Wal-Mart Stores, Inc.

Free Cash Flow

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. Free cash flow was $1.9 billion and $3.1 billion for the three months ended April 30, 2013 and 2012, respectively. An increase in income tax payments due primarily to changes in federal bonus depreciation rules and an increase in capital expenditures contributed to the free cash flow decline.

Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.

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

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

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, which we believe to be the GAAP financial measure most directly comparable to free cash flow, as well as information regarding net cash used in investing activities and net cash used in financing activities.

	For the three months ended April 30,	
(Dollars in millions)	**2013**	**2012**
Net cash provided by operating activities	$ 4,894	$ 5,434
Payments for property and equipment	(2,968)	(2,375)
Free cash flow	$ 1,926	$ 3,059
Net cash used in investing activities[1]	$ (2,996)	$ (2,436)
Net cash used in financing activities	$ (741)	$ (1,807)

[1] "Net cash used in investing activities" includes payments for property and equipment, which is also included in our computation of free cash flow.