

WAL★MART[®]



Richard Goodwin
General Transportation Manager
Kentucky Freight Conference

Who are we?

- Global Mass Retailer
- Focused on improving the standard of living for everyone around the world...
- People Focused
- Customer Focused
- Community Focused

Presence in Kentucky

- As of April 2007, Wal-Mart's presence in Kentucky includes Supercenters, Discount Stores, Neighborhood Markets, Sam's Clubs and Distribution Centers.
 - 66 Supercenters
 - 16 Discount Stores
 - 4 Neighborhood Markets
 - 7 Sam's Clubs
 - 2 Distribution Centers

Average Store Size

(national average)

- Supercenter: 185,000 sq. ft. with approx. 142,000 items
- Discount Store: 101,000 sq. ft. with approx. 120,000 items
- Neighborhood Market: 41,000 sq. ft. with approx. 41,000 items
- Sam's Club: 130,000 sq. ft. with approx. 5,500 items

Associates & Suppliers in KY

- As of March 2007, Wal-Mart associates number 31,796.
- \$10.37 per hour is the average wage for regular, full-time hourly associates.
- Four percent of an associate's eligible pay is contributed to their combined Profit Sharing and 401(k) Plan.
- In 2006 \$1,901,796,630 was spent for merchandise and services with 1,177 suppliers resulting in Wal-Mart's support of 54,241 supplier jobs in the state of KY.

Supplier figures provided by Dun & Bradstreet.

Taxes and Fees in KY

- \$229.3 Million in sales FYR 2006 in KY
- More than \$40.4 million in state and local taxes in the state FYE 2006

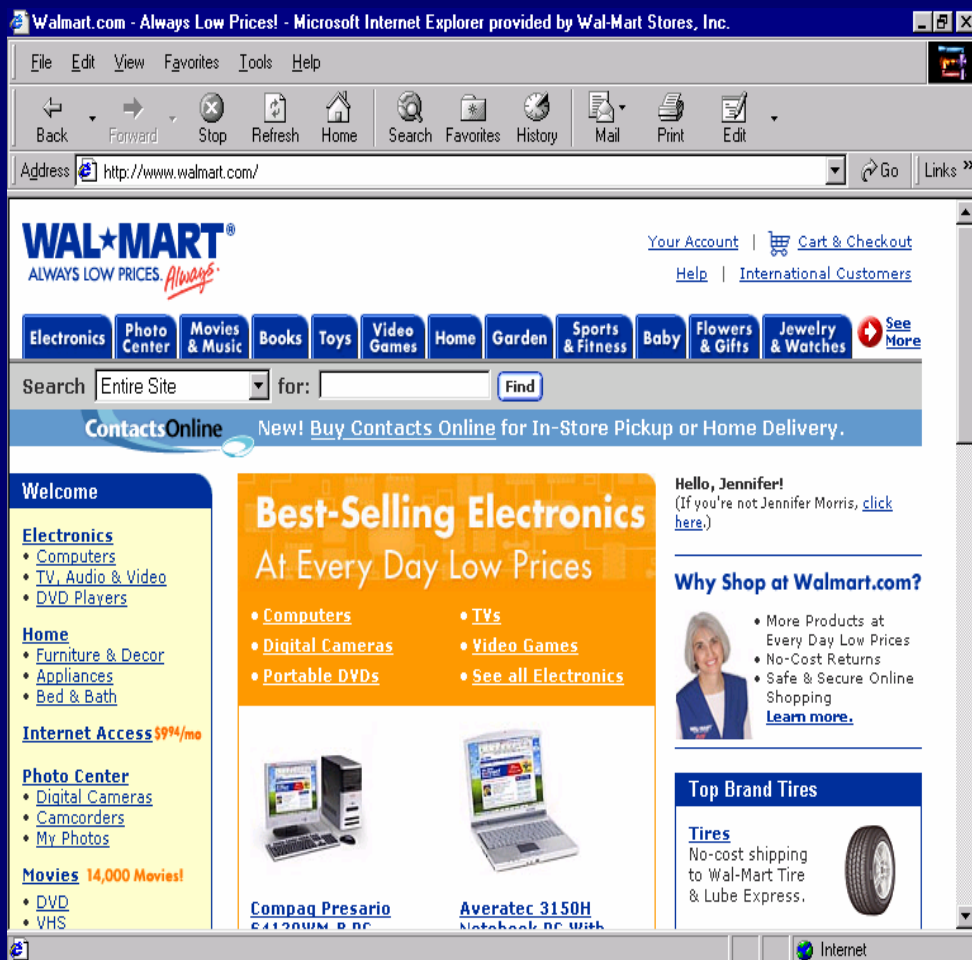
Community Involvement in KY

- \$7,107,530 donated in cash and in-kind donations to local causes and organizations in communities of KY
- KY 2006 Teacher of the Year: Debbie Schmidt from Eastside Elementary School in Cynthiana

What we look like today?

	<u>FYE 1995</u>	<u>FYE 2006</u>
Net Sales	\$82.5 Billion	\$312.4 Billion
Wal-Mart Stores	1,990	1,203
Supercenters	143	1,986
SAM's Club	428	567
Neighborhood Markets	0	101
# of Associates	622,000	1.8 Million

Wal-Mart.com



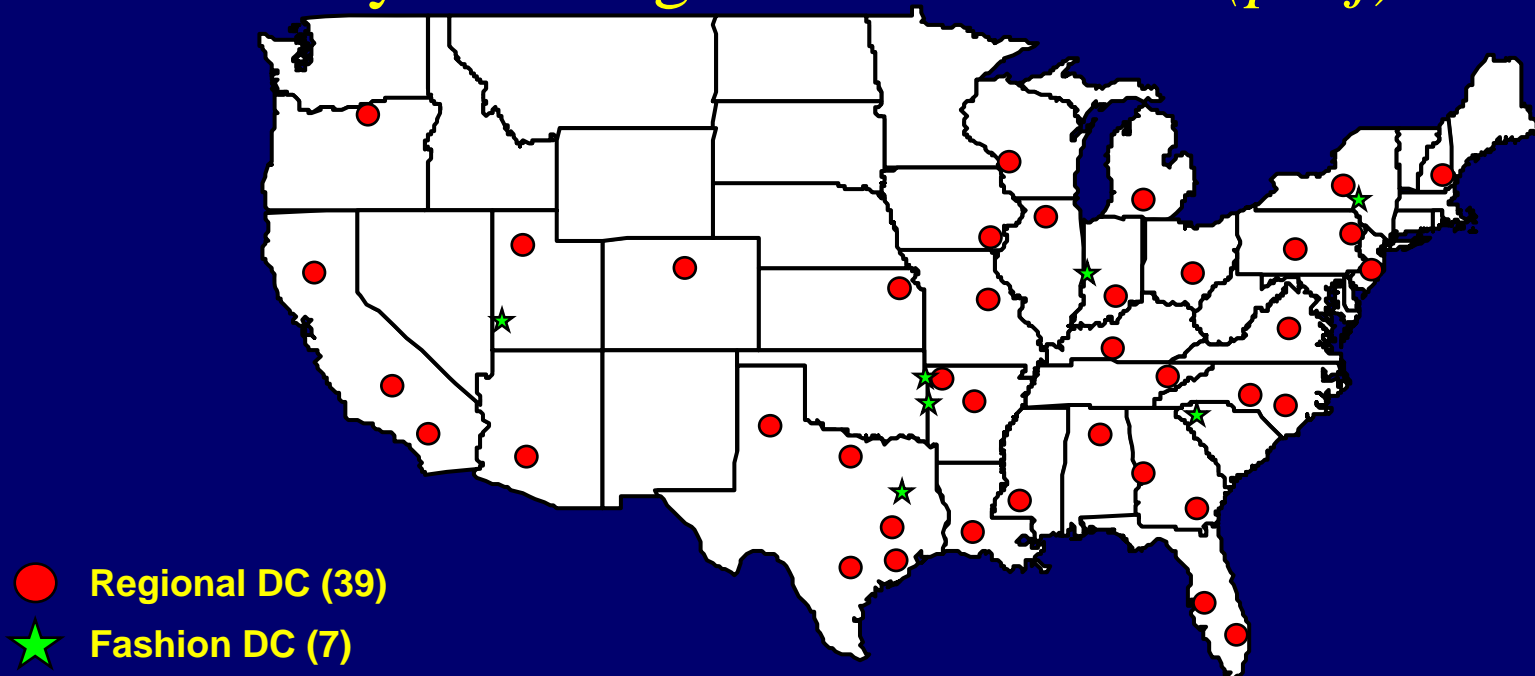
- First opened in 2000.
- Based in California's Silicon Valley.
- Provides convenience with at home/at work shopping with WM's Every Day Low Prices.
- Ability to offer a larger array of large items (furniture, appliances, etc).
- Strive to give our customers the best on-line shopping experience.

Corporate Strategy/Logistics Strategy

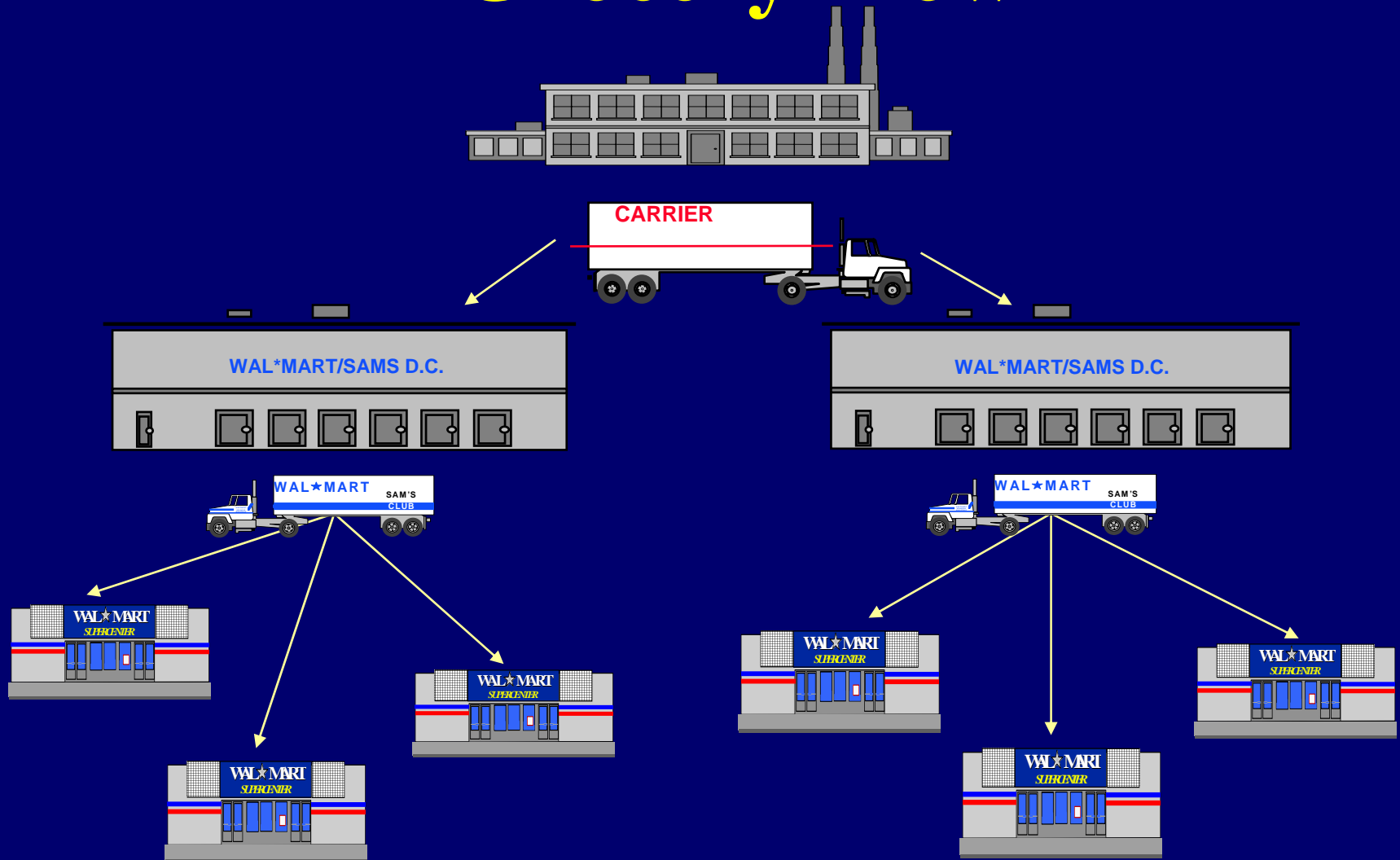
- Broaden appeal to customers
- Drive international growth
- Become an even better place to work
- Improve operations & efficiency
- Make unique contributions to the community

2006 General Merchandise Network

- 39 Regional Distribution Centers; 7 Fashion Distribution Centers
- Average distance from DC to Store has been reduced to 130 miles
- Cartons shipped thru August '05... 1.6 billion (*proj*)
- Productivity thru August '05.....+3.0% (*proj*)

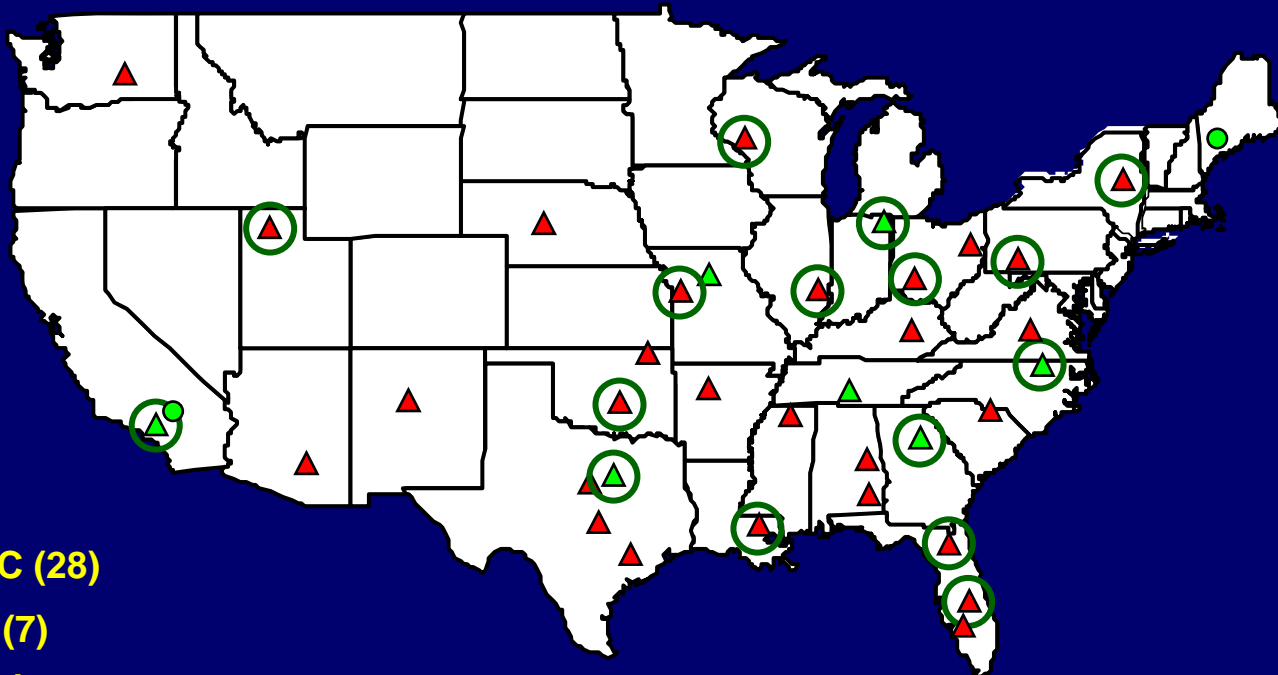


General Merchandise and Grocery Flow



2006 Grocery Network

- 37 Grocery Distribution Centers
- Average distance from DC to Store has been reduced to 156 miles
- Cartons shipped through, August '05.... .740 million (*proj*)
- Productivity through August '05.....+7.0% (*proj*)
- DC's being profiled to remove labor from store receiving, stocking and order selection.

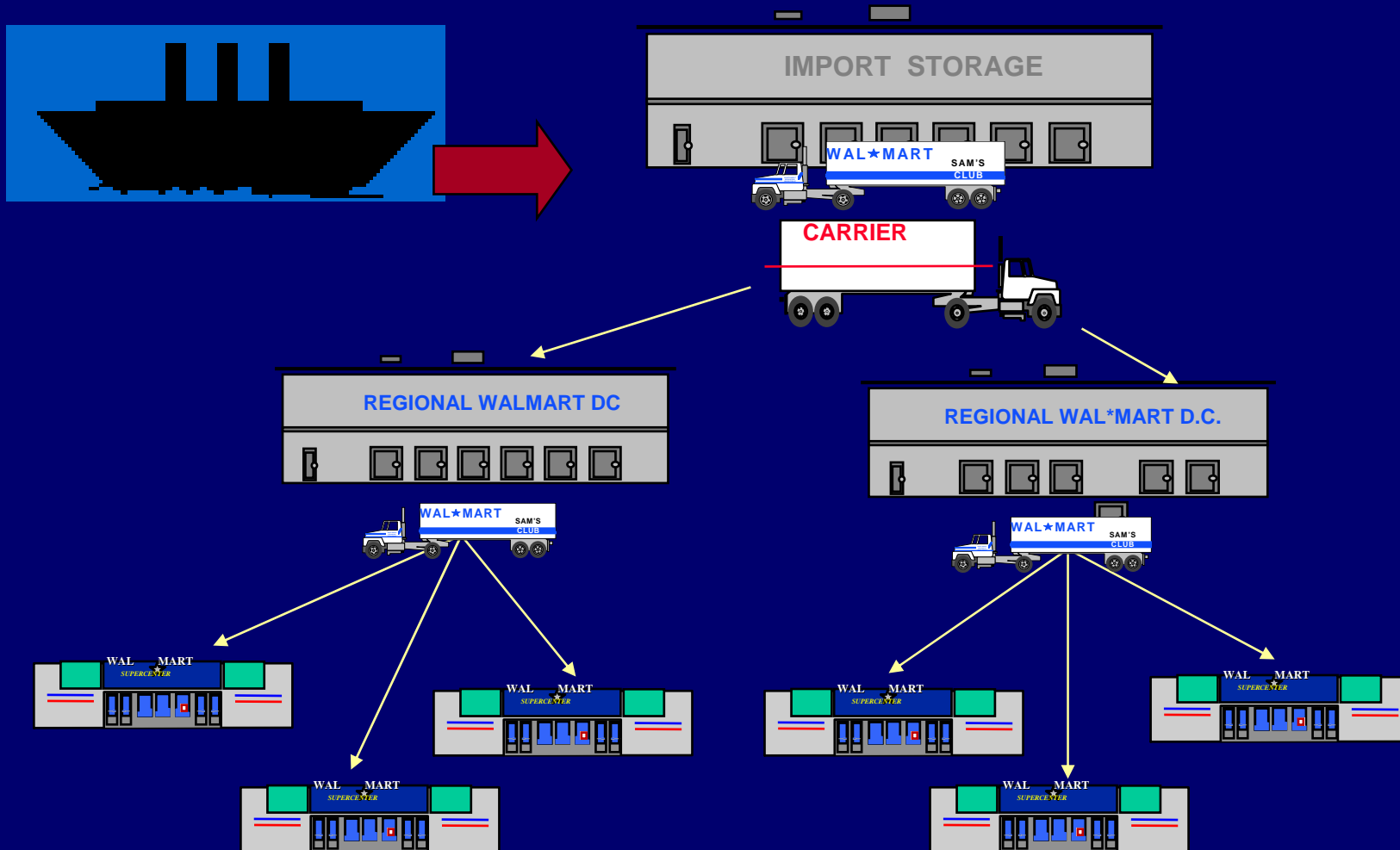


- ▲ Full Grocery DC (28)
- ▲ Perishable DC (7)
- Sam's Perishable
- Dry Grocery DC (2)

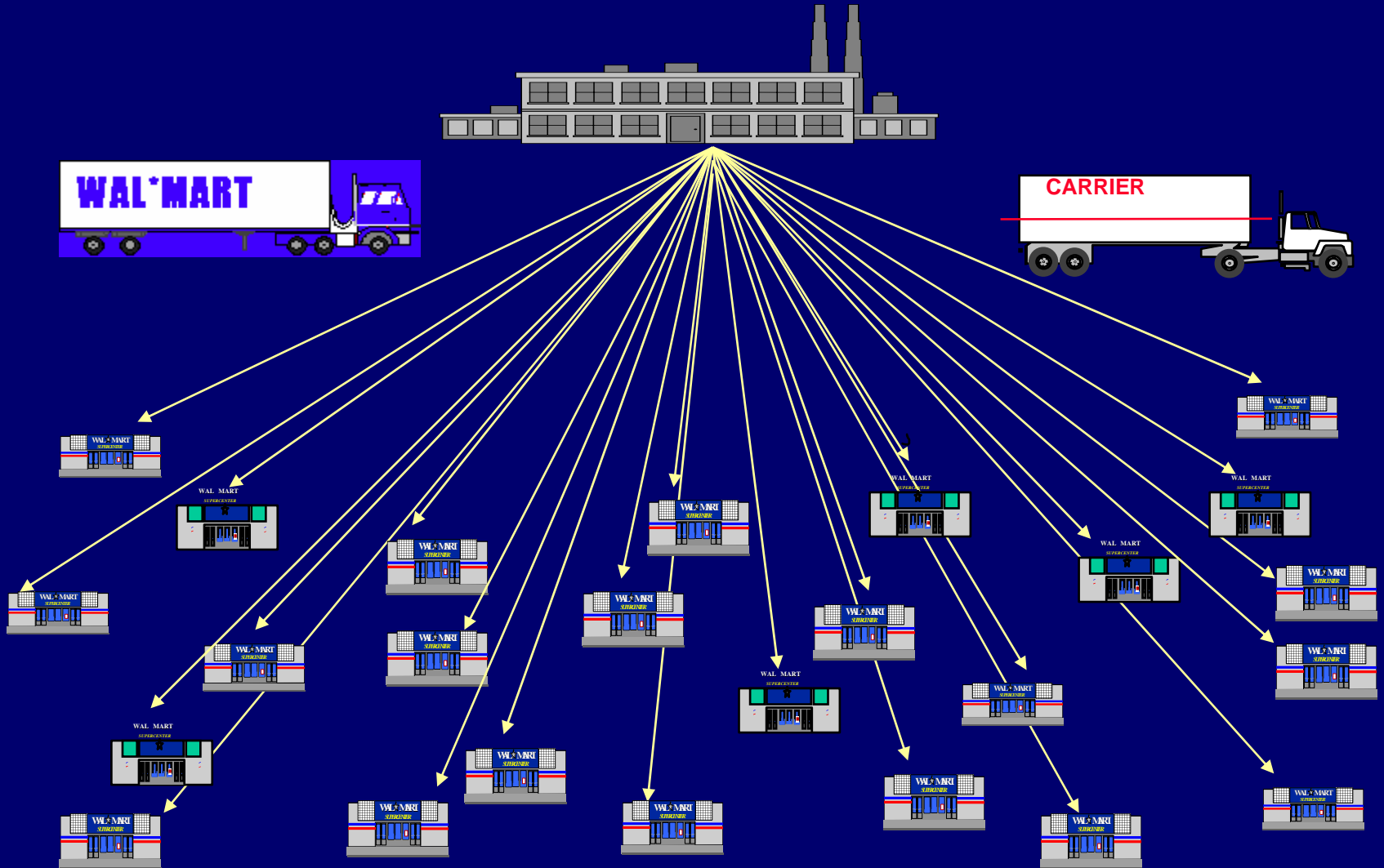
Import Storage & Flow Facilities



Import Flow



Direct Store Delivery



Wal-Mart as a Shipper/Receiver...

- Wal-Mart Private Fleet
- Truckload Dry and Refrigerated
- Intermodal Rail
- LTL Motor Carriers
- Consolidation
- Dedicated Truck Grocery Carriers
- Small Package/Express Carriers
- Air Carriers
- Ocean

Wal-Mart Private Fleet



Private Fleet History and Major Milestones

- Started in 1971 with 1 truck and driver
- Fleet growth parallels DC and store growth
- Live Unload to drop trailer program
- Equipment/Technology changes
- Backhaul revenue growth
- Regional Operations Center
- Hours of Service Regulations
- Grocery/HVDC growth

Fleet Mission

- Safe
- On-Time
- Integrated
- Flexible
- Add Value both Monetarily and Reputation

Private Fleet Structure

- 42 Regional DC Transportation offices
- 350 Drivers domiciled at HVDC's
- 5 Regional Operations Centers
- Fleet Safety
- Fleet Maintenance
- Fleet Administration

Fleet Safety

- 900 million miles, 3 million loads
- 2.6mm miles per preventable
- .31 DOT recordable frequency
- 8 of last 9 yrs Safest in Category (ATA)
- Low Accident/Injury Cost
- Extensive Safety Program-Hiring standards
- Four 3 million mile safe drivers

Fleet Maintenance

- Provide maintenance services for over 7200 trucks and 44,000 trailers
- Refurbish shops- restore older trailers to better than new (\$10K vs. \$24K new)
- Change 80 thousand tires, pump over 120 million gallons of fuel

Fleet Advancements

- Automating the Fleet of the Future
- On Board Computers
- On Board Communications
- Automated logging
- Automated trip sheets and driver pay
- Backhaul revenue- offsets our cost and adds value to the company

Put It all Together....

Total Package

- The Private Fleet adds significant Value to the Company....
- This year our Fleet will drive 910M miles...
- Delivers more than 1.9 Million store loads for an on time LOS of 99.7%
- Pick up more than 1.5 Million backhauls from our vendors for an on time LOS of 98.5%,cutting our costs by 50%
- Off-sets our costs and give us a competitive advantage

Private Fleet Added Value....

Driver Community Involvement

- Amber Alert – DOT, EPA, ATA, DHS Programs
- Missing Children's Network
- Trucker Buddy Gold Sponsor
- Safe Drives for Victory Junction Gang Camp, CMN, Local Schools (\$1m/yr)
- “Share the Road” for Kids & Seniors
- Individual Driver Community Events (Parades, Make-a-wish Support, etc)

Private Fleet Added Value....

- Environmental Sustainability Initiative
- Increase Fuel efficiency by 100%
- This year alone our APU's will save over 22 million gallons of fuel
- Partnering with vendors for decreasing packaging, increases trailer utility by 33%
- Imagine the possibilities

Wal-Mart as a Shipper/Receiver...

- 3 Million Truckloads
- 500,000 LTL Loads
- 3.5 Million Tons LTL Consolidation
- 350,000 Sam's Truckloads
- Millions of Small Package Shipments
- 1.3 Million Fleet Inbound Loads

Transportation Vision

- Safe
- Secure
- Productive
- Efficient
- Reliable
- Cost Effective
- Environmental Leadership

Strategies to address challenges...

- Keep our trucks on the road safe, fuel efficient, and environmentally friendly
- Reduce number of trucks on the road and miles traveled
- Keep our networks flexible to change as inefficiencies occur
- Compensate for shortfalls in the network
- Low cost and reliable

What works for Wal-Mart?

- Port Diversity
- Consolidation, (Intl. and Dom.)
- Pick up and delivery
- Off peak hours operations
 - Vendors, Ports, Driver Schedules
 - Nights, Weekends
- Trailer pool capability
- Rail usage
- 65mph Fleet
- High cube trailers/doubles where allowed
- Reduce packaging
- Be E.S. leader

Wal-Mart Corporate Environmental Sustainability Goals



*To be supplied
100% by
renewable energy*

- Stores 25% more efficient in 7 years
- Fleet 25% more efficient in 3 years



*To create zero
waste*

- 25% reduction in solid waste in 3 yrs



*To sell products that
sustain resources &
environment*

- 20% supply base aligned in 3 years

Why?

- 1) Respond to our “next critics”*
- 2) Population growth & consumption of natural resources has accelerated beyond even our belief!*
- 3) Great ROI !*
- 4) Right thing to do for our kids!*

Wal-Mart Environmental Sustainability Networks

Food/Agriculture

Construction

Packaging

Jewelry

Global Logistics

Forest Products

China

Textiles

Seafood

Operations

Greenhouse Gas

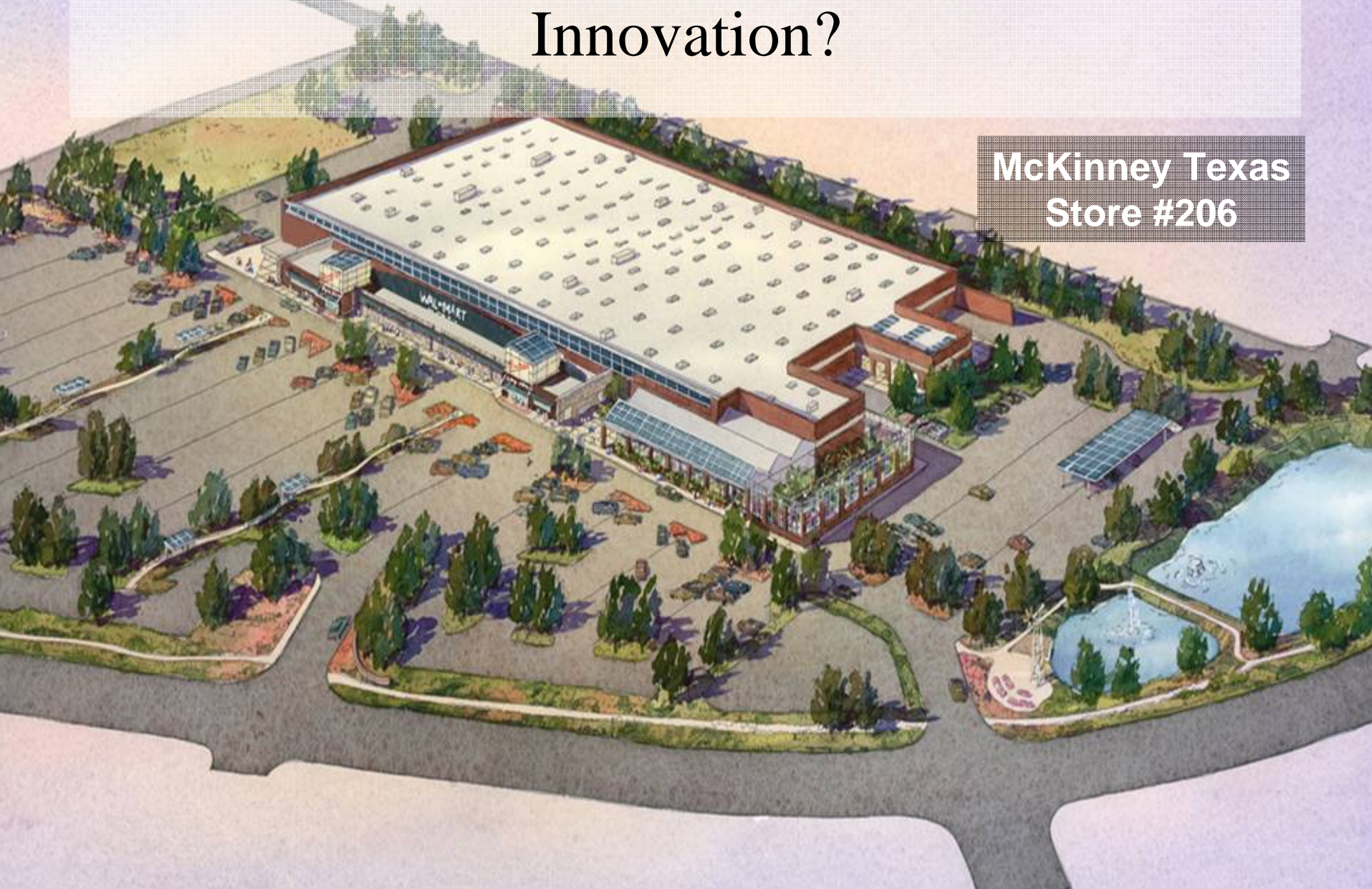
Alternate Fuel

Electronics

Chemical Intensive

What is Possible With Energy Innovation?

McKinney Texas
Store #206



Zero Waste



**Kid Connection
Private Brand Toy**



Sandwich Bale

Working with Suppliers



Gallons of Water Saved.....478.1MM

Gallons of Diesel Saved.....20.7MM

Reduced # of Trucks.....2.79MM

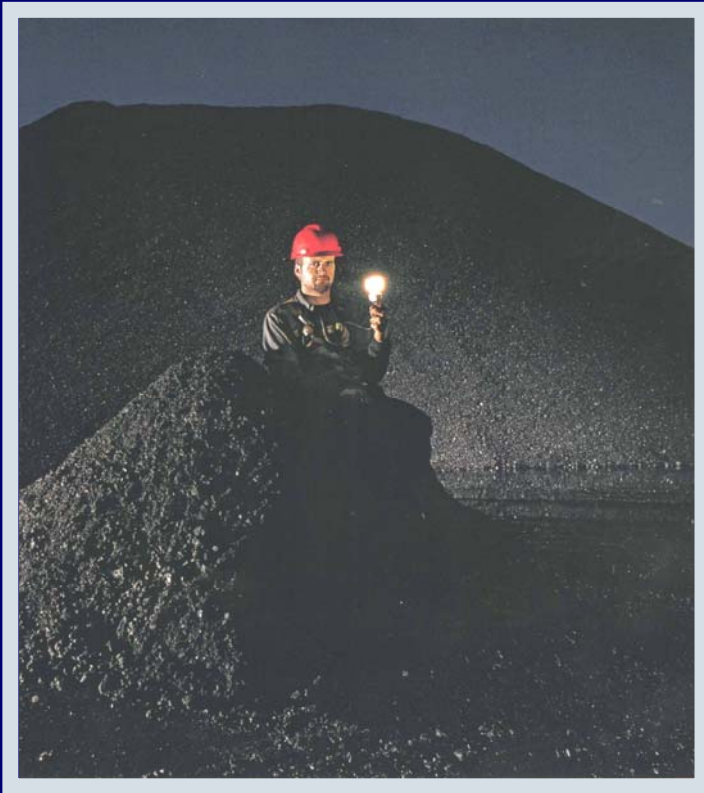
Plastic Resin Reduction.....128.9MM lbs

Reduced # of out of Stocks.....50%

Reduction in Labor Dollars.....\$91.4MM

(Based on Full Year Category Sales / Assuming Complete Category Conversion of \$4,500,000,000)

Compact Fluorescent Lamp vs. Incandescent Light Bulb



Replace one incandescent lightbulb with a compact fluorescent lamp and you will **save this 500 pound pile of coal.**

- + Uses 80% less electricity.
Saves \$30-\$80 on power bill.
- + Prevents 500 pounds of coal or 1 barrel of oil from being burned. *Majority of US electricity comes from coal fired power plants
- + Keeps a ton of greenhouse gas (CO₂) out of the air.
- + Lasts 8 to 12 times longer > keeps 8-12 bulbs from the landfill.

* Bulbs fit the same fixtures and emit comparable light.

* All numbers are in comparison to regular incandescent bulbs.

What if...

Every Customer Switches 1 Bulb



- + \$3 billion saved on power bills.
- + 50 billion pounds of coal prevented from being burned.
- + 2 million cars worth of greenhouse gases kept out of our air. (100 million tons)
- + 1 billion incandescent bulbs kept from the landfill.



Global Logistics Environmental Sustainability Network

- **Influence reduction in emissions across the Global Supply Chain**
 - Identify/measure the “footprint”
 - Evaluate initiatives to implement
- **Change the Game in US Transportation !**
 - +25% Fuel Efficiency 2007
 - +100% Fuel Efficiency 2015
- **Reduce energy use & Recycle in DCs**

Logistics Environmental Sustainability Wins!

- **Recycling Initiatives implemented**
- **H-Cell Lift Truck Testing**
- **Transportation EPA Smart Way Member**
- **Clean Cargo – Sustainable Global Transportation Group Member**
- **“APU” Truck Fleet implemented**
 - 100,000 metric tons of CO2 eliminated
 - \$22.5m saved annually (10 million gallons)



- **Auxiliary Power Units**
 - **Reduces emissions**
 - **No Idling Policy**
 - **Saves fuel**
 - **Driver comfort**

Hybrid Vehicles in Corporate Fleet

Civic Hybrid



Toyota Prius









Distribution Center Initiatives

- Hydrogen fuel cell technology
- Waterless urinals
- Hand air dryers
- Lighting retrofits
- Skylights
- Wind turbine
- Recycling

HO Recycling



- + New visual
- + New fixture 100 locations

Thank You!