

# Lehman Brothers Ninth Annual Retail Seminar

## Wal-Mart Stores, Inc.

Tom Schoewe

Executive Vice President and Chief Financial Officer

*May 2, 2006*

# Forward-Looking Statement

Wal-Mart includes the following cautionary statement to take advantage of the “safe harbor” provisions of the PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 for any forward-looking statements made by, or on behalf of, Wal-Mart. You are referred to Wal-Mart’s SEC filings for additional information regarding the safe harbor. The factors which could cause actual results to differ materially from predicted results include, among other things, cost of goods, competitive pressures, geopolitical conditions, healthcare costs, inflation, consumer spending patterns and debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, changes in the cost of energy, labor and insurance, interest rate fluctuations and other capital market conditions and other risks set forth with the company’s filings with the SEC.

**“Never get so set in your ways  
that you can’t change.”**

**Sam M. Walton**

# What You Are Going To Hear

**Growth**

**Return On Invested Capital  
(ROIC)**

# We are focused on...

## Growth

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New Units

Existing Units

Expansion  
Program

Traffic

Acquisition

Ticket

## ROIC

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Gross Margin

Expenses

Other

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Working Capital

Fixed Capital

Other \*

\* Currently includes all consolidated companies

# April 2006 Comparable Store Sales

**6.8%**  
**(Estimate)**

# Growth - Expansion Program

	<u>FY 07 Expansion</u>
<b>Supercenters</b>	<b>270 - 280</b>
<b>Discount Stores</b>	<b>20 - 30</b>
<b>Neighborhood Markets</b>	<b>15 - 20</b>
<b>SAM'S CLUB</b>	<b>30 - 40</b>
<b>Total Domestic Expansion</b>	<b>335 - 370</b>
<b>International</b>	<b>220 - 230</b>

# Growth - Expansion Program

60+ Million Retail Square  
Feet Added

8% Growth

# Growth - Acquisitions

## Diversified portfolio

- **New acquisitions:**
  - Wal-Mart Central America
  - Southern Brazil
  - Seiyu
- **Growing populations**
- **Localized formats**

**ROIC Impact**

## **Growth – Wal-Mart U.S.**

**Who walks through our doors?**

**Over 130 million  
customers per week**

## **Growth – Wal-Mart U.S.**

**What do we know about these customers?**

- **They're in control**
- **Time starved**
- **Demographics are destiny**
- **Mass luxury**
- **Simplify**
- **Moving from the tangible to the intangible**

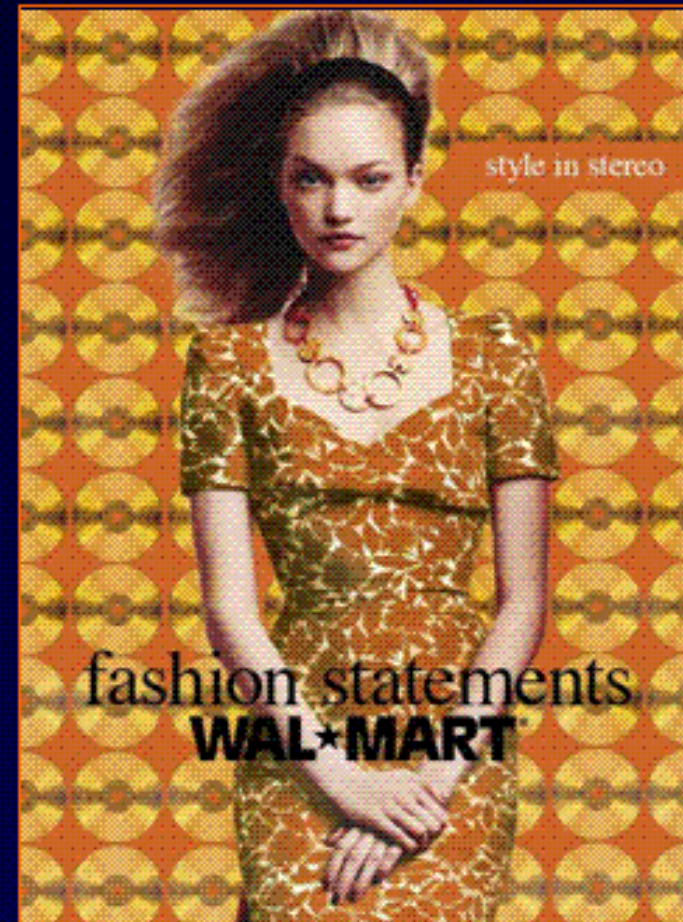
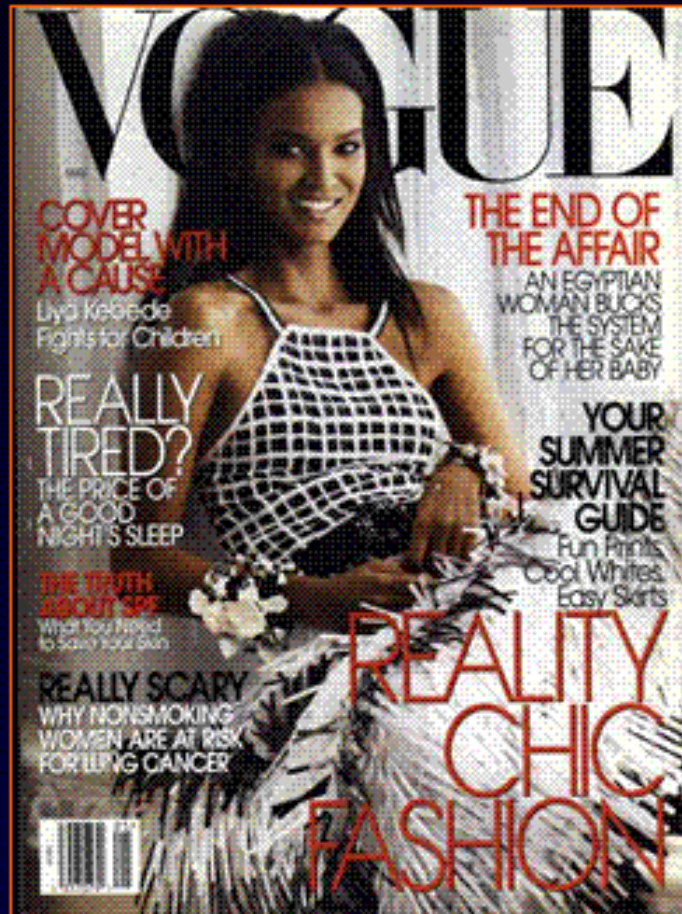
**Marketing-driven Decisions**

# **Growth – Ticket and Traffic**

## **Right product**

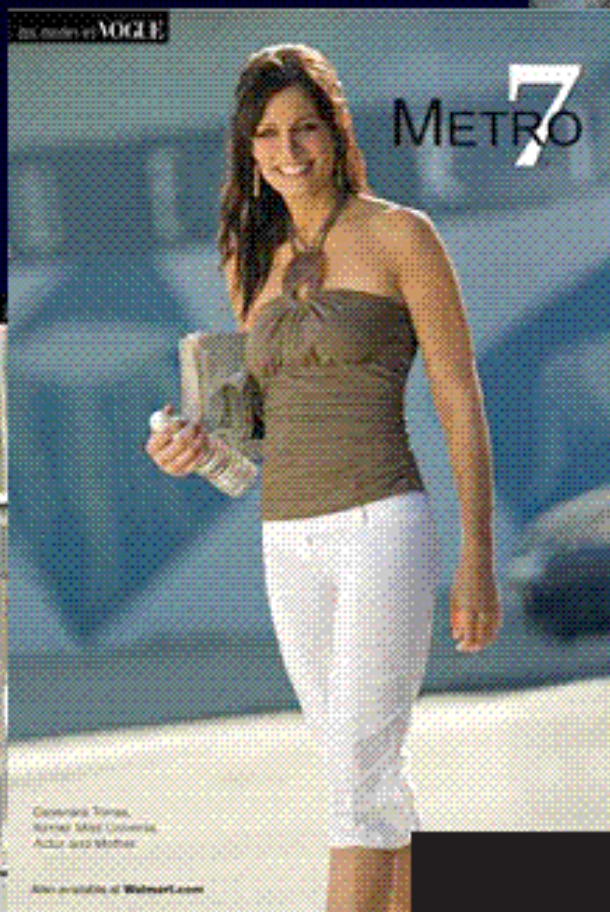
- **Marketing & communications**
- **Improve in-store experience**
- **Larger share of wallet**

# Broaden Relevancy through Targeted Marketing Communications

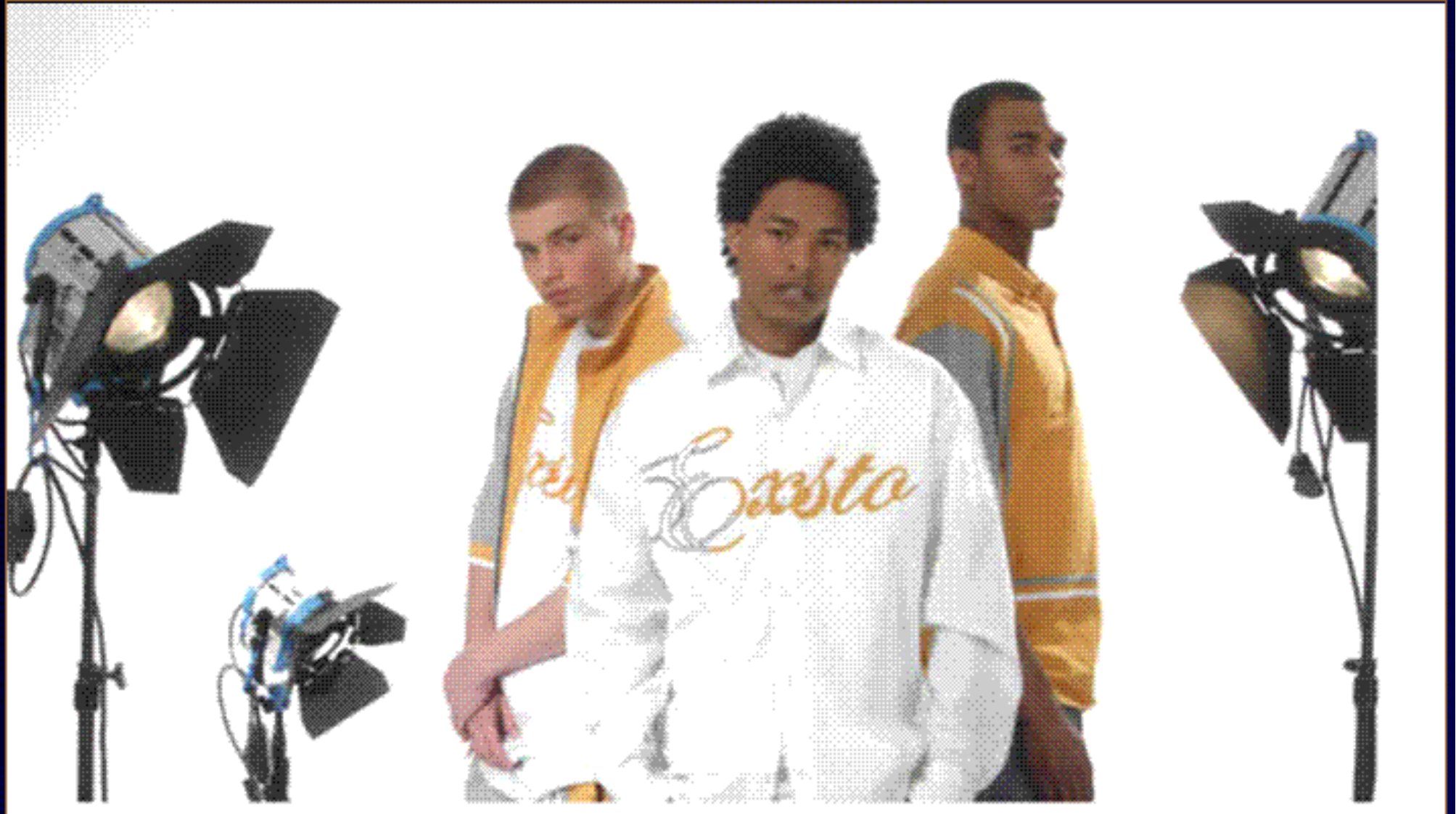


# **Provide Compelling Price & Quality**

- **Trend forward**
- **Surprising quality**
- **New layouts**
- **Sustainable products**
- **Store of the community**
- **Global variety**



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# Deep Assortment of Products

Providing baby products she wants



Pregnancy

Birth

Beyond

Shop by Brand

 Baby Einstein See All	 Child of Mine See All	 Cosco See All	 Storkcraft See All
 Delta See All	 Keter See All	 Evenflo See All	 The First Years See All
 Graco See All	 Infantino See All	 Safety 1st See All	 Jeep See All

Get Baby In Gear!

 Gym & Playmats	 Playstation & Walkers	 Bouncers & Jumpers
 Highchairs	 Infant Carriers	 Swings
 Diaper Bags	 Playards	 Booster Chairs

New! Precious Patterns From Graco

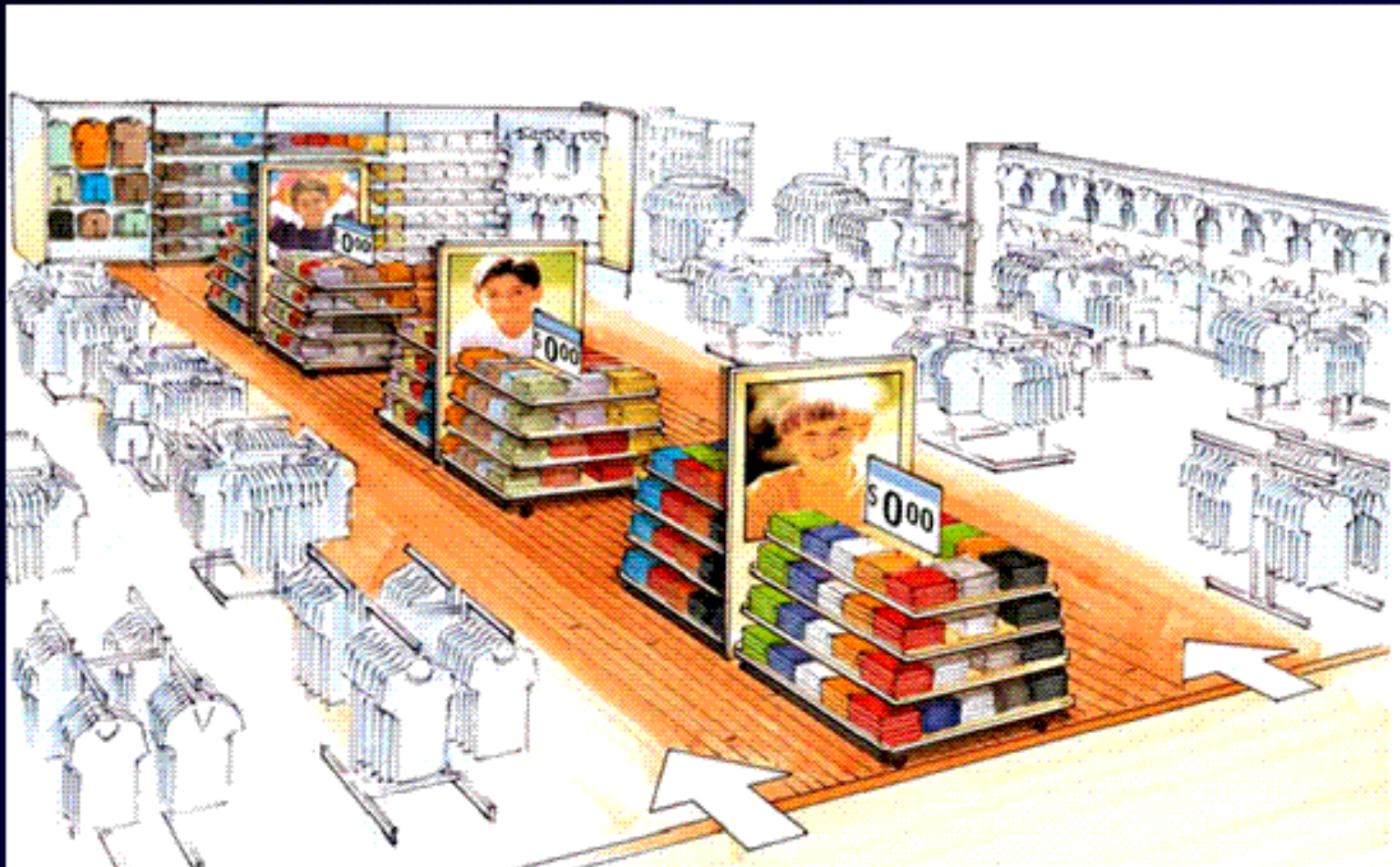
 Calvin	 Naples	 Super Safari
 Bancroft	 Darby	 Mystic

Shop by Brand...

Shop by Category

Shop Pattern or Finish

# Traffic Flow & Power Merchandising



# Store of the Community



Expanded ethnic hair and beauty products, cosmetics

Evergreen Park, IL



# An Integrated Experience

- Remodels
- Merchandising
- Marketing



# ROIC – Operations Initiatives

- **Organization structure in place February 2006**
- **System enhancements that match store staffing to traffic**
- **Focus on sales floor productivity**
- **Partner with suppliers to reduce store clutter**

# ROIC – Logistics Network

- **Network Remix**
- **Customer responsive**
- **Replenishment systems**

# ROIC – Network Remix

Evolve the Logistics Network to Increase Store Productivity & Customer Service



**Support Store needs:**

- Best items on one truck
- Delivery frequency & flow
- Quick to shelf

# ROIC – Inventory Management

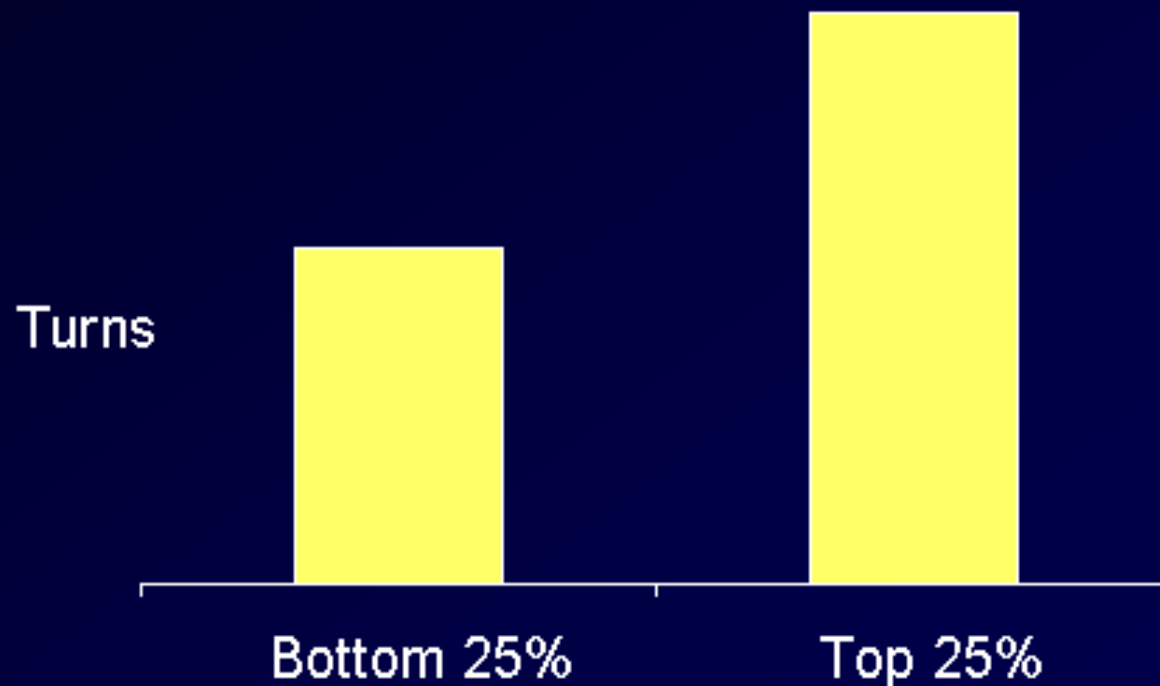
## Customer Access to Product

- Risers
- Backroom
- Trailers
- Outside warehouses

# ROIC – Inventory Management

- RFID
- Inventory reduction

Variability in Turns Across Supercenters



# ROIC – RFID – Future Plans

- **2006**
  - **Double RFID enabled facilities during 2006**
    - **More than 1,000 stores/clubs/DCs Live**
  - **Expect suppliers to tag more items as tag prices continue to fall**
- **2007**
  - **Next group of suppliers (further 300) to be live by January 2007**

# ROIC – Global Sourcing

- **Better value**
- **Eliminate the middle man**
- **Diversified countries**
- **Inventory ownership**

# ROIC – Sustainability

- **Helping the environment is good business**
- **Savings on:**
  - **Packaging**
  - **Store utilities**
  - **Fleet fuel efficiency**
  - **Sourcing**
  - **Recycling**

# ROIC - Savings for the Environment & Shareholders

- **APU Installation for Wal-Mart Private Fleet**
  - Eliminate 100,000 metric tons of CO2 emissions
  - Eliminate 75-90% of other harmful airborne emissions
  - Eliminate 10 million gallons fuel consumption per year
  - Save \$26 million fuel cost per year



# Organic Cotton from the Source = Organic Clothing at Wal-Mart Prices

**GEORGE**  
baby  
Organic

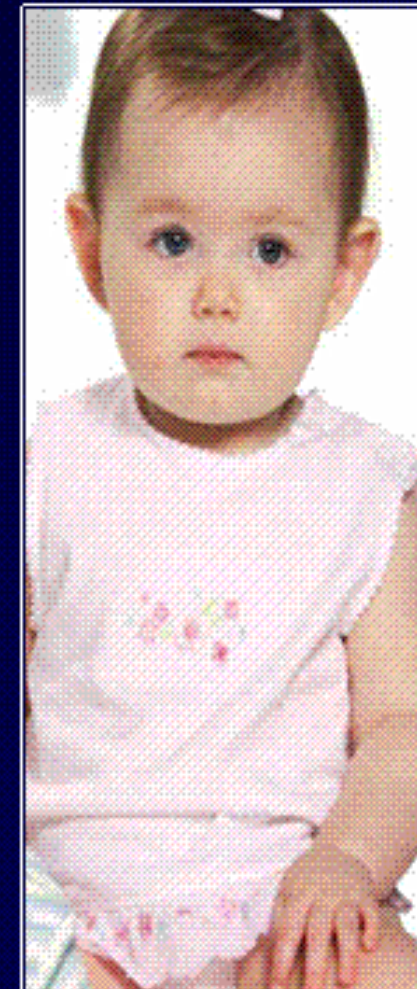


It's only natural ...  
You want the best, most comfortable clothing for your baby and what could be better than clothing the way mother nature intended?

We've designed baby clothes with organically-grown, extra-soft cotton. Our growers don't use pesticides, herbicides or synthetic fertilizers - providing a natural fit with Wal-Mart and peace of mind for parents.



Earth. Every Day.  
**89¢** Newborn Boys' or Girls' George® Organic Cotton Romper  
\$1.99

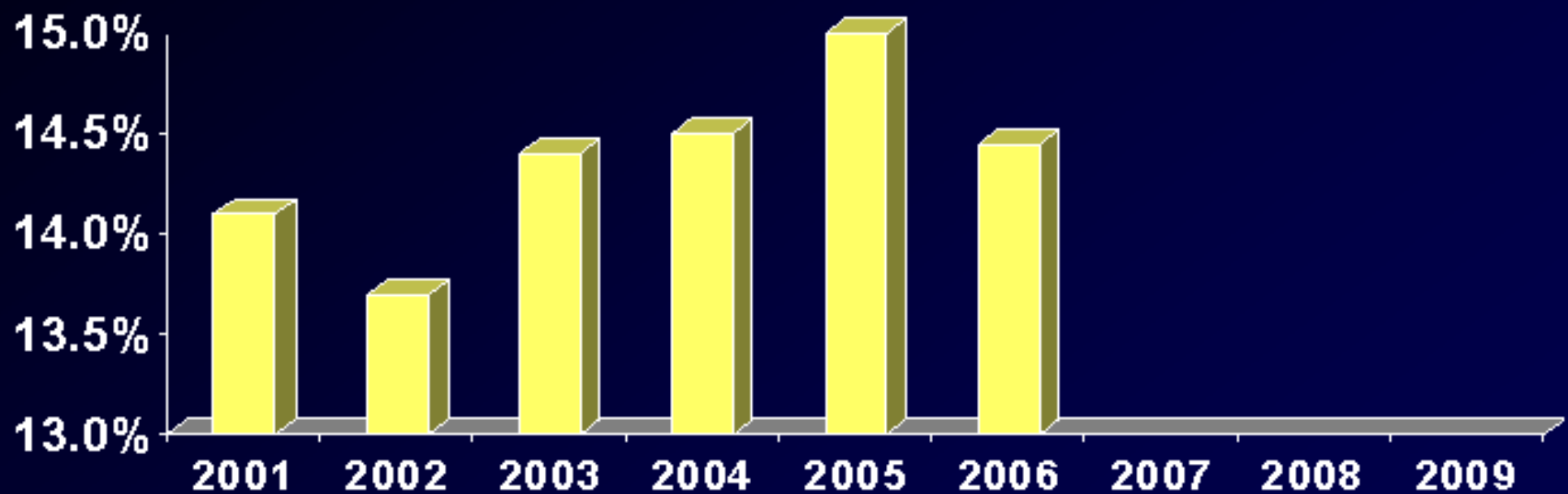


# Lead & Share Environmental Learnings Across Retail Industry



McKinney, Texas Store

# Return on Invested Capital



# Return on Invested Capital

- **Wal-Mart U.S.**
  - Reverse trend
  - Flatten FY2007
  - Improve
- **SAM'S CLUB U.S.**
- **International**
  - Trend
  - Acquisitions

**Thank  
You!**