT</b>		
<b>Numerator</b>		
Operating income	\$ 24,105	\$ 27,147
+ Interest income	81	113
+ Depreciation and amortization	9,454	9,173
+ Rent	2,532	2,777
= Adjusted operating income	<u>\$ 36,172</u>	<u>\$ 39,210</u>
<b>Denominator</b>		
Average total assets of continuing operations <sup>(1)</sup>	\$ 201,536	\$ 203,786
+ Average accumulated depreciation and amortization <sup>(1)</sup>	68,759	63,375
- Average accounts payable <sup>(1)</sup>	38,449	37,913
- Average accrued liabilities <sup>(1)</sup>	19,380	18,973
+ Rent x 8	20,256	22,216
= Average invested capital	<u>\$ 232,722</u>	<u>\$ 232,491</u>
<b>Return on investment (ROI)</b>	<u>15.5%</u>	<u>16.9%</u>
<b>CALCULATION OF RETURN ON ASSETS</b>		
<b>Numerator</b>		
Income from continuing operations	\$ 15,080	\$ 16,814
<b>Denominator</b>		
Average total assets of continuing operations <sup>(1)</sup>	\$ 201,536	\$ 203,786
<b>Return on assets (ROA)</b>	<u>7.5%</u>	<u>8.2%</u>

	<b>As of January 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Certain Balance Sheet Data</b>			
Total assets of continuing operations <sup>(2)</sup>	\$ 199,581	\$ 203,490	\$ 204,081
Accumulated depreciation and amortization	71,538	65,979	60,771
Accounts payable	38,487	38,410	37,415
Accrued liabilities	19,607	19,152	18,793

(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.

(2) Total assets of continuing operations were adjusted to reflect the adoption of ASU 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost*, for all periods.



*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 \$15.9 billion, \$16.4 billion and \$10.1 billion for fiscal 2016, 2015 and 2014, respectively. The decrease in free cash flow in fiscal 2016 from fiscal 2015 was primarily due to lower income from continuing operations, partially offset by lower capital spending and improved working capital management.

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

Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Walmart's management to calculate our free cash flow may differ from the methods used by other companies to calculate their free cash flow.

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, which we believe to be the GAAP financial measure most directly comparable to free cash flow, as well as information regarding net cash used in investing activities and net cash used in financing activities.

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
Net cash provided by operating activities	\$ 27,389	\$ 28,564	\$ 23,257
Payments for property and equipment	(11,477)	(12,174)	(13,115)
<b>Free cash flow</b>	<b>\$ 15,912</b>	<b>\$ 16,390</b>	<b>\$ 10,142</b>
Net cash used in investing activities <sup>(1)</sup>	\$ (10,675)	\$ (11,125)	\$ (12,526)
Net cash used in financing activities	(16,122)	(15,071)	(10,789)

(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**

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions, except unit counts)</i>			
Total revenues	\$ 482,130	\$ 485,651	\$ 476,294
Percentage change from comparable period	(0.7)%	2.0%	1.6%
Net sales	\$ 478,614	\$ 482,229	\$ 473,076
Percentage change from comparable period	(0.7)%	1.9%	1.6%
Total U.S. calendar comparable store and club sales increase (decrease)	0.3%	0.5%	(0.5)%
Gross profit rate	24.6%	24.3%	24.3%
Operating income	\$ 24,105	\$ 27,147	\$ 26,872
Operating income as a percentage of net sales	5.0%	5.6%	5.7%
Income from continuing operations	\$ 15,080	\$ 16,814	\$ 16,551
Unit counts at period end	11,528	11,453	10,942
Retail square feet at period end	1,149	1,135	1,101

Our total revenues, which are mostly comprised of net sales, but also include membership and other income, decreased 0.7% for fiscal 2016 and increased 2.0% for fiscal 2015 when compared to the previous fiscal year. Net sales decreased 0.7% for fiscal 2016 and increased 1.9% for fiscal 2015 when compared to the previous fiscal year. For fiscal 2016, net sales were negatively impacted by \$17.1 billion as a result of fluctuations in currency exchange rates and a decrease of \$1.9 billion in fuel sales that resulted primarily from lower selling prices for fuel at our Sam's Club segment. The negative effect of such factors on our consolidated net sales was partially offset by the 1.3% 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. For fiscal 2015, the increase in net sales was primarily due to 3.0% year-over-year growth in retail square feet, positive comparable sales in the U.S. and higher e-commerce sales across the Company. The increase was partially offset by \$5.3 billion of negative impact from fluctuations in currency exchange rates for fiscal 2015.

Our gross profit rate increased 29 basis points for fiscal 2016 when compared to fiscal 2015. Improved margins in food, general merchandise, and consumables in the Walmart U.S. segment positively impacted our gross profit rate. Changes in the merchandise mix in the Walmart International segment and a reduction in low margin fuel sales in the Sam's Club segment also positively impacted our gross profit rate, while continued pharmacy reimbursement pressure at the Walmart U.S. segment negatively impacted our gross profit rate. Our gross profit rate was relatively flat in fiscal 2015 when compared to fiscal 2014.

Operating expenses as a percentage of net sales increased 91 and 6 basis points for fiscal 2016 and 2015, respectively, when compared to the previous fiscal year. For fiscal 2016, the increase in operating expenses as a percentage of net sales was primarily due to 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, the approximately \$0.9 billion charge for the store closures announced in January 2016 and our continued investments in digital retail and information technology. For fiscal 2015, the increase in operating expenses as a percentage of net sales was due to our continued investments in digital retail and higher health-care expenses in the U.S. from increased enrollment in our associate health-care plans and medical cost inflation, the \$249 million impact of wage and hour litigation in the U.S., as well as expenses of \$148 million related to the closure of approximately 30 underperforming stores in Japan. The impact of these factors in the increase of operating expenses as a percentage of net sales for fiscal 2015 was partially offset by nearly \$1.0 billion of aggregated expenses incurred in fiscal 2014.

Our effective income tax rate was 30.3%, 32.2% and 32.9% for fiscal 2016, 2015 and 2014, respectively. Our effective tax rate fluctuates from period to period and may be impacted by a number of factors, including changes in our assessment of certain tax contingencies, valuation allowances, changes in laws, outcomes of administrative audits, the impacts of discrete items and the mix of earnings among our U.S. and international operations. The reconciliation from the U.S. statutory rate to the effective income tax rates for fiscal 2016, 2015 and 2014 is presented in Note 9 in the "Notes to Consolidated Financial Statements."

As a result of the factors discussed above, we reported \$15.1 billion, \$16.8 billion and \$16.6 billion of consolidated income from continuing operations for fiscal 2016, 2015 and 2014, respectively; a decrease of \$1.7 billion for fiscal 2016 and an increase of \$263 million for fiscal 2015 when compared to the previous fiscal year. Diluted income from continuing operations per common share attributable to Walmart ("EPS") was \$4.57, \$4.99 and \$4.85 for fiscal 2016, 2015 and 2014, respectively.

**Walmart U.S. Segment**

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions, except unit counts)</i>			
Net sales	\$ 298,378	\$ 288,049	\$ 279,406
Percentage change from comparable period	3.6%	3.1%	1.8 %
Calendar comparable store sales increase	1.0%	0.6%	(0.6)%
Operating income	\$ 19,087	\$ 21,336	\$ 21,787
Operating income as a percentage of net sales	6.4%	7.4%	7.8 %
Unit counts at period end	4,574	4,516	4,203
Retail square feet at period end	690	680	659

Net sales for the Walmart U.S. segment increased 3.6% and 3.1% for fiscal 2016 and 2015, respectively, when compared to the previous fiscal year. The increases in net sales were primarily due to year-over-year growth in retail square feet of 1.4% and 3.2% for fiscal 2016 and 2015, respectively, as well as increases in comparable store sales of 1.0% and 0.6% for fiscal 2016 and 2015, respectively. Positive customer traffic and higher e-commerce sales contributed to the increases in comparable store sales in both periods.

The fiscal 2016 gross profit rate increased 12 basis points compared to the previous fiscal year, primarily due to improved margin in food, general merchandise, and consumables, partially offset by continued pharmacy reimbursement pressure. The fiscal 2015 gross profit rate decreased 12 basis points when compared to the previous fiscal year, primarily due to the result of the segment's strategic focus on price investment, pharmacy cost inflation, reductions in third-party reimbursement rates and changes in merchandise mix.

Operating expenses as a percentage of segment net sales increased 113 and 24 basis points for fiscal 2016 and 2015, respectively, when compared to the previous fiscal year. For fiscal 2016, the increase was primarily driven by an increase in wage expense due to the new associate wage structure and increased associate hours. Enhancements to the customer-facing areas of the store to improve the overall customer experience drove the increase in associate hours as well as increased maintenance expenses. In addition, the approximately \$700 million charge for the closures of 150 stores announced in January 2016, an increase in store associate incentive expense and our continued investments in digital retail and information technology contributed to the fiscal 2016 increase in operating expenses as a percentage of segment net sales. For fiscal 2015, the increase in operating expenses as a percentage of segment net sales was primarily driven by higher health-care expenses from increased enrollment in our associate health-care plans and medical cost inflation. In addition, expenses from severe winter storms early in fiscal 2015 contributed to the increase in operating expenses as a percentage of segment net sales.

As a result of the factors discussed above, segment operating income was \$19.1 billion, \$21.3 billion and \$21.8 billion during fiscal 2016, 2015 and 2014, respectively.

**Walmart International Segment**

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions, except unit counts)</i>			
Net sales	\$ 123,408	\$ 136,160	\$ 136,513
Percentage change from comparable period	(9.4)%	(0.3)%	1.3%
Operating income	\$ 5,346	\$ 6,171	\$ 5,153
Operating income as a percentage of net sales	4.3 %	4.5 %	3.8%
Unit counts at period end	6,299	6,290	6,107
Retail square feet at period end	372	368	358

Net sales for the Walmart International segment decreased 9.4% and 0.3% for fiscal 2016 and 2015, respectively, when compared to the previous fiscal year. For fiscal 2016, the decrease in net sales was primarily due to the \$17.1 billion of negative impact from fluctuations in currency exchange rates and negative comparable sales in the U.K. and China, partially offset by year-over-year growth in retail square feet of 1.2% and positive comparable sales in Mexico and Canada. For fiscal 2015, the decrease in net sales was primarily due to \$5.3 billion of negative impact from fluctuations in currency exchange rates, partially offset by year-over-year growth in retail square feet of 2.6% and higher e-commerce sales in each country with e-commerce operations, particularly in the United Kingdom, China and Brazil.

Gross profit rate increased 23 and 12 basis points for fiscal 2016 and 2015, respectively, when compared to the same periods in the previous fiscal year. The fiscal 2016 and 2015 increases in gross profit rate were primarily due to changes in the merchandise mix in certain markets.

Operating expenses as a percentage of segment net sales increased 44 basis points for fiscal 2016, when compared to the previous fiscal year. The increase in operating expenses as a percentage of segment net sales for fiscal 2016 was primarily driven by the approximately \$150 million charge for the announced closure of 115 underperforming stores in Brazil and other Latin American markets in January 2016, increased employment claim contingencies and higher utility rates in Brazil and continued investments in digital retail and information technology.

Operating expenses as a percentage of segment net sales decreased 51 basis points for fiscal 2015 when compared to the previous fiscal year due to the nearly \$1.0 billion of aggregated expenses incurred in fiscal 2014, including charges for contingencies in Brazil, store closure costs in China and Brazil, store lease expenses in China and Mexico and expenses for the termination of the joint venture in India, partially offset by fiscal 2015 expenses of \$148 million related to the closure of approximately 30 underperforming stores in Japan.

As a result of the factors discussed above, segment operating income was \$5.3 billion, \$6.2 billion and \$5.2 billion for fiscal 2016, 2015 and 2014, respectively. Fluctuations in currency exchange rates negatively impacted operating income \$765 million, \$225 million and \$26 million in fiscal 2016, 2015 and 2014, respectively.

**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.

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions, except unit counts)</i>			
<b>Including Fuel</b>			
Net sales	\$ 56,828	\$ 58,020	\$ 57,157
Percentage change from comparable period	(2.1)%	1.5%	1.3%
Calendar comparable club sales increase (decrease)	(3.2)%	0.0%	0.3%
Operating income	\$ 1,820	\$ 1,976	\$ 1,843
Operating income as a percentage of net sales	3.2 %	3.4%	3.2%
Unit counts at period end	655	647	632
Retail square feet at period end	88	87	84
<b>Excluding Fuel</b>			
Net sales	\$ 52,330	\$ 51,630	\$ 50,574
Percentage change from comparable period	1.4 %	2.1%	1.6%
Operating income	\$ 1,746	\$ 1,854	\$ 1,817
Operating income as a percentage of net sales	3.3 %	3.6%	3.6%

Net sales for the Sam's Club segment decreased 2.1% for fiscal 2016 and increased 1.5% for fiscal 2015 when compared to the previous fiscal year. The fiscal 2016 decrease in net sales was primarily due to declines in comparable club sales, which were driven by a decrease of \$1.9 billion in fuel sales that resulted primarily from lower selling prices for fuel. The decrease in net sales was partially offset by year-over-year growth in retail square feet of 1.2% and higher e-commerce sales at samsclub.com. The fiscal 2015 increase in net sales was primarily due to year-over-year growth in retail square feet of 2.5%, driven by the addition of 15 new clubs, partially offset by a decrease in fuel sales from lower fuel prices. Comparable club sales were flat for fiscal 2015.

Gross profit rate increased 30 basis points for fiscal 2016 and decreased 12 basis points for fiscal 2015, when compared to the previous fiscal year. For fiscal 2016, the increase was primarily due to the reduction in low margin fuel sales and lower merchandise acquisition costs, partially offset by the segment's continued investment in the Cash Rewards program. For fiscal 2015, the gross profit rate decreased primarily due to the segment's investment in the Cash Rewards program, changes in merchandise mix, and commodity cost inflation, partially offset by an increased gross profit rate on fuel sales.

Membership and other income increased 5.3% and 7.7% for fiscal 2016 and 2015, respectively, when compared to the previous fiscal year. For fiscal 2016, the increase was primarily the result of increased membership upgrades and Plus Member renewals. For fiscal 2015, the increase was primarily the result of increased membership upgrades, Plus Member renewals and an increase in members from the opening of 15 new clubs.

Operating expenses as a percentage of segment net sales increased 67 basis points for fiscal 2016 and decreased 16 basis points for fiscal 2015, when compared to the previous fiscal year. For fiscal 2016, the increase in operating expenses as a percentage of segment net sales was primarily due to lower fuel sales, an increase in wage expense due to the new associate wage structure, our continued investments in new clubs, digital retail and information technology, and the approximately \$60 million charge for club closures announced in January 2016. For fiscal 2015, the decrease in operating expenses as a percentage of segment net sales was primarily due to better expense management in a number of areas, including the optimization of the new in-club staffing structure announced in fiscal 2014, which resulted in decreases in wage expense and payroll taxes.

As a result of the factors discussed above, segment operating income was \$1.8 billion, \$2.0 billion and \$1.8 billion for fiscal 2016, 2015 and 2014, respectively.

**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**

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
Net cash provided by operating activities	\$ 27,389	\$ 28,564	\$ 23,257

Net cash provided by operating activities was \$27.4 billion, \$28.6 billion and \$23.3 billion for fiscal 2016, 2015 and 2014, respectively. The decrease in net cash provided by operating activities for fiscal 2016, when compared to the previous fiscal year, was primarily due to lower income from continuing operations, partially offset by improved working capital management. The increase in net cash provided by operating activities for fiscal 2015, when compared to the previous fiscal year, was primarily due to the timing of payments for accounts payable and accrued liabilities, as well as the timing of income tax payments.

In fiscal 2017, the Company will move forward with the second year of our new associate wage structure combined with comprehensive associate training and educational programs which was announced in fiscal 2016. We anticipate cash flows provided by operating activities will be sufficient to fund these programs in fiscal 2017 and future years.

**Cash Equivalents and Working Capital**

Cash and cash equivalents were \$8.7 billion and \$9.1 billion at January 31, 2016 and 2015, respectively. Our working capital deficit was \$4.4 billion and \$2.0 billion at January 31, 2016 and 2015, respectively. The increase in our working capital deficit reflects the Company's efficient leverage achieved through improved working capital management, in addition to the timing of payments. 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 earnings 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 earnings 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. We do not expect local laws, other limitations or potential taxes on anticipated future repatriations of earnings held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations.

As of January 31, 2016 and January 31, 2015, cash and cash equivalents of approximately \$1.1 billion and \$1.7 billion, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions.

**Net Cash Used in Investing Activities**

<i>(Amounts in millions)</i>	As of January 31,		
	2016	2015	2014
Net cash used in investing activities	\$ (10,675)	\$ (11,125)	\$ (12,526)

Net cash used in investing activities was \$10.7 billion, \$11.1 billion and \$12.5 billion for fiscal 2016, 2015 and 2014, respectively, and generally consisted of payments to add stores and clubs, remodel existing stores and clubs, expand our digital retail capabilities and invest in other technologies. For fiscal 2016, we opened 423 new stores and clubs. Net cash used in investing activities decreased \$450 million and \$1.4 billion for fiscal 2016 and 2015, respectively, when compared to the previous fiscal year, primarily due to lower capital expenditures. The following table provides additional capital expenditure detail:

<i>(Amounts in millions)</i>	Allocation of Capital Expenditures Fiscal Years Ending January 31,	
	2016	2015
<b>Capital Expenditures</b>		
New stores and clubs, including expansions and relocations	\$ 3,194	\$ 4,128
Information systems, distribution, digital retail and other	3,963	3,288
Remodels	1,390	822
<b>Total U.S.</b>	8,547	8,238
Walmart International	2,930	3,936
<b>Total capital expenditures</b>	\$ 11,477	\$ 12,174

Cash proceeds of \$671 million received from the sale of the Vips restaurant business in Mexico ("Vips") on May 12, 2014, which is further described in Note 13 to our Consolidated Financial Statements, also reduced net cash used in investing activities in fiscal 2015.

We continued to focus on seamlessly integrating the digital and physical shopping experience for our customers and expanding in digital retail in each of our segments during fiscal 2016. Some of our fiscal 2016 accomplishments in this area were to successfully launch "Walmart Pay," grow integrated mobile applications and services including "Online Grocery" and "Pickup Today," continue to roll out our new web platform in the U.S. and open new e-commerce dedicated fulfillment centers.

#### *Growth Activities*

In fiscal 2017, we plan to add between 342 and 405 new stores and clubs, which will include a continued investment in Neighborhood Markets and a moderation of Supercenter growth in the U.S. compared to recent fiscal years. In addition, we plan to continue the growth of our digital retail capabilities by investing approximately \$1.1 billion in e-commerce websites and mobile commerce applications that will include technology, infrastructure and other elements of our e-commerce operations to better serve our customers and support our stores and clubs. We anticipate financing these growth activities through cash flows provided by operating activities and future debt financings.

The following table provides our projected fiscal 2017 capital expenditures. Our anticipated digital retail expenditures are included in our projected fiscal 2017 capital expenditures. The amounts in the table do not include capital expenditures or growth in retail square feet from any pending or future acquisitions.

	Approximate Fiscal 2017 Projected Capital Expenditures (in billions)	
Walmart U.S.	\$	6.2
Walmart International		3.0
Sam's Club		0.8
Corporate and support		1.0
<b>Total</b>	\$	11.0

#### *Net Cash Used in Financing Activities*

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
Net cash used in financing activities	\$ (16,122)	\$ (15,071)	\$ (10,789)

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 increased \$1.1 billion and \$4.3 billion for fiscal 2016 and fiscal 2015, respectively, when compared to the same period in the previous fiscal year.

#### *Short-term Borrowings*

Net cash flows provided by short-term borrowings increased \$1.2 billion in fiscal 2016 and decreased \$6.3 billion in fiscal 2015, when compared to the balance at the end of the previous fiscal year. We generally utilize the liquidity provided by short-term borrowings to provide funding for our operations, dividend payments, share repurchases, capital expenditures and other cash requirements. For fiscal 2016, the increase in net cash flows provided by short-term borrowings partially offset a larger \$2.0 billion decrease in long-term debt due within one year. For fiscal 2015, more cash provided from operating activities combined with less cash used for share repurchases and capital expenditures during fiscal 2015 allowed us to minimize our

short-term borrowings as of January 31, 2015. In addition to our short-term borrowings, we also have various undrawn committed lines of credit that provide \$15.0 billion of additional liquidity, if needed.

*Long-term Debt*

The following table provides the changes in our long-term debt for fiscal 2016:

<i>(Amounts in millions)</i>	<b>Long-term debt due within one year</b>	<b>Long-term debt</b>	<b>Total</b>
<b>Balances as of February 1, 2015</b>	\$ 4,791	\$ 40,889	\$ 45,680
Proceeds from issuance of long-term debt	—	39	39
Payments of long-term debt	(4,432)	—	(4,432)
Reclassifications of long-term debt	2,000	(2,000)	—
Other	386	(714)	(328)
<b>Balances as of January 31, 2016</b>	<b>\$ 2,745</b>	<b>\$ 38,214</b>	<b>\$ 40,959</b>

Our total outstanding long-term debt balance decreased \$4.7 billion for the twelve months ended January 31, 2016, primarily due to no significant new long-term debt issuances in the current year offset by maturities of existing long-term debt.

*Dividends*

Our total dividend payments were \$6.3 billion, \$6.2 billion and \$6.1 billion for fiscal 2016, 2015 and 2014, respectively. On February 18, 2016, the Board of Directors approved the fiscal 2017 annual dividend of \$2.00 per share, an increase over the fiscal 2016 annual dividend of \$1.96 per share. For fiscal 2017, the annual dividend will be paid in four quarterly installments of \$0.50 per share, according to the following record and payable dates:

<b>Record Date</b>	<b>Payable Date</b>
March 11, 2016	April 4, 2016
May 13, 2016	June 6, 2016
August 12, 2016	September 6, 2016
December 9, 2016	January 3, 2017

*Company Share Repurchase Program*

From time to time, we repurchase shares of our common stock under share repurchase programs authorized by the Company's Board of Directors. On October 13, 2015, the Board of Directors replaced the previous \$15.0 billion share repurchase program, which had \$8.6 billion of remaining authorization for share repurchases as of that date, with a new \$20.0 billion share repurchase program. As was the case with the replaced share repurchase program, the new share repurchase program has no expiration date or other restrictions limiting the period over which we can make share repurchases. At January 31, 2016, authorization for \$17.5 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 intends to utilize the current share repurchase authorization through the fiscal year ending January 31, 2018.

We regularly review share repurchase activity and consider several factors in determining when to execute share repurchases, including, among other things, current cash needs, capacity for leverage, cost of borrowings, our results of operations and the market price of our common stock. We anticipate that a significant majority of the ongoing share repurchase program will be funded through the Company's free cash flows. The following table provides, on a settlement date basis, the number of shares repurchased, average price paid per share and total amount paid for share repurchases for fiscal 2016, 2015 and 2014:

<i>(Amounts in millions, except per share data)</i>	<b>Fiscal Years Ended January 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total number of shares repurchased	62.4	13.4	89.1
Average price paid per share	\$ 65.90	\$ 75.82	\$ 74.99
Total amount paid for share repurchases	\$ 4,112	\$ 1,015	\$ 6,683

Share repurchases increased \$3.1 billion for fiscal 2016 and decreased \$5.7 billion for fiscal 2015, respectively, when compared to the previous fiscal year. For fiscal 2016, the increase in share repurchases resulted from our intention to utilize the current share repurchase authorization over the next two years. For fiscal 2015, the decrease was a result of cash needs, reduced leverage and increased cash used in transactions with noncontrolling interests described further below.



*Significant Transactions with Noncontrolling Interests*

As described in Note 13 to our Consolidated 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 and during fiscal 2015, we completed the purchase of substantially all of the remaining noncontrolling interest in Walmart Chile for approximately \$1.5 billion, 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 January 31, 2016, the ratings assigned to our commercial paper and rated series of our outstanding long-term debt were as follows:

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

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

## Contractual Obligations and Other Commercial Commitments

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

(Amounts in millions)	Total	Payments Due During Fiscal Years Ending January 31,			
		2017	2018-2019	2020-2021	Thereafter
<b>Recorded contractual obligations:</b>					
Long-term debt <sup>(1)</sup>	\$ 40,959	\$ 2,745	\$ 5,016	\$ 3,850	\$ 29,348
Short-term borrowings	2,708	2,708	—	—	—
Capital lease and financing obligations <sup>(2)</sup>	8,655	815	1,468	1,279	5,093
<b>Unrecorded contractual obligations:</b>					
Non-cancelable operating leases	21,505	2,057	3,783	3,227	12,438
Estimated interest on long-term debt	30,391	1,806	3,445	3,129	22,011
Trade letters of credit	2,709	2,709	—	—	—
Stand-by letters of credit	1,813	1,813	—	—	—
Purchase obligations	14,099	6,830	5,527	1,549	193
<b>Total commercial commitments</b>	<b>\$ 122,839</b>	<b>\$ 21,483</b>	<b>\$ 19,239</b>	<b>\$ 13,034</b>	<b>\$ 69,083</b>

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

(2) "Capital lease and financing obligations" includes executory costs and imputed interest related to capital lease and financing obligations that are not yet recorded. Refer to Note 11 in the "Notes to the Consolidated Financial Statements" for more information.

Additionally, the Company has \$15.0 billion in undrawn committed lines of credit which, if drawn upon, would be included in the current liabilities section of the Company's Consolidated Balance Sheets.

Estimated interest payments are based on our principal amounts and expected maturities of all debt outstanding at January 31, 2016, and management's forecasted market rates for our variable rate debt.

Purchase obligations include legally binding contracts, such as firm commitments for inventory and utility purchases, as well as commitments to make capital expenditures, software acquisition and license commitments and legally binding service contracts. Purchase orders for inventory and other services are not included in the table above. Purchase orders represent authorizations to purchase rather than binding agreements. For the purposes of this table, contractual obligations for the purchase of goods or services are defined as agreements that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our purchase orders are based on our current inventory needs and are fulfilled by our suppliers within short time periods. We also enter into contracts for outsourced services; however, the obligations under these contracts are not significant and the contracts generally contain clauses allowing for cancellation without significant penalty.

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

In addition to the amounts shown in the table above, \$607 million of unrecognized tax benefits are considered uncertain tax positions and have been recorded as liabilities. The timing of the payment, if any, associated with these liabilities is uncertain. Refer to Note 9 in the "Notes to Consolidated Financial Statements" for additional discussion of unrecognized tax benefits.

### Off Balance Sheet Arrangements

In addition to the unrecorded contractual obligations presented above, we have entered into certain arrangements, as discussed below, for which the timing of payment, if any, is unknown.

The Company has future lease commitments for land and buildings for approximately 215 future locations. These lease commitments have lease terms ranging from 10 to 30 years and provide for certain minimum rentals. If leases for all of those future locations had been executed as of February 1, 2016, payments under operating leases would increase by \$34 million for fiscal 2017, based on current estimates.

In connection with certain long-term debt issuances, we could be liable for early termination payments if certain unlikely events were to occur. At January 31, 2016, the aggregate termination payment would have been \$44 million. The arrangement pursuant to which this payment could be made will expire in fiscal 2019.

**Market Risk**

In addition to the risks inherent in our operations, we are exposed to certain market risks, including changes in interest rates and fluctuations in currency exchange rates.

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

*Interest Rate Risk*

We are exposed to changes in interest rates as a result of our short-term borrowings and long-term debt issuances. We hedge a portion of our interest rate risk by managing the mix of fixed and variable rate debt and by entering into interest rate swaps. For fiscal 2016, the net fair value of our interest rate swaps increased approximately \$162 million primarily due to additional interest rate swaps acquired in fiscal 2016 and fluctuations in market interest rates.

The table below provides information about our financial instruments that are sensitive to changes in interest rates. For debt obligations, the table represents the principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table represents the contractual cash flows and weighted-average interest rates by the contractual maturity date, unless otherwise noted. The notional amounts are used to calculate contractual cash flows to be exchanged under the contracts. The weighted-average variable rates are based upon prevailing market rates at January 31, 2016.

<i>(Amounts in millions)</i>	Expected Maturity Date							Total
	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Thereafter		
<b>Liabilities</b>								
<b>Short-term borrowings:</b>								
Variable rate	\$ 2,708	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,708
Weighted-average interest rate	1.5%	—%	—%	—%	—%	—%	—%	1.5%
<b>Long-term debt<sup>(1)</sup>:</b>								
Fixed rate	\$ 2,032	\$ 1,518	\$ 3,502	\$ 484	\$ 3,351	\$ 29,353	\$ —	\$ 40,240
Weighted-average interest rate	1.9%	4.1%	3.1%	4.3%	3.4%	5.0%	—%	4.5%
Variable rate	719	—	—	—	—	—	—	\$ 719
Weighted-average interest rate	5.2%	—%	—%	—%	—%	—%	—%	5.2%
<b>Interest rate derivatives</b>								
<b>Interest rate swaps:</b>								
Fixed to variable	\$ —	\$ —	\$ —	\$ —	\$ 1,500	\$ 3,500	\$ —	\$ 5,000
Weighted-average pay rate	—%	—%	—%	—%	2.0%	1.5%	—%	1.6%
Weighted-average receive rate	—%	—%	—%	—%	3.3%	3.0%	—%	3.1%

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

As of January 31, 2016, our variable rate borrowings, including the effect of our commercial paper and interest rate swaps, represented 19% of our total short-term and long-term debt. Based on January 31, 2016 debt levels, a 100 basis point change in prevailing market rates would cause our annual interest costs to change by approximately \$79 million.

*Foreign Currency Risk*

We are exposed to fluctuations in foreign currency exchange rates as a result of our net investments and operations in countries other than the U.S. For fiscal 2016, movements in currency exchange rates and the related impact on the translation of the balance sheets of the Company's subsidiaries in Canada, the United Kingdom, Japan, Mexico and Chile were the primary cause of the \$4.7 billion net loss in the currency translation and other category of accumulated other comprehensive income (loss). We hedge a portion of our foreign currency risk by entering into currency swaps and designating certain foreign-currency-denominated long-term debt as net investment hedges.

We hold currency swaps to hedge the currency exchange component of our net investments and also to hedge the currency exchange rate fluctuation exposure associated with the forecasted payments of principal and interest of non-U.S. denominated debt. The aggregate fair value of these swaps was in a liability position of \$290 million at January 31, 2016 and in a liability position of \$110 million at January 31, 2015. The change in the fair value of these swaps was due to fluctuations in currency exchange rates, primarily the strengthening of the U.S. dollar relative to other currencies in fiscal 2016. A hypothetical 10% increase or decrease in the currency exchange rates underlying these swaps from the market rate at January 31, 2016 would have resulted in a loss or gain in the value of the swaps of \$445 million. A hypothetical 10% change in interest rates underlying these swaps from the market rates in effect at January 31, 2016 would have resulted in a loss or gain in value of the swaps of \$14 million.

In addition to currency swaps, we have designated foreign-currency-denominated long-term debt as nonderivative hedges of net investments of certain of our foreign operations. At January 31, 2016 and 2015, we had £2.5 billion of outstanding long-term debt designated as a hedge of our net investment in the United Kingdom. At January 31, 2016, a hypothetical 10% increase or decrease in the value of the U.S. dollar relative to the British pound would have resulted in a gain or loss in the value of the debt of \$324 million. In addition, we had outstanding long-term debt of ¥10 billion at January 31, 2016 and ¥100 billion at January 31, 2015, that was designated as a hedge of our net investment in Japan. At January 31, 2016, a hypothetical 10% increase or decrease in value of the U.S. dollar relative to the Japanese yen would have resulted in a gain or loss in the value of the debt of \$8 million.

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

**Other Matters**

We discuss our existing FCPA investigation and related matters in the Annual Report on Form 10-K for fiscal 2016, including certain risks arising therefrom, in Part I, Item 1A of the Form 10-K under the caption "Risk Factors" and under the sub-caption "FCPA Investigation and Related Matters" in Note 10 to our Consolidated Financial Statements, which is captioned "Contingencies," and appears elsewhere herein. We also discuss various legal proceedings related to the FCPA investigation in Item 3 of the Form 10-K under the caption "Part I, Item 3. Legal Proceedings," under the sub-caption "II. Certain Other Proceedings." We discuss the "equal value" claims against our United Kingdom subsidiary, ASDA Stores, Ltd., in the Annual Report on Form 10-K for fiscal 2016, including certain risks arising therefrom, in Part I, Item 1A of the Form 10-K under the caption "Risk Factors" and under the sub-caption "Legal Proceedings" in Note 10 to our Consolidated Financial Statements, which is captioned "Contingencies," and appears elsewhere herein.

## **Summary of Critical Accounting Estimates**

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

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

### ***Inventories***

We value inventories at the lower of cost or market as determined primarily by the retail 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 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.

Under the retail method of accounting, inventory is valued at the lower of cost or market, which is determined by applying a cost-to-retail ratio to each merchandise grouping's retail value. The FIFO cost-to-retail ratio is generally based on the fiscal year purchase activity. The cost-to-retail ratio for measuring any LIFO provision is based on the initial margin of the fiscal year purchase activity less the impact of any permanent markdowns. The retail method of accounting requires management to make certain judgments and estimates that may significantly impact the ending inventory valuation at cost, as well as the amount of gross profit recognized. Judgments made include recording markdowns used to sell inventory and shrinkage. When management determines the ability to sell inventory has diminished, markdowns for clearance activity and the related cost impact are recorded. Factors considered in the determination of markdowns include current and anticipated demand, customer preferences and age of merchandise, as well as seasonal and fashion trends. Changes in weather and customer preferences could cause material changes in the amount and timing of markdowns from year to year.

When necessary, we record a LIFO provision for the estimated annual effect of inflation, and these estimates are adjusted to actual results determined at year-end. Our LIFO provision is calculated based on inventory levels, markup rates and internally generated retail price indices. At January 31, 2016 and 2015, our inventories valued at LIFO approximated those inventories as if they were valued at FIFO.

We provide for estimated inventory losses, or shrinkage, between physical inventory counts on the basis of a historical percentage of sales. Following annual inventory counts, the provision is adjusted to reflect updated historical results.

### ***Impairment of Assets***

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

Goodwill and other indefinite-lived acquired intangible assets are not amortized, but are evaluated for impairment annually or whenever events or changes in circumstances indicate that the value of a certain asset may be impaired. Generally, this evaluation begins with a qualitative assessment to determine whether a quantitative impairment test is necessary. If we determine, after performing an assessment based on the qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, or that a fair value of the reporting unit substantially in excess of the carrying amount cannot be assured, then a quantitative impairment test would be performed. The quantitative test for impairment requires management to make judgments relating to future cash flows, growth rates and economic and market conditions. These evaluations are based on determining the fair value of a reporting unit or asset using a valuation method such as discounted cash flow or a relative, market-based approach. Historically, our reporting units have generated sufficient returns to recover the cost of goodwill and other indefinite-lived acquired intangible assets. Because of the nature of the factors used in these tests, if different conditions occur in future periods, future operating results could be materially impacted.

As of January 31, 2016, the fair value of certain indefinite-lived intangible assets held in our International segment exceeded its carrying value of \$398 million by approximately 5%. Management will continue to monitor the fair value of these assets in future periods.

### ***Income Taxes***

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

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

Deferred tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent that a portion is not more likely than not to be realized. Many factors are considered when assessing whether it is more likely than not that the deferred tax assets will be realized, including recent cumulative earnings, expectations of future taxable income, carryforward periods and other relevant quantitative and qualitative factors. The recoverability of the deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. This evaluation relies heavily on estimates.

### Cautionary Statement Regarding Forward-Looking Statements

This Annual Report to Shareholders contains statements that we believe are "forward-looking statements" entitled to the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended.

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

- the growth of our business or change in our competitive position in the future or in or over particular periods;
- the amount, number, growth or increase, in or over certain periods, of or in certain financial items or measures or operating measures, including net sales, comparable store and club sales, liabilities, expenses of certain categories, returns, capital and operating investments or expenditures of particular types, new store openings, or investments in particular formats;
- investments we will make and how certain of those investments are expected to be financed;
- volatility in currency exchange rates and fuel prices affecting our or one of our segments' results of operations;
- the Company continuing to provide returns to shareholders through share repurchases and dividends, the use of share repurchase authorization over a certain period or the source of funding of a certain portion of our share repurchases;
- our sources of liquidity, including our cash, continuing to be adequate or sufficient to fund and finance our operations, expansion activities, dividends and share repurchases, to meet our cash needs and to fund our domestic operations without repatriating earnings we hold outside of the U.S.;
- our intention to reinvest the earnings we hold outside of the U.S. in our foreign operations and certain laws, other limitations and potential taxes on anticipated future repatriations of such earnings not materially affecting our liquidity, financial condition or results of operations;
- the insignificance of ineffective hedges and reclassification of amounts related to our derivatives;
- the realization of certain net deferred tax assets and the effects of resolutions of tax-related matters;
- the effect of adverse decisions in, or settlement of, litigation to which we are subject and the effect of an FCPA-investigation on our business; or
- the effect on the Company's results of operations or financial condition of the Company's adoption of certain new, or amendments to existing, accounting standards.

Statement of our plans, objectives and goals in this Annual Report to Shareholders, including our priority of the growth of the Company being balanced by the long-term health of the Company, including returns, are also forward-looking statements.

The forward-looking statements described above are identified by the use in such statements of words or phrases such as "aim," "anticipate," "could be," "could increase," "estimated," "expansion," "expect," "expected to be," "focus," "goal," "grow," "intend," "invest," "is expected," "may continue," "may fluctuate," "may grow," "may impact," "may result," "objective," "plan," "priority," "project," "strategy," "to be," "to win," "we'll," "we will," "will add," "will allow," "will be," "will benefit," "will continue," "will decrease," "will have," "will impact," "will include," "will increase," "will open," "will result," "will strengthen," "will win," "would be," "would decrease" and "would increase," variations of such words and phrases and other words or phrases of similar import.

Risks, Factors and Uncertainties Affecting Our Business

Our business operations are subject to numerous risks, factors and uncertainties, domestically and internationally, outside of our control. One, or a combination, of these risks, factors and uncertainties could materially affect any of those matters as to which we have made forward-looking statements in this Annual Report to Shareholders and cause our actual results or an actual event or occurrence to differ materially from those results or an event or occurrence described in any such forward-looking statement. These factors include, but are not limited to:

- economic, geo-political, financial markets and business conditions, trends, changes, and events, economic crises, including sovereign debt crises, and disruptions in the financial markets;
- monetary policies of the various governments, governmental entities, and central banks;
- currency exchange rate fluctuations and volatility and changes in market rates of interest;
- inflation and deflation, generally and in certain product categories, including gasoline and diesel fuel;
- consumer confidence, disposable income, credit availability, spending levels, shopping patterns, debt levels, demand for certain merchandise and receipt of income tax refunds and public assistance payments;
- consumer acceptance of our stores and clubs, e-commerce websites, mobile commerce applications, initiatives, programs and merchandise offerings and customer traffic and average ticket in our stores and clubs and on our retail websites and mobile commerce applications;
- commodity and energy prices and selling prices of commodity items, such as gasoline and diesel fuel;
- our historical results of operations, cash flows, financial condition and liquidity;
- the amounts of sales and earnings from our United States and foreign operations and our cost of goods sold;
- competitive initiatives, and changes in the operations, of other retailers, and warehouse club operators and e-commerce retailers, arrival of new competitors and other competitive pressures;
- the seasonality of business, seasonal buying patterns and the disruption of such patterns;
- unanticipated store or club closures, unanticipated restructurings and the related expenses;
- the size of and turnover in our hourly workforce and our labor costs, including health-care and other benefit costs;
- costs of transportation and other essential services, such as medical care;
- casualty- and accident-related costs and our casualty and other insurance costs;
- cyberattacks on and incidents relating to our information systems, related costs and liabilities and information security costs;
- availability and cost of acceptable building sites and necessary utilities for new and relocated units;
- availability and cost of skilled construction labor and materials and other construction costs;
- availability of qualified labor pools for existing, new or expanded units and to meet seasonal hiring needs;
- real estate, zoning, land use and other laws, ordinances, legal restrictions and initiatives affecting our ability to build new units in certain locations or relocate or expand existing units;
- weather conditions, patterns and events, climate change, catastrophic events and disasters, public health emergencies, civil disturbances and terrorist attacks, resulting damage to our units and store and club closings and limitations on our customers' access to our stores and clubs resulting from such events;
- disruptions in the availability of our e-commerce websites and mobile commerce applications;
- trade restrictions, changes in tariff and freight rates and disruptions in our supply chain;
- costs of compliance with laws and regulations and effects of new or changed tax, labor and other laws and regulations, including those changing tax rates and imposing new taxes and surcharges;
- changes in our assessment of certain tax contingencies, changes in valuation allowances, outcome of administrative audits, impact of discrete items on our effective tax rate and resolution of tax matters;
- developments in and the outcome of our legal and regulatory proceedings and our FCPA-related matters, and associated costs and expenses;
- changes in the rating of any of our indebtedness and our access to the capital markets; and
- unanticipated changes in generally accepted accounting principles or their interpretations or applicability and in accounting estimates and judgments.

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



Other Risk Factors; No Duty to Update

We discuss certain of these factors more fully, as well as certain other risk factors that may affect the results and other matters discussed in the forward-looking statements identified above, in our filings with the Securities and Exchange Commission (the "SEC"), including in our Annual Report on Form 10-K under the heading "Item 1A. Risk Factors." We filed our Annual Report on Form 10-K for the fiscal year ended January 31, 2016, with the SEC on March 30, 2016. The forward-looking statements described above are made based on knowledge of our business and our operating environment and assumptions we believed to be reasonable when such forward-looking statements were made. As a consequence of the risks, factors and uncertainties we discuss above, and in the Annual Report on Form 10-K and other reports we may file with the SEC, other risks not known to us at this time, changes in facts, assumptions not being realized or other circumstances, our actual results may differ materially from those results discussed in or implied or contemplated by such forward-looking statements.

This cautionary statement qualifies all of the forward-looking statements made in this Annual Report to Shareholders. We cannot assure you that the results, events or developments expected or anticipated by us will be realized or, even if substantially realized, that those results, events or developments will result in the expected consequences for us or affect us, our business or our operations in the way or to the extent we expect. You are urged to consider all of these risks, factors and uncertainties carefully in evaluating the forward-looking statements made in this Annual Report to Shareholders and not to place undue reliance on such forward-looking statements. The forward-looking statements included in this Annual Report speak only as of the date of this Annual Report to Shareholders, and we undertake no obligation to update any of these forward-looking statements to reflect subsequent events or circumstances, except to the extent required by applicable law.

**Wal-Mart Stores, Inc.**  
**Consolidated Statements of Income**

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions, except per share data)</i>			
<b>Revenues:</b>			
Net sales	\$ 478,614	\$ 482,229	\$ 473,076
Membership and other income	3,516	3,422	3,218
Total revenues	482,130	485,651	476,294
<b>Costs and expenses:</b>			
Cost of sales	360,984	365,086	358,069
Operating, selling, general and administrative expenses	97,041	93,418	91,353
<b>Operating income</b>	<b>24,105</b>	<b>27,147</b>	<b>26,872</b>
<b>Interest:</b>			
Debt	2,027	2,161	2,072
Capital lease and financing obligations	521	300	263
Interest income	(81)	(113)	(119)
Interest, net	2,467	2,348	2,216
<b>Income from continuing operations before income taxes</b>	<b>21,638</b>	<b>24,799</b>	<b>24,656</b>
<b>Provision for income taxes:</b>			
Current	7,584	8,504	8,619
Deferred	(1,026)	(519)	(514)
Total provision for income taxes	6,558	7,985	8,105
<b>Income from continuing operations</b>	<b>15,080</b>	<b>16,814</b>	<b>16,551</b>
<b>Income from discontinued operations, net of income taxes</b>	<b>—</b>	<b>285</b>	<b>144</b>
<b>Consolidated net income</b>	<b>15,080</b>	<b>17,099</b>	<b>16,695</b>
<b>Consolidated net income attributable to noncontrolling interest</b>	<b>(386)</b>	<b>(736)</b>	<b>(673)</b>
<b>Consolidated net income attributable to Walmart</b>	<b>\$ 14,694</b>	<b>\$ 16,363</b>	<b>\$ 16,022</b>
<b>Basic net income per common share:</b>			
Basic income per common share from continuing operations attributable to Walmart	\$ 4.58	\$ 5.01	\$ 4.87
Basic income per common share from discontinued operations attributable to Walmart	—	0.06	0.03
<b>Basic net income per common share attributable to Walmart</b>	<b>\$ 4.58</b>	<b>\$ 5.07</b>	<b>\$ 4.90</b>
<b>Diluted net income per common share:</b>			
Diluted income per common share from continuing operations attributable to Walmart	\$ 4.57	\$ 4.99	\$ 4.85
Diluted income per common share from discontinued operations attributable to Walmart	—	0.06	0.03
<b>Diluted net income per common share attributable to Walmart</b>	<b>\$ 4.57</b>	<b>\$ 5.05</b>	<b>\$ 4.88</b>
<b>Weighted-average common shares outstanding:</b>			
Basic	3,207	3,230	3,269
Diluted	3,217	3,243	3,283
<b>Dividends declared per common share</b>	<b>\$ 1.96</b>	<b>\$ 1.92</b>	<b>\$ 1.88</b>

See accompanying notes.

**Wal-Mart Stores, Inc.**  
**Consolidated Statements of Comprehensive Income**

<i>(Amounts in millions)</i>	<b>Fiscal Years Ended January 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Consolidated net income</b>	\$ 15,080	\$ 17,099	\$ 16,695
Less consolidated net income attributable to nonredeemable noncontrolling interest	(386)	(736)	(606)
Less consolidated net income attributable to redeemable noncontrolling interest	—	—	(67)
<b>Consolidated net income attributable to Walmart</b>	<b>14,694</b>	<b>16,363</b>	<b>16,022</b>
<b>Other comprehensive income (loss), net of income taxes</b>			
Currency translation and other	(5,220)	(4,558)	(3,221)
Net investment hedges	366	379	75
Cash flow hedges	(202)	(470)	207
Minimum pension liability	86	(69)	153
<b>Other comprehensive income (loss), net of income taxes</b>	<b>(4,970)</b>	<b>(4,718)</b>	<b>(2,786)</b>
Less other comprehensive income (loss) attributable to nonredeemable noncontrolling interest	541	546	311
Less other comprehensive income (loss) attributable to redeemable noncontrolling interest	—	—	66
<b>Other comprehensive income (loss) attributable to Walmart</b>	<b>(4,429)</b>	<b>(4,172)</b>	<b>(2,409)</b>
<b>Comprehensive income, net of income taxes</b>	<b>10,110</b>	<b>12,381</b>	<b>13,909</b>
Less comprehensive income (loss) attributable to nonredeemable noncontrolling interest	155	(190)	(295)
Less comprehensive income (loss) attributable to redeemable noncontrolling interest	—	—	(1)
<b>Comprehensive income attributable to Walmart</b>	<b>\$ 10,265</b>	<b>\$ 12,191</b>	<b>\$ 13,613</b>

See accompanying notes.

**Wal-Mart Stores, Inc.**  
**Consolidated Balance Sheets**

<i>(Amounts in millions)</i>	<b>Fiscal Years Ended January 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 8,705	\$ 9,135
Receivables, net	5,624	6,778
Inventories	44,469	45,141
Prepaid expenses and other	1,441	2,224
Total current assets	60,239	63,278
<b>Property and equipment:</b>		
Property and equipment	176,958	177,395
Less accumulated depreciation	(66,787)	(63,115)
Property and equipment, net	110,171	114,280
<b>Property under capital lease and financing obligations:</b>		
Property under capital lease and financing obligations	11,096	5,239
Less accumulated amortization	(4,751)	(2,864)
Property under capital lease and financing obligations, net	6,345	2,375
Goodwill	16,695	18,102
Other assets and deferred charges	6,131	5,455
<b>Total assets</b>	<b>\$ 199,581</b>	<b>\$ 203,490</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 2,708	\$ 1,592
Accounts payable	38,487	38,410
Accrued liabilities	19,607	19,152
Accrued income taxes	521	1,021
Long-term debt due within one year	2,745	4,791
Capital lease and financing obligations due within one year	551	287
Total current liabilities	64,619	65,253
Long-term debt	38,214	40,889
Long-term capital lease and financing obligations	5,816	2,606
Deferred income taxes and other	7,321	8,805
Commitments and contingencies		
<b>Equity:</b>		
Common stock	317	323
Capital in excess of par value	1,805	2,462
Retained earnings	90,021	85,777
Accumulated other comprehensive income (loss)	(11,597)	(7,168)
Total Walmart shareholders' equity	80,546	81,394
Nonredeemable noncontrolling interest	3,065	4,543
Total equity	83,611	85,937
<b>Total liabilities and equity</b>	<b>\$ 199,581</b>	<b>\$ 203,490</b>

See accompanying notes.

**Wal-Mart Stores, Inc.**  
**Consolidated Statements of Shareholders' Equity and Redeemable Noncontrolling Interest**

<i>(Amounts in millions)</i>	Common Stock		Capital in	Retained	Accumulated	Total	Nonredeemable	Total	Redeemable
	Shares	Amount	Excess of	Earnings	Other	Walmart	Noncontrolling	Equity	Noncontrolling
			Par Value		Income (Loss)	Shareholders'	Interest	Equity	Interest
<b>Balances as of February 1, 2013</b>	3,314	\$ 332	\$ 3,620	\$ 72,978	\$ (587)	\$ 76,343	\$ 5,395	\$ 81,738	\$ 519
Consolidated net income	—	—	—	16,022	—	16,022	595	16,617	78
Other comprehensive income, net of income taxes	—	—	—	—	(2,409)	(2,409)	(311)	(2,720)	(66)
Cash dividends declared (\$1.88 per share)	—	—	—	(6,139)	—	(6,139)	—	(6,139)	—
Purchase of Company stock	(87)	(9)	(294)	(6,254)	—	(6,557)	—	(6,557)	—
Redemption value adjustment of redeemable noncontrolling interest	—	—	(1,019)	—	—	(1,019)	—	(1,019)	1,019
Other	6	—	55	(41)	—	14	(595)	(581)	(59)
<b>Balances as of January 31, 2014</b>	3,233	323	2,362	76,566	(2,996)	76,255	5,084	81,339	1,491
Consolidated net income	—	—	—	16,363	—	16,363	736	17,099	—
Other comprehensive loss, net of income taxes	—	—	—	—	(4,172)	(4,172)	(546)	(4,718)	—
Cash dividends declared (\$1.92 per share)	—	—	—	(6,185)	—	(6,185)	—	(6,185)	—
Purchase of Company stock	(13)	(1)	(29)	(950)	—	(980)	—	(980)	—
Purchase of redeemable noncontrolling interest	—	—	—	—	—	—	—	—	(1,491)
Other	8	1	129	(17)	—	113	(731)	(618)	—
<b>Balances as of January 31, 2015</b>	3,228	323	2,462	85,777	(7,168)	81,394	4,543	85,937	—
Consolidated net income	—	—	—	14,694	—	14,694	386	15,080	—
Other comprehensive income, net of income taxes	—	—	—	—	(4,429)	(4,429)	(541)	(4,970)	—
Cash dividends declared (\$1.96 per share)	—	—	—	(6,294)	—	(6,294)	—	(6,294)	—
Purchase of Company stock	(65)	(6)	(102)	(4,148)	—	(4,256)	—	(4,256)	—
Cash dividend declared to noncontrolling interest	—	—	—	—	—	—	(691)	(691)	—
Other	(1)	—	(555)	(8)	—	(563)	(632)	(1,195)	—
<b>Balances as of January 31, 2016</b>	3,162	\$ 317	\$ 1,805	\$ 90,021	\$ (11,597)	\$ 80,546	\$ 3,065	\$ 83,611	\$ —

See accompanying notes.

**Wal-Mart Stores, Inc.**  
**Consolidated Statements of Cash Flows**

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
<b>Cash flows from operating activities:</b>			
Consolidated net income	\$ 15,080	\$ 17,099	\$ 16,695
Income from discontinued operations, net of income taxes	—	(285)	(144)
Income from continuing operations	15,080	16,814	16,551
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	9,454	9,173	8,870
Deferred income taxes	(672)	(503)	(279)
Other operating activities	1,410	785	938
Changes in certain assets and liabilities, net of effects of acquisitions:			
Receivables, net	(19)	(569)	(566)
Inventories	(703)	(1,229)	(1,667)
Accounts payable	2,008	2,678	531
Accrued liabilities	1,303	1,249	103
Accrued income taxes	(472)	166	(1,224)
Net cash provided by operating activities	27,389	28,564	23,257
<b>Cash flows from investing activities:</b>			
Payments for property and equipment	(11,477)	(12,174)	(13,115)
Proceeds from disposal of property and equipment	635	570	727
Proceeds from disposal of certain operations	246	671	—
Other investing activities	(79)	(192)	(138)
Net cash used in investing activities	(10,675)	(11,125)	(12,526)
<b>Cash flows from financing activities:</b>			
Net change in short-term borrowings	1,235	(6,288)	911
Proceeds from issuance of long-term debt	39	5,174	7,072
Payments of long-term debt	(4,432)	(3,904)	(4,968)
Dividends paid	(6,294)	(6,185)	(6,139)
Purchase of Company stock	(4,112)	(1,015)	(6,683)
Dividends paid to noncontrolling interest	(719)	(600)	(426)
Purchase of noncontrolling interest	(1,326)	(1,844)	(296)
Other financing activities	(513)	(409)	(260)
Net cash used in financing activities	(16,122)	(15,071)	(10,789)
Effect of exchange rates on cash and cash equivalents	(1,022)	(514)	(442)
Net increase (decrease) in cash and cash equivalents	(430)	1,854	(500)
Cash and cash equivalents at beginning of year	9,135	7,281	7,781
Cash and cash equivalents at end of period	\$ 8,705	\$ 9,135	\$ 7,281
<b>Supplemental disclosure of cash flow information:</b>			
Income taxes paid	8,111	8,169	8,641
Interest paid	2,540	2,433	2,362

See accompanying notes.

**Wal-Mart Stores, Inc.**  
**Notes to Consolidated Financial Statements**

**Note 1. Summary of Significant Accounting Policies**

***General***

Wal-Mart Stores, Inc. ("Walmart" or the "Company") helps people around the world save money and live better – anytime and anywhere – in retail stores or through the Company's e-commerce and mobile capabilities. Through innovation, the Company is striving to create a customer-centric experience that seamlessly integrates digital and physical shopping. Each week, the Company serves nearly 260 million customers who visit its over 11,500 stores under 63 banners in 28 countries and e-commerce websites in 11 countries. The Company's strategy is to lead on price, invest to differentiate on access, be competitive on assortment and deliver a great experience.

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

***Principles of Consolidation***

The Consolidated Financial Statements include the accounts of Walmart and its subsidiaries as of and for the fiscal years ended January 31, 2016 ("fiscal 2016"), January 31, 2015 ("fiscal 2015") and January 31, 2014 ("fiscal 2014"). All material intercompany accounts and transactions have been eliminated in consolidation. Investments in unconsolidated affiliates, which are 50% or less owned and do not otherwise meet consolidation requirements, are accounted for primarily using the equity method. These investments are immaterial to the Company's Consolidated Financial Statements.

The Company's Consolidated Financial Statements are based on a fiscal year ending on January 31, for the United States ("U.S.") and Canadian operations. The Company consolidates all other operations generally using a one-month lag and based on a calendar year. There were no significant intervening events during January 2016 that materially affected the Consolidated Financial Statements.

***Use of Estimates***

The Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles. Those principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Management's estimates and assumptions also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

***Cash and Cash Equivalents***

The Company considers investments with a maturity when purchased of three months or less to be cash equivalents. All credit card, debit card and electronic benefits transfer transactions that process in less than seven days are classified as cash and cash equivalents. The amounts due from banks for these transactions classified as cash and cash equivalents totaled \$3.4 billion and \$2.9 billion at January 31, 2016 and 2015, respectively. In addition, cash and cash equivalents included restricted cash of \$362 million and \$345 million at January 31, 2016 and 2015, respectively, which was primarily related to cash collateral holdings from various counterparties, as required by certain derivative and trust agreements.

The Company's cash balances are held in various locations around the world. Of the Company's \$8.7 billion and \$9.1 billion of cash and cash equivalents at January 31, 2016 and 2015, respectively, \$4.5 billion and \$6.3 billion, respectively, were held outside of the U.S. and were generally utilized to support liquidity needs in the Company's non-U.S. operations.

The Company uses intercompany financing arrangements in an effort to ensure cash can be made available in the country in which it is needed with the minimum cost possible. Management does not believe it will be necessary to repatriate earnings held outside of the U.S. and anticipates the Company's domestic liquidity needs will be met through cash flows provided by operating activities, supplemented with long-term debt and short-term borrowings. Accordingly, the Company intends, with only certain exceptions, to continue to indefinitely reinvest the Company's earnings 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, the Company realizes an effective tax rate benefit. If the Company's intentions with respect to reinvestment were to change, most of the amounts held within the Company's 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. The Company does not expect local laws, other limitations or potential taxes on anticipated future repatriations of earnings held outside of the U.S. to have a material effect on the Company's overall liquidity, financial condition or results of operations.

As of January 31, 2016 and 2015, cash and cash equivalents of approximately \$1.1 billion and \$1.7 billion, respectively, may not be freely transferable to the U.S. due to local laws or other restrictions.

**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 \$1.0 billion, net of a reserve for doubtful accounts of \$70 million at January 31, 2016, 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 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 January 31, 2016 and January 31, 2015, the Company's inventories valued at LIFO approximated those inventories as if they were valued at FIFO.

**Property and Equipment**

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

<i>(Amounts in millions)</i>	<b>Estimated Useful Lives</b>	<b>Fiscal Years Ended January 31,</b>	
		<b>2016</b>	<b>2015</b>
Land	N/A	\$ 25,624	\$ 26,261
Buildings and improvements	3-40 years	96,845	97,496
Fixtures and equipment	1-30 years	47,033	45,044
Transportation equipment	3-15 years	2,917	2,807
Construction in progress	N/A	4,539	5,787
<b>Property and equipment</b>		<b>\$ 176,958</b>	<b>\$ 177,395</b>
Accumulated depreciation		(66,787)	(63,115)
<b>Property and equipment, net</b>		<b>\$ 110,171</b>	<b>\$ 114,280</b>

Leasehold improvements are depreciated or amortized over the shorter of the estimated useful life of the asset or the remaining expected lease term. Total depreciation and amortization expense for property and equipment, property under financing obligations and property under capital leases for fiscal 2016, 2015 and 2014 was \$9.4 billion, \$9.1 billion and \$8.8 billion, respectively. Interest costs capitalized on construction projects were \$39 million, \$59 million and \$78 million in fiscal 2016, 2015 and 2014, respectively.

**Leases**

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

The Company is often involved in the construction of its leased stores. In certain cases, payments made for certain structural components included in the lessor's construction of the leased assets result in the Company being deemed the owner of the leased assets for accounting purposes. As a result, regardless of the significance of the payments, Accounting Standards



Codification 840, *Leases*, ("ASC 840") defines those payments as automatic indicators of ownership and requires the Company to capitalize the lessor's total project cost with a corresponding financing obligation. Upon completion of the lessor's project, the Company performs a sale-leaseback analysis pursuant to ASC 840 to determine if these assets and the related financing obligation can be derecognized from the Company's Consolidated Balance Sheets. If the Company is deemed to have "continuing involvement," the leased assets and the related financing obligation remain on the Company's Consolidated Balance Sheets and are generally amortized over the lease term.

**Long-Lived Assets**

Long-lived assets are stated at cost. Management reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows, which is at the individual store or club level or, in certain circumstances, a market group of stores. Undiscounted cash flows expected to be generated by the related assets are estimated over the assets' useful lives based on updated projections. If the evaluation indicates that the carrying amount of the assets may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique. Impairment charges of long-lived assets for fiscal 2016, 2015 and 2014 were not material.

**Goodwill and Other Acquired Intangible Assets**

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

Goodwill is evaluated for impairment using either a qualitative or quantitative approach for each of the Company's reporting units. Generally, a qualitative assessment is first performed to determine whether a quantitative goodwill impairment test is necessary. If management determines, after performing an assessment based on the qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, or that a fair value of the reporting unit substantially in excess of the carrying amount cannot be assured, then a quantitative goodwill impairment test would be required. The quantitative test for goodwill impairment is performed by determining the fair value of the related reporting units. Fair value is measured based on the discounted cash flow method and relative market-based approaches.

The Company's reporting units were evaluated using a quantitative impairment test. Management determined the fair value of each reporting unit is greater than the carrying amount and, accordingly, the Company has not recorded any impairment charges related to goodwill.

The following table reflects goodwill activity, by reportable segment, for fiscal 2016 and 2015:

<i>(Amounts in millions)</i>	Walmart U.S.	Walmart International	Sam's Club	Total
<b>Balances as of February 1, 2014</b>	\$ 451	\$ 18,746	\$ 313	\$ 19,510
Changes in currency translation and other	—	(1,418)	—	(1,418)
Acquisitions <sup>(1)</sup>	10	—	—	10
<b>Balances as of January 31, 2015</b>	461	17,328	313	18,102
Changes in currency translation and other	—	(1,412)	—	(1,412)
Acquisitions <sup>(1)</sup>	—	5	—	5
<b>Balances as of January 31, 2016</b>	<u>\$ 461</u>	<u>\$ 15,921</u>	<u>\$ 313</u>	<u>\$ 16,695</u>

(1) Goodwill recorded for fiscal 2016 and 2015 acquisitions relates to acquisitions that are not significant, individually or in the aggregate, to the Company's Consolidated Financial Statements.

Indefinite-lived intangible assets are included in other assets and deferred charges in the Company's Consolidated Balance Sheets. These assets are evaluated for impairment based on their fair values using valuation techniques which are updated annually based on the most recent variables and assumptions. There were no impairment charges related to indefinite-lived intangible assets recorded for fiscal 2016, 2015 and 2014.

**Self Insurance Reserves**

The Company self-insures a number of risks, including, but not limited to, workers' compensation, general liability, auto liability, product liability and certain employee-related healthcare benefits. Standard actuarial procedures and data analysis are used to estimate the liabilities associated with these risks as of the balance sheet date on an undiscounted basis. The recorded liabilities reflect the ultimate cost for claims incurred but not paid and any estimable administrative run-out expenses related to

the processing of these outstanding claim payments. On a regular basis, claims reserve valuations are provided by independent third-party actuaries to ensure liability estimates are appropriate. To limit exposure to some risks, the Company maintains insurance coverage with varying limits and retentions, including stop-loss insurance coverage for workers' compensation, general liability and auto liability.

### **Income Taxes**

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

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

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

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

### **Revenue Recognition**

#### *Sales*

The Company recognizes sales revenue, net of sales taxes and estimated sales returns, at the time it sells merchandise to the customer. Digital retail sales include shipping revenue and are recorded upon delivery to the customer.

#### *Membership Fee Revenue*

The Company recognizes membership fee revenue both in the U.S. and internationally over the term of the membership, which is typically 12 months. The following table summarizes membership fee activity for fiscal 2016, 2015 and 2014:

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions)</i>			
<b>Deferred membership fee revenue, beginning of year</b>	\$ 759	\$ 641	\$ 575
Cash received from members	1,333	1,410	1,249
Membership fee revenue recognized	(1,348)	(1,292)	(1,183)
<b>Deferred membership fee revenue, end of year</b>	<u>\$ 744</u>	<u>\$ 759</u>	<u>\$ 641</u>

Membership fee revenue is included in membership and other income in the Company's Consolidated Statements of Income. The deferred membership fee is included in accrued liabilities in the Company's Consolidated Balance Sheets.

#### *Shopping Cards*

Customer purchases of shopping cards are not recognized as revenue until the card is redeemed and the customer purchases merchandise using the shopping card. Shopping cards in the U.S. do not carry an expiration date; therefore, customers and members can redeem their shopping cards for merchandise indefinitely. Shopping cards in certain foreign countries where the Company does business may have expiration dates. A certain number of shopping cards, both with and without expiration dates, will not be fully redeemed. Management estimates unredeemed shopping cards and recognizes revenue for these amounts over shopping card historical usage periods based on historical redemption rates. Management periodically reviews and updates its estimates of usage periods and redemption rates.

#### *Financial and Other Services*

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

### ***Cost of Sales***

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

### ***Payments from Suppliers***

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

### ***Operating, Selling, General and Administrative Expenses***

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

### ***Advertising Costs***

Advertising costs are expensed as incurred, consist primarily of print, television and digital advertisements and are recorded in operating, selling, general and administrative expenses in the Company's Consolidated Statements of Income. Reimbursements from suppliers that are for specific, incremental and identifiable advertising costs are recognized as a reduction of advertising costs in operating, selling, general and administrative expenses. Advertising costs were \$2.5 billion for fiscal 2016 and \$2.4 billion for both fiscal 2015 and fiscal 2014.

### ***Pre-Opening Costs***

The cost of start-up activities, including organization costs, related to new store openings, store remodels, relocations, expansions and conversions are expensed as incurred and included in operating, selling, general and administrative expenses in the Company's Consolidated Statements of Income. Pre-opening costs totaled \$271 million, \$317 million and \$338 million for fiscal 2016, 2015 and 2014, respectively.

### ***Currency Translation***

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

### ***Reclassifications***

Certain reclassifications have been made to previous fiscal year amounts and balances to conform to the presentation in the current fiscal year. These reclassifications did not impact consolidated operating income or net income.

### ***Recent Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which 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, FASB issued ASU 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost*. 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.

In November 2015, FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. This ASU requires the presentation of all deferred tax assets and liabilities as non-current in the consolidated balance sheet. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2016, with early adoption permitted. Management elected to early adopt this new guidance effective for the fourth quarter of fiscal year 2016 in order to simplify the global close processes. The Company will apply the changes prospectively. Prior periods were not retrospectively adjusted to reflect the adoption of this ASU. Adoption of this ASU did not materially impact the Company's consolidated financial position, and had no impact on the Company's net income or cash flows.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating this standard.

In March 2016, FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. The amendments are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations. The effective date for this ASU is the same as the effective date for ASU 2014-09. Management is currently evaluating this standard.

**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 fiscal 2016, 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:

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions, except per share data)</i>			
<b>Numerator</b>			
Income from continuing operations	\$ 15,080	\$ 16,814	\$ 16,551
Income from continuing operations attributable to noncontrolling interest	(386)	(632)	(633)
Income from continuing operations attributable to Walmart	<u>\$ 14,694</u>	<u>\$ 16,182</u>	<u>\$ 15,918</u>
<b>Denominator</b>			
Weighted-average common shares outstanding, basic	3,207	3,230	3,269
Dilutive impact of stock options and other share-based awards	10	13	14
Weighted-average common shares outstanding, diluted	<u>3,217</u>	<u>3,243</u>	<u>3,283</u>
<b>Income per common share from continuing operations attributable to Walmart</b>			
Basic	\$ 4.58	\$ 5.01	\$ 4.87
Diluted	4.57	4.99	4.85

**Note 3. Shareholders' Equity****Share-Based Compensation**

The Company has awarded share-based compensation to associates and nonemployee directors of the Company. The compensation expense recognized for all plans was \$448 million, \$462 million and \$388 million for fiscal 2016, 2015 and 2014, respectively. Share-based compensation expense is included in operating, selling, general and administrative expenses in the Company's Consolidated Statements of Income. The total income tax benefit recognized for share-based compensation was \$151 million, \$173 million and \$145 million for fiscal 2016, 2015 and 2014, respectively. The following table summarizes the Company's share-based compensation expense by award type:

<i>(Amounts in millions)</i>	<b>Fiscal Years Ended January 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Restricted stock and performance share units	\$ 134	\$ 157	\$ 141
Restricted stock units	292	277	224
Other	22	28	23
<b>Share-based compensation expense</b>	<b>\$ 448</b>	<b>\$ 462</b>	<b>\$ 388</b>

The Company's shareholder-approved Stock Incentive Plan of 2015 (the "Plan") became effective June 5, 2015 and amended and restated the Company's Stock Incentive Plan of 2010. The Plan was established to grant stock options, restricted (non-vested) stock, performance shares units and other equity compensation awards for which 210 million shares of common stock issued or to be issued under the Plan have been registered under the Securities Act of 1933, as amended. The Company believes that such awards serve to align the interests of its associates with those of its shareholders.

The Plan's award types are summarized as follows:

- *Restricted Stock and Performance Share Units.* Restricted stock awards are for shares that vest based on the passage of time and include restrictions related to employment. Performance share units vest based on the passage of time and achievement of performance criteria and may range from 0% to 150% of the original award amount. Vesting periods for these awards are generally between one and three years. Restricted stock and performance share units may be settled or deferred in stock and are accounted for as equity in the Company's Consolidated Balance Sheets. The fair value of restricted stock awards is determined on the date of grant and is expensed ratably over the vesting period. The fair value of performance share units is determined on the date of grant using the Company's stock price discounted for the expected dividend yield through the vesting period and is recognized over the vesting period. The weighted-average discount for the dividend yield used to determine the fair value of performance share units in fiscal 2016, 2015 and 2014 was 7.4%, 7.1% and 6.7%, respectively.
- *Restricted Stock Units.* Restricted stock units provide rights to Company stock after a specified service period; generally 50% vest three years from the grant date and the remaining 50% vest five years from the grant date. The fair value of each restricted stock unit is determined on the date of grant using the stock price discounted for the expected dividend yield through the vesting period and is recognized ratably over the vesting period. The expected dividend yield is based on the anticipated dividends over the vesting period. The weighted-average discount for the dividend yield used to determine the fair value of restricted stock units granted in fiscal 2016, 2015 and 2014 was 8.7%, 9.5% and 10.3%, respectively.

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

The following table shows the activity for restricted stock and performance share units and restricted stock units during fiscal 2016:

	Restricted Stock and Performance Share Units <sup>(1)</sup>		Restricted Stock Units	
	Shares	Weighted-Average Grant-Date Fair Value Per Share	Shares	Weighted-Average Grant-Date Fair Value Per Share
<i>(Shares in thousands)</i>				
Outstanding at February 1, 2015	8,723	\$ 68.89	17,568	\$ 61.00
Granted	3,295	71.64	6,392	71.38
Vested/exercised	(2,313)	61.37	(4,444)	53.71
Forfeited or expired	(1,446)	67.90	(1,925)	66.37
<b>Outstanding at January 31, 2016</b>	<b>8,259</b>	<b>\$ 72.23</b>	<b>17,591</b>	<b>\$ 65.67</b>

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

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

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions)</i>			
Fair value of restricted stock and performance share units vested	\$ 142	\$ 156	\$ 116
Fair value of restricted stock units vested	237	218	189
Unrecognized compensation cost for restricted stock and performance share units	133	154	200
Unrecognized compensation cost for restricted stock units	628	570	497
Weighted average remaining period to expense for restricted stock and performance share units (years)	1.3	1.3	2.0
Weighted average remaining period to expense for restricted stock units (years)	1.7	1.7	2.1

#### Share Repurchase Program

From time to time, the Company repurchases shares of its common stock under share repurchase programs authorized by the Board of Directors. On October 13, 2015, the Board of Directors replaced the previous \$15.0 billion share repurchase program, which had approximately \$8.6 billion of remaining authorization for share repurchases as of that date, with a new \$20.0 billion share repurchase program. As was the case with the replaced share repurchase program, the new share repurchase program has no expiration date or other restrictions limiting the period over which the Company can make share repurchases. The share repurchases the Company made during fiscal 2016 were made under both the old and new authorizations. At January 31, 2016, authorization for \$17.5 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, its results of operations and the market price of its common stock. The following table provides, on a settlement date basis, the number of shares repurchased, average price paid per share and total cash paid for share repurchases for fiscal 2016, 2015 and 2014:

	Fiscal Years Ended January 31,		
	2016	2015	2014
<i>(Amounts in millions, except per share data)</i>			
Total number of shares repurchased	62.4	13.4	89.1
Average price paid per share	\$ 65.90	\$ 75.82	\$ 74.99
Total cash paid for share repurchases	\$ 4,112	\$ 1,015	\$ 6,683

**Note 4. Accumulated Other Comprehensive Income (Loss)**

The following table provides changes in the composition of total accumulated other comprehensive income (loss) for fiscal 2016, 2015 and 2014:

<i>(Amounts in millions and net of income taxes)</i>	Currency Translation and Other	Net Investment Hedges	Cash Flow Hedges	Minimum Pension Liability	Total
<b>Balances as of January 31, 2013</b>	\$ (155)	\$ 202	\$ 129	\$ (763)	\$ (587)
Other comprehensive income (loss) before reclassifications	(2,844)	75	194	149	(2,426)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	13	4	17
<b>Balances as of January 31, 2014</b>	(2,999)	277	336	(610)	(2,996)
Other comprehensive income (loss) before reclassifications	(4,012)	379	(496)	(58)	(4,187)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	26	(11)	15
<b>Balances as of January 31, 2015</b>	(7,011)	656	(134)	(679)	(7,168)
Other comprehensive income (loss) before reclassifications	(4,679)	366	(217)	96	(4,434)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	15	(10)	5
<b>Balances as of January 31, 2016</b>	\$ (11,690)	\$ 1,022	\$ (336)	\$ (593)	\$ (11,597)

Amounts reclassified from accumulated other comprehensive income (loss) for derivative instruments are recorded in interest, net, in the Company's 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 Consolidated Statements of Income.

**Note 5. Accrued Liabilities**

The Company's accrued liabilities consist of the following:

<i>(Amounts in millions)</i>	As of January 31,	
	2016	2015
Accrued wages and benefits <sup>(1)</sup>	\$ 5,814	\$ 4,954
Self-insurance <sup>(2)</sup>	3,414	3,306
Accrued non-income taxes <sup>(3)</sup>	2,544	2,592
Other <sup>(4)</sup>	7,835	8,300
<b>Total accrued liabilities</b>	\$ 19,607	\$ 19,152

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

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

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

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

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

Short-term borrowings consist of commercial paper and lines of credit. Short-term borrowings outstanding at January 31, 2016 and 2015 were \$2.7 billion and \$1.6 billion, respectively. The following table includes additional information related to the Company's short-term borrowings for fiscal 2016, 2015 and 2014:

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
Maximum amount outstanding at any month-end	\$ 10,551	\$ 11,581	\$ 13,318
Average daily short-term borrowings	4,536	7,009	8,971
Weighted-average interest rate	1.5%	0.5%	0.1%

The Company has various committed lines of credit, committed with 23 financial institutions, totaling \$15.0 billion as of January 31, 2016 and 2015. The committed lines of credit are summarized in the following table:

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,					
	2016			2015		
	Available	Drawn	Undrawn	Available	Drawn	Undrawn
Five-year credit facility <sup>(1)</sup>	\$ 6,000	\$ —	\$ 6,000	\$ 6,000	\$ —	\$ 6,000
364-day revolving credit facility <sup>(1)</sup>	9,000	—	9,000	9,000	—	9,000
<b>Total</b>	<b>\$ 15,000</b>	<b>\$ —</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ —</b>	<b>\$ 15,000</b>

(1) In June 2015, the Company renewed and extended its existing five-year credit facility and its existing 364-day revolving credit facility, both of which are used to support its commercial paper program.

The committed lines of credit mature at various times between June 2016 and June 2020, carry interest rates generally ranging between LIBOR plus 10 basis points and LIBOR plus 75 basis points, and incur commitment fees ranging between 1.5 and 4.0 basis points. In conjunction with the lines of credit listed in the table above, the Company has agreed to observe certain covenants, the most restrictive of which relates to the maximum amount of secured debt.

Apart from the committed lines of credit, the Company has trade and stand-by letters of credit totaling \$4.5 billion and \$4.6 billion at January 31, 2016 and 2015, respectively. These letters of credit are utilized in normal business activities.

The Company's long-term debt, which includes the fair value instruments further discussed in Note 8, consists of the following:

<i>(Amounts in millions)</i>	Maturity Dates By Fiscal Year	January 31, 2016		January 31, 2015	
		Amount	Average Rate <sup>(1)</sup>	Amount	Average Rate <sup>(1)</sup>
<b>Unsecured debt</b>					
Fixed	2017 - 2045	\$ 32,500	4.5%	\$ 36,000	4.3%
Variable	2019	500	5.3%	500	5.4%
<b>Total U.S. dollar denominated</b>		<b>33,000</b>		<b>36,500</b>	
Fixed	2023 - 2030	2,708	3.3%	2,821	3.3%
Variable		—		—	
<b>Total Euro denominated</b>		<b>2,708</b>		<b>2,821</b>	
Fixed	2031 - 2039	4,985	5.3%	5,271	5.3%
Variable		—		—	
<b>Total Sterling denominated</b>		<b>4,985</b>		<b>5,271</b>	
Fixed	2021	83	1.6%	596	1.0%
Variable		—		255	0.6%
<b>Total Yen denominated</b>		<b>83</b>		<b>851</b>	
<b>Total unsecured debt</b>		<b>40,776</b>		<b>45,443</b>	
<b>Total other debt (in USD)<sup>(2)</sup></b>		<b>183</b>		<b>237</b>	
<b>Total debt</b>		<b>40,959</b>		<b>45,680</b>	
Less amounts due within one year		(2,745)		(4,791)	
<b>Long-term debt</b>		<b>\$ 38,214</b>		<b>\$ 40,889</b>	

(1) The average rate represents the weighted-average stated rate for each corresponding debt category, based on year-end balances and year-end interest rates. Interest costs are also impacted by certain derivative financial instruments described in Note 8.

(2) A portion of other debt at January 31, 2016 and 2015 includes secured debt in the amount of \$131 million and \$139 million, respectively, which was collateralized by property that had an aggregate carrying amount of approximately \$13 million and \$19 million, respectively.

At January 31, 2016 and 2015, the Company had \$500 million in debt with embedded put options. The issuance of money market puttable reset securities in the amount of \$500 million is structured to be remarketed in connection with the annual reset



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of the interest rate. If, for any reason, the remarketing of the notes does not occur at the time of any interest rate reset, the holders of the notes must sell and the Company must repurchase the notes at par. Accordingly, this issuance has been classified as long-term debt due within one year in the Company's Consolidated Balance Sheets.

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

(Amounts in millions)

Fiscal Year	Annual Maturities
2017	\$ 2,745
2018	1,519
2019	3,497
2020	498
2021	3,352
Thereafter	29,348
<b>Total</b>	<b>\$ 40,959</b>

**Debt Issuances**

The Company did not have any material long-term debt issuances during fiscal 2016, but received proceeds from a number of small, immaterial long-term debt issuances by several of its non-U.S. operations.

Information on significant long-term debt issued during fiscal 2015 is as follows:

(Amounts in millions)

Issue Date	Principal Amount	Maturity Date	Fixed vs. Floating	Interest Rate	Proceeds
April 8, 2014	850 Euro	April 8, 2022	Fixed	1.900%	\$ 1,161
April 8, 2014	650 Euro	April 8, 2026	Fixed	2.550%	885
April 22, 2014	500 USD	April 21, 2017	Fixed	1.000%	499
April 22, 2014	1,000 USD	April 22, 2024	Fixed	3.300%	992
April 22, 2014	1,000 USD	April 22, 2044	Fixed	4.300%	985
October 22, 2014	500 USD	April 22, 2024	Fixed	3.300%	508
<b>Total</b>					<b>\$ 5,030</b>

During fiscal 2015, the Company also received additional proceeds from other, smaller long-term debt issuances by several of its non-U.S. operations. The proceeds in fiscal 2015 were used to pay down and refinance existing debt and for other general corporate purposes.

**Maturities**

During fiscal 2016, 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
October 25, 2015	1,250 USD	Fixed	1.500%	1,250
				<b>\$ 4,230</b>

During fiscal 2015, the following long-term debt matured and was repaid:

(Amounts in millions)

Maturity Date	Principal Amount	Fixed vs. Floating	Interest Rate	Repayment
February 3, 2014	500 USD	Fixed	3.000%	\$ 500
April 15, 2014	1,000 USD	Fixed	1.625%	1,000
May 15, 2014	1,000 USD	Fixed	3.200%	1,000
August 6, 2014	83,100 JPY	Fixed	1.490%	810
August 6, 2014	16,900 JPY	Floating	Floating	165
				<b>\$ 3,475</b>

During fiscal 2016 and 2015, the Company also repaid other, smaller long-term debt as it matured in several of its non-U.S. operations.

**Note 7. 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 January 31, 2016 and 2015, the notional amounts and fair values of these derivatives were as follows:

<i>(Amounts in millions)</i>	January 31, 2016		January 31, 2015	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Receive fixed-rate, pay variable-rate interest rate swaps designated as fair value hedges	\$ 5,000	\$ 173	\$ 500	\$ 12
Receive fixed-rate, pay fixed-rate cross-currency swaps designated as net investment hedges	1,250	319	1,250	207
Receive fixed-rate, pay fixed-rate cross-currency swaps designated as cash flow hedges	4,132	(609)	4,329	(317)
Receive variable-rate, pay fixed-rate interest rate swaps designated as cash flow hedges	—	—	255	(1)
<b>Total</b>	<b>\$ 10,382</b>	<b>\$ (117)</b>	<b>\$ 6,334</b>	<b>\$ (99)</b>

*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 fiscal years ended January 31, 2016 or 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 January 31, 2016 and 2015, are as follows:

<i>(Amounts in millions)</i>	January 31, 2016		January 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including amounts due within one year	\$ 40,959	\$ 46,965	\$ 45,896	\$ 56,237

## **Note 8. 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 \$345 million and \$323 million at January 31, 2016 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 each of these counterparties, the Company is also required to post collateral with a counterparty if the Company's net derivative liability position exceeds \$150 million with such counterparties. The Company had an insignificant amount of cash collateral posted with counterparties at January 31, 2016 and did not have any cash collateral posted with counterparties at January 31, 2015. 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 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 January 31, 2016 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 January 31, 2016 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 Consolidated Balance Sheets. Derivative instruments with an unrealized gain are recorded in the Company's Consolidated Balance Sheets as either current or non-current assets, based on maturity date, and those hedging instruments with an unrealized loss are recorded as either current or non-current liabilities, based on maturity date. Refer to Note 7 for the net presentation of the Company's derivative instruments.

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 Consolidated Balance Sheets:

(Amounts in millions)	January 31, 2016			January 31, 2015		
	Fair Value Instruments	Net Investment Instruments	Cash Flow Instruments	Fair Value Instruments	Net Investment Instruments	Cash Flow Instruments
<b>Derivative instruments</b>						
Prepaid expenses and other	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other assets and deferred charges	173	319	129	12	207	293
<b>Derivative asset subtotals</b>	<b>\$ 173</b>	<b>\$ 319</b>	<b>\$ 129</b>	<b>\$ 12</b>	<b>\$ 207</b>	<b>\$ 293</b>
Accrued liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Deferred income taxes and other	—	—	738	—	—	610
<b>Derivative liability subtotals</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 738</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 611</b>
<b>Nonderivative hedging instruments</b>						
Long-term debt due within one year	\$ —	\$ —	\$ —	\$ —	\$ 766	\$ —
Long-term debt	—	3,644	—	—	3,850	—
<b>Nonderivative hedge liability subtotals</b>	<b>\$ —</b>	<b>\$ 3,644</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,616</b>	<b>\$ —</b>

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 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 9. Taxes**
*Income from Continuing Operations*

The components of income from continuing operations before income taxes are as follows:

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
U.S.	\$ 16,685	\$ 18,610	\$ 19,412
Non-U.S.	4,953	6,189	5,244
<b>Total income from continuing operations before income taxes</b>	<b>\$ 21,638</b>	<b>\$ 24,799</b>	<b>\$ 24,656</b>

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

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
<b>Current:</b>			
U.S. federal	\$ 5,562	\$ 6,165	\$ 6,377
U.S. state and local	622	810	719
International	1,400	1,529	1,523
<b>Total current tax provision</b>	<b>7,584</b>	<b>8,504</b>	<b>8,619</b>
<b>Deferred:</b>			
U.S. federal	(704)	(387)	(72)
U.S. state and local	(106)	(55)	37
International	(216)	(77)	(479)
<b>Total deferred tax expense (benefit)</b>	<b>(1,026)</b>	<b>(519)</b>	<b>(514)</b>
<b>Total provision for income taxes</b>	<b>\$ 6,558</b>	<b>\$ 7,985</b>	<b>\$ 8,105</b>

*Effective Income Tax Rate Reconciliation*

The Company's effective income tax rate is typically lower than the U.S. statutory tax rate primarily because of benefits from lower-taxed global operations, including the use of global funding structures and certain U.S. tax credits as further discussed in the "Cash and Cash Equivalents" section of the Company's significant accounting policies in Note 1. The Company's non-U.S. income is generally subject to local country tax rates that are below the 35% U.S. statutory tax rate. Certain non-U.S. earnings have been indefinitely reinvested outside the U.S. and are not subject to current U.S. income tax. A reconciliation of the significant differences between the U.S. statutory tax rate and the effective income tax rate on pretax income from continuing operations is as follows:

	Fiscal Years Ended January 31,		
	2016	2015	2014
U.S. statutory tax rate	35.0 %	35.0 %	35.0 %
U.S. state income taxes, net of federal income tax benefit	1.8 %	1.8 %	2.0 %
Income taxed outside the U.S.	(4.0)%	(2.7)%	(2.8)%
Net impact of repatriated international earnings	0.1 %	(1.5)%	(1.4)%
Other, net	(2.6)%	(0.4)%	0.1 %
<b>Effective income tax rate</b>	<b>30.3 %</b>	<b>32.2 %</b>	<b>32.9 %</b>

### Deferred Taxes

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

(Amounts in millions)	January 31,	
	2016	2015
<b>Deferred tax assets:</b>		
Loss and tax credit carryforwards	\$ 3,313	\$ 3,255
Accrued liabilities	3,763	3,395
Share-based compensation	192	184
Other	1,390	1,119
<b>Total deferred tax assets</b>	<b>8,658</b>	<b>7,953</b>
Valuation allowances	(1,456)	(1,504)
<b>Deferred tax assets, net of valuation allowance</b>	<b>7,202</b>	<b>6,449</b>
<b>Deferred tax liabilities:</b>		
Property and equipment	5,813	5,972
Inventories	1,790	1,825
Other	1,452	1,618
<b>Total deferred tax liabilities</b>	<b>9,055</b>	<b>9,415</b>
<b>Net deferred tax liabilities</b>	<b>\$ 1,853</b>	<b>\$ 2,966</b>

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

(Amounts in millions)	January 31,	
	2016	2015
<b>Balance Sheet classification:</b>		
<b>Assets:</b>		
Prepaid expenses and other	\$ —	\$ 728
Other assets and deferred charges	1,504	1,033
<b>Asset subtotals</b>	<b>1,504</b>	<b>1,761</b>
<b>Liabilities:</b>		
Accrued liabilities	—	56
Deferred income taxes and other	3,357	4,671
<b>Liability subtotals</b>	<b>3,357</b>	<b>4,727</b>
<b>Net deferred tax liabilities</b>	<b>\$ 1,853</b>	<b>\$ 2,966</b>

### Unremitted Earnings

U.S. income taxes have not been provided on accumulated but undistributed earnings of the Company's international subsidiaries of approximately \$26.1 billion and \$23.3 billion as of January 31, 2016 and 2015, respectively, as the Company intends to permanently reinvest these amounts outside of the U.S. However, if any portion were to be distributed, the related U.S. tax liability may be reduced by foreign income taxes paid on those earnings. Determination of the unrecognized deferred tax liability related to these undistributed earnings is not practicable because of the complexities with its hypothetical calculation. The Company provides deferred or current income taxes on earnings of international subsidiaries in the period that the Company determines it will remit those earnings.

### Net Operating Losses, Tax Credit Carryforwards and Valuation Allowances

At January 31, 2016, the Company had net operating loss and capital loss carryforwards totaling approximately \$5.3 billion. Of these carryforwards, approximately \$3.0 billion will expire, if not utilized, in various years through 2036. The remaining carryforwards have no expiration. At January 31, 2016, the Company had foreign tax credit carryforwards of \$1.8 billion, which will expire in various years through 2026, if not utilized.

The recoverability of these future tax deductions and credits is evaluated by assessing the adequacy of future expected taxable income from all sources, including taxable income in prior carryback years, reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. To the extent management does not consider it more likely than not that a deferred tax asset will be realized, a valuation allowance is established. If a valuation allowance has been established and management subsequently determines that it is more likely than not that the deferred tax assets will be realized, the valuation allowance is released.

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The Company had valuation allowances recorded of approximately \$1.5 billion as of January 31, 2016 and 2015, respectively, on deferred tax assets associated primarily with net operating loss carryforwards for which management has determined it is more likely than not that the deferred tax asset will not be realized. The net activity in the valuation allowance during fiscal 2016 related to releases arising from the use of deferred tax assets, changes in judgment regarding the future realization of deferred tax assets, increases from certain net operating losses and deductible temporary differences arising in fiscal 2016, decreases due to operating loss expirations and fluctuations in currency exchange rates. Management believes that it is more likely than not that the remaining net deferred tax assets will be fully realized.

#### Uncertain Tax Positions

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

As of January 31, 2016 and 2015, the amount of unrecognized tax benefits related to continuing operations was \$607 million and \$838 million, respectively. The amount of unrecognized tax benefits that would affect the Company's effective income tax rate was \$522 million and \$763 million for January 31, 2016 and 2015, respectively.

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

(Amounts in millions)	Fiscal Years Ended January 31,		
	2016	2015	2014
Unrecognized tax benefits, beginning of year	\$ 838	\$ 763	\$ 818
Increases related to prior year tax positions	164	7	41
Decreases related to prior year tax positions	(446)	(17)	(112)
Increases related to current year tax positions	119	174	133
Settlements during the period	(25)	(89)	(117)
Lapse in statutes of limitations	(43)	—	—
Unrecognized tax benefits, end of year	\$ 607	\$ 838	\$ 763

The Company classifies interest and penalties related to uncertain tax benefits as interest expense and as operating, selling, general and administrative expenses, respectively. During fiscal 2016, 2015 and 2014, the Company recognized interest and penalty expense (benefit) related to uncertain tax positions of \$5 million, \$18 million and \$(7) million, respectively. As of January 31, 2016 and 2015, accrued interest related to uncertain tax positions of \$60 million and \$57 million, respectively, was recorded in the Company's Consolidated Balance Sheets. The Company did not have any accrued penalties recorded for income taxes as of January 31, 2016 or 2015.

During the next twelve months, it is reasonably possible that tax audit resolutions could reduce unrecognized tax benefits by between \$50 million and \$150 million, either because the tax positions are sustained on audit or because the Company agrees to their disallowance. The Company is focused on resolving tax audits as expeditiously as possible. As a result of these efforts, unrecognized tax benefits could potentially be reduced beyond the provided range during the next twelve months. The Company does not expect any change to have a significant impact to its Consolidated Financial Statements.

The Company remains subject to income tax examinations for its U.S. federal income taxes generally for fiscal 2013 through 2016. The Company also remains subject to income tax examinations for international income taxes for fiscal 2000 through 2016, and for U.S. state and local income taxes generally for the fiscal years ended 2008 through 2016.

## Note 10. Contingencies

### Legal Proceedings

The Company is involved in a number of legal proceedings. The Company has made accruals with respect to these matters, where appropriate, which are reflected in the Company's Consolidated Financial Statements. For some matters, a liability is not probable or the amount cannot be reasonably estimated and therefore an accrual has not been made. However, where a liability is reasonably possible and may be material, such matters have been disclosed. The Company may enter into discussions regarding settlement of these matters, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company'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 7,000 "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. On October 14, 2015, the Employment Appeal Tribunal denied ASDA's requests for an appeal. Following additional argument and proceedings, the issue of "strike out" and the scope of Employment Tribunal Rules are subject of further appellate review by the Employment Appeal Tribunal but the request to appeal the stay issue was denied by the Employment Appeal Tribunal. On March 8, 2016, ASDA filed a notice of appeal with the Court of Appeals seeking to appeal the Employment Appeal Tribunal's decision to disallow an appeal of the stay issue. 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 anti-corruption compliance. The Company is engaged in strengthening its global anti-corruption compliance program through appropriate remedial anti-corruption measures. In November 2011, the Company voluntarily disclosed that investigative activity to the U.S. Department of Justice (the "DOJ") and the Securities and Exchange Commission (the "SEC"). Since the implementation of the global review and the enhanced anti-corruption compliance program, the Audit Committee and the Company have identified or been made aware of additional allegations regarding potential violations of the FCPA. When such allegations 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 fiscal years ended January 31, 2016, 2015 and 2014, the Company incurred the following third-party expenses in connection with the FCPA investigation and related matters:

<i>(Amounts in millions)</i>	<b>Fiscal Years Ended January 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Ongoing inquiries and investigations	\$ 95	\$ 121	\$ 173
Global compliance program and organizational enhancements	31	52	109
<b>Total</b>	<b>\$ 126</b>	<b>\$ 173</b>	<b>\$ 282</b>

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 11. Commitments**

The Company has long-term leases for stores and equipment. Rentals (including amounts applicable to taxes, insurance, maintenance, other operating expenses and contingent rentals) under operating leases and other short-term rental arrangements were \$2.5 billion in fiscal 2016 and \$2.8 billion in both fiscal 2015 and 2014.

Aggregate minimum annual rentals at January 31, 2016, under non-cancelable leases are as follows:

*(Amounts in millions)*

Fiscal Year	Operating Leases	Capital Lease and Financing Obligations
2017	\$ 2,057	\$ 815
2018	1,989	758
2019	1,794	710
2020	1,697	655
2021	1,530	624
Thereafter	12,438	5,093
<b>Total minimum rentals</b>	<b>\$ 21,505</b>	<b>\$ 8,655</b>
Less estimated executory costs		39
Net minimum lease payments		8,616
Noncash gain on future termination of financing obligation		1,070
Less imputed interest		(3,319)
<b>Present value of minimum lease payments</b>		<b>\$ 6,367</b>

Certain of the Company's leases provide for the payment of contingent rentals based on a percentage of sales. Such contingent rentals were not material for fiscal 2016, 2015 and 2014. Substantially all of the Company's store leases have renewal options, some of which may trigger an escalation in rentals.

The Company has future lease commitments for land and buildings for approximately 215 future locations. These lease commitments have lease terms ranging from 10 to 30 years and provide for certain minimum rentals. If executed, payments under operating leases would increase by \$34 million for fiscal 2017, based on current cost estimates.

In connection with certain long-term debt issuances, the Company could be liable for early termination payments if certain unlikely events were to occur. At January 31, 2016, the aggregate termination payment would have been \$44 million. The arrangement pursuant to which this payment could be made will expire in fiscal 2019.

**Note 12. Retirement-Related Benefits**

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

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

Additionally, the Company's subsidiaries in the United Kingdom and Japan have sponsored defined benefit pension plans. The plan in the United Kingdom was overfunded by \$106 million and underfunded by \$85 million at January 31, 2016 and 2015, respectively. The plan in Japan was underfunded by \$205 million and \$223 million at January 31, 2016 and 2015, respectively. Overfunded amounts are recorded as assets in the Company's Consolidated Balance Sheets in other assets and deferred charges. Underfunded amounts are recorded as liabilities in the Company's Consolidated Balance Sheets in deferred income taxes and other. Certain other international operations also have defined benefit arrangements that are not significant.

The following table summarizes the contribution expense related to the Company's retirement-related benefits for fiscal 2016, 2015 and 2014:

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
<b>Defined contribution plans:</b>			
U.S.	\$ 967	\$ 898	\$ 877
International	179	167	165
<b>Defined benefit plans:</b>			
International	6	5	20
<b>Total contribution expense for retirement-related benefits</b>	<b>\$ 1,152</b>	<b>\$ 1,070</b>	<b>\$ 1,062</b>

### Note 13. Acquisitions, Disposals and Related Items

In fiscal 2016, 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 14. Segments**

The Company is engaged in the operation of retail, wholesale and other units located in the U.S., Africa, Argentina, Brazil, Canada, Central America, Chile, China, India, Japan, Mexico and the United Kingdom. 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.

Information for the Company's segments, as well as for Corporate and support, including the reconciliation to income from continuing operations before income taxes, is provided in the following table:

<i>(Amounts in millions)</i>	<b>Walmart U.S.</b>	<b>Walmart International</b>	<b>Sam's Club</b>	<b>Corporate and support</b>	<b>Consolidated</b>
<b>Fiscal Year Ended January 31, 2016</b>					
Net sales	\$ 298,378	\$ 123,408	\$ 56,828	\$ —	\$ 478,614
Operating income (loss)	19,087	5,346	1,820	(2,148)	24,105
Interest expense, net					(2,467)
Income from continuing operations before income taxes					<u>\$ 21,638</u>
Total assets	\$ 103,109	\$ 73,720	\$ 13,998	\$ 8,754	\$ 199,581
Depreciation and amortization	2,800	2,549	472	3,633	9,454
Capital expenditures	6,728	2,930	695	1,124	11,477
<b>Fiscal Year Ended January 31, 2015</b>					
Net sales	\$ 288,049	\$ 136,160	\$ 58,020	\$ —	\$ 482,229
Operating income (loss)	21,336	6,171	1,976	(2,336)	27,147
Interest expense, net					(2,348)
Income from continuing operations before income taxes					<u>\$ 24,799</u>
Total assets	\$ 101,381	\$ 80,505	\$ 13,995	\$ 7,609	\$ 203,490
Depreciation and amortization	2,665	2,665	473	3,370	9,173
Capital expenditures	6,286	3,936	753	1,199	12,174
<b>Fiscal Year Ended January 31, 2014</b>					
Net sales	\$ 279,406	\$ 136,513	\$ 57,157	\$ —	\$ 473,076
Operating income (loss)	21,787	5,153	1,843	(1,911)	26,872
Interest expense, net					(2,216)
Income from continuing operations before income taxes					<u>\$ 24,656</u>
Total assets	\$ 98,745	\$ 85,370	\$ 14,053	\$ 6,373	\$ 204,541
Depreciation and amortization	2,640	2,658	437	3,135	8,870
Capital expenditures	6,378	4,463	1,071	1,203	13,115

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Total revenues, consisting of net sales and membership and other income, and long-lived assets, consisting primarily of property and equipment, net, aggregated by the Company's U.S. and non-U.S. operations for fiscal 2016, 2015 and 2014, are as follows:

<i>(Amounts in millions)</i>	Fiscal Years Ended January 31,		
	2016	2015	2014
<b>Total revenues</b>			
U.S. operations	\$ 357,559	\$ 348,227	\$ 338,681
Non-U.S. operations	124,571	137,424	137,613
<b>Total revenues</b>	<b>\$ 482,130</b>	<b>\$ 485,651</b>	<b>\$ 476,294</b>
<b>Long-lived assets</b>			
U.S. operations	\$ 82,475	\$ 80,879	\$ 79,644
Non-U.S. operations	34,041	35,776	38,263
<b>Total long-lived assets</b>	<b>\$ 116,516</b>	<b>\$ 116,655</b>	<b>\$ 117,907</b>

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

**Note 15. Subsequent Event***Dividends Declared*

On February 18, 2016, the Board of Directors approved the fiscal 2017 annual dividend at \$2.00 per share, an increase over the fiscal 2016 dividend of \$1.96 per share. For fiscal 2017, the annual dividend will be paid in four quarterly installments of \$0.50 per share, according to the following record and payable dates:

Record Date	Payable Date
March 11, 2016	April 4, 2016
May 13, 2016	June 6, 2016
August 12, 2016	September 6, 2016
December 9, 2016	January 3, 2017

**Note 16. Quarterly Financial Data (Unaudited)**

	<b>Fiscal Year Ended January 31, 2016</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<i>(Amounts in millions, except per share data)</i>					
Total revenues	\$ 114,826	\$ 120,229	\$ 117,408	\$ 129,667	\$ 482,130
Net sales	114,002	119,330	116,598	128,684	478,614
Cost of sales	86,483	90,056	87,446	96,999	360,984
Income from continuing operations	3,283	3,635	3,414	4,748	15,080
Consolidated net income	3,283	3,635	3,414	4,748	15,080
Consolidated net income attributable to Walmart	3,341	3,475	3,304	4,574	14,694
Basic net income per common share attributable to Walmart	1.03	1.08	1.03	1.44	4.58
Diluted net income per common share attributable to Walmart	1.03	1.08	1.03	1.43	4.57
<b>Fiscal Year Ended January 31, 2015</b>					
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
Total revenues	\$ 114,960	\$ 120,125	\$ 119,001	\$ 131,565	\$ 485,651
Net sales	114,167	119,336	118,076	130,650	482,229
Cost of sales	86,714	90,010	89,247	99,115	365,086
Income from continuing operations	3,711	4,089	3,826	5,188	16,814
Consolidated net income	3,726	4,359	3,826	5,188	17,099
Consolidated net income attributable to Walmart	3,593	4,093	3,711	4,966	16,363
<b>Basic net income per common share:</b>					
Basic income per common share from continuing operations attributable to Walmart	1.10	1.22	1.15	1.54	5.01
Basic income (loss) per common share from discontinued operations attributable to Walmart	0.01	0.05	—	—	0.06
Basic net income per common share attributable to Walmart	<u>1.11</u>	<u>1.27</u>	<u>1.15</u>	<u>1.54</u>	<u>5.07</u>
<b>Diluted net income per common share:</b>					
Diluted income per common share from continuing operations attributable to Walmart	1.10	1.21	1.15	1.53	4.99
Diluted income (loss) per common share from discontinued operations attributable to Walmart	0.01	0.05	—	—	0.06
Diluted net income per common share attributable to Walmart	<u>1.11</u>	<u>1.26</u>	<u>1.15</u>	<u>1.53</u>	<u>5.05</u>

**Report of Independent Registered Public Accounting Firm**

**The Board of Directors and Shareholders of Wal-Mart Stores, Inc.**

We have audited the accompanying consolidated balance sheets of Wal-Mart Stores, Inc. as of January 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity and redeemable noncontrolling interest, and cash flows for each of the three years in the period ended January 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart Stores, Inc. at January 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Wal-Mart Stores, Inc.'s internal control over financial reporting as of January 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 30, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP  
Rogers, Arkansas  
March 30, 2016

**Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting**

**The Board of Directors and Shareholders of Wal-Mart Stores, Inc.**

We have audited Wal-Mart Stores, Inc.'s internal control over financial reporting as of January 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Wal-Mart Stores, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report to Our Shareholders." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, Wal-Mart Stores, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Wal-Mart Stores, Inc. as of January 31, 2016 and 2015, and related consolidated statements of income, comprehensive income, shareholders' equity and redeemable noncontrolling interest, and cash flows for each of the three years in the period ended January 31, 2016 and our report dated March 30, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP  
Rogers, Arkansas  
March 30, 2016



## **Management's Report to Our Shareholders**

Wal-Mart Stores, Inc.

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

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

Acting through our Audit Committee, we have retained Ernst & Young LLP, an independent registered public accounting firm, to audit our Consolidated Financial Statements found in this Annual Report to Shareholders. We have made available to Ernst & Young LLP all of our financial records and related data in connection with their audit of our Consolidated Financial Statements. We have filed with the Securities and Exchange Commission ("SEC") the required certifications related to our Consolidated Financial Statements as of and for the year ended January 31, 2016. These certifications are attached as exhibits to our Annual Report on Form 10-K for the year ended January 31, 2016. Additionally, we have also provided to the New York Stock Exchange the required annual certification of our Chief Executive Officer regarding our compliance with the New York Stock Exchange's corporate governance listing standards.

### **Report on Internal Control Over Financial Reporting**

Management has responsibility for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's internal control over financial reporting as of January 31, 2016. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in Internal Control-Integrated Framework (2013). Management concluded that based on its assessment, Walmart's internal control over financial reporting was effective as of January 31, 2016. The Company's internal control over financial reporting as of January 31, 2016, has been audited by Ernst & Young LLP as stated in their report which appears in this Annual Report to Shareholders.

### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be timely disclosed is accumulated and communicated to management in a timely fashion. Management has assessed the effectiveness of these disclosure controls and procedures as of January 31, 2016, and determined they were effective as of that date to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, was accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure and were effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

**Report on Ethical Standards**

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

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

/s/ C. Douglas McMillon

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C. Douglas McMillon  
President and Chief Executive Officer

/s/ M. Brett Biggs

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M. Brett Biggs  
Executive Vice President and Chief Financial Officer

**Unit Counts as of January 31, 2016**

Wal-Mart Stores, Inc.

**United States**

The Walmart U.S. and Sam's Club segments comprise the Company's operations in the U.S. As of January 31, 2016, unit counts for Walmart U.S. and Sam's Club are summarized by format for each state and territory as follows:

State or Territory	Walmart U.S.			Sam's Club	Grand Total
	Supercenters	Discount Stores	Neighborhood Markets and other small formats	Clubs	
Alabama	100	1	25	14	140
Alaska	8	2	—	3	13
Arizona	80	3	28	16	127
Arkansas	76	7	33	7	123
California	127	83	67	33	310
Colorado	69	5	18	15	107
Connecticut	12	22	1	3	38
Delaware	6	3	—	1	10
Florida	221	12	75	47	355
Georgia	151	3	36	24	214
Hawaii	—	10	—	2	12
Idaho	23	—	2	1	26
Illinois	134	22	7	33	196
Indiana	95	8	11	16	130
Iowa	57	3	—	9	69
Kansas	57	3	15	9	84
Kentucky	77	8	9	9	103
Louisiana	88	2	29	15	134
Maine	19	3	—	3	25
Maryland	28	19	—	12	59
Massachusetts	27	22	—	3	52
Michigan	89	4	—	26	119
Minnesota	65	5	—	14	84
Mississippi	64	4	5	7	80
Missouri	111	11	16	19	157
Montana	13	—	—	2	15
Nebraska	35	—	7	5	47
Nevada	29	2	11	7	49
New Hampshire	18	9	—	4	31
New Jersey	26	34	—	10	70
New Mexico	35	2	7	7	51
New York	78	20	2	16	116
North Carolina	140	6	43	23	212
North Dakota	14	—	—	3	17
Ohio	138	7	—	29	174
Oklahoma	79	9	31	12	131
Oregon	28	7	9	—	44
Pennsylvania	115	22	—	24	161
Rhode Island	5	4	—	1	10
South Carolina	81	—	18	12	111
South Dakota	14	—	—	2	16
Tennessee	115	2	17	16	150
Texas	372	22	88	83	565
Utah	41	—	10	8	59
Vermont	1	4	—	—	5
Virginia	105	6	20	17	148
Washington	52	10	5	3	70
Washington D.C.	3	—	—	—	3
West Virginia	38	—	1	5	44
Wisconsin	81	6	2	12	101
Wyoming	12	—	—	2	14
Puerto Rico	13	5	19	11	48
<b>U.S. total</b>	<b>3,465</b>	<b>442</b>	<b>667</b>	<b>655</b>	<b>5,229</b>



**International**

The Walmart International segment comprises the Company's operations outside of the U.S. and is represented in three major brand categories. Unit counts<sup>(1)</sup> as of January 31, 2016 for Walmart International are summarized by brand category for each geographic market as follows:

<b>Geographic Market</b>	<b>Retail</b>	<b>Wholesale</b>	<b>Other<sup>(2)</sup></b>	<b>Total</b>
Africa <sup>(3)</sup>	318	90	—	408
Argentina	108	—	—	108
Brazil	414	71	14	499
Canada	400	—	—	400
Central America <sup>(4)</sup>	709	—	—	709
Chile	392	3	—	395
China	420	12	—	432
India	—	21	—	21
Japan	346	—	—	346
Mexico	2,189	161	10	2,360
United Kingdom	603	—	18	621
<b>International total</b>	<b>5,899</b>	<b>358</b>	<b>42</b>	<b>6,299</b>

(1) Walmart International unit counts, with the exception of Canada, are stated as of December 31, 2015, to correspond with the balance sheet date of the related geographic market. Canada unit counts are stated as of January 31, 2016.

(2) "Other" includes drug stores and convenience stores operating under varying banners.

(3) Africa unit counts by country are Botswana (11), Ghana (1), Kenya (1), Lesotho (3), Malawi (2), Mozambique (6), Namibia (4), Nigeria (8), South Africa (366), Swaziland (1), Tanzania (1), Uganda (1) and Zambia (3).

(4) Central America unit counts by country are Costa Rica (225), El Salvador (91), Guatemala (223), Honduras (82) and Nicaragua (88).

**Board of Directors**

**Aida M. Alvarez**

Ms. Alvarez is the former Administrator of the U.S. Small Business Administration and was a member of President Clinton's Cabinet from 1997 to 2001.

**James I. Cash, Jr., Ph.D.**

Dr. Cash is the James E. Robison Professor of Business Administration, Emeritus at Harvard Business School, where he served from July 1976 to October 2003.

**Roger C. Corbett**

Mr. Corbett is the retired Chief Executive Officer and Group Managing Director of Woolworths Limited, the largest retail company in Australia.

**Pamela J. Craig**

Ms. Craig is the retired Chief Financial Officer of Accenture plc, a global management consulting, technology services, and outsourcing company.

**Michael T. Duke**

Mr. Duke is the former Chairman of the Executive Committee of the Board of Directors of Wal-Mart Stores, Inc., where he served in that capacity until January 31, 2015. He previously served as the President and Chief Executive Officer of Wal-Mart Stores, Inc. from February 2009 to January 2014.

**Timothy P. Flynn**

Mr. Flynn is the retired Chairman of KPMG International, a professional services firm.

**Thomas W. Horton**

Mr. Horton is the former Chairman of American Airlines Group Inc. and the former Chairman of American Airlines, Inc. He also previously served as the Chairman and Chief Executive Officer of AMR Corporation and CEO of American Airlines, Inc.

**Marissa A. Mayer**

Ms. Mayer is the Chief Executive Officer and President and Director of Yahoo!, Inc., a digital media company.

**C. Douglas McMillon**

Mr. McMillon is the President and Chief Executive Officer of Wal-Mart Stores, Inc.

**Gregory B. Penner**

Mr. Penner is the Chairman of the Board of Directors of Wal-Mart Stores, Inc. and a General Partner at Madrone Capital Partners, an investment firm.

**Steven S. Reinemund**

Mr. Reinemund is the retired Dean of Business and Professor of Leadership and Strategy at Wake Forest University. He previously served as the Chairman of the Board and Chairman and Chief Executive Officer of PepsiCo, Inc.

**Kevin Y. Systrom**

Mr. Systrom is the Chief Executive Officer and co-founder of Instagram, a social media application.

**Jim C. Walton**

Mr. Walton is the Chairman of the Board of Directors and Chief Executive Officer of Arvest Bank Group, Inc., a group of banks operating in the states of Arkansas, Kansas, Missouri and Oklahoma.

**S. Robson Walton**

Mr. Walton is the retired Chairman of the Board of Directors of Wal-Mart Stores, Inc.

**Linda S. Wolf**

Ms. Wolf is the retired Chairman of the Board of Directors and Chief Executive Officer of Leo Burnett Worldwide, Inc., an advertising agency and division of Publicis Groupe S.A.

**Corporate and Stock Information**

Wal-Mart Stores, Inc.

**Listing**

New York Stock Exchange

Stock Symbol: WMT

**Corporate information**

Stock Registrar and Transfer Agent:

Computershare Trust Company, N.A.

P.O. Box 43069

Providence, Rhode Island 02940-3069

1-800-438-6278

TDD for hearing-impaired inside the U.S. 1-800-952-9245

Internet: <http://www.computershare.com>

**Annual meeting**

Our Annual Meeting of Shareholders will be held on Friday, June 3, 2016, at 8:00 a.m. (Central Time) in the Bud Walton Arena on the University of Arkansas campus, Fayetteville, Arkansas.

**Communication with shareholders**

Wal-Mart Stores, Inc. periodically communicates with its shareholders and other members of the investment community about our operations. For further information regarding our policy on shareholder and investor communications refer to our website, [www.stock.walmart.com](http://www.stock.walmart.com).

The following reports are available without charge upon request by writing the Company c/o Investor Relations or by calling (479) 273-8446. These reports are also available via the corporate website.

Annual Report on Form 10-K

Quarterly Reports on Form 10-Q

Earnings Releases

Current Reports on Form 8-K

Annual Shareholders' Meeting Proxy Statement

Global Responsibility Report

Diversity and Inclusion Report (Includes the content previously reported in the "Workforce Diversity Report")

**Independent registered public accounting firm**

Ernst & Young LLP

5417 Pinnacle Point Dr., Suite 501

Rogers, AR 72758

**Market price of common stock**

The high and low market price per share for the Company's common stock in fiscal 2016 and 2015 were as follows:

	2016		2015	
	High	Low	High	Low
1st Quarter	\$ 88.00	\$ 77.55	\$ 79.99	\$ 72.27
2nd Quarter	79.94	70.36	79.76	73.54
3rd Quarter	73.69	57.16	79.37	72.61
4th Quarter	66.53	56.30	90.97	75.59

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The high and low market price per share for the Company's common stock for the first quarter of fiscal 2017, were as follows:

	2017			
	High		Low	
1st Quarter <sup>(1)</sup>	\$	68.92	\$	62.35

(1) Through March 29, 2016.

**Dividends payable per share**

For fiscal 2017, dividends will be paid based on the following schedule:

April 4, 2016	\$	0.50
June 6, 2016	\$	0.50
September 6, 2016	\$	0.50
January 3, 2017	\$	0.50

**Dividends paid per share**

For fiscal 2016, dividends were paid based on the following schedule:

April 6, 2015	\$	0.49
June 1, 2015	\$	0.49
September 8, 2015	\$	0.49
January 4, 2016	\$	0.49

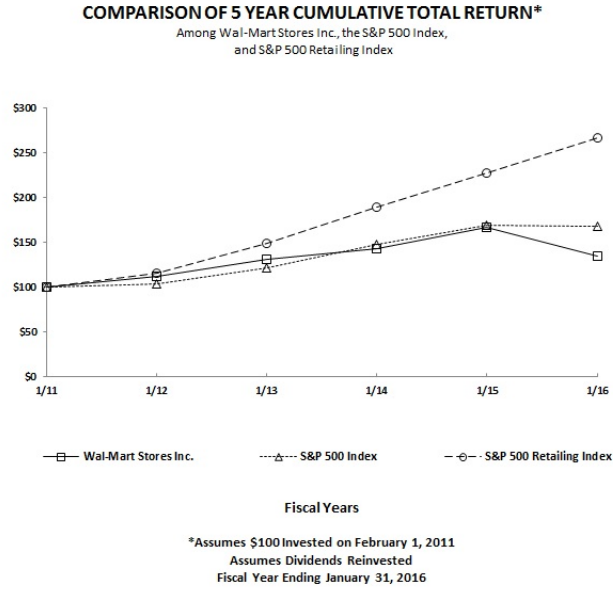
For fiscal 2015, dividends were paid based on the following schedule:

April 1, 2014	\$	0.48
June 2, 2014	\$	0.48
September 3, 2014	\$	0.48
January 5, 2015	\$	0.48



**Stock Performance Chart**

This graph compares the cumulative total shareholder return on Walmart's common stock during the five fiscal years ending with fiscal 2016 to the cumulative total returns on the S&P 500 Retailing Index and the S&P 500 Index. The comparison assumes \$100 was invested on February 1, 2011, in shares of our common stock and in each of the indices shown and assumes that all of the dividends were reinvested.



	Fiscal Years Ended January 31,					
	2011	2012	2013	2014	2015	2016
Wal-Mart Stores Inc.	\$ 100.00	\$ 112.46	\$ 131.34	\$ 143.67	\$ 167.56	\$ 134.48
S&P 500 Index	100.00	104.22	121.71	147.89	168.93	167.81
S&P 500 Retailing Index	100.00	115.66	149.35	189.57	227.53	266.59

**Shareholders**

As of March 28, 2016, there were 243,327 holders of record of Walmart's common stock.

**Significant Subsidiaries of Wal-Mart Stores, Inc.**

The following list details certain of the subsidiaries of Wal-Mart Stores, Inc. Subsidiaries not included in the list are omitted because, in the aggregate, they are not significant as permitted by Item 601(b)(21) of Regulation S-K.

<b>Subsidiary</b>	<b>Organized or Incorporated</b>	<b>Percent of Equity Securities Owned</b>	<b>Name Under Which Doing Business Other Than Subsidiary's</b>
Wal-Mart Stores East, LP	Delaware, U.S.	100%	Walmart
Wal-Mart Stores Texas, LLC	Delaware, U.S.	100%	Walmart
Wal-Mart Property Company	Delaware, U.S.	100%	NA
Wal-Mart Real Estate Business Trust	Delaware, U.S.	100%	NA
Sam's West, Inc.	Arkansas, U.S.	100%	Sam's Club
Sam's East, Inc.	Arkansas, U.S.	100%	Sam's Club
Sam's Property Company	Delaware, U.S.	100%	NA
Sam's Real Estate Business Trust	Delaware, U.S.	100%	NA
ASDA Group Limited	England	100%	ASDA
Wal-Mart de Mexico, S.A.B. de C.V.	Mexico	71%	Walmex
Wal-Mart Canada Corp.	Canada	100%	Walmart
Wal-Mart Japan Holdings K.K.	Japan	100%	Seiyu
Walmart Chile S.A. <sup>(1)</sup>	Chile	100%	Walmart Chile
Massmart Holdings Ltd	South Africa	52%	Massmart

(1) The Company owns substantially all of Walmart Chile.

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Wal-Mart Stores, Inc. for the year ended January 31, 2016 of our reports dated March 30, 2016, with respect to the consolidated financial statements of Wal-Mart Stores, Inc. and the effectiveness of internal control over financial reporting of Wal-Mart Stores, Inc., included in the 2016 Annual Report to Shareholders of Wal-Mart Stores, Inc.

We also consent to the incorporation by reference in the following Registration Statements:

(1) Stock Option Plan of 1984 of Wal-Mart Stores, Inc., as amended	Form S-8 File Nos. 2-94358 and 1-6991
(2) Stock Option Plan of 1994 of Wal-Mart Stores, Inc., as amended	Form S-8 File No. 33-55325
(3) Dividend Reinvestment and Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-3 File No. 333-02089
(4) Director Compensation Plan of Wal-Mart Stores, Inc.	Form S-8 File No. 333-24259
(5) 401 (k) Retirement Savings Plan of Wal-Mart Stores, Inc.	Form S-8 File No. 333-29847
(6) 401 (k) Retirement Savings Plan of Wal-Mart Puerto Rico, Inc.	Form S-8 File No. 333-44659
(7) Wal-Mart Stores, Inc. Associate Stock Purchase Plan of 1996	Form S-8 File No. 333-62965
(8) Wal-Mart Stores, Inc. Stock Incentive Plan of 2015, which amended and restated the 2010 plan	Form S-8 File No. 333-60329
(9) The ASDA Colleague Share Ownership Plan	Form S-8 File No. 333-84027
The ASDA Group Long Term Incentive Plan	
The ASDA Group PLC Sharesave Scheme	
The ASDA 1984 Executive Share Option Scheme	
The ASDA 1994 Executive Share Option Scheme	
(10) The ASDA Colleague Share Ownership Plan 1999	Form S-8 File No. 333-88501
(11) Wal-Mart Profit Sharing and 401(k) Plan	Form S-8 File No. 333-109421
(12) Associate Stock Purchase Plan of 1996	Form S-8 File No. 333-109417
(13) Wal-Mart Puerto Rico Profit Sharing and 401(k) Plan	Form S-8 File No. 333-109414
(14) ASDA Sharesave Plan 2000	Form S-8 File No. 333-107439
(15) Wal-Mart Stores, Inc. Stock Incentive Plan of 2015, which amended and restated the 2010 plan	Form S-8 File No. 333-128204
(16) The ASDA Sharesave Plan 2000	Form S-8 File No. 333-168348
(17) Walmart Deferred Compensation Matching Plan	Form S-8 File No. 333-178717
(18) Wal-Mart Stores, Inc. Common Stock	Form S-3 ASR File No. 333-178385
(19) Walmart 401(k) Plan	Form S-8 File No. 333-187577
(20) Debt Securities of Wal-Mart Stores, Inc.	Form S-3 ASR File No. 333-201704

of our reports dated March 30, 2016, with respect to the consolidated financial statements of Wal-Mart Stores, Inc. and the effectiveness of internal control over financial reporting of Wal-Mart Stores, Inc., incorporated by reference in this Annual Report (Form 10-K) of Wal-Mart Stores, Inc. for the year ended January 31, 2016.

/s/ Ernst & Young LLP  
Rogers, Arkansas  
March 30, 2016

I, C. Douglas McMillon, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 30, 2016

/s/ C. Douglas McMillon

C. Douglas McMillon

President and Chief Executive Officer

I, M. Brett Biggs, certify that:

1. I have reviewed this Annual Report on Form 10-K of 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: March 30, 2016

/s/ M. Brett Biggs

M. Brett Biggs

Executive Vice President and Chief Financial Officer

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

In connection with the Annual Report of Wal-Mart Stores, Inc. (the "Company") on Form 10-K for the period ending January 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, C. Douglas McMillon, President and Chief Executive Officer of the Company, certify to my knowledge and in my capacity as an officer of the Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, effective as of March 30, 2016.

*/s/ C. Douglas McMillon*

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C. Douglas McMillon  
President and Chief Executive Officer

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

In connection with the Annual Report of Wal-Mart Stores, Inc. (the "Company") on Form 10-K for the period ending January 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Brett Biggs, Executive Vice President and Chief Financial Officer of the Company, certify to my knowledge and in my capacity as an officer of the Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, effective as of March 30, 2016.

/s/ M. Brett Biggs

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M. Brett Biggs  
Executive Vice President and Chief Financial Officer