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Walmart, Inc. (WMT)

Sanford C. Bernstein Strategic Decisions Conference

CORPORATE PARTICIPANTS

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

MANAGEMENT DISCUSSION SECTION

Unverified Participant

We're going to draw a little attention to a slide that we need to pay attention to because it's super fascinating and it is the overlord over every word that we say protected by this right here.

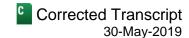
QUESTION AND ANSWER SECTION

| So what I wanted to do today is, first, give Brett some time to just kind of rap at us about what's cool about Walmart is doing and I'm going to use our overall question we've been using for every meeting which evanalyst is asking, which is this: what are you guys investing in now that you're most excited about having potential over the next five years? | |
|---|---|
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I'm assuming you didn't mean I need to rap. | |
| | Q |
| No, no. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Okay. | |
| | Q |
| Just be casual with this | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President Walmert Inc. | A |

| I didn't think that was the case, but | |
|--|--------------------------|
| | Q |
| make it easy. No, no. I wouldn't | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah. It's a really exciting time at Walmart. I've been in this role now for three and a half company 19 years, and I've never seen a time with more change, more change with the in the environment. But it lends itself so well to where we're going and the investments t most excited about, which is most of our investments is related to omni | customer or more change |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| and how do we take what we do really well inside our stores and what we do in eCom and very large eCommerce business and put them together in a way that only we can d resources we have and the capabilities that we have that we can do things differently | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| than other competitors can. And I'm super excited about those investments and I'm su those | re we'll get to a lot of |
| | Q |
| Yeah we will. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| sometime during the hour. | |
| | Q |

We definitely will and I think that's right. One of the constructs we use is we just bother to walk through a kind of a strategy of solutions and a staff framework and so we'll kind of put our questions in that bucket. So because

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Walmart, in our world view, is a price and convenience retailer in a primary format, you guys have plenty of formats, but let's start with price.

One of the things that's important is we always know Walmart is going to invest in price, it should. It should forever. It always has. It always will. But is there kind of a return hurdle for investment? There's an old line that the last refuge of a scoundrel is patriotism and for me, the last refuge of a mistake for a merchant was price investment. And I just wonder if sometimes there isn't a moment where Walmart would go, yeah, those are price decreases we probably shouldn't have done. Does that ever happen or just culturally not appropriate for that ever to be considered?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

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We're, as you say, we're always going to lead with price. That's what we've done from the time Mr. Sam started the company till now and in over the last several years, we've been more, I think, intentional how we talk about price investment.

Three years ago, we said we're going to invest several billion dollars in the price. We've done that. It's been some on the GM side, probably a little more focused on the food and consumable side and for us, having a really just steady investment in price is what we want to do, and in a way that our customers see it. We're more strategic about it than we used to be and I think more disciplined about it. We have the idea and I know you'll ask what it is. I'm not going to tell you what price gaps we like...

C

That's right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

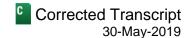
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...but we have an idea of what price gaps we'd like to have with various competitors and when we get to that point, we're thoughtful in making sure that we're doing what's right for the customer long-term but also what's right for our shareholders and finding that balance.

So from a return perspective, it's really taking those price investments, which lead to good comps, which we've had really good comp sales and combine that with everything else we're investing in and making sure the total works. It's -- I think you can make a mistake of looking at one type of investment and saying I need X return there versus stepping back and say we're going to make all these investments and I need extra turn on all of it. Yeah, I think that's more how we look at it.

And one of the things we had been working on before we left was traffic elasticity, this idea that if you just do price elasticity, you can miss it. But if you understand the basket, you need to get a traffic lift that's powerful and it turns out that the equation in that basket is not just price, right? It's the same investments made in service and other components.

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Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.

.....

So, I'm with you in terms of how that functions. Is it also true that in some cases and I guess this would go I don't care what the gaps are, but at some point, you had a price gap that's appropriate and if you're going to gain extra customers, you probably have to offer them something else. Because the gap is so large, they probably would have already showed up and so investments in convenience feel to me...

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

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Yeah.

...that that's part of what omni-channel does is it balances price and convenience and your opportunities. Is that the right way to think about it?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

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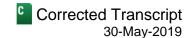
I think it's a great way to look about it. Convenience is becoming more and more important to the customer. I mean, I think the resource that we all feel a little squeezed more than anything is time and so making things easier for that customer is really important and that's where you've seen us lean into online grocery, you can pick up at the store or online grocery, pick up in the store and now grocery delivery. And we've always – we've been delivering general merchandise products through our eCommerce group but it's – you've got to be able to put all of that together.

And back in October, really for the first time that externally we talked about this concept of an ecosystem and how we look at wanting to have that customer inside our ecosystem. And you can't do it with just shopping. You need to do it with financial service. You need to do it with payments. You need to do it with health and wellness and you just got to be there for that customer in a way that's different than what it used to be.

And this -- the price advantages, especially in some of the services, I mean, it's still unimaginable to me what a good deal the Walmart Services: Walmart to Walmart, Walmart to world, they're just eye-popping savings for individuals, especially the unbanked.

In other categories, though, where there's always been this tension between CPG margin and retailer margin, and there's an old joke when you shop at Walmart, which is you drive by these very nice set of houses and you go, oh, one day, I'll be a Walmart executive and I'll have that house. You're like, no, no, no. Those are CPG houses and that was true for a long, long time because they got so much extra margin. Should we think about Walmart participating in that conversation still that maybe you push a little private label, maybe you get – you ask for more

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shared investment? Is that play run or is there still that room for going, god, I wonder if we need to rebalance this relationship from time to time?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

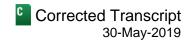
It's always going to be a balance and it changes from time to time. One thing that's pretty different than a few years ago is private label. If you look at our Sam's Club brand, Members' Mark inside a Sam's Club, it's almost 30% of our sales today where we went from a very fragmented type private label offering 10 years ago to today just that one private label. So that's very different.

Private label has grown significantly inside of Walmart, the Walmart stores, inside the last five to seven years. We put a lot more investment. We have a great group there in private label products. When we have an annual meeting or whatnot and you go on the floor and you see the amount of private label products and not just the amount, the packaging is great, the quality is great. And we have more private label sales. That's a different tool...

| | Q |
|--|---|
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| in the kit as we go to our customer. Also, as we go to suppliers | |
| | Q |
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| it's a different tool that we have. But you've got to balance that supplier relationship comp sales that we have right now and you're talking about growing just in the billion a year | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| it's a lot of volume. | |
| | Q |

Right.

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| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Δ |
|--|-------------|
| and we need to make sure that we get our fair share of that. | |
| | C |
| Right, right. And if the tools that have historically been used – Walmart had a very different attitude towards spend than most, which is we really, really want your best price. We do not want you to convince us to take on promotion in June if our customers want in on promotion and a rollback in July. But the game seems to he changed where there is other topics, advertising and some of these other buckets that seem to kind of finance people's otherwise impossible to close price gap with you guys. Is that something that's also part of that conversation? We saw advertising come back in-house for you guys relatively recently. | this ave |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Δ |
| Yeah. I mean we've always been – I think you said it well. We've always been a group that if we can get everything into the initial margin | |
| | C |
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Д |
| that's what we would like to do because it's less complicated. It's easier for us. It's easier for our customer understand, realizing, though, that suppliers are going to purchase things differently. We have dollars that w don't want to completely lose. | |
| | C |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Д |
| We've got to make sure that we get those dollars so there's different things that we will do in cooperation wit those suppliers. Advertising is a new and developing market. It's a decent-sized business for us. We think it be bigger. We'll be thoughtful about how we do advertising. We're going to want to make sure that our custo know that when we come to them with a product that it's a product that we feel good about. | can |
| | Q |
| Right. | |

| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
|---|------------------------------|
| And that's – it's our space. The sites are space | |
| | \bigcirc |
| Right. | G |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| just like our store is. | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| And so we want to be in control of how we merchandise that but we think there are opportunities in adve | rtising. |
| | Q |
| Got it. So we were looking at advertising years ago and one of the folks on our team had done some soft conversations about in-store advertising, which Kroger's been considering. HERSHEY'S wanted to not he stupid plastic separator between your groceries and my groceries on the Supercenter belt and they want have a HERSHEY'S bar. It was — looked like a HERSHEY'S at point of purchase as advertising and they pay us a lot of money per store to do that. Are those things on the table? Again, you control it. It's custom space, but is even that ultimately on the table you think somewhere down the road? | ave that ed to want to |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I think you're at a point in time with the environment of competition with the customers. I don't think you we back and say that anything is completely off the table other than our culture. That's completely off the table | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | А |
| How you deal with suppliers, how you deal with customers, I think we have to continue to be open-minde those kind of things are still not really how we want to operate. | ed. I think |

| | Q |
|---|---|
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| And so it's not the first thing that we would | |
| | Q |
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| choose to do. | |
| | Q |
| Yeah. You don't need it. You've got the answer. So I think that's solid on where the price gap are to invest and we'll do some more chat on private label later. | and those elements |
| So, on the convenience space which we kind of dabbled in, one of the things that's powerful collect is that you're actually generating incredible volume from your installed base of stores power for grocery has to use a relatively traditional supply chain and Walmart has the absolubulk, that's pretty powerful. But is there an operational speed limit that you run into for in-store European stores, once they get to 10% or 15% of sales in-store click-and-collect, you just coll kind of destroyed the value of it. Is there a sense of that stores can't be the only solution or something that has to be done differently? | and because buying ute best way to do res? A lot of buldn't shop anymore. |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah, we're aware of that. We're about the third year into some of our online grocery stores where those speed bumps might be that will be helpful as we bring more and more stores or thoughtful about ensuring that we don't disrupt the experience in the store | _ |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |

...for our customers that are shopping there. And typically, you see in most markets, I think you said it, which is taking in stores tends to be the most efficient way you start in this business. I think over time, there's opportunities for whether it's dark stores, whether it's depots, other different ways in which you could pick. You can do that.

Our stores being as close as they are to the customer is a big advantage for us and so we want to make sure that we are able to take advantage of that. But we're going to be really, really thoughtful and make sure that we're considering all the different options of making that happen.

One of the questions we wonder is you have a ton of dots and you're close to a lot of customers but when we used to do that math because this used to come to my team, how many – what percentage of the population is close to so many dots, we got a lot of people served by the New Jersey Supercenter.

You're not really serving Manhattan with a New Jersey Super but it's enclosed in the percentage, right? So – well, sometimes, I worry that as many dots as you have, which is great, you might need a couple more at some point to get to that last little density, certainly cities but even in some other areas where the growth wasn't as high. How do you guys think about that? You're not going to build a bunch of the Supercenters. Neighborhood markets seem to be throttled back but could these other formats be those fill-in dots at some point?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. I think they can be. I mean, as you mentioned, there is a lot of dense areas where Supercenter isn't going to work necessarily...

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

...because of the size that you need or other challenges. But there are new ways to serve those customers now that weren't there five, 10 years from now or 10 years ago because of the prevalence of the Internet and how people shop. So I think there are more opportunities for us than there were before. Jet's been a great way for us to serve customers in New York City, for instance.

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

And so we're using Jet more and more as a dense urban type brand. So I think there's just a lot of different ways that we could attack that but there are ways that didn't exist 10 years ago that now...

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

...potentially do and I would guess that people in New York and other places like that would like our low prices.

They sure would, yeah. This place has the worst retail I've ever experienced and I don't know how people live here. But besides that, the thing that's fascinating to me about this incremental dot idea is there's so much share left in grocery. A lot of times, people will be like ALDI's coming and that destroys grocery. A, they've been here forever...

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.

...but B, there's still 20% of share in the hands of independents. And so to me, there's still other room for that. Do you guys still see grocery as a share space and not just a we're defending share with what we're doing?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

No, absolutely. We continue to grow share in grocery and a lot of that is coming from things that we can do that competitors are going to struggle to do.

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

So now there's a lot of groups that are doing online grocery. There's many of them that are doing them really well but one thing that we can do that they can't is the assortment that we have in a Supercenter. And today, we still – if you order online today and I may get the numbers wrong a little bit but probably 40,000 or 50,000 general merchandise type items that you could order with your groceries in that basket. That clearly isn't the entire Supercenter and over -- I think the very near future, you're going to see more and more that assortment come online to where maybe it's not the big screen TV...

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

| or apparel's a little bit more challenging but where we can get more and more items into that basket. And that's just something that our competitors most of them can't do | |
|---|--|
| | Q |
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| because they don't have the assortment store. | |
| | Q |
| Yeah and so, we're going to turn with that, this idea of the French model versus the model of online grocery largely with the market leader of Leclerc is a stand-alone prispicked from stores and that's because there's still enough land and low density in France and the U.S. are a heck of a lot closer together. They think they're the best don't speak any other languages and they don't travel outside of their own country. And when David Glass and Sam Walton went to find the supercenter, they found in | pickup point and the UK model n France and my opinion is country in the world. They . So it's the exact same place. |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah. | |
| | Q |
| They knocked off a Carrefour and figured it out and transformed hypermarkets to s Walmart started, with a stand-alone drive-through, four years ago inside of Benton UK model. Is that debate settled or is the French model still something that would engineering team? | ville then it kind of became the |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I think it's long moved on from whether it's the French or the UK model. | - |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I think now, we're developing what the Walmart model is going to be | |
| | |

| | Q |
|--|------|
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | А |
| and it's going to depend a lot on what the customer wants. They're going to signal over time how they sho our stores or how they shop online grocery. We survey a lot of things as you know | p in |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| and we're going to know what that customer wants to do. We'll find them that right balance of how they wa shop in a way that makes sense financially for us to deliver to them in that way. But I think whether it's Francthe UK is probably long gone. | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| It's now what does that customer in Bentonville want that may be really different what the customer wants in Newark New Jersey. | I |
| | Q |
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| And we've got to be able to do both. | |
| | Q |
| Yeah and the Supercenter magic you emphasized, which is to get a bundle, which is what made that work, represents a lot of hesitance in The Old Guard among if we're entering grocery and that's because the weren't sure they would get enough attach and then they got | - |

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| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
|---|--------------------------------|
| That was a pretty good decision on the grocery. | |
| | Q |
| Pretty good decision. It turns out to be right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah. | |
| | Q |
| The basket that I remember in my head which I'll tell investors about is one of the turned on in Bentonville, I was still within inside the four walls. We hadn't realized to pick up store even though it wasn't ready. So someone ordered a kayak and their h | that someone might use it as a |

pickup store even though it wasn't ready. So someone ordered a kayak and their beer and snacks for a float trip. And the associates were like, where'd this kayak come from? And someone drives in and they get their beer and snacks they're like, where's my kayak? So, they got a kayak, put it in the back of the truck, got their beer and snacks, put it in the backseat we hope, and drove off to do their float trip.

That is a not replicable basket. I mean – and if you can get there, do you think that in the way Supercenters essentially closed out the competition Target could not catch up? They got to 300 Super Targets they couldn't close it. Is that kind of the game? Like we've got an omni-channel solution that it's probably maybe Amazon that can stay with this and that's about it.

Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc.

I think what you see particularly we're leading on grocery. I think there are things that we can do because of our supply chain and are - now our 30-plus years in the grocery business that there is some that can't do the ability to

think to replicate that basket. I don't know if it's with a kayak.

Sure, whatever.

Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc.

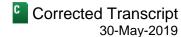
But the ability to replicate that basket is going to be challenging because of the assortment that we have and

customers want – there is 80% of needs that will get fulfilled by X number of items and it's not 100 million.

Right.



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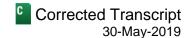
Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. But there is also a long tail that today, we do have 100 million items and it's fulfilling some long tails. So, you're going to have to be - you have to get the core of the product. You're also going to have to be at the long tail as well. Cool. That's very powerful. And you mentioned cities, I think that's okay. The last thing I want to add on convenience is as we've seen investments in Flipkart and even China, should we think about that competition? Obviously, geography is different. Obviously, development levels are different but is the place that you're going to go with that at the same -- is it kind of the same idea that you're ultimately going to get to this bundle that others can't replicate? Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. Those are really different markets and China is very different from India, India is very different from the U.S. The thing that's common is grocery is going to lead pretty much in every market. That's common around the world. The infrastructure is very different in those markets but we do want to be the low-price leader in all these markets and we want to be able to deliver the assortment that allows you to be top of mind with the customers. Right. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. In some markets, that may be 50 million items; in some markets, that may be 300 million items. Right. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. I think that's the assortment amount that is going to be part of what varies between the countries but price, convenience and assortment...

Right.

| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
|--|---------------|
| the old rules of retail | |
| | |
| | Q |
| Yeah, sure. | |
| Brett M. Biggs | А |
| Chief Financial Öfficer & Executive Vice President, Walmart, Incare still pretty much in effect. | , , |
| | |
| | Q |
| Pretty reasonable. | |
| Brett M. Biggs | Λ |
| Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah. | |
| | Ω |
| You know the – and let's hold Flipkart aside for a second. There's some debate about that. But it's a | hig het Do |
| you need another big bet like that in China or do you think you guys are pretty getting down the road | |
| Brett M. Biggs | Δ |
| Chief Financial Öfficer & Executive Vice President, Walmart, Inc. | that |
| We've made some pretty big bets in China over time. It's been more over time with the amount of sto put there and then the 10% interest we took in JD, the interest we took in JD Daojia. So we've made, maybe not as big a one-time bet as we did in Flipkart but some sizable bet. Sam's Club continues to unbelievable format in China. | I think, some |
| | |
| | Q |
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Really | |
| | |
| | Q |

Costco, if they could get a map, they'd probably go do that, too.

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Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Sam's Club has been a great, great opportunity for us in China. So we've said China and India major focuses for us and how we attack those markets or serve customers of the markets I think could be different and it may or may not require a sizable bet.

Got it. The other one that comes up a fair amount is shipping. So the one-day shipping announcement was, well, I thought very well-crafted, well done.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. We're already there. Here's our numbers.

But the mechanism for that, will it still include a fair amount of network providers still: UPS, USPS, FedEx or is this kind of notion that scale for retailers will get so large that they will frankly do their own delivery? Kind of where is you're thinking on that? And we saw the tests.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.

That was cool that Marc Lore and others were thinking about but how should we think about the shipping responsibility that you think you'd take on?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. We're trying a lot of different things. We've partnered with pretty much anybody that delivers. We've had our own associates delivering. We have our own small crowdsourced delivery company and I think different things may work in different parts of the country. It may not be one solution. But I think all of those will work over time and I don't think we feel like we have to get ourselves in a position where we say that's what we're going to do and go do it. There could be a point in time where we get to a scale and say, okay, that looks like the answer and maybe we do scale up there but right now, really just keeping our options open. There's just a lot of options out there.

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The analogue that has been brought to me I think that makes make sense is Walmart has an incredibly powerful transportation team with its own drivers and trucks, but it's not all the volume. You're good enough to make everybody honest, but you don't take all the volume so you can exploit the dynamic

| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | А |
|---|--------------|
| That's true. | |
| | Q |
| without having that. Is that probably close to what you think the world would look like in delivery? your own to keep everybody honest but you probably won't take the whole volume in-house. | You may have |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I think there will be some things that we do on our own. I think there'll be things that our customers I think we found out that potentially customers that come in a store and could earn a few dollars by package to their neighbor | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| that they may want to do that. | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| And we win, they win. So, yeah, I think there is – there will be some things we'll do ourselves. | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. I have no doubt about it. | A |

| Yeah. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. But the idea that we do everything ourselves is probably unlikely. Yeah and I like the [indiscernible] (00:22:05) that it's what the customers and more broadly [indiscernible] (00:22:08) because in that first format in Bentonville, customers asked to take stuff to their neighbors within the first three weeks because they realized, well, I'm going there anyway. No big deal. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. Yeah. It's a very neighborty place. I'll give you that but there are other ones. Queens is nice this time of year. Don't worry about it. I'm going to shift us to assortment and service real quick but I do want to note and I have some cards here, but you have cards in your seats. Please feel free to write those questions, hold them up in the air. They'll be collected and I'll get them all and we'll run to those at the very end. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. I was wondering what those cards were, okay. They're magic. They have the important questions. These are just the warm-ups. On assortment, you guys have done a very good job of being clear. I think we don't want to do all of the items because there is a long tail. Even in the long tail, there's a long tail of that Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. Yeah. | Vach | |
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relatively a small number of items. How do we think about where that break point will be for one-day shipping valid items or even the break point for, yeah, 100 million's enough. We don't need more than that. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. Yeah. I'd say it's still in development. Okay. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. And then I keep coming back to it, depends on what the customer wants but it really does depend on what... Right. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. ...the customer wants. I think, well, we have more than 100 million items which is basically we have today. I feel certain we will have more than 100 million items. Does it need to be 500 million? I don't know. Right, right. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. I do think there is a tipping point and same with inside a Supercenter. There's a tipping point to where you just might have too many of one thing and you can confuse the customer with different price points. And so we're trying to find a place where it's optimized to get the assortment we need... Right. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. ...but it's not confusing for the customer.

...as well, and I think that makes a lot of sense. And in some places where you've done your one-day shipping, it's

| | Q |
|--|------------------------------------|
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| And we'll work it out. | |
| | Ω |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| And then we'll – maybe different in different categories, maybe different in different likely go up and down. | t geographies and over time, it'll |
| | Q |
| And we say it depends on the customer. It's not a dodge because one of the place investment was customer insights. | es you guys made a ton of |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yes. | |
| | Q |
| I mean there was a whole team that was literally called | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yes. | |
| | Q |
| Customer Insights for all intents and purpose, right? And it still functions and doe | es that. |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah. | |

Q

Do you think that microsegmentation that that enables, is that really a new capability, right? There's an old idea think one store at a time. You're almost getting to where you can think one customer at a time.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.

So is that the right way to frame it?

Brett M. Biggs



Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah and it's got a – the one customer at a time, again, you've got to do that in a way that feels comfortable for the customers as well. When you get into privacy and other things, it's got to feel comfortable to them that you know about them, what they would like you to know about them and in a way that's helpful to them, and so that's a balance we'll keep trying to find as well.

Q

The other direction of assortment is not to go to price that's good on a lot of items. The other way is to run the Sam's Club model where you run a really good price on a smaller number of items. And Sam's Club going through the changes it's done, it felt like it was a refocus on that core mission. Is that right way to think about it? Over the next three to five years, do we think about Sam's Club doing something different internationally or is it going to kind of get more on plan in a way?

Brett M. Biggs

Α

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. I spent three years of my career at Sam's and it was always the question. The debate was what's the right SKU count...

C

Right.

Brett M. Biggs



Chief Financial Officer & Executive Vice President, Walmart, Inc.

...inside of the Sam's Club to make it the most efficient and how many – where do you make decisions for members and where do you let them make their decisions for themselves. But it's a very efficient model. It needs to be.

Right. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. And most of your profit should come from your membership. That's how a club works and we've gotten away from that a little bit. I feel like in the last couple years and particularly with John, we've gotten back into the old club model and Costco has been incredibly successful at doing that. So I feel really good about what's going on at Sam's Club. I think they've, always room to improve but I think they've got a really nice fix on the model right now. Yes. I think that's pretty strong. And I do want to follow-up a little bit on private label. So we know Sam's Club has done a really good job with Members' Mark -- I mean with their equivalent. One of the changes that we're struggling with is as you add private label inside of Walmart generally, there's this notion of how much of the problem do you take on. Private label used to be an opening price point defense. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. Yes. ALDI arguably, though they have a low price, they're not really an opening price point element. They've moved up. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc.

So how do you guys think about your private label positioning versus ALDI on kind of the low end and Kroger on the high end?

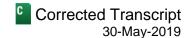
the high end?

Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yes.

Yeah. It's an interesting challenge and we learned a lesson a bit in the UK in particular. I think a lot of the UK retailers tried to compete with Lidl and ALDI with opening price points to start with and it was a mistake.

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| Right. | |
|--|---|
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |

They didn't understand the quality of the product that Lidl and ALDI had and then you start competing with them more of the mid-tier price point.

When I grew up as a kid, generic was – it was not a good product. It was not something you wanted. It was white package. It wasn't good. This is a very different world and I think this next generation that's coming up behind my age, they're much more accepting of private label. So you can't compete with ALDI and Lidl, with for the most part, opening price point private label. But I think if you get private label right and get the packaging right and get the quality right, I do think you can compete on both ends...

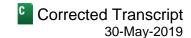
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|--|--|
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Α |
| with the same product. | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I'm not sure you need to have both and that's where I think we've gotten a I | little bit better. |
| | Q |
| Right. Now, your assortment variation store specific continues to widen so that's your default in a store. And if it's a super high income traded store, you | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| More organic. | |
| | |

...more organic or something else, yeah, exactly. So, end packaging, which sounds kind of micro but the first version of the rebrand of private label for Great Value was literally white packaging with blue logos on it. It almost looked like World War II surplus but that was intentional because at the time, the whole game was continuing to

grow massive share with CPG partners and they couldn't have designed a more appropriate private label for their share. That's all changed. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. All changed. So, it's new people. It's a new team. Give us some color, if you can, on the changes to the private label. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. We have -- the team that we have in place today, one, there is a much larger team. Right. Thank you. Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. People that have a lot of background in private label with other companies or some of them have grown up inside a Walmart. It's just a really different approach. When I say when I go to a Year Beginning Meeting and you'll see the concentration of private label products and you see the quality and where they stack up versus a competitor, I'm blown away a lot of times at what they've come up with and they're excited about it and they're passionate about it. And it's not just this is a replacement product. This is a great product and we're going to drive volume with this. So, it's really a change, I think, on how we view it. Got it. On a percentage speed limit, should we think of one if it occurs at 30 and all holds at 40 or just go where you need to go? Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. I think we'll go where we need to go. We're still – when you go into Walmart stores, we're still a house of brands. Right. Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

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And I think we always will be. But I think we're finding out that private label, there is certainly more space for it than -- certainly than I would have thought. But again, I think this next generation, the Gen Zs, Gen Ys, they're going to be just more accepting of private label.

Q

Got it. So the last bucket for us is service and kind of our strategy construct, so store tech enablement was historically a challenge because people did such an unbelievable job with COBOL and green screens that they've built all this incredible stuff that all needed to be fixed in the stores to get them caught up with the technology. And the gap between the super nice Hoboken office and the store is pretty wide technology-wise. How's that going, getting stores caught up to the technology enablement?

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yes. It's evolved a lot in the last few years. Even with customers, just the amount of Wi-Fi capabilities we have in stores because people are using their phones, some to entertain children which I can identify with, but they're just using it more, so you need that Wi-Fi bandwidth to be able to deal with customers.

But when you see our associates now, much higher use of tablets and to whether they're on the floor versus back sitting in an office, they're out on the floor, which is where we want them and so it was a lot of investment and we'll continue to make investment, but huge payoff from the ability to get out and help customers.

That's great. And the other thing we had noticed, we had a retired regional come to our consumer conference last year and they were talking about how the service scores in departments that were historically problems for Walmart like electronics had started to close and the competitors improve a lot. Service is never the leading foot because you have to have something to do price. But that gap seems to have closed. Do you think that's real?

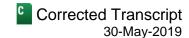
Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

I think particularly in a place like electronics, I mean, you have to compete with other retailers that do lead on the service and we're not going to lead necessarily on service, but you have got to be at a certain level. So if you go into our stores now, they look different. They're more friendly, more product out where you can play with, touch it, which is what people want to do.

And then when it comes to things like being able to set-up a new phone, to have someone there that can help you do that quickly and efficiently and take that out, that friction out of the buying process is a big deal. And so we've – and there are places where we've invested in that.

And some of the stores in the store concept, it's not as overly raw as maybe a Best Buy but you have them. You have the Apple pads that are with a particular spec and the particular – and Samsung as well. Are there other places in the store where that store-within-a-store concept when it's kind of partnership with a vendor, would we see those elsewhere? Does it ever make sense in other part of the store?

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Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

I think you could. Again, for the most part, we like owning all our space and our customer knowing that it's Walmart but, yeah, I think that it's possible over time.

Okay. Cool. So that's – I think strategy is very solid for Walmart. We always thought that's fabulous, selling the tablet. One of the challenges, of course, is when you have a great strategy but there's lots of investment. You've got to have something you're doing solutions-wise to be able to save more money than everybody else doing the same thing and one of the topics we keep hearing, because you guys mostly started this stuff, was wages. So where are you guys on that journey? I think it's absolutely necessary for the associates to be rewarded with the increase in productivity. It's a good call. Where do we think we go here?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.



Yeah. We made some big commitments, go back three years ago. Our starting wage is up 50% from where we were – over 50% from where we were three years ago. If you look at our – take our hourly full-time wage now and benefits, we're just under \$20 an hour. So we've made a lot of progress, a lot of money put into training. That's another part as jobs do change. We want to be a part of the solution in helping associates change with that. So I'm pleased with what we've done.

We have to be competitive, right, on wages and so there are some places that demand a higher wage than they do in other parts of the country, a different cost of living and we're just – we're on top of that. Again, I think we're more strategic about it and we'll be where we need to be from a market perspective but ensuring that we're getting the right kind of talent that we need.

Q

And for me, from my experience in there, there was a lot of wage improvement because they were so efficient. There were changes in efficiency in the Supercenters, some of these other components, full-time, part-time mix change. And then at some point, you need to kind of true that up and it got trued up.

From this point forward, is it right to think about it? It's competitive but is it closer to ordinary course of business?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

 \nearrow

As far I'll make sure I understand your question.

So meaning productivity improvements have been quite dramatic but wages have been relatively flat. Wages get caught up in a way to reflect...

| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
|--|---|
| Right. | |
| | Ω |
| those productivity improvements. You're still doing other productivity initiative | es? |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Right, yeah. | |
| | Q |
| So are we getting back to that kind of like you have wages but you've got an of functioning? | ffset built into the way the system is |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah. I mean the – yeah, I'd say the pipeline of productivity initiatives is probal further kind of into that work and I think your visit with Mark Ibbotson and his t doing that. And so there are times where we've moved so let's say some job shared service environment. But we've taken those wages and put them out of attention with the customer and there's times where you just do something difference that the expenses you had before and it will just be a mix over time. | eam that have been incredible in s in the back office into a more the floor because we want more |
| | Q |
| Got it. I have to ask the tariff question. You guys have 50 some odd sourcing of have to be in China necessarily but still are for good reason. If you go to the furbillion tariffs, I don't know how that doesn't create a problem for customers. Yo participant in the letter, to that effect, but can you help us get a sense of if that Walmart or is it a margin challenge? Will you guys probably just help the customert sales or where is your mind to that? | Il crazy big giant bundle of \$500 u wrote a list. I mean you were a happens, is it a sales challenge for |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| It's like everything we do and it's a balance. | |
| | Q |
| Right. | |

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

It's the exercise isn't -- it's an exercise that our merchants are always doing, which is taking the cost of a product, helping the supplier with the costs, trying to partner with them in a way, manufacturing the right plot in the right place. So they do that all the time. This is a skill set they have.

Obviously this puts a new element into it that they're having to work through but they're always working through that. We want to be there for our customers. We are the low price leader. We always want to do that. We'll continue to manage this in a way that balances what we really, really want to do for customers...

| | Q |
|--|---------------------------|
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | А |
| but balances what our shareholders need as well and it gets a little more challenging | // |
| | Q |
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| with – if tariffs go in like you're potentially being proposed. We'll help in any way we can to get things | n with the administration |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| where we need to get them but it will be a balancing act | |
| | Q |
| Yeah. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| and we'll just have to work our way through it. | |
| | |

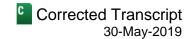
| Do you think, though, that China as the default might in a way – this might in a value shift out of China in some of the sourcing categories? | way be a way to accelerate the |
|--|--------------------------------|
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| We have great suppliers in China. We have great suppliers in other parts of the that but there are some products that get made in certain countries for a reason | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Д |
| And we'll just – again, we'll just have to balance that out as we go. | |
| | Q |
| Cool. So, the last one is just core store efficiency element and the savings idea. floor wax last time at the investor, which I remember because one of the associa actually did that work. Well, that means that it was sitting on a pile of money for know, four years and you're finally going to get those piles of money. | ates on my team is the one who |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| You're not supposed to say that. | |
| | Q |
| Well, I mean there are piles of money that are left to go find, right? | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| There's always ideas out there. Yeah. | |
| | Q |
| So there's always piles of money to go find, right? | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |

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|--|---|
| Yeah. | |
| | Q |
| So when you guys are doing this harvesting initiative of getting more and more and and it's always a balance, I'm with you. But is it the same process where this massiv getting the organization just focused on sales. We're going to go get that money. The now get the sales growing again and the team is really excited about that. Is it now put the harvesting lever to come back a little bit more? | ve phase of investment and is is going to happen and we |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah, it already has. I don't think and I had said this before, I don't think we ever los | t our EDLC culture. |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| But we weren't where we were when I came to the company 19 years ago and it fee | els fun again to people |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| to save money and we have people come up with ideas. I also get an email, it's lik on this and this is all it took for us to go do and they're excited about it. I can see that | • |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| and they see it in the P&L. The great thing about us, Greg Foran will say if you do a large number, it's a really big number. | a small number of things and |
| | Q |
| Right right | |

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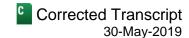


| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
|---|---|
| And that is definitely the case with Walmart. And so even today, we have more than 300 init see kind of every month. | iatives that I get to |
| | C |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Δ |
| And I know where we sit on those initiatives and that list. Some come off. Some get done. Son but this process that we put in place a couple years ago with this our cost transformation it's really ingrained back into the culture | |
| | C |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Δ |
| and supported by Doug, supported by our board. And it just – it feels like we're in a really how we drive sales, which is the most important thing we need to do. | good balance with |
| | C |
| Great. And the last bucket for us is staff. So, we spend a lot of time thinking about people ar facetious. The reason that project didn't happen is because you need to wait for some remo so you have an incredible challenge, which is you've got to allocate between 300 and 3,000 capital across the entire finance organization. How is that possible? How do you guys handl think about the capital allocation when you don't suffer from a lack of good ideas? | dels to get done. And various projects of |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| Yeah and to some degree, because of our operating cash flow, we're not naturally capital co | onstrained |
| | C |
| Right. | |
| Brett M Biggs | ^ |

Chief Financial Officer & Executive Vice President, Walmart, Inc.

...with \$27.8 billion of operating cash flow last year. We're really disciplined. The executive committee team, as you can imagine, spends a lot of time together and as we talk through the various things that we can invest in,

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whether that's in eCommerce or International or the U.S., the P&L and the balance sheet sits right with us as part of that discussion.

And I think we've always been a pretty disciplined company. I think we're more disciplined than we've been in the past and the strategic direction is getting clearer and clearer...

Good.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

А

...all the time. So I feel good about our ability to be disciplined about it. CapEx has actually come down some over the past several years and ROI has kind of flattened out so I feel better about it.

Yeah. Are there any big of those kind of cost initiatives that are big enough that people would go and go, wow, this is cool, we can see that in stores, we're excited about that.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.



Yeah. I mean, some of the technology that we put in stores -- if you go in a store, you're going to see, I mentioned earlier, all the handhelds, the associates have -- now, that's more from an efficiency standpoint. It makes them more efficient, but they're definitely cost savings of not having to run back to the back room to go look for something. They know where it is and all of that plays into it.

Right, right. How do you think about EDLC when it applies to eCommerce and omni-channel? I never wanted my team to go see the nice facilities in California. There's a culture that has to be maintained and arguably separately and Doug mentioned this a little bit. How are you guys handling that kind of cultural balance of investment in EDLC and keeping the culture clash down?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.



Yeah. I think a lot of it is communication. It's talking about it openly that in different parts of the world, different parts of the country, you may do things a little bit differently. That's okay and I think there is an openness to talking about it that if you don't talk about it, people kind of make up their own story of why we're doing something. And so Doug and me and others are just, I think, very open about it.

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There's a notion in omni-channel because of that, that whatever you're going to do, it's going to lower ROIC. And I think that's because the early versions of investment often do because you're trying to figure out what the answer...

| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Д |
|---|-----------------|
| Of anything within e-commerce. Yeah. | |
| | Q |
| Of anything, exactly. And to me, I always think it's the same deal. I think if you went and walked 1988, there's no way you bought Walmart's stock and now you should have. | hypermarkets in |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. Yeah. | A |
| | Q |
| But that's because it was in a horrible phase and then by the time you get to 1992, it's unbelieve created. Is that the right way to think about? It's not that you guys are abandoning your ROIC go | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. No. | А |
| | Q |
| We just to get through this phase. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | Д |
| No. We talk about ROIC a lot, which I'm sure would make you and others in this room happy. But business model and we bought – obviously as we were buying Jet and since we bought Flipkart We're learning all the time. | |
| | Q |

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

It's a different business model than running brick-and-mortar. But the way you can pull it together is really interesting. They have different leverage points and so in return, horizons can be different for different types of

| investments, and we just got to for every investment that we make, that's going to ta like. We just need a few that | ke a little longer than we |
|---|--------------------------------|
| | Q |
| Right, right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| pay off really quickly and so we've got to balance that out. | |
| | Q |
| I like this question, which is one of the early assignments was store of the future and I worked on it but I saw it like in 2002 and someone had drawn up a McAlester, Oklahor | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I remember it. | |
| | Q |
| And if you went to the 2015 store, it looked exactly the same as it did in 1995. Is there future 10 years from now that really will be like whizz bang jets in the air crazy? | going to be a store of the |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I think the shopping environment could be really different 10 years from now and I think driven by technology. We haven't lost focus on retailtainment and I think even you're lowere you're seeing mall tenants bring in different types of more like entertainment and seen, I think we have the opportunity to do that. | ooking at mall space today |
| We 275 million customers a week that come through our stores and that gives us an o them in a really different way. And I'm seeing technology now whether it's AR, VR, MR it was interesting. Once we did the Jet deal, we were always – we would have been – technologies, we would have been an early call of that group. | . That is just really cool and |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |

| After we did Jet and as we've invested more and more in technology, I think we're starting to be the first call of a lot of those groups | |
|--|---|
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| to where we could scale out some of their ideas and there are some things that co fascinating | ome to the office that are just |
| | Q |
| Yeah. [indiscernible] (00:43:50) | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| that I think it will be fun for customers over time. | |
| | Q |
| I'm a big fan of that and I think retailtainment is something that is underinvested in in the things that people have also gone through is when you think about in a different to make its money on food? So there's this question like can you just monetize clientake a loyalty card program, you take all of the value of that and that's how you make the model is really that pressured or probably still retailers can I don't know, sell sells. | format, does a grocery have at information? Can you – you se money? Do you think that |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| I think they will always be able to do that. I think the model is going to keep changin that really started somewhat in China with Alibaba and Tencent and groups like that different ways and monetize the relationship with the customer in different ways and into the U.S. and will become a little more prevalent. | t where you do make money in |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| But I think retailers will always want to make some money on retail. | |
| | |

Q

Yeah. I think that's right. And people would always ask about the loyalty card program and I was one of the resistors to have one, but you're getting so good at client identification. Borrowing the creepiness factor, you kind of know what your customers are doing. Do you think that's why Walmart is not somehow permanently disadvantaged by not "having a loyalty card program?"

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Α

Yeah. We've never had a loyalty program in the way that most people...

Right.

Brett M. Biggs

Α

Chief Financial Officer & Executive Vice President, Walmart, Inc.

.....

...would think about that and I always felt like that we wanted to put the cost of that back in the price and I think that's worked for us. I think now it's more of how do you make the offering customized. More than a loyalty program, it's customization and that's more of the focus.

J

Yeah. With all this omni-channel where people think about is that the threat or is it all that keeps coming up like if you go towards omni-channel, do you lose the efficiency of a hard discount equivalent? And if – my takeaway is we talked to a lot of store managers that their comps would go up when ALDI was in their parking lot. And ALDI is in your parking lot...

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah.

C

...both because it's German for Walmart in Walmart's parking lot and because they need your volume. So do you guys think you can do both, that you can go upscale and hold that volume?

Brett M. Biggs

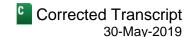
Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

I think you have to do both.

C

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Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

I don't think you get a choice if you're a Walmart. I think you have to be able to compete with ALDI, which we do, and Lidl and you have to be able to compete in an omni world. And again, I think that goes back to a business like

ours that has the financial resources that we have to do that, just not many companies have that opportunity.

Q

Got it. Now, omni-channel makes a lot of sense but there is a stand-alone first-party business in dot-com in Jet, and there's a marketplace. And the marketplace participants are desperate frankly for you guys to get bigger faster because they don't want to be bidding on Amazon and they never know when they're going to get cut off with some of the news that we've seen. Is that still a part of the plan? Is that still part of the idea that, yeah, we're going to have a first-party business and a third-party business and we're going to invest in Jet and equivalent. That's still...

| Brett M. Biggs | |
|--|--|
| Chief Financial Öfficer & Executive Vice President, Walmart, Inc | |

A

Yeah.

C

Core to the solution.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

А

I think you need all of that.

Right.

Brett M. Biggs

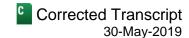
Chief Financial Officer & Executive Vice President, Walmart, Inc.

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Third-party is a great place to really be able to invest in the tail and have the tail the customers are looking for and first-party allows you to differentiate yourself with exclusivity on brands. It also allows a different margin mix and I think both are important over time.

I had actually a couple of questions on Asda, which is a little ticky-tacky but we'll get through it because it is kind of surprising with the UK regulator change. Have your thoughts changed about the positioning of Asda usefulness? Does it do anything to your capital allocation, strategies or plans?

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Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

I would say that the Asda management team has done an amazing job. It was a very noisy period with Brexit as well as what we were contemplating what Sainsbury's. They've done an amazing job and so we're continuing to run the business as we were. And long-term, we just want to put Asda in the best position to win in that market and we'll just continue to run the business and see where we go.

Yeah. This is an interesting question. It says if you ranked all the companies in the S&P 500 based on kind of an economic footprint construct, so not market cap but just kind of all the things that you do in the world economy and there's various metrics, you guys would be a clear number one. At that degree of scale, usually there's a curse of scale. How do you dodge the curse of scale?

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. I mean there's been different, I think, times in our evolution where it's been more – we certainly get a lot of attention. And so sometimes, that's part of it; sometimes, it's not. And sometimes when it's not, it makes you a better company.

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

You change some things because of that and I think we benefit at times from that. You've got to keep running your play.

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

And try to get rid of the distraction as much as you can.

Right.

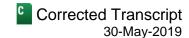
Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

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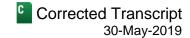
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| There was a point in time back in our history where we would just run one store at a time and the would leave us alone. | e rest of the world |
|---|---------------------|
| | Q |
| Right, right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| That was a long time ago and so I think to some degree, we've gotten used to it a little bit. | |
| | Q |
| Right. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. | A |
| And we try to use the scale to our advantage, to our customers' advantage, and with all the thing from a sustainability standpoint in the last 15 years, I think to a global advantage. | gs we've done |
| | Q |
| Got it. So my last question for you is a story of two executive conversations. One is Sam Walton make a bet about whether or not Walmart can make a whole bunch of money. And if Walmart m bunch of money and I think it was 8% pre-tax profit. | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. Yeah. | A |
| | Q |
| Then Sam had to come do a hula dance on Wall Street | |
| Brett M. Biggs Chief Financial Officer & Executive Vice President, Walmart, Inc. Which he did. | Α |
| | Q |

...which he did. There's another conversation where Greg Foran sits with David Cheesewright, the old International CEO, and Greg is relatively new to the company is essentially saying Walmart makes too much money. And I think it was just he was, he'd been a grocer for his whole life and so there's like this notion of like, well, it's crazy that you guys can make that kind of money. Is there a point at which Walmart's kind of older,

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almost deepest culture, which is just be unbelievably good at making money? Is that still somewhere inside of the cultural context? Is there a version of that conversation where it's not disruption's happening, here's a response, let's go. But we've got this settled and now it's the appropriate time. Maybe that's five years. Maybe it's 10 years out to harvest even more.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.



Yeah. I don't think -- I think that's just going to be an ongoing evolution with competition with customers. One thing that I have been pretty open about is I think if you look at a retail business and you wanted to make a bet of whether retail gross margins go up or down over the next 10 years, I think most would say I think they'd probably go down a little bit over the next 10 years.

And that is a part of why I and others inside the company have been so focused on expenses. I think that is something you can manage better than anyone and we can manage better than anybody else can. And if we can get the expense rates to where we want them to be, it just gives you so much more flexibility...

C

Right.

Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.



...on the margin perspective then you can make that decision at the right time, how much do I put in the customers, how much do I put to shareholders and we're getting there. We're making progress on expenses and I think that's more of the discussion it leads me to.

Great.

Unverified Participant

Thank you very much, Brett. I really appreciate it.

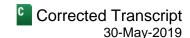
Brett M. Biggs

Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. Thank you.

Unverified Participant

Thank you. It's time.



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