

**The 20th Annual Meeting for the Investment Community  
October 16, 2013**

Corporate Speakers

- Carol Schumacher Wal-Mart VP - IR
- Neil Ashe Wal-Mart President, CEO Global eCommerce
- Joel Anderson Wal-Mart President, CEO - Wal-Mart.com US
- Fernando Madeira Wal-Mart President, CEO - Wal-Mart.com Latin America

Participants

- Robert Ohmes BofA/Merrill Lynch Analyst
- Bernie Sosnick Gilford Securities, Inc. Analyst
- Scott Mushkin Wolfe Research Analyst
- Matt NemerWells Fargo Analyst
- Matt Fassler Goldman Sachs Analyst
- John Lawrence Stephens, Inc. Analyst
- Greg Melich ISI Group Analyst

**PRESENTATION**

Carol Schumacher: Excuse me. We have additional news for you this afternoon and I'd like to welcome up to the state to kick-off an update on our eCommerce business, Neil Ashe, President and CEO of Global eCommerce.

Neil Ashe: Thanks Carol. Thank you. Wow, I didn't expect that. Welcome back from lunch. What a great morning we had. So, lots of information, lots of new developments and to that end, we couldn't be more excited to talk to you a little bit about eCommerce.

So as we talk about eCommerce, what makes me most proud is that what I'm about to tell you, you heard a lot of in Mike's talk in Bill's talk, in Roz' talk and in Doug's talk. You see, because eCommerce isn't a separate business at Wal-Mart anymore. It's core to our entire business. So there isn't a store customer or an online customer or a mobile customer. There's just one customer and we're all committed to delivering one Wal-Mart and one Sam's Club in to that one customer.

So taking a look at the leadership team we've assembled over the last year in Global eCommerce, they're a unique combination of consumer internet experience, retail experience, technology and supply chain. And I can tell you that they excite me and challenge me every day and it's great to work together. And it takes a team like this to make the kind of progress that we have made and we will continue to make going forward.

So you know the story of Wal-Mart. Sam Walton had a simple and yet, incredibly powerful idea. Bring access and value to people that couldn't otherwise get it. So on that simple idea, he created the discount store. And he developed capabilities so that Wal-Mart could deliver more back to the customer than anyone else could.

And then we saw an opportunity in the warehouse clubs. And so we built Sam's Club. And then we took all those capabilities and we said, "You know what? Grocery needs to have the same treatment, let's roll those out in Grocery." And then we realized that the world's a big place, and

so we took all those benefits and we brought them around the world.

In each case, we've developed capabilities so that we can do for the customer, what no one else can do. We're doing the same thing in eCommerce. You'll hear us talk a lot about that today, the capabilities we have developed and we are developing. But what's different about eCommerce, is that it is not a separate business. It's part of all the other businesses.

So today, you know us as the world's largest retailer. But you should also know that we are one of the world's largest, most dynamic and fastest growing eCommerce organizations. We're building Best-in-Class eCommerce and only we can marry that with the assets of the world's largest retailer. And when we do, we can win what we think is the biggest opportunity in commerce, the intersection between physical and digital. Best-in-Class eCommerce plus the assets of the world's largest retailer allow us to do for customers what no one else can do.

Last year, when we were together, I talked about four key elements of our strategy. So let's take a second and walk through those again. So first, it's about excelling at the fundamentals of eCommerce. If you want to build something that's going to be really big and is going to last forever, you darn well, better get the fundamentals right. And so, for us that's about knowing our customers and delivering them a customized shopping experience. It's about selling them what they want, everything they want at a low price. It's about delivering the highest quality customer experience, best site, best app, best store, best club. And it's about making them a promise.

If we say we're going to get you this to your door tomorrow, we're going to get you this at your door tomorrow. The second key element of the strategy is about innovating in new areas. We talk a lot about big data, social and mobile. You'll hear them throughout our presentation and you've heard them in this morning.

But more important than the big data social and mobile part, is the commitment to innovation. We're going to go where the customer wants us to go and we're going to develop all the new capabilities that are available to us to get their faster than anyone else.

The third key area is about winning in key geographies around the world, eCommerce is a global phenomenon and we want to go where the growth is. So you'll hear us talk about the US, the U.K., Latin America and China, and you'll also hear us talk about opening new markets in the future. And finally, we can use eCommerce to be the tie that unites and expands. Bring all this together on behalf of the customers, so more customers around the world can realize the benefits of Wal-Mart.

But what better way to see the progress that we've made on this, than to see through the eyes of our customers. So we want to take a little trip around the world and I'd like to invite up some of my colleagues to help. So first up, we have Joel Anderson. Joel runs WalMart.com, has been for about the last two years. He's been with Wal-Mart for about six years. Welcome Joel.

Joel Anderson: Thanks Neil.

Neil Ashe: And we'd also like to welcome Fernando Madeira. So Fernando is the President of WalMart.com Latin America. Fernando joined us about a year ago. He was the founder and CEO of Terra, which is the largest internet portal in Latin America, which he built from scratch. So welcome.

So together we're going to take a trip through the eyes of four customers in key markets for us around the world. Joel's going to talk about Phyllis in Dallas. I'm going to talk about Kate in Newbury, England. Fernando's going to talk about Carolina in Sao Paulo. And then we'll end with a discussion of Yunling in Yihaodian.

So Joel, what have you done for Phyllis this year?

Joel Anderson: Well, when Phyllis comes to our new home page, she's seeing three new tabs. So certainly, one tab is dedicated to traditional online shopping, but we've also dedicated a tab for Phyllis to get information about her local store. She can set that for her local store. And then, there's a third tab, and that's a tab called Trending. It's a place where Phyllis can go and do discovery shopping.

When Phyllis is on the Trending tab, she discovers what others are buying. We're using Pinterest Pins and other social signals so that we can see -- so that she sees now a more personalized and relevant assortment than ever before.

Neil Ashe: So how big a deal is personalization, is it as big a deal as search or -- what do you think it'll matter for the customer?

Joel Anderson: Well, Neil, like we did with Search last year, we've now done with personalization. We've brought that engine in-house. So, we believe it is going to be a really big deal. We built a sophisticated, brand-new recommendation engine that's been built internally by the Wal-Mart labs. This is a big leap forward because like I said, it's internal. We can change it weekly, we can change it daily and it's been specifically customized with our data for our customers.

Fernando Madeira: Joel, we were just in Brazil and we saw there are people with their smart phones and mobile phones. What do you think about mobile here in the US?

Joel Anderson: Yes. Like I saw in Brazil, mobile is really important in the US. In the US though, the industry defines mobile as smart phones and tablets. And while they're both growing really fast and they're both very important to us, the customer sees them as different uses.

If I think about Phyllis in her living room for example, she's more than likely now shopping with a tablet as opposed to a laptop in the past. And we've made that tablet more friendly than ever. We've optimized it for the finger instead of the mouse. And what we're seeing is an 85% increase in our tablet shopping experience.

We've also done several other things to improve [Phyllis'] experience online. Assortment has always been key to who Wal-Mart is. And this year, Phyllis is going to be able to sort -- choose from over five million items. That's up from two million just one year ago.

And secondly, I tell you that I'm happy to announce that we launched this past weekend a new free shipping program. And this program is new and enrich from last year. We're offering free shipping on more items than ever for every order over \$50. In fact, this new program now covers 98% of our own assortment as opposed to only 15% a year ago. And it's arriving faster than ever.

Neil Ashe: That sounds a whole lot like EDLP shipping Joel. Do you have to pay a membership

fee for that?

Joel Anderson: You know what Neil? It is EDLC shipping because it's not available just this holiday season, it's available on-going all year long. And you know what? She can upgrade to an even faster shipping option for only \$2.97, no membership fees at all.

So regardless of how Phyllis decides to shop with us, her order will likely arrive faster than ever. Over the past two years, we've increased delivery speeds by over 15% while reducing cost by 10%. And we're really excited about this new program.

Neil Ashe: So, I assume you've done some stuff to improve the in-store shopping experience as well.

Joel Anderson: Right. Winning at the intersection of physical and digital is really important. We've shared a lot of the upgrades we've made to the iPhone and the apps. But as an example, one of the new things we've just rolled out that's in a test phase is Phyllis can now get an e-receipt on her iPhone. We're testing that in a handful of stores and we expect to roll that out even further, and it's just one example of many of how we're continuing to make her in-store experience even better.

Neil Ashe: That's great. I mean, the progress that you've made with -- in partnership with Bill and his team for the US customers is pretty tremendous. Maybe we could spend a second talking about Kate in the UK.

Kate is from Newbury. She has a young infant named George, which I expected you to get a laugh out of, when Judith said earlier, but it was an illusion to Kate the Princess of Wales. Anyway, so she obviously is very busy. And she's got a newborn, she's got a lot of things to do and she relies on Asda as her core shopping experience.

And so, you saw a lot of what Asda has done for her. But I wanted to highlight a couple things. The first is that we built an entirely new site shopping experience for her, incorporating elements of our global technology platform, Pangaea, which I'll talk to you in a second. It's easier to use, it's easier to find what she needs and satisfaction has been very high.

We've also developed interesting new mobile features, both on the iOS platform and on her app. So, as she's increasingly busy and she's traveling around through her day, she can use her mobile phone as a remote control device. So we deliver personalized shopping recommendation. So she can come up with a list. We deliver recipes so she can decide what she wants to cook for dinner. And now, she can also choose a precise delivery window directly from her mobile app, so that she knows, she's going to be at her house when those groceries are delivered. So really, incredible improvement on the site experience part.

Joel Anderson: You know Neil, I think of the video that Judith during the international portion. And when I was out there with the UK team a month ago looking at everything. I saw some of that cool stuff. And you know what the Asda team really has done has flipped it on its head. And so, instead of the customer having to wait at home until we make the delivery, the customer's now telling us when they're going to be ready to pick it up. And that's just another great example.

Neil Ashe: That's a great point. We're bringing the shopping experience to the customer in the

UK via Asda. And so, the new programs like Click-and-Collect which Judith had talked about a little bit earlier are really transformative because the customer gets the benefit of the associate doing the work of sourcing the items for them and they can pick it up just when they're on their way home.

It's also good for our business. So interestingly, 65% of the customers that show up at an Asda for a Click-and-Collect go into the stores and buy something else, and half of those purchases were impulse items that they didn't expect to purchase. So, we're excited about what's going on with Asda and our ability to carry that around the world.

So, Fernando, there's a ton of progress in the US, a ton of progress in the UK, you've done a ton in Latin America. What's going on there?

Fernando Madeira: It has been a busy year so far. And you cannot stand still because Latin America is one of the fastest growing market for eCommerce in the world, and Brazil is the largest market in the region. So we are pretty happy with the result so far. We're growing our revenues in Brazil twice faster than the market. So it means that we are taking share off our competitors. And that's good, right?

Neil Ashe: That's a good thing. That's good.

Fernando Madeira: The other thing is about traffic. We also increased a lot of traffic in Brazil. We increased our traffic 3x and you've come from the position number eight as the most visited retail site in Brazil, to be one of the number one or two depend of the month. Nowadays, 12 million visitors come to our site every single month to shop or browse with Wal-Mart.com Brazil.

One good thing about this new traffic, it helped us to understand better the customer behaviors in Brazil and it is pretty much important. It helped to fully redesign our site and our customer experience in Brazil. They're going to launch this new experience later this week in Brazil.

Joel Anderson: Fernando, you and I have been spending a lot of time together. You guys are -- it's amazing how fast you're moving there. How long did it take you to create this new site you're launching?

Fernando Madeira: It was a challenge. It was three months, to be exactly 92 days. The team in Brazil has done a terrific job with the customer behaviors. And also, it's not only about a new experience, a new design and you can see in the right-hand side of the screen but also in the left side for you. But also it comes with a lot of cool stuff. Two major features that I'm more excited about, it is the full order tracking and the online self-help. For the first time a eCommerce player in Brazil will deliver this functionality for Carolina and the other customers in Brazil.

Neil Ashe: And that's core to who we are. So, we've been recognized in the industry as a customer service leader, correct?

Fernando Madeira: Yes. So, we have been investing a lot in customer services in Brazil. And this year, we've been voted as the top eCommerce player in Brazil by millions of shoppers in a survey done by EBIT Institute for its blue diamond award. This is our third award in four years. So it shows our commitment with customer services that is pretty important in a country like Brazil.

The other thing that is important, Joel mentioned earlier that assortment is pretty important for a customer. In Brazil, I don't know if you have this idea, but the vast majority of the eCommerce players, offer a -- from 40,000 to 60,000 SKUs online, just like us. And we are pretty happy that we're going to add 1 million new SKU by end of this year, just in time for the holiday season. So it's going to be a very nice holiday season.

We're going to improve this assortment even faster. And the other thing it is about, we're bringing products from around the globe that Brazilians could not be allowed to buy it before. So we are not only increasing quantity, but also it is uniqueness for Carolina and other customers in Brazil.

Joel Anderson: Fernando, that's explosive growth. What about fulfillment, what are you doing there?

Fernando Madeira: We are pretty excited to have our new, brand-new facility open up and running by end of this year. You can see in your right-hand side of the screen, a small picture. This new fulfillment center will be at half million square feet to our operations, will be our fulfillment center number four, and Brazil and you put as one of the largest eCommerce network corporations in Brazil so far.

Neil Ashe: That's great about Brazil, but obviously, Mexico, Argentina, Chile, the rest of Latin America are important markets for us and great opportunities. How's our progress there?

Joel Anderson: Busier again. So a lot of work throughout the whole Latin America. Again, we have operations also in Argentina, Chile and Mexico. And not only enhancing the customer experience but also growing our business. And growing our business, it means to serve them wherever you are. You know that you are, Joel, we were the first eCommerce player to deliver, to ship orders to Easter Island in the middle of Pacific, in Antarctica.

Joel Anderson: You beat me to it.

Neil Ashe: That's great. Well, thank you. Great progress there in Latin America. I know we all realize that China is an outstanding opportunity and we've invested and now owned 51% of the Yihaodian, which is one of the fastest growing eCommerce businesses in China. Yihaodian, grew out of Shanghai and largely serves fast moving consumer goods to customers in tier 1 cities and now is expanding into tier 2 cities.

The business continues to grow exceptionally fast. In fact, we're serving twice as many customers this time, this year that we were last year. And that includes Yunling. Yunling lives in Shanghai and now when she goes online, she'll find an entirely new site experience that includes a significantly expanded assortment.

As Fernando mentioned in Latin America, we're bringing to bear the sourcing power of Wal-Mart for the benefit of our customers around the world. So we're bringing container upon container of new items into China including imported milk and Danish cookies and things like that from Asda. In fact, Yihaodian sells almost 90,000 units of imported milk every day, which makes it one of the largest sellers of imported milk online or offline in all of China, so really huge progress.

Since Yunling is in Shanghai, she also benefits from the market leading delivery capability. So borrowing on our knowledge from Asda, we realize that we precise delivery windows are essential to a successful grocery delivery business. And so, Yihaodian is the first to introduce precise two-hour delivery windows in Shanghai.

So, we see that evolving customer need and we're meeting that evolving customer need, which includes mobile. So the last piece of the puzzle for Yihaodian is entirely recreated and re-imagined mobile experience, which allows her to shop better, more efficiently than she had before. And as a result, we're seeing mobile sales grow over 8x at this time, last year.

So really good progress. Joel, great what you're doing and for customer in the US What you're doing Fernando for Carolina and others in Sao Paulo and the progress that you've heard about Asda and Yihaodian, thanks guys.

So throughout the day, you've heard how eCommerce weaves into all of our company, each of the segments. So I wanted to pause here and talk a little bit about each of those segments. So when Bill was here this morning, he was talking about how we're delivering a unified shopping experience. And, one of the questions I get a lot from you guys is about price. So are we competitive in price online in the US?

I'm proud to tell you that we've built incredibly sophisticated pricing and merchant tools so that now, we know exactly where we stand online from a price perspective. Over 70% of the time, any time you find a price online, we'll have the lowest price. That means we're delivering on price perception.

And when Bill talked about the market ecosystem, you heard the centrality of eCommerce in that vision. We're bringing together eCommerce with small stores and our big stores to do for customers what no one else can do.

Then Roz talked about an integrated member experience. She talked about access and experience and data and pooling that all together. So we're developing this member experience platform so that we can use a lot of the personalization tools you've heard Joel talk about and apply those in the club environment.

We think we can reinvent the club from an eCommerce perspective and win that intersection between digital and the club. And finally, Doug and Judith talked about growth and international where we're really growing exceptionally fast. We're committed around the world to use Wal-Mart.com as our brand for general merchandise. We have one of the most powerful and valuable brands in the world and we intend to use it.

We also are committed to being the online global leader in grocery delivery. We're going to learn from Asda, which is obviously a market leader and we're going to apply that in the right markets in the right way, via our local brands like we do in Asda, like we do in Super Rama, like we do in Seiyu in Japan. So how are we going to do that?

To do that, we need to develop some important key enablers. And I want to talk about four of them with you today. The first is about activating data. The second is our global technology platform. The third is our next generation fulfillment network, and the fourth foundational one is talent.

So first, let's talk about activating data to drive our business. We're in the process of taking Big Data, the noun and turning into Big Data the verb. So, as lots of people talk about the impact of data and it's ephemeral and someone asked me last night. So what it really is, the impact, we think about it very simply. For our customers, it's about how can we help you find one item, whether that's our search engine, our personalization tools, a lot of the technology that empowers that, we want to help that customer find one -- more item.

For our merchants, it's about how can we sell one more item. So we've develop a sweet of merchant decision tools that give them access to assortment information, competitive information, pricing information, all built on this technology or this data fabric.

And finally, for our operations, it's about how can we do all of this with one less fulfillment center? How can we be the most efficient operator in the market place? Rollin's going to talk a lot about leverage here in a few minutes and you'll hear more and more about this.

The second key enabler is our global technology platform that we call Pangaea. Our goal for Pangaea is to know what every product in the world is, know who every person in the world is and have the ability to connect them together in a transaction. It's built on a service oriented architecture which allows us fast innovation, fast deployment and constant iteration. It's built the front-end experience which is what the customer can see as well as the back-end experience including the data I talked to you about before, that empowers those transactions in a way that they can't see.

As you can see from this graph, we've dramatically accelerated the deployment of Pangaea. So we're releasing on a regular basis, both front-end and back-end capabilities around the world. Over the last year, we've continued to improve search, conversion's over 20% higher, we make releases every week to make that better. We're in the early stages of rolling that out to Samsclub.com. When we do that, we'll also be -- we will be able to offer Sam's Club members access to Wal-Mart inventory.

We've developed the merchant tools that I described earlier. We've developed new sites like Asda and elements of the Latin American site, all built on Pangaea. And we've also developed important back-end capabilities that allow us to predict demand and deploy inventory so that we can be the most efficient operator in the market place, which is a great transition to the next enabler, our next generation fulfillment network.

Like we generation skipped in search, like we're generation skipping in Pangaea, we also want a generation skip in our fulfillment network. The goal is to get as many items as possible to customers in a shorter period of time at the lowest possible cost.

To do that, we need some new assets. We need to build technology assets that combine the existing assets of Wal-Mart with these new assets, and as a result our next generation fulfillment network becomes a unique combination of eCommerce specific fulfillment assets, technology and the assets of the world's largest retailer, our truck fleets, our distribution centers and our stores and clubs around the country.

We use algorithms to optimize the band planning and inventory allocation and our strategic advantage is that we, only we can pull all these things together. And as result, deliver high quality service at the lowest possible cost to our company. And if a picture tells a thousand words, a video probably tells a million. So why don't we take a look at this next generation



fulfillment network in action.

(VIDEO PLAYING)

Neil Ashe: Only Wal-Mart can deliver it all because only Wal-Mart can combine Best-in-Class eCommerce with the assets of the world's largest retailer. So these new eCommerce fulfillment centers, depending on their level of automation and the items they carry, range in cost from about \$15 million to \$90 million. We're strategically locating them around the country so that we can take advantage of all those other assets, to do for others what no one else can do.

But that's just about general merchandise. We also want to talk about grocery. So we believe the opportunity for online grocery around the world is tremendous. We've seen what we've done in Asda and Asda has a long and successful history as an online grocer. They're helping us understand what the customer values and how to do that most effectively. We're using them as a model for the US and other markets around the world.

You heard about some of those advancements in China when we talked about Yihaodian. I'm also excited to tell you that we've been testing Wal-Mart To Go in the Bay area as Bill mentioned earlier this morning. The test has gone really well. Operationally, we know how to do this. Customers are responding as well, 83% of those customers said they would recommend it to someone else.

And three three-quarters of those customers say they would've shopped somewhere else if not for Wal-Mart To Go. We're bringing brand-new customers to Wal-Mart. And today I want to tell you that we're expanding Wal-Mart To Go to Denver as well.

So over the weekend, we launched Denver and a closed beta, which means if you go to Wal-Mart To Go and you enter a zip code from Denver, you will be asked to enter your email address and you may be selected to participate in the test.

We're testing the ability to expand to multiple super centers and use more Wal-Mart assets around the market. We're expanding the assortment that's available dramatically including outstanding organic fresh available in the market and we're going to test different pricing methods or different pricing models for our customers there. We're really excited about this test and about what we think we can do with it.

So finally, the fourth enabler is talent. So we're competing effectively for talent because we've developed very specific and compelling associate value propositions. We tell people as we recruit them, come because -- save money and live better mean something to you? If it doesn't don't bother. Come because you want to solve really interesting meaty challenges, and come because scale is -- you have scale here like you have nowhere else. And finally, come because we're putting together a group of people that you respect for their professional capability as well as their personal character.

That is resonating in Silicon Valley. And so, you see a couple examples here. Nick Nguyen is one of the premier mobile product people in Silicon Valley. He came because he really believed in the purpose impacting that -- those many people around the world. Jaya is a leader in -- she's one of the female leaders in technology in all of Silicon Valley, she came for the meaty challenge. How can I solve a really big problem? But it takes more than two people to get this done. It takes talent density.

And so, I'm proud to tell you that -- a little story. This summer, we attempted to hire 150 individuals in Silicon Valley. We had over 10,000 applicants for those 150 jobs. We interviewed 10 people for every one person we hired, and 94% of the people we made offers to, accepted our offers and joined us to work. And as a result, we expanded from 150 to 200 people.

We're building a leadership team. You met Fernando and Joel. They've each added significant talent to their leadership rosters. And we're behaving like a true technology company, making acquisitions for capabilities and talent in the market place. We've done four so far this year. You see, we're not a retailer competing in Silicon Valley. We're building a consumer internet company inside the world's largest retailer.

So what does that mean for our financials? What's the role of eCommerce in the financial architecture of Wal-Mart? We're about growth. We're about growing, growth and revenue as well as in customer engagement. And we're about growing return on capital. So last year, when we were here together, I said we would do \$9 billion in revenue this year.

At share holders this summer, we up that to \$10 billion. I'm proud to tell you we're on track to meet or exceed that goal. \$10 billion in revenue makes us one of the world's largest consumer internet companies. Next year, we expect that number to be \$13 billion, which also makes us one of the fastest growing. If you looked at Wal-Mart eCommerce on a standalone basis, based on revenue, we would fall squarely in the middle of the fortune 500. We're really excited about our ability to grow the top line. But we're also excited about our ability to grow our return on investment for the entire company.

As we build our next generation fulfillment network, we're going to build these eCommerce specific facilities that I described earlier costing between, say \$15 million and \$90 million each. But then we can use the assets of the rest of Wal-Mart. And so we can do for a smaller amount of capital, what requires a significantly more capital from our competitors.

So as we sum it all up and prepare to answer your questions, I hope you'll leave with the following. We're building Best-in-Class eCommerce. Only we can marry that with the assets of the world's largest retailer. eCommerce is clearly the right thing to do for our customers and it's the right thing to do for our shareholders, because the largest opportunity in commerce is the intersection between physical and digital. And we believe that we can win that. So we're going to go with revenue, customer engagement and return on investment.

So thank you. And with that, I'll ask Joel, Fernando and Andreas Schulmeyer to join me on the stage and we'll entertain your questions.

#### **QUESTION AND ANSWER SESSION**

Carol Schumacher: Okay. We'll start. I'm not as surprised, we see a lot of hands going up. We'll start with Robbie who hasn't had a question yet.

Robert Ohmes: Thanks Carol, Robbie Ohmes, Bank of America Merrill Lynch. Neil, actually, a couple of questions. The first questions is, as Wal-Mart is getting more and more successful, what are the competitor responses you're seeing globally to that?

And then if you could comment on this expansion a little more, the million items, is the lot of

items that aren't sold in brick and mortar, are there any vendors that won't sell to Wal-Mart, to distribute over Dotcom or there are things you're getting on Dotcom that you can't sell in your stores, if you could comment a little more on that. And then finally, any data on the lower income core Wal-Mart customer in terms of adapting and shopping online or using a accelerating trends there, thanks.

Neil Ashe: Yes. So I'll try and hit all of those. First the competitive response. Anytime Wal-Mart does anything, there's a competitive response. So, through our merchant tools and our competitive intelligence, we can see the response. And yes, people price against us, people try and grow against us. But, we wouldn't all be here if we didn't think that the unique combination of capabilities and opportunity that Wal-Mart presented, allows us to separate from them.

So yes, there has been competitive response. Second question was --

Robert Ohmes: Assortment.

Neil Ashe: Assortment, yes. So, yes, we are adding -- we're up to what? Five million SKUs in the US, that compares to 150,000 or so on your average super center. So obviously, we have significantly more items and different items that are available. We are pushing the boundaries on new vendors at Wal-Mart.com as well and we're making good progress. And the third question was --

Unidentified Company Representative: Lower income customers.

Neil Ashe: Lower income customers. The way I'd address that is to say that when we survey our US customers, 98% have access to the internet. Over half have access to smart phones and that number is only accelerating. It's a myth that less affluent people don't have access to technology. And so, we're going to serve them in ways that no one else can.

Carol Schumacher: Okay, we'll go to Bernie.

Bernie Sosnick: Bernie Sosnick. I was expecting to hear perhaps about your test of lock boxes and what role that might play in integrating eCommerce in the stores?

Neil Ashe: Yes. So I'll tell you, it was on the script originally. We cut it because we had so much to do. We couldn't hit it. But do you want to talk about it a second and what we did in the US?

Joel Anderson: Clearly, the in-store experience is really critical to our long term success Bernie, and the locker test is up and running in the Washington DC metro area. It's been very successful. The customer reaction is extremely positive and you should expect to see us to continue to expand that, but we're happy with it.

Bernard Sosnick: What about the application internationally?

Neil Ashe: So Asda had lockers before the US and it is -- they're an accepted part of the Click-and-Collect process in Asda. And so we've been a lot of success there. It hasn't been as successful in some of the other markets depending on traffic patterns of the stores. So, which highlights that not every market is exactly the same.

So while the eCommerce is a global phenomenon, as Doug mentioned in his conversation about the markets, the markets are in different levels of maturity and want and need different things as a result. So there are clearly an opportunity but it just doesn't make sense in some of the markets yet to do that.

Carol Schumacher: Okay. I say we'll go with Scott and then we'll go the other side.

Scott Mushkin: Thank you. Scott Mushkin at Wolfe Research. So just wanted to understand your ROI. How do you judge what's -- you would've sold anyway and what's defensive versus offensive when you're spending so much money on eCommerce. And then I was wondering, are we going to get a update on the spending in eCommerce for next year or is that later or do you know what it is?

Neil Ashe: I do know exactly what it is. As Bill described when he was talking about the US, as we think about our customer relationship going forward, we'd get this right. When we get you -- when you are our customer and we satisfy your needs, whether you want to shop with us online on your smart phone, on your mobile device, in a small store or in a neighborhood market or a big store.

So we are intentionally pulling these together so that the value is in the customer relationship. On the point of cannibalization, retail and our company in specific, we had a long conversation about impact this morning has always been about how do we build the next thing that the customer wants, so that we can gain the greatest market share. eCommerce is just the next way of that.

So, our view is that, this is all growth. If it happens to comment the expense of some of our existing revenue, we that would have migrated away from us, anyway. So, and then, on the level of investment, we continue to be investment mode. We will -- we can see a path towards impact on ROI and profitability in the future, but we're pleased with the progress we're making. We're pleased with the share we're gaining and we want to keep our foot on the accelerator. So you can expect to see us continue in investment mode for the next several years.

Carol Schumacher: Now, we'll go to Mark on this side.

Unidentified Audience Member: Hi, two questions. First, Neil, can you elaborate on your comment about being lowest price 70% of the time, is that comparing ship to home versus somebody else ship to home or is it pick up in store versus at home and are you saying, you're lower than Amazon 70% of the time?

And then the second question on Latin American, can you give us context on why business is growing so fast and so big in Brazil, but yet, Mexico where you dominant in retail it's such a nascent effort and what are the key developments we should expect there?

Neil Ashe: So, Fernando, I'll quickly address lowest price perception and then you can. So, we've used the tools that we've developed to understand what items that we sell are available at other places anywhere on the Web, not in any specific competitor, but anywhere on the Web. And that 70% represents the time you would see a price on the Web versus the price that we have. So, it is the most stringent test of whether we have the lowest price on that item and that's over 70% of the time. So, that's any product you would find on our Web site.

Fernando Madeira: About our growing in Brazil, first, we have been focused on our customer needs. So, we have a commitment to serve it better, provide to what they are -- she's looking for in terms of assortment and also pricing and customer promise. So, deliver on time, exactly what she's expecting to have.

We also understand better what are the regions that are growing. Brazil is so big and you do understand the new medium class that are coming from the North of Brazil and also South of Brazil, our investments in market in here are also focus on these two areas.

In Mexico, what we have it is right now, we've been serving our customer's growth in the last more than 10 years. This is a business that is growing double digit every single year and we just launched our general merchandising operations at Wal-Mart.com.mx a couple of months ago during the Q2 this year. And we rapidly grew from, not in terms of a general merchandise, to be use the third most visited site in Mexico, so far.

So, we've been a lot in terms of a growing, in terms of a visits, we are increasing our SKUs, same challenge that we have in Mexico and Brazil. So, we're trying to expand as fast as we can in assortment.

And another good thing is, about the customer promise. We are delivering every single ordinance in general merchandising on time. They're different than the rest of the competition. So, our strength is still to be excelled the fundamentals of eCommerce in any market that you are present right now in Latin America.

Neil Ashe: Yes, we think Mexico is going to be a big market. Brazil is just currently a lot bigger and has grown a lot faster.

Carol Schumacher: Okay, we'll go to Matt Nemer on the end here, and then Matt Fassler.

Matt Nemer: Thanks. Two questions, Neil. First, is 70% enough? Does it make sense to win 80%, 90% of the time? And then, secondly, earlier, you said, the message was that EDLP doesn't require membership program. We know that the \$79 prime program that delivers this unique psychological response in frequency, how do you drive frequency without a membership program?

Neil Ashe: Yes. So, first, on the pricing thing. We're going to find out what the percentage needs to be. So, now, that we have the ability to manage that on a micro level, on a literally minute by minute basis across our entire assortment, we're going to find out exactly what the customer responds to.

We found that it's been different based on category. So, sometimes, we need a little bit more work and sometimes, we are known as the lowest the price provider. As it relates to prime in driving frequency, I think, he hit the key component which is, as we developed these fundamentals of eCommerce and we're getting to the highest quality customer experience, now we're going to start to focus on frequency.

So, we don't have anything to announce on that front and I wouldn't expect us to do exactly what some other competitor has done. But we're clearly focused on how can we drive frequency going forward. So, no announcements on that, right now.

Matt Fassler: Thanks a lot. It's Matt Fassler at Goldman Sachs, and two questions, as well. First of all, on Wal-Mart To Go to grocery effort, your initial test was in the Bay area where you have very minimal super store presence. Denver, I believe you have much more of a super center presence, that is. Can you talk about how the Denver test and your expectation for that market will differ from the Bay area given your retail presence?

And then the second question also on supply chain, you started to build out more dedicated eCommerce DCs, overtime when you look at you're endgame to the extent you have visibility to that now, what does the mix of distribution look like? How much more of a build out unit? Thank you.

Neil Ashe: You want to address Denver?

Joel Anderson: Yes. Well, clearly, for Denver, we've learned a lot being out in Asda and understanding how a grocery business works in a market place where you have a physical presence and so, we wanted to test it in a market where we have a physical presence to really learned from what we are doing in Asda and compare and contrast that with San Francisco where we don't have a physical presence. So, this will give us two really good tests. One where we have physical, one where we don't, and then we'll go from there as we continue to expand.

Neil Ashe: But on the fulfillment network, I think the best way to think of the fulfillment network, is as a living organism. So it grows based on how volume changes. We know, based on eCommerce traffic, our business that we need to be in 5 to 10 strategic locations around the country which will give us access to our customer base in a short period of delivery time. So, we're focus on that front.

Those same facilities, so campuses of facilities that have different capabilities, those same facilities serve the small stores that Bill described earlier. So over time, and obviously they're riding on the same trucks. So over time we see these coming together not going apart. So, the plan now are these 5 to 10 strategic locations and hopefully we'll have so much volume that we'll be talking to you in the couple of years about 5 or 10 more.

Matt Fassler: Thanks.

Carol Schumacher: Now, we go to John Lawrence.

John Lawrence: Yes, John Lawrence with Stephens. Neil, you've made some acquisitions over the last couple of years of different skill sets, both front-end and back-end. Where do you stand with that skill sets as you develop and get scale? And secondly, give us idea of the difference between a \$15 million and \$90 million DC.

Neil Ashe: Great. So, first on the acquisitions, so, we're either going to find specific talents or technology that we can adopt and plug-in. Inkiru was a combination of both for example. I think we're a critical mass in our technology organization now.

So, we've done a big ramp over the course of the last 18 months or so and now, it's really about talent density. How can we continue to raise the bar on the people that work for us, which is why I described the associate recruiting that we did this summer. Now, it's all about how can we to continue to get the best in the world to densify our talent. So, we'll continue to invest on that. We'll continue to make acquisitions based on capabilities and talents that we see out there. But I

feel really good about where we are right now.

So, in describing the difference in what's effectively an inexpensive facility versus an expensive facility. It comes down to what they carry and how much automation there is. So, at the high end, that's a highly automated facility that carries a significant number of items. At the low end, that's what we call a non-conveyable facility which houses a lot of big items that get moved around on a forklift.

Carol Schumacher: Do we have time for one more question? We'll go to Greg, and then you guys will have to save the rest for last Q&A.

Greg Melich: Great, I get to sneak it in. Greg Melich with ISI. So, if we're up to \$5 million SKUs, could you help us understand how much of that is inventory that is yours as opposed to maybe partners or vendors? And then if I could sneak a side question to that, if we're picking up in store, like roughly half of the product, how do you work with Bill's team in terms of incentivizing store managers to want to take of that Wal-Mart customer regardless of whether it's a store sale or internet sale or pick up in store sale?

Neil Ashe: So, maybe we can tag team this one, Joel. First, on the assortment, so we've increase to about \$5 million SKUs, about 20% of those are first party SKUs, but we approached the -- less about whether it's our SKUs or somebody else's SKU, but about how we solve a problem.

So, I had a great meeting with a merchant the other day and she was talking about how we were using a marketplace partner to solve a specific gap we saw in our line around sporting goods. So we're thinking I think in an entirely different way about this which is, what's the best possible way to get to the assortment that we should have. And then as it relates to working with stories, we've done a lot this year on that front.

Joel Anderson: Yes. The biggest change we made there was effective with this fiscal year, all stores now get credit for dot-com sales. So they are perfectly aligned whether it's a physical sale or a digital sale and we think that's made a significant improvement from that perspective and we'll continue forward with that.

Neil Ashe: So as we wrap up, thank you. We feel like we've made a ton of progress over the course of last year. I hope you saw that in our presentation. But more importantly, we're really excited about where we can go. We're building best-in-class eCommerce. It's fully integrated throughout our business around the world and which allows us to win the intersection of physical and digital, and do for customers what no one else can. So, thank you very much.

Joel Anderson: Thank you.