Wal-Mart International Meeting for the Investment Community
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Corporate Speakers

• Carol Schumacher	Wal-Mart International	Vice President of Investor Relations
• Doug McMillon	Wal-Mart International	President and CEO
• Catherine Smith	Wal-Mart International	CFO
• David Cheesewright	ASDA	EVP, CEO
• Judith McKenna	ASDA	COO
• Shelley Broader	Wal-Mart Canada	President and CEO
• Bill Tofflemire	Wal-Mart Canada	CFO
• Jim Thompson	Wal-Mart Canada	COO
• Gino DiGioacchino	Wal-Mart International	SVP of eCommerce
• Trudy Fahie	Wal-Mart Canada Bank	President and CEO
• Bob Hakeem	Wal-Mart Canada	SVP, People Division

Participants

• Robert Drbul	Barclays Capital	Analyst
• Greg Melich	ISI Group Inc.	Analyst
• Deborah Weinswig	Citigroup Inc.	Analyst
• Craig Johnson	Customer Growth Partners	President
• John Heinbockel	Guggenheim Securities	Analyst
• Mark Wiltamuth	Morgan Stanley	Analyst
• Wayne Hood	BMO Capital Markets	Analyst
• Andy Whan	Sentry Investments	Analyst
• Colin McGranahan	Sanford Bernstein & Co.	Analyst
• Michael Exstein	Credit Suisse	Analyst
• David Strasser	Janney Capital Markets	Analyst
• Chuck Grom	Deutsche Bank	Analyst
• Chris Horvers	JPMorgan	Analyst
• Maggie Gilliam	Gilliam & Company	Analyst

PRESENTATION

Carol Schumacher: Good morning. I'm Carol Schumacher. I'm with Wal-Mart Investor Relations. And on behalf of the entire Wal-Mart team, both the corporation and Wal-Mart Canada, we welcome you into our meeting. This is our International Conference for the Investment Community. And as you know, the purpose of this meeting is to do a really deep dive into one of our countries, so that you will have the opportunity to learn much more about the business and to be able to meet with the management team running that business.

For those of you who are here live in the meeting with us, we will be handing out hard copies of the slides for easy note-taking. Also remember, at the end of the meeting, that we'll be giving those who are here a USB drive with copies of the presentations, the information you'll be getting on the store tours, as well as a lot of other information about Wal-Mart Canada, so make sure that you pick that up before you leave.

I'd also like to mention that we recognize the importance of our French citizens here in Canada. And for those of you who do feel more comfortable hearing the meeting in French, at the back of the room, you will see a tan booth and we do have translators who will be providing a complete translation of the meeting in French. So, if you'd like to hear everything that's being said, please step back, we have headsets available and you're welcome to use those during the meeting.

For those of you listening in on the webcast, we will have French translations of the audio available as well. They will be put into MP3 pods, if you will, as we do with the English audio tracks as well after the meeting. We do archive all the presentations, both the video presentation that you're going to see on the meeting as well as the audio tracks, and we do provide a complete transcript of the meeting within 24 hours of that. So, those will be available. Everything is archived on our website, that's Wal-Martstores.com/investors.

I'd also like to point out a couple upcoming dates that are very important in the IR world, and that is certainly -- as you know, we closed FY '12 last year. We announced those results back in February. Our first quarter will be announced on May 17. One of the things that we've done this year is we pushed our earnings schedule from what was last year a Tuesday to this year a Thursday. So, all of our dates are on Thursday this year.

The next big event -- and we will be opening registration for that event very shortly, is our Annual Shareholders Meeting. For those of you who have attended, you know that it's not only very educational, but it's also extremely entertaining. This year will be especially important because we are celebrating the 50th anniversary of the start of our company.
Sam Walton opened the first store on July 2, 1962, in Rogers, Arkansas.

And the fact that our Shareholders Meeting is June 1st, really points to the fact that over the past 50 years we've been incredibly successful as a company. So if you have an opportunity to come to Shareholders, you'll hear not only about some of that history, but you'll also hear a number of updates about our company in general. Following that, the next big event for us would be Q2 earnings, and that would be Thursday -- I mean, yes, Q2, sorry. And that's going to be Thursday, August 16.

As we announced back in October, we are going to have our October meeting again in Bentonville, and that will October 9 and 10. It's a Tuesday and Wednesday. What I can tell you is that, at that point, we're getting close to the and of the year, so again, you'll hear a little more information about our 50-year history.

This year, I think a number of you have already asked about something that's very important locally in Bentonville, and that was the opening of Crystal Bridges, which is an incredible art museum that was funded and put together by Alice Walton. It's really put Bentonville on the map in terms of the art world. And I can tell you, having been there, it is truly an incredible experience.

A number of you have asked if you're going to have an opportunity to visit there, and I can tell you that, yes, in October, we will be hosting dinner at Crystal Bridges. So if you want an opportunity not just to meet with management but to also be able to see Crystal Bridges, please plan on attending dinner and that would be October 9 in Bentonville, Arkansas.

The next thing that I'd mention is that, as you can see as you mingle outside these doors, we have some merchandise. The merchandise is representative of what you're going to see on some of the store tours later on today. As I mentioned last night, we have three store tours that will be available to you after the presentations, and they will run through the afternoon.

We have an Urban 90 proto, which is a 90,000-square-foot supercenter built for more urban areas. We have an inbox conversion, and that's our lingo for meaning that we turned what used to be a discount store into a supercenter without changing the four outside walls. And then, you'll see a very new supercenter in an area that is truly experiencing tremendous real estate growth. So you'll have an understanding truly of how we focus on the various communities, like we do in all the countries that we do operate in.

If you could click to the next slide, please. This is the overview of our agenda today. We're going to kick off with an update on our international business from our CEO, Doug McMillan, and Cathy Smith, our CFO, for Wal-Mart International. That'll be followed by an update on EMEA and that includes Europe and Africa. And as you know, we made the acquisition of Massmart, and have been integrating that into our overall business during the last several months. We'll have a Q&A at that point on the international business before we get into the detailed presentations on Wal-Mart Canada.

After those presentations, we're taking a break. And remember that you signed up, for those of you who are here, for two breakout sessions. We are actually running three breakout sessions. And on the screen, you see the various topics. On the back of your badge, for those of you who are here, it's a reminder of the breakout sessions that you signed up for. And we ask, given some of the room constraints that we have in the other two rooms, that you attend the breakout sessions that you signed up for.

We will be webcasting live two of those sessions. The third one is going to be taped and that will be posted and available on our website as well. We will provide transcripts in about 24 hours for all of the breakout sessions, too. And then as I mentioned, the store tours will run in the afternoon. So I think you can see that we have a great line-up and a great opportunity for you to learn more about Wal-Mart Canada.

The last thing that I'd mention, before we get started is, at the end of the hallway where I'm pointing, there's also a booth that has a couple of demos. We're getting ready to launch our shareholder meeting materials, which include the annual report and the proxy and the ability to, of course, vote your shares at our annual meeting.

Very shortly, we'll be launching a new app. We believe in the impact of technology. As you know, we're also a company very committed to sustainability, and we're going to be very focused on trying to get more people to vote electronically. And we feel that the app, when it becomes available during the voting season, will give us that opportunity. We will have options both in the Apple format as well as the Android format and we will make it available for both iPads and iPhones. So that's coming in the very near future.

So as you get ready to vote, please think about voting electronically. In IR, we believe too, just like we do throughout the business, in EDLC, and electronic voting certainly helps our cost structure, much more than printing voting. So, that's my little commercial message for this morning.

And with that, if you go to the next slide, certainly while legal would want me to read the entire thing, that would be way too boring, but you know that there is a good chance we might be making forward-looking statements at this meeting. And as you know, our statement on here talks about that and reflects the fact that you can find additional information about our company on our website. And once again, that's Wal-Martstores.com, under the Investor tab.

And with that, we'd like to get underway. And I'm going to kick it off to Doug McMillon, Wal-Mart International CEO. Doug?

Doug McMillon: Thanks. Good morning, everybody. Thank you, Carol. We appreciate you taking the time to be here, investing your time to make the trip and to learn more about the business. You're going to have a good time today, and you're going to learn a lot about our business.

We have a talented team here. Not only Dave Cheesewright, Shelley Broader, but the entire management team is deep, very capable and they're fun to work with. And I know some of you got to spend time at the dinner tables with each other last night and you experienced that, and you'll get some more of that as we go through the stores today. So we really appreciate you being here.

I think Wal-Mart's in a good place. We've gotten the year kicked off. And if I look at what's happening across all of our business, international included, it feels to me like we're well positioned to have a good year this year. And for the next few minutes, what I'm going to try to do along with Cathy is to give you an update on what's happening in the business, what we've learned about our business and what we're doing to improve it further.

You know the markets that we're in, I'm sure. In international, we serve 94 million customers a week or 94 million transactions a week in the markets outside the United States, finished last year just a little short of $126 billion in sales and getting near 6,000 units.

With today's time, we've broken the outline down to these three pieces; growth, leverage and returns. And we've heard from you and everyone else involved in our business about the importance of growing returns within the International division as we grow sales. And we've got a path and a plan that's working to do that and I'm going to tell you some more about that as we go through each one of these pieces. And we'll start with growth.

When we think about growth in international, we break it into four pieces. The first one, I feel, was most important, and that is comp store sales. And we drive comp store sales in a lot of different ways. We've got merchants in every market making decisions about the items we carry and the prices on those items; great merchants who are learning and growing around the world as we serve customers.

EDLP is another priority as it relates to driving comp store sales. And I feel like comp store sales are the number one metric that we should be evaluating ourselves on in international and will enable us to further grow returns and deliver on the rest of our financial objectives.

The second key is new stores. Here, we've got a representation of how it splits out by region. You'll note that Latin America is 46% of our new square footage this year, with a lot of that coming out of Mexico and Central America.

And the third dimension of growth is eCommerce. And I'll spend some time giving you an update on what's happening in eCommerce in international. And then the fourth one is acquisitions, and we'll also talk about that.

If you work within Wal-Mart International, you would know this diagram as the Wal-Mart way of working. I'm going to try to explain why this is important to us within Wal-Mart International. There are things that need to be unique in each market. If you would imagine yourself being responsible for running Wal-Mart in Argentina or Chile or in India, you as that leader need to be able to move with speed, serve customers, provide relevance, run your business.

We want you -- Wal-Mart wants you as that country president to be an entrepreneur. We want you to make decisions. We want you to move with speed. We don't want a lot of bureaucracy. Some might call that freedom. And in the past, within international, we've used the phrase called, freedom within a framework. And as I moved into this role, which has now been over three years -- I'm in my fourth year now -- and asked what could I do to help make this business run more effectively?

The leaders around the world said we like the freedom but we don't get as much benefit of being part of Wal-Mart as we'd like. We had leaned into the freedom side of things in such a way that they weren't getting all that benefit. So over the years, we've had a lot of discussions as a leadership team and it's landed on this image, which for us calls out where we should have commonality, where should we be the same, what is Wal-Mart's secret formula? And I personally have learned a lot about this in the last few years, and why it's important and how it works.

Start in the center and think about our purpose. Our purpose is to save people money so they can live better. That gets me up in the morning, gets me excited, when I think about emerging market consumer in South Africa or how our customer needs us in China to provide them food that's safe and products that's of value. That gets me excited emotionally to help serve those customers with that mission, and that's true of most of our associates around the world. That gets us fired up.

Outside of our purpose, that lighter blue ring, relates to how we treat each other. That's our organizational culture. And that is an engine that drives results. When a store associate is alone with a customer, we want that customer to be treated with respect, to be served. We want that customer to experience excellence with that associate.

So this important organizational culture issue is one that we spend a lot of time talking on about because, in the end, what we want are associates who are engaged and serve customers in a great way -- picking up the trash when nobody's looking, grabbing the shopping cart when they're coming in from the parking lot. Our business is a people business. It always has been and it always will be.

But this outer ring is where it really got interesting. Common operating principles. And Dave Cheesewright can tell you a lot of debate over the last year or two to hone in on what we think those common operating principles need to be. Being merchandise-driven and being EDLP drives comp store sales.

So said another way, if we don't have the Wal-Mart operating model, which is what's represented here on this page, we will not deliver comp store sales growth to the extent that we're capable of and we won't deliver returns because we don't actually have the Wal-Mart operating model.

And because we had leaned so far towards freedom with some of our international markets, to give them autonomy, to move with speed and, in some cases, acquisitions, Maggie, that had different organizational cultures in them. We haven't always enforced this Wal-Mart operating model.

And what I'm happy about and proud about is that we don't have to enforce this operating model today because it's well understood and embraced, and our teams around the world are working towards executing it, including EDLP, being merchandising driven to drive comp store sales. And I'll spend some time on some of these other dimensions as we go through the rest of the presentation.

Still staying on the subject of comp sales. Every Day Low Price, as a business model, as a business philosophy, drives our results. And we don't have all of our markets practicing EDLP. We still have markets that are practicing high-low advertising and driving costs into the system that don't allow us to generate the returns that we will deliver. So over on this side, while it's a bit of a generalization -- and EDLP is more like a continuum that necessarily these three buckets or groups, I think these are fairly characterized in where they're located.

So China, for example, today is beginning work on a plan to convert to EDLP, but we are not EDLP in China. On the other hand, the UK, Japan, Canada, Mexico and Central America fundamentally are delivering against EDLP. We debate some of the nuances of that on the continuum, and are always trying to move towards more of a pure position as it relates to EDLP.

And then the poster child most recently for EDLP and the conversion has been Brazil. And I'm going to talk some more about what's happening in Brazil and why we're so excited about what we're seeing there. But what you can expect from us is we're walking these things across the bridge. We'll move EDLP into Brazil and across the bridge this year, and then we'll start to stagger some of these other markets and end up with that consistent operating model that we are looking for that will generate sales as well as drive returns.

The second dimension of growth is new stores. We have a very aggressive new store growth plan. As we shared with you in October, we're going to grow over 30 million square feet in our new store program this year. That's the new stores -- it includes the new stores that are built on top of the acquisition in Massmart and obviously, in the UK with Netto. But you can see what the track record's been like with a 7.5% CAGR between FY '09 and FY '13, an aggressive initial program. So, if you're operating in one of our markets, it's one of your key areas of focus.

The third dimension of growth is eCommerce. And you probably don't know about all the things that are happening in Wal-Mart, in international, as it relates to mobile commerce and eCommerce. And so, what we've tried to do is prepare a brief video that'll help show you the breadth of what's happening. If we could run that now.

(Video Plays)

So, there's a lot going on. And customers around the world have changed and we need to be moving and even faster than we're moving today, but we're making progress. You can see the numbers on the screen here. I go to markets and I'm surprised to find sometimes, someone will pull me aside and say, let me show you our new iPad app. And I didn't know they had a new iPad app. They launched DionWired in South Africa, to sell electronics online. They didn't clear that with me either. They just did it.

Global eCommerce within Wal-Mart is helping us create a situation where we can leverage the capabilities that we're building, and we will use global eCommerce to help expand our efforts around the world. But we also have other efforts going on to move with speed, to learn from the customer so that we can serve them in new ways.

Basically, Wal-Mart is moving from just being a company that operate stores and a logistics company to even more of a customer-driven company that responds to how they want to shop. And that'll include a pure path to eCommerce transaction sometimes. It'll include giving them information and helping them get more informed about a purchase decision before they make it sometimes.

What the customers want, we will deliver. And we're going to find a way to be a low-cost provider in each one of those instances so that we can continue to grow our business. I'm excited about it. I'm excited about what's happening with social. I'm expected about what's happening with mobile, and we're moving in this space. And that will be a key dimension of growth for us from here on out.

The fourth dimension of growth would be in the M&A area. Our focus this year in particular has been on improving returns with our existing businesses. We've kind of locked and loaded on, let's make sure we get China and Brazil right and drive growth and drive returns and get into the detail of our operations there to make sure that's what we're doing.

We will continue to look for opportunities. This last bullet here about evaluating and entering new markets -- if there's a large market out there with a high-growth rate and we feel like, for some reason, this is a time that we need to go or want to go, we'll still do some of those things. But what I want to demonstrate to you is that we understand the obligation and opportunity that we have to improve returns, and we will do that with the dimensions of growth that we've just mentioned.

Moving back up. Acquiring capabilities really refers to eCommerce and mobile commerce. I think you can expect us to continue to look for acquisition opportunities there to add capabilities. And then, first, expanding in existing markets. There are markets where we have a low amount of share, low scale, and we could benefit shareholders by having more scale.

And we continue to operate in a way to identify and, when appropriate, take advantage of those opportunities. So M&A is important, but our focus right now is on delivering in the markets that we're in. And we like the markets that we're in.

Moving on to global leverage, which is one of our common operating principles. We've shared with you before. These are the areas in the Company where we believe we should be working together. You can think of it as a country leadership has autonomy to make decisions for customers around what we buy, what we sell, how we go to market, how we communicate with customers.

But on some of these more backend things, like business process, logistics, procurement shared services and IT, we want to find ways to create more value for those markets and have them be even more effective because they're part of Wal-Mart. And what that nets down to is we have to work together.

We have to have a lot of conversations around where we're going to partner on process and how do we leverage things from one market to the other, sometimes from the US to another market, but increasingly so from one market to another international market or, in some cases, from an international market back to the US business.

This is an example -- merchandise flow. Some of you ask from time to time, "What does global leverage really mean? What does Powered by Wal-Mart really mean? I was in Brazil last week. And we have made a lot of progress in Brazil. We've converted to EDLP, customers are responding, the ticket continues to go up. We're seeing some encouraging things happen with traffic, but we are not good at executing all the way through this process in Brazil. And we should be because we have many markets where we are that we do execute well.

Let me try to explain this, starting with modular integrity. Our side counter assortments drive the vast majority of our business. The end caps are exciting, the stack basis on the action now are getting a lot of attention, but we drive our sales off the side counters. And the way the buyers build their assortments is key, having buyers and understand what's the role of an opening price point.

How do I think about a customer decision tree as I'm weighing out an assortment? What does good, better, best look like? The role of opening price points, the role of rollbacks? Strategically, how do I build a side counter assortment that capture share?

Well, in Brazil today, our modulars, as designed by our buyers, are not as good as they need to be. We have a lot of room to improve in that space. One of the reasons why is because the buyers don't all have the same systems, and we are working on that. As I've shared with you before, we have integration opportunities in Brazil. I'm happy to tell you that we're making progress on that. In the last 12 months, we've moved the needle a great distance in terms of making things easier for buyers, but we still are not good on the side counter.

So if you don't have the facings laid out well -- let's say you've got a juice item, a boxed juice item, and you need 12 facings to support sales and these 12 facings -- on a shelf, if you don't have that discipline to set that right and the store execute it right, the forecast gets messed up. And you could think of this is a stream or a river, a flow of merchandise.

And anytime you have a gap, you have an out of stock problem, anytime you have an overage, you have a cost you don't need. So as this moves from the modular through the replenishment cycle to the suppliers, the management of the in-store supply chain, how we staff the front ends, there's a big optimization model there. Do you follow me? And what I'm telling you is there are many markets where we're not good at it.

So associate scheduling --think of how many cashiers we have in some of our markets -- it is not optimized because the front end didn't get fixed. And if merchandising is not right with the modulars, the operators can't optimize it.

So what's changed in international is that, a while back, we took some of the engineering capability that we've been building in the US that Mike Duke started years ago when he was in Wal-Mart US, being the engineer that he is. We grabbed a couple of them and started building a team that can help the markets understand how to change process and be -- have a process mentality. And with as many as associates -- as many associates as we have, there's a lot of return here for us.

So inventory management in international has not been good and it's been inconsistent, and one of the reasons why is because the actual processes are not implemented. Another reason why is just mentality. Some people, particularly in Latin America, believe that, if your days of payables are greater than your days on hand, the inventory management is not really an issue.

So I've had to win hearts and minds in addition to helping them with how to go do it. But what I'm excited about is, while these things take time, we're seeing some traction here. And if you've been in Brazil with us last week, Marcos Samaha and the team could've shown you a lot of examples of where they've leveraged the information that's coming from the UK and the US in particular to help optimize that flow, get inventory down, drive returns up, save on markdowns. And by the way, you can't do this well if you don't have the EDLP operating model.

So one of the things that I've learned is you got to get the operating model right first, and for Wal-Mart, that's EDLP. Once that's installed and you bring along some process and systems help, there is a big win there. In-stock gets better, customers are happier, turns go up, we make more money and we have more returns. So I hope I explained that well, but please ask me questions if I didn't.

Part of the outcome that -- of that is you can now go to the front end where we have so many cashiers, and because of process changes and systems improvement, we're doing a better job of letting them know what hours they need to work, those hours are better matched to when customers want to shop.

Some of the processes at the register where the customers unload their own goods are now implemented that weren't before when we were letting people design some of their own checkouts, and it's just random when you do that. And not every market needs to be the same, but there are great opportunities to create global leverage for the Company by doing these kinds of things.

And now, I'd like to get Cathy Smith to come up. Cathy is responsible for finance and strategy, but she's also a wannabe merchant. So, she's going to give you a couple of examples or at least one on global leverage.

Cathy Smith: I'm learning that we're all merchants in Wal-Mart. So let me share with you another great example of leverage. And as Doug said, it's not always one way going from the US to the other market. This is a great example of our on-shelf availability program, and on-shelf availability is key to our customers, as you know, and it's key to our leverage.

In the UK, we've been honing our process, and they went from number three on on-shelf availability in the market to number one with this process as they refined it. It's much more efficient. So we've now taken our on-shelf availability program from the UK into Canada and now into the US, and so we're using that same process now in those markets.

This is how it works. You find an item and you understand its rate of sales, and then you look at all stores with similar sales patterns across your chain and you can cluster them. And now we can start to monitor the performance, the sales performance of that item against those stores. And when there is a store that deviates on that item, we get an alert that's sent to our Telxon.

Our Telxon is our handheld device you guys have seen many of our associates use in our store, that help us understand our inventory and our sales and our on-hands and everything else. So we get an alert to the Telxon that tells the associate to go check that item on the shelf. So, it's very efficient. And now we can, again, check it against the whole cluster of stores.

So let me give you one quick example, or I'll show you an example of this. This is last week in the US. It's Sensodyne toothpaste and you -- which you can kind of see at the top. And this is actually the Telxon screen. And you can see that, on Wednesday and Thursday, we were selling through at a rate of 27, 28, and then on Friday, the sales went down to five, so -- and you see down on the far right there.

And so, an alert goes to the Telxon immediately, the associate goes and they're prompted with three questions on their Telxon. It says, it's -- first, check the shelf label. Is the label right? And then check the capacity on the shelf. Do I have the shelf capacity right, as Doug was just explaining, so that I get my rate of sell-through correctly? And then, lastly, do I still have some stock that is sitting in the back room? And 65% of the time, that is the case that we have the item, but it's in the back room.

So they go and restock the shelf. We get our improved on-shelf availability, our customers are happy and we get to improve our sales. And you can see how sales recovered the very next day, which is a Saturday, and it goes back to 37. So it's a very efficient way as opposed to having to manually check on-shelf availability, which is key, again, to our customers. It's a very efficient way to use that. So great example of leverage and how we're starting to deliver the power of Wal-Mart around the world.

So, Doug's covered growth. We've both covered a little bit on leverage. Let me shift gears now to talk to you a little bit about returns. We closed this last year, in international, at 28% of the Company's total sales. Yes, we know our returns lagged the company and we have an obligation to continue to increase that return on investment.

We have a number of levers we use to drive return on investment. The biggest driver and our biggest lever is going to be improving our operating income. And we know that and we've shared that with you pretty consistently over the last year or year and a half.

We have been very focused on getting the returns up in China and Brazil. By just moving China and Brazil 100 basis points in op income, we drive our ROI by about 20 basis points each. So, they're a very significant piece of the levers.

In addition, we as a company has made a commitment to improve -- to reduce our SG&A as a percent of sales over the next five years by over 100 basis points. We have an obligation and are excited about reducing our cost structure in every market to help meet the Company's goals there. That will also drive, obviously, our operating income, and it allows us to do things, like invest in price.

And then another big lever, and Doug mentioned it, is inventory. Inventory also doesn't just help on the I piece, on the return on investment, and being more efficient in our assets, but it also really helps on the cost side, on the operating income side. Additional inventory in our system causes cost. It's either you're moving it around or you end up with markdowns. So we know that more -- better efficient inventory management also helps in our operating income.

We've also talked through the years about -- or through the last couple of years, anyways, about the other leverage, risk-adjusted hurdle rates. So we have -- we use a very different -- we use a risk-adjusted hurdle rate for every market. We have buckets of about five buckets that we apply to our markets, so for every investment decision.

I shared with you guys, I think, at our investor meeting the work we've made and the progress we've made around making our investments very specific around performance. If we have a format that's not performing, we halt our investment there until they get the performance up. Again, that's helping us with that discipline in driving ROI up. And then we've talked about the other aspects, as well.

Over the course of the next five years, we're going to improve our return on investment 300 to 400 basis points.

Doug?

Doug McMillon: Thanks. So, now what I want to do is take you through the markets that aren't covered in Dave's region, or obviously, here in Canada. I'll start out with what's going on in Mexico and Central America. You saw the results from the last quarter and some of the more recent sales results. We've got momentum in the market, a terrific job opening new stores in that market. We've got multi-format capability that's the best in the world. That team is very flexible about placing the right kind of unit in the right location.

One of the big pieces of work that Mexico was working on this last year was integrating Central America. And as you've seen in the numbers, we probably put too much change in the Central America too fast. We've seen them come back as of late, but we were making systems changes. We converted them to EDLP, and we changed all of the Supercenters to the Wal-Mart brand name and did some other things all within kind of a 12-month period. So probably forced too much change there too quickly, but Central America, I think, is ultimately going to fit very well within Walmex, and we're glad that we put those businesses together.

In Brazil, I mentioned earlier we're making a lot of progress there as we release first quarter results. I think you'll see some things that you'll be encouraged by. We continue to focus on a lower cost structure, continue to focus on having our customers understand EDLP. Historically, we've not had the right spread on the entire basket. For months now, we have, and customers are figuring it out. And we're trying to help them figure it out sooner rather than later.

This is also one of the markets where we have one of the strongest eCommerce businesses. There's an impressive team there that's gone off and created a business that's really exciting, so we want to make sure that we further accelerate that.

Chile continues to go well. We've helped them improve their assortment by putting D&S, the business that we acquired in Chile, together with Wal-Mart. They also have a multi-format business and have a similar Discount Compact Hyper to the Bodega Aurrera in Mexico that we're excited about. We also have an eCommerce business now in Chile that's been launched and will expand upon it.

Argentina has been growing at a very high rate. And we're pleased with the Changomas format that we've rolled, it's also a Discount Compact Hyper. It's becoming increasingly important to us in the market, over time, I think, even more important than a Wal-Mart Supercenter in Argentina. The one thing that we're not pleased about in Argentina is our expense number.

We'd like to see the productivity numbers improve so that our operating income number and our subsequent returns in Argentina would improve, so that's something to focus on in the future. As we continue to see Brazil get better, Argentina is one of those that we want to go work on next.

In China, if we could change one thing right now in China, it would be that we should be better merchants. We are not building side counter assortments to the degree of the quality that we would like to see. We've had some new stores that have opened, but haven't been as strong as we want them to be.

And then you remember, in October of last year, we had an issue with pork in Chongqing. So a lot of issues have been identified in China over the last few months. And what I'm pleased about is I think we understand better where we are, and we've got a strong management team now in place in China that's going to help deliver a business here that we'll be proud of.

Having said all that, the business isn't actually that bad. I mean, our comp store sales have been holding in, Chinese New Year was not as good as we wanted it to be, but in general, sales in China have been decent and the profitability is being managed, but it's just nowhere near what it could be.

And Greg Foran is our new Country President there. I've known Greg for a few years and there's not a better person in the world to go help build our business in Wal-Mart China than Greg. So Scott Price, Greg Foran, Sean Clarke, who was here in Canada; and others are helping us improve our business in China and making progress every day and every week.

I think we're going to be fine in China. My question is, can we really become great and grow to the share number that we would like to have? And to do that, we're going to have to drive some change, including being EDLP and being even better merchants. China is a great market. And there's nothing externally that concerns me, it's really all internal at this point in our ability to execute and simplify that business in China.

Japan's been a shining star, believe it or not. I mean, some of you have watched us as it relates to that investment and you remember some difficult times, but they're layering strong numbers on top of strong numbers a year ago, outperforming the market.

Our team really bounced back after the crisis that happened on March 11th last year with the earthquake and tsunami, taking share, growing comps. The stores look good from a merchandising and operations point of view. It's exciting to be there. A number of us were there just a few weeks ago and there's a lot of momentum in the business.

India is an interesting place, given the FDI decisions that have moved from green to red and now seem to be paused. We won't speculate on what's going to happen as it relates to multi-brand retail in India, except to say that we think we've made our case and we'll continue to make our case along with other retailers that allowing foreign investment by multi-brand retail is good for that country.

And we can help with the supply chain, we can help with cold chain, we can help with food safety. We could help create great jobs, we can help farmers. And we'll keep telling everybody that we interact within India that story, and ultimately, I believe they will get it right and we'll leave it up to them as to win. The cash-and-carrys, this expanse C&C we'll appoint is related to our Best Price cash-and-carrys. I think we've got 15 now and they're performing well.

We're still learning retail. We have three different sizes of retail stores that we're working on in India, still fine-tuning our assortments and learning the Indian customer there, together with our partner Bharti through our JV relationship, as we serve those stores from a backend point of view.

And then another area of focus is to work with them to improve productivity. India could be a very exciting market for us. And in today's current rules, we think we're making the most of the opportunity, but we look forward to a time when more investment will be allowed.

So back to the Wal-Mart way of working, there are two issues that I'd like to cover, high-performance talent, and as you know, that makes everything happen; and then leading on social and environmental issues.

As it relates to talent, throughout international, we've got approximately 800,000 associates and colleagues around the world that we want to understand and embrace Wal-Mart culture. So we spend a lot of time and have a culture campaign to make sure that everyone, including new hires, really understand what we mean as it relates to Wal-Mart culture. And we emulate the values and behaviors of Sam Walton.

When it comes to being merchant-driven, we want to take some risks. And we can manage inventories I've described before and still be great merchants and get after an time at a time, build big displays and sell merchandise but within a context of improved merchandising and inventory management. So being merchant-driven is a focus for us, and we've established merchant academies across our international markets within the division.

Diversity and inclusion is important. It takes on a different shape and form from market to market. But what we want to happen is the very best talent to be attracted to the Company and the very best talent to make it to the top, regardless of where they came from or whether they're left-handed or right-handed. We want everybody to have a chance and to succeed at Wal-Mart.

And then, as it relates to talent base, we have a need to hire a large number of associates -- hundreds of thousands of associates over the next five years on a net basis. Finding creative ways to hire them, train them, retain them is a key area of focus for us, and we have plans around that.

And then, lastly, leading on social and environmental issues is important to us as a company, whether it's the empowerment of women, the good work we're doing in the area of Direct Farm and sustainable ag in many markets around the world or the corporate objectives that we have in sustainability. We're moving forward on all of those to build the right reputation, save some money in some cases and build a more effective business.

And with that, I'd like to ask Mr. Dave Cheesewright to come up and join me. Wrapping up the international portion, these are the key takeaways. I want to just say a quick word about Dave. Dave is one of the most talented business leaders in the world and I really enjoy working with him. He's smart, he challenges me, he's creative.

He leads in the way that a Wal-Mart leader should lead. And it's a pleasure that I got to come, I guess it was a few months ago, here to Toronto to announce Dave's promotion to be responsible for a region now, retaining Canada, working with Shelley, but picking up some other markets as well. And Dave just does a great job.

Thank you, Dave.

David Cheesewright: Thank you, Doug. Okay, thanks very much. So the snappy title of Presidency of Europe, Middle East, Africa and Canada. So a couple of things to clarify, first of all, it's not Asia. I fielded a lot of questions on China last night, Doug. It's Africa, not Asia. I've got enough time on planes already. And then I guess the obvious question that -- I would take that one upfront, why put Canada with the region that pretty much everybody else operates?

I think, first of all, it's a practical reason. Given the size of our US business, I think, as many businesses have tried to put Canada in their North America region, it's very hard to retain the focus on what's quite a different customer. You'll see that today. But I think, most importantly, is that it allows us to get the best of both worlds.

And in Canada, we've got a very long-established relationship with the US. We collaborate on a whole wrath of issues. But remaining as part of the International division allows us also to access all of the best practice from around the globe. And I think, in a way, Canada can act as quite a nice conduit between international and the US business in terms of sharing back -- best practice both ways.

So the region broadly consists of three main businesses, and we'll just say a bit about that. So, we'll give you a brief update on the businesses and cover a couple of the priorities across the region. The one that's been there the longest is Wal-Mart Canada. It was -- it became part of the Wal-Mart family in 1994 following the acquisition of 122 Woolco stores. And as you're going to hear for the bulk of today, it's been a phenomenal success story since then.

Our next was ASDA in July '99. ASDA, for those of you who don't know, is the UK's second-largest retailer. Its background actually is in farming. ASDA stands for Associated Dairies. It was originally a farming collective. And it's actually the pioneer of big-box retailing in the UK when you go back through the '80s and '90s. And then, finally, the newest addition, in June of last year, is Massmart. Massmart operates over 300 stores across 12 countries in Africa.

Now a couple of things to say about those stores. First of all, there's an incredible amount of diversity on those three businesses. They operate across three different continents, for a start. But when you look at the make-up of those businesses, Wal-Mart Canada, primarily a general merchandise and apparel retailer that is operating very big-box is in a huge geography.

ASDA, primarily a food business that's operating much smaller boxes in a very tight geography. And, Massmart, a multi-format retailer, runs ten different formats operating across a number of countries with the group structure. So, you couldn't get a more diverse portfolio of countries.

Having said that, when you walk around those businesses, there's a huge amount of commonality. You find very like-minded people in those businesses. All of them have a pretty good sense of value for money, all the business models are very focused on price leadership in the market. You find very competitive, people will want to get on and do the best for their customers.

And I think, if I had one message for you from the region, and I guess you'll hear it through the Canadian session, is, for me, Wal-Mart's biggest point of difference is its ability to have enough commonality, and Doug talked a lot about that in terms of some of the frameworks that we've created, to have a desire to work together but enough focus on the local customer to create innovation ideas and spread them incredibly quickly.

And as you go through today, and particularly as you hear the details on the Canadian session, just keep your ears open for how many of the ideas, how many of initiatives that you're going to hear from the team, have come from somewhere else. And I want you to imagine Wal-Mart. It's like a community of incredibly competitive people, who have the gift of having the access to 50 world-class formats around the world and see everything that they're doing and move that incredibly quickly.

In terms of priorities, these will be pretty straightforward. I doubt there's anything in here that's going to surprise you. Above all, our priority is to support and help the countries deliver profitable growth. Those countries have been operating very effectively over the last few years. They'll primarily manage their own businesses, and the formula will be very simple.

We'll be very focused on EDLP. Doug's already shared with you that we're at different stages of development across the countries. We'll be very focused on real estate, and we'll be very focused on developing broad assortments.

In terms of how we're doing, we wont share specific details, but this will just give you an indication. It's relative performance versus market up to the first three months of this year. And you can see all three countries in the region are performing ahead of the market, probably Canada leading the way, more than three times the market growth for the moment. But we're very happy with the start to the year across all three businesses.

Next is about developing and delivering new business opportunities. And, again, Doug shared with you our framework for M&A. And you can see activity going on in the markets against each of those.

So in terms of expanding our existing businesses, you're going to hear from the Canadian team over the course of the day, the work that they're doing with the acquisition of the Zellers stores, with Judith McKenna coming on in a minute to give you an update on ASDA. And she'll talk to you about the successful Netto integration there.

And you may have read that, in South Africa, we acquired a business, a cash-and-carry business called Rhino, at the beginning of the year, which added to that part of the cash business. So you'll see that, in each country, we're looking for opportunities within the countries.

Acquiring capability is very, very important for us. And Doug talked about that in terms of the context of eCommerce, but it's also about core capability. And a couple of examples there, the first is in South Africa where earlier on this year we announced the acquisition of the business called Fruitspot. And Fruitspot is a produce importer and wholesaler.

And that's really important when you look at a lot of the opportunities in Africa around growth on food through their Foodco and Cambridge formats. And what we're able to do there is -- I think you all have heard through previous presentations about an organization called IPL in the UK. It's -- as a stand-alone, it's a separate business, but it covers three things for ASDA. It sources produce from around the globe, primarily in Europe and Africa.

It's concerned with transport and forecasting to make sure the right product gets into store very fresh. But it's also looking at the supply chain in terms of cost, and it's making informed decisions about where is it best to do work.

So in some cases, and I think you probably saw the wine example at the last analyst meeting, it's cheaper for us to ship wine in bulk and then bottle it locally rather than ship bottles. Now what we're doing is take in the IPL operations run by a fellow called [Nick Grace]. He's now working with the business in South Africa in Fruitspot, to take that business and align it with the way we've learned to run that business over the last seven years in ASDA. So a very good example of best practice.

I think clearly, what's new, as Doug said, we've got no specific plans, but what we will be doing across the region is making sure, in the big markets, we have people on the ground, we have good-enough working knowledge of those markets, we have good-enough contacts that, if and when opportunities arise and they're appropriate for us, we'll be in a very good position to progress those.

Integration, I'm going to touch on in a minute. Let's talk about leverage, and I just want to spend a couple of moments on this because I do think this is a really, really important bit to understand about Wal-Mart.

And excuse the schematic, but I'd split leverage, really, into three areas, formal, semiformal and informal. So formal leverage would be -- a good example of that will be the integration of Massmart. And one of the things we've developed over the last few years is a very simple integration tool kit which focuses on the areas that matter, so culture, governance and then adding value. And what it does is, very simply, document how Wal-Mart works.

And it allows us to go into a new business and very quickly, working with the local team, audit and compare where they are against the Wal-Mart way of working, select the modules that will add value out from any of those three dimensions. And then we have people already in the business trained to work with those documents. We have very robust execution plans and some really solid tracking documents that allow us to integrate the Wal-Mart way of working very quickly, very thoroughly, and capture the benefits as they go along.

Now you've seen that was the first part, it's in Chile, and certainly the integration in Chile went very smoothly. In Massmart, this has been a real, real success. It makes the local market feel they own it. It's very clear in terms of making sure we focus on the things that matter, and it's very measurable in terms of the business. That'd be, if you like, the formal best practice leverage.

Semiformal will be the way the region works. And one of the things Doug and I have found most impressive about Massmart is the way they run their group structure. So they operate across a number of divisions, but they have some very, very clever ways of sharing best practice without using much resource, and we always like things that don't require much resource.

And so, on regional leverage, the way we'll work is essentially taking that model. We work with the country presidents. We identify broad areas where we believe we can add value, and then we engage the experts in the markets to define how they're going to develop those. IPL will be one of those regional initiatives, and that will be shared across all the three countries in the market.

But we're also looking at expanding the George brand, which obviously is founded in UK, pretty big in Canada. We'll be taking that to South Africa. And then we're really excited about having Rick Bendel, who used to be Marketing Director in the UK, but he's now going to work on a number of projects around the globe, looking at the opportunity on private label across the region. So, that's semiformal.

The final bit is informal. And what you'll hear -- see and hear over the rest of the day is there is an absolute multitude of ideas moving around the Wal-Mart world and I'll just pick out a couple. One will be on price measurement. ASDA has a number of advantages in the UK in that there's a few number of retailers, all their prices are published in the UK, but they have a very, very advanced way of looking at how prices vary by competitor, by category, by region in the country.

And what we've been able to do there is just connect the ASDA team up with the Canada team. Canada now has an auditing process. We can't use the web-based process, but it can take all of those methodologies. And that's allowed Canada to development a leading -- an industry-leading insight into pricing where we measure almost 150,000 items a week. We have all the follow-up process that ASDA developed over a number of years, and we can be very granular in ensuring we invest wisely on price.

A second example would be one you're going to see later on today, which is inbox conversions. So Canada has spent the last four years working out how to take a box that can't be expanded and give customers a full food offer. We'll go to Massmart. One of their big initiatives is called Foodco, which is putting food into a box that can't be expanded because it's in a mall.

We spent four years making plenty of mistakes in learning how to do it the right way. All of those mistakes can be accelerated and done much more quickly in Massmart. And we could probably spend all day going through examples like that, but I thought this gives you a bit of a flavor for how important leverage is to Wal-Mart.

Finally then, developing talent, Doug's talked about that, so I won't go over everything. But one of the things we'd be very passionate about in the region is moving talents, and certainly, you'll see that with the Canadian team. I think it's one of the first international teams where more than half the team have genuinely worked and operated in different countries, so a high degree of international experience.

And that acts as an accelerator, to this point, on leverage. When you have people like myself who know the UK business very well and the others who came across to -- to help us develop with supply chain, they have all the contacts in those countries not just to know where there is best practice, but to know who the expert is in that country and connect people incredibly quickly. And that, you see, is a kind of virtuous circle that just speeds up and speeds up.

Okay, now let's spend a little bit of time covering Massmart, and then we'll finish with Judith McKenna who will be dialing in and talking to you about ASDA. I'm really excited about Massmart. A couple of things stand out. And Doug and I spend a fair bit of time traveling over there.

It is a great business, very, very well run with a phenomenally talented management team. And I think that's one of the things that appeal to us very, very strongly as we went through the process of partnering with Massmart. It's a very different business model, and I'll touch on that. And there is a huge, huge opportunity both in South Africa but, as importantly, across sub-Saharan Africa.

Some of you will know Africa pretty well, others not, so I'll just take a couple of minutes to talk about sub-Saharan Africa. Huge market -- just around about a trillion in terms of GDP, very strong growth, a little under 5% CAGR in the last eight years, but driven by few things, the fastest-growing and the youngest population on the planet. There'll be more than half a billion new consumers over the next 20 years, over 40% around to '14. Spending growing by an emerging middle class, so clearly, food and consumables is going to be very important across this area.

And a rapid urbanization. There's already over 50 cities with 1 million people in there. That's more than North America, but yet, overall, a relatively low degree of urbanization and still a very large informal trade. Across Africa in total, less than 10% of the trade is going through informal channels.

Now when you combine all those factors together, you can see why we get so excited about the growth in Africa. Health warning, there's a lot of challenges and complexity. 48 different countries, four languages and a multitude of issues from corruption, to health issues, particularly HIV and AIDS, education and some of the largest differences and inequality that you'll find anywhere else on the planet. But nonetheless, a huge, huge opportunity.

Now Massmart, as I say, is a very different business to a lot of the ones we used to. And I won't go through all the details here, but it essentially consists of four different operating divisions and 10 different formats in there. Mass Discount, this is what you'd know as kind of Wal-Mart-type stores. The game stores are those are those closest you'd see to a division one store, but they also operate a specialist electronics retailer, DionWired. Mass warehouse is a Makro format that many of you will be familiar with across Europe. They own the franchise to that. It's a membership big-box club.

Unique to Wal-Mart is the builders merchants. So, there's a range for formats in there. The Builders Warehouse is much akin to a Home Depot, but also a much smaller format which, if you know Canada well, will be a bit like a Home Hardware in Canada, much more able to get into some of the smaller communities.

And then, finally, the cash business, which has two arms, a cash-and-carry and wholesale business under a number of different banners; and the most recent acquisition, which is the Cambridge format, which is a retail business.

So a huge diversity of formats but very well positioned to take advantage of that growth we see across Africa. What is interesting is the two boxes at the top, the shared services and channel. And those are their methods to share best practice and commonality. And the way they structured it is, essentially, it's all driven out the divisions but where they identify areas where everybody should work together, shared services, manage it; where they identify areas of this best practice. So it's a couple of divisions or more collaborating that channel.

And I won't go into the detail, but it's a very, very clever way of driving best practice in a complicated -- and it's been a real win for us in terms of integration because you might think it's very complicated with the divisions. It's a very easy way to get things done across the divisions.

In terms of their presence in Africa, they operate in 12 countries, and you can see the countries here. We won't go through each of them. Primarily, if you go further away from South Africa, the typical format would be games, general merchandise, therefore long life, so much easier to transport nearby.

Nearer by you'll see the food business starting to grow north out of Africa through the CBW banner, which is a cash-and-carry. One of the builders formats is starting to move out. So plenty of opportunity in terms of moving out of South Africa, which currently is about 90% of the business.

A bit of an eye chart. You can't see the details, but it's been a business that's had a great track record of growth both through very, very strong core sales but also through some very good acquisitions over the years. And we don't see that changing.

And I've just pulled a slide out of that last set of reports, and again, I won't dwell on the detail, but their sales performance continues to be very strong. They're outperforming the market, and the market is very strong, both in and out of South Africa. Clearly, they're carrying quite a lot of integration costs at the moment.

But over the next year, we see those -- crossing over the integration, costs will start to come out and the benefits really start to occur and say we have a very good handle on the benefits that is starting to come through, through the integration tool kits.

Finally, on priorities for Massmart. We want to really work with them to make sure that they continue to drive the store -- strong core business. They're a great management team. They've got great leaders in each of those formats. And obviously, the core has continued to serve those customers and develop things like price leadership in EDLP.

We'll still continue to be aggressive on real estate and opportunities as they come up and, in particular, growing the food format. That's why Cambridge is a stand-alone retail format principally at transport hubs, and the Foodco format, which is dropping food into their game stores, will be the two primary drivers of food growth.

And then, finally, and probably the -- most importantly, once the basic tool kits are in place, we'll continue to work on areas where we can add value to that business. At the moment, the priorities really are about helping them on food. We have a huge amount of food knowledge around the region. They're pretty new to it, so there's a natural synergy there. Supply chain where, again, we have a lot of experience and systems. That will be the three areas that we'll work hardest on.

Okay, so that's Massmart. Great pleasure now to hand over to Judith McKenna. I think most of you will have seen Judith at Analyst Meetings in the past. Judith's been at ASDA for a fairly long time. She's been CFO for, I think, around 10 years. Actually, when I started, we worked together in merchandising. She was in charged of merchandising finance. And last year, she got promoted to run the stores in the UK and has done a fabulous job with the Netto integration and some restructuring since.

So what you don't know about Judith is -- and you're going to get worried now, aren't you, Judith? I can see your face. Judith is a really passionate champion for ASDA's biggest charity, which is called Tickled Pink, which is around breast cancer. And I think, next weekend, Judith's running the London Marathon in support of that charity. So hopefully, you're ready for that, Judith. But perhaps you can give us an update on the UK.

Judith McKenna: Thanks, Dave, and good morning from the UK. It's good to know now that it's internationally known I'm going to try and run a marathon. Thank you. Just a very quick update on this structure of ASDA. I know most of you know this already, but 544 stores, 18 million customers a week. And as Dave said, we are primarily a food business. 83% of our revenues come from food.

From a marketplace perspective, we are the second largest grocery retailer with 17.9% market share. And that has stepped on recently, both from organic growth, but also from the space integration from the Netto acquisition that we made at the beginning of last year. So we operate in what is a highly competitive and concentrated market.

But on top of that, we're also operating in what is quite a challenging economic market at the moment as well. And our market at the moment is showing about an 8% unemployment rate. Now in some markets around the world clearly unemployment is improving. In the UK, if you the next slide, that is actually increasing still in the UK and that is really knocking consumer confidence. And not only has there unemployment, but also we're seeing disposable incomes declining every month for the last 18 months. Our customers have got less money in their pockets than they had in the previous year.

And one of the things that is most impacting that is fuel prices. And we've hit record highs now in the UK. You can see that from the graphic that per gallon for diesel now is $8.65, the equivalent in the UK. That's having a huge impact on disposable incomes.

But despite the rather gloomy backdrop, ASDA is continuing to perform well in driving growth. And I think this slide shows clearly the market growth in ASDA's growth, particularly over the last quarter, which Dave showed you the statistics on. This is 12-week retail raw data. So, we are pleased with the way that things are moving forward.

Why is it we're seeing that level of growth? Well, we think we've got a very clear strategy that, for us, it's so simple to execute. And we have a strategy pyramid. You've seeing wheels, you've seeing pyramid. Ours is, it's a pyramid. I won't go through the detail of this but instead, in the next couple of slides, what I just like to do is pull out those initiatives that allow us to achieve our purpose, which is saving customers money every day.

So looking first at what would be customer-focused proposition. And there are two things that are incredibly important to us; the first is price, and the second is quality. We are known for price leadership in the UK. We have been voted for the 14th year running the lowest priced supermarket in the market. But it is really core to our customer proposition that customers trust us to be the lowest priced.

To that end, and I'm talking about price transparency and our ability to measure price, we introduced something about 18 months ago called the ASDA Price Guarantee. For a customer, they can come into our store, to our shop, take their receipt and to spend online when they get home. And we guarantee them that for that basket of shopping, they will have been 10% cheaper than any of our nearest rivals.

And if for any reason that were not, from the mix of the basket or promotions that somebody else is running, from that logging in, we will then give them a voucher for the difference and they can spend that back in our stores. It's a unique proposition, but it's really [underpinned] at EDLP and journey. And the fact that customers trust us to be lower on price than anybody else in the market.

But you can't just have value from price, you do need to have it from quality as well. And one of the things we've been concentrating on over the last year is improving our quality credentials. Now I could tell you lots about this, but one thing in particular I would just pull out, is our mid-tier own label product, which is ASDA Chosen by You.

So, this product is actually voted for by an independent panel of customers. It has to achieve an eight out of 10 satisfaction rating from an independent panel on quality before it will make it to our shelves. And that has helped us make Chosen by You the fastest growing private label product within the UK market. So we're very proud of that, and it's certainly helped that success that you've seen.

So if that is about driving comp sales particularly within our stores, then new channels is a second layer that we're getting growth from. Now a couple of things to talk to you about here, and Dave touched on the Netto integration.

So we now have a Supermarket division, which we didn't have previously. In total, that's made up of 175 stores ranging from 6,000 square feet to 25,000 square feet. We completed the Netto conversions in a record 26 weeks to the end of November last year. And I'm pleased to report they were on-time, on budget and are trading ahead of our internal targets. So, we're really pleased with the way that integration has gone.

But it's also really important for us, in terms of the supermarket division, is that we've been able to put ASDAs in locations and into communities we wouldn't have been able to get a larger footprint store. Not only does that help increase from a market share perspective, but actually for our eCommerce business, it is equally as important.

Because for our customers, they tell us when they're having general merchandise product from us or George apparel from us. Around 35% to 40% of them, when placing an order, want to collect that from stores. So having more stores in local communities helps drive our eCommerce business, as well as helping to drive our physical business.

And eCommerce is one of the areas we've seen fantastic growth out of from the last year. And we have three areas in particular, Doug showed these in his video, grocery home shopping; general merchandise, which is ASDA Direct; and, george.com, which is our apparel business. They're going from strength to strength, but we're constantly looking for ways of new channels in order to deliver to customers.

And, again, mobile apps are incredibly important to us. We've already launched, with the help of the global eCommerce team in San Francisco, an iPhone app and this Monday, we launched our Android app. And we're already seeing quite strong traffic coming through those channels. And what's interesting about mobile app as a channel is that the customers, who have ordered through them, tend to do more orders more frequently than with a general PC. So actually customer loyalty is driven from that, and we are very hopeful about the increasing traffic that will come from that in the future.

So the next area to look at is how we leverage the ASDA business, and Dave's talked about this and Doug's talked about it. And it really is increasing in importance to us as we drive returns. Coming into the UK, it's been a lot about products. And the one that I picked out there is our access to suppliers, particularly in terms of licenses. So, kid's character licenses with Disney would be a great example. And for a business that focuses very heavily on moms and kids and kids wear, that's been a huge differentiator for us versus the competition.

Going the other way, Dave has already mentioned IPL. George pay us in seven different countries already. But perhaps what we're best known for is our operating efficiencies and exporting best practice around those. And what Cathy described to you around on-shelf availability systems, was originally developed in the UK. We're really pleased to see it having an impact around the world now.

So the other area to look at, on the next slide, would be our returns and how we deliver returns. And coming back to those operational efficiencies, actually, that's key towards leveraging returns because we're such a high-volume, high-density business. We have a program called, We Operate for Less, which looks at all aspects of our operation, but particularly in store to see where we can leverage better our wages position and also our store efficiencies.

Now recently, we've been concentrating on inventory management and introduced something called top stocking, which is getting product out of the warehouse and on to the shop floor, in a way that the customer doesn't notice it, but actually allows us to be much more efficient in the way that we operate.

It's driven wages out of the stores. It's driven increased availability. And interestingly, it's driven a better customer perception of colleagues in our stores are able to assist them, rather than in the back of bringing stock forward. And one of the results that we had is that we grew inventory lower than sales in fiscal year 2012 -- 2011.

And the final area in this is kit development. And we continue to look at ways to driving sales density, and this is a great area where we're getting leverage from as well. So we have just taken shamelessly from the US, for example, their greetings card kit, it's much more efficient than ours was. And we've been able to leverage cost savings from that, as well as putting it into the stores much more quickly.

So from the UK, I'd leave you with three things. The first is that we continue to leverage growth through a number of portfolio initiatives and we're seeing good results from that. The second is that leverage is increasingly important to us, both from a product perspective, but also for us to be able to support the rest of the Wal-Mart world, particularly in the area of operational efficiency.

And, thirdly, in terms of driving returns, operational efficiency is the key to its enabling to be able to do that, both for the bottom line but also to enable us to support our price position and retain our position as Britain's lowest priced supermarket.

Dave?

David Cheesewright: Okay. Well, thank you very much, Judith. A great summary of UK and good luck with the marathon next weekend. Okay, if we could just have the final slide up, just to wrap up. Just to wrap up, I'm very excited about the region. We've got three companies that have been performing well in the past, I think they're very well poised. We're very excited about Massmart, in particular they're growth in Africa.

But I'm most excited about this contrast between being very focused on local customers, but able to share and take best practice from three exceptionally good businesses. So, I think we're in for a very nice year across the region.

Okay. So I know we're a little bit tight on time, but if I could ask Doug and Carol to come back up and we've got maybe a few moments for some questions.

Carol?

QUESTION AND ANSWER SESSION

Carol Schumacher: Yes. We are just a little bit behind, and obviously, we want to have as much time as possible for Q&A on Canada. So we have a few minutes, Doug, to take some questions. I think you can see that there's a tremendous amount going on in the international business, a lot of activity in the countries.

And let me just remind you that if you'd like to ask a question, we do have people in the aisles with microphones so that everyone in here can hear the question and also on the webcast. Please wait for a mic before you ask your question. Also, please state your name and your firm.

And, Bob, you had your hand up first, so you get the first question.

Bob Drbul: Thanks, Carol. It's Bob Drbul from Barclays. Good morning. The question on Doug is, a lot of focus on the inventory levels within the international business. Are there any targets you could share for us either first quarter or ongoing targets around improving your performance there?

Doug McMillon: Yes. The last quarter, Bob, was embarrassing from my point of view. We would definitely like to see our inventory grow at half the rate of sales as a starting point. And then we'll work on terms from there. But until we get it to that point, I'll feel like that we've got an acceptable performance. So, half the rate of sales is the benchmark I like to be held accountable to.

And what we're finding is we've got some markets, the UK, Canada, Japan that are doing a nice job. But in Latin America, we've been very inconsistent and it is a big focus (inaudible) as I mentioned earlier. Not only having people have the right mentality around it, but know how to do it in more of a process mindset.

Carol Schumacher: Next question, Greg, and then we'll go to Deb.

Greg Melich: Thanks. This is both of you guys. Doug, you had a slide here that showed the ongoing EDLP journey. I know it's key to get that operating metrics at first before you do everything else. So would you give us some insight as to what you're seeing in Brazil given you're in the transition, what inning we’re in? And then maybe in some of the markets where you're not there yet, how many years is it going to take or when will we expect, or what's the next country do you think that will enter the EDLP shift?

Doug McMillon: Sure. I am very encouraged by what's happening in Brazil. Marcos Samaha and the team, I would give a ton of credit to Greg for taking cost out of the system. They basically attacked EDLC and EDLP at the same time because they had to.

You'll remember if you go back and look at those P&Ls that we started suffering and had some pressure, that was large enough that caused us to accelerate and do this faster in Brazil, than we did it in Japan and do it faster than we would otherwise do it. But we are seeing the customers respond. We shared in the last quarter's release that the ticket was up five, the transactions were down about five.

We're seeing that the ticket hold. That growth is holding and then transactions are coming along. So lower cost structure, better price spread, customers starting to figure it out. But as I mentioned before, what we now have got to get done is better merchandising. We've got to improve the side counters and that's the next part of the journey. So EDLP from a pricing point of view in Brazil is largely done.

We've rolled that out in ways that's pretty much behind us. But to be a great company, we still have a lot of work in front of us in Brazil in particular. The next market that I'm focused on walking across that bridge is China. And what we're trying to do now is to give Greg Foran and the team some time to assess the right pace of that change.

My expectation is that at the latest, we'll start that first quarter of next year, but we may begin to do some activity this year that is more consistent with what EDLP would look like in China. The other markets that are there, I'm less concerned about managing their timing. They're building their plans and as they're ready to go, they can go.

The magnitude of Argentina for example is not such that it's big of an issue as Brazil. And then Dave is working with South Africa to determine by format basically what the right timing will be for them. Net-net, it may take us a couple of years to walk everybody across that bridge to a place where they are more consistently EDLP. But we don't have a huge hurry. If we get China and Brazil right and keep the big markets that we have focused on EDLP, we'll be in good shape.

David Cheesewright: And I think the other important thing to remember is there are three components to ultimately get to EDLP. You have to have the lowest cost base, first of all. You then need to be the price leader, and EDLP is a way of delivering price leadership that essentially rewards long-term loyalty over short-term gain. And you focus on the core bits of the business.

So the reason South Africa is somewhere where we can move probably a lot more quickly, is they already have a very low-cost base. They are the price leader in each of their formats. They just operate, they get that price leadership by being quite high-low.

That's a relatively easy fix versus, say, a China or Brazil. We have to go and address all three.

Carol Schumacher: Deb?

Deborah Weinswig: So these questions are for David. So number one, with regards to the outperformance in both Canada and in ASDA, how important do you think the price measurement tool has been? And then secondly, with the formal best practice leverage versus informal best practice leverage, where do you think you are with both of those?

David Cheesewright: Okay. So I would say it's the most important thing in terms of driving performance is value. Wherever we look around the globe, you're seeing fairly distressed economies. People are searching value and any which way you look at a business, whether you look at the shifts between private label and brand, you can see that playing out.

So being able to communicate and effectively invest price has to be at the cornerstone. And whether it's the ASDA Price Guarantee, which I think is the one mechanic in the UK, and UK always has a lot of noise about claims, it's the one cost I can guarantee that is the truth. That's certainly been a huge initiative for ASDA.

And in Canada, the ability to have that granular understanding that 150,000 items a week gives you, and understand where competitors are moving, where you're strong, where potentially you are weak, and react on a daily basis and have that ingrained into the way your business works, I think is one of the most powerful things we've got in those markets and that we can spread around the globe.

In terms of where we are on the formal to informal, I think we are very well-developed on the formal toolkit. So this is the process that was developed by Doug and his team a couple of years ago. Piloted in Chile. We've used it in Massmart. It will always be an iterative process. And one of the things that's most important as we go through, for example, that formal integration in Massmart, is we take the feedback from the country. And say, well what worked, what didn't work, did we generate the value that we thought we would?

So I think that will always be improving, but the basic structure of that I think is 75% done. The informal there is a work in progress. We found a fantastic model in the way Massmart do that. Certainly, our next leadership meeting, where we get the three regional presidents together. We've pretty much donated all the time to say, when we look at that model, what can we learn about the way we operate the international business. So I think we understand where the priorities are, but we're maybe 25% through that one.

Carol Schumacher: We'll take one more question, and that would be Craig.

Craig Johnson: Craig Johnson, Customer Growth Partners. Doug, you and Dave each talked a lot about leverage. Costco has had exceptional success in a number of geographies, Asia, Aussie, UK, North America with a club warehouse. The one name not mentioned here and unleveraged so far is Sam's. Could you talk about what the vision is for Sam's short or long term internationally?

Doug McMillon: Sure. Probably a miss on our part to not cover it because it's important. We've got a nice size Sam's business in Latin America with Mexico and Brazil. We have expansion opportunities in Latin America. We'll be pursuing those.

The business in China, while it's a small number of units, is quite strong and we want to expand on that. And we're working with Sam's Club in the US, in particular to help us move some talent around to take full advantage of that opportunity.

So Sam's among the formats is going to be one of our growth vehicles. The first one, though, that I prioritized in terms of format would be the Discount Compact Hyper. You heard about that from Mexico and Argentina, we envision that being in Asia at some point, too. So I think that's going to be a really important format. The Sam's Club will also be on that list of importance. And the US is the primary place to get leverage.

Craig Johnson: And organizationally, the lead on that, is that your side or on Ross' or --?

Doug McMillon: It's on my side. But she and I work together, and we're working on this talent decisions right now together.

Carol Schumacher: Okay. Thanks, Doug, and Dave. And we're going to get on to Wal-Mart Canada. We would not be able to put together -- we would not be able to put together this meeting without a lot of help. And at Wal-Mart, we all run really lean. And that includes IR, as well as everybody else throughout the organization.

Wal-Mart Canada still did their day jobs and gave us a tremendous amount of support to be able to put this meeting together. And I think you're going to see that, also, not just with the presentations you're about to see, but also in the store tours today. So Shelley, hats off to you and the entire team for all the work that you've done over the last several months. And we really do appreciate it on behalf of all of us in IR.

And with that, I'm going to turn it over to Dave to introduce Shelley.

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David Cheesewright: Thank you very much, Carol. So it gives me really great pleasure to introduce Wal-Mart Canada's President and CEO, Shelley Broader. I think it's one of the toughest things in business to take a job that you've invested quite a bit of your life, hand it on to someone else and still be involved in it to watch as those changes go through.

But I first met Shelley, I think, about three years ago -- come on up, Shelley. I first met Shelley about three years ago. And she came up to Canada and we talked about an opportunity. And it didn't work out that time probably for both of us, but we kept in touch. I'm delighted that she ended up joining the Sam's business. And about a year and a half ago, we had a great trip somewhere incredibly hot.

Shelley Broader: Dallas.

David Cheesewright: Yes, Dallas. God, I just remembered it being roastingly hot. And I always thought from that first meeting that Shelley would be someone who would add a tremendous amount of value to the Canadian business.

She's got a lot of experience in the food business in the Northeast, on general merchandise with Michaels, which of course covered Canada as well. And I have to tell you, I think if ever you have someone following you, I couldn't wish for anybody better than Shelley. She's done a tremendous job in the first six months. And I think you're going to see from some of the plans in the team that she's building that she's one of the reasons that we're very optimistic about the future.

So Shelley, the floor is yours.

Shelley Broader: Thanks, Dave, and thank you for that great introduction. And knowing that Dave spent all those years in Canada, you'll only have to be at about 50 degrees Fahrenheit to make Dave hot. So, it wasn't that warm in Dallas that day.

But I am very honored to be standing here in front of you today, and I have been with Wal-Mart now just over two years. And the majority of that time has been spent in Canada, first as CMO, and then just about seven months ago appointed to CEO.

And I have been in retail almost my entire career. I spent a little bit of time on your side of the fence on an equity syndicate desk in my misspent youth. But outside of that, I have spent the majority of my career in retail and have worked with a lot of different leadership and management teams. And I can say, without question, that I am working with the best team in retail. And what a pleasure and an honor it is for me to be leading them.

And so, joining me today in the plenary session will be many members of my executive team. Up here first in the session will be Bill Tofflemire, our Chief Financial Officer; Gino DiGioacchino, our Senior Vice President of eCommerce; Trudy Fahie, our President and CEO of Wal-Mart Bank; and really the person we all work for who's in charge of all 90,000 of us, Bob Hakeem, our Senior Vice President of People.

And after our plenary session, you will get the opportunity to do a bit of a deep dive in choosing two of the three breakout sessions that we have for you. And leading the first breakout session will be Emma Fox, our Senior Vice President of Marketing. And in that breakout session, she will talk about the diversity of Canada and the ever-changing face of our consumer and how we are using those insights to drive our business.

The second breakout will be led by Lee Tappenden, our Chief Merchant. And Lee will talk about our merchandising growth strategy and how we are cementing our place as Canada's source for one-stop shopping. And the third breakout session will be led by our Chief of Operations, Mr. Jim Thompson.

And Jim will talk about being powered by Wal-Mart, how we can take the processes and systems that we have invented here to improve leverage around the world, as well as being a tremendous benefactor of 27 -- a series of great companies around the world that we can choose to go ahead and improve our operational standards.

So, Wal-Mart Canada is a strategy-focused organization and we have been for many years. This is not a brand-new strategy grid, for those of you that are familiar with the Canadian business. And our strategy is focused dead center on our customer. We sell the products that customers want at unbeatable prices.

And you'll be hearing both in the plenary session today and in the breakouts, many references to our four-quadrant strategy. We focused long and hard being powered by Wal-Mart on building our strong core business. Even though the customer is at the center of our strategy, as it is in every Wal-Mart country, price is the backbone of this operation. You'll be hearing a lot about unbeatable pricing.

Canada's fastest-growing, we are very excited to talk to you about this year, our fastest, most aggressive growth plan ever and the fact that we are continuing to accelerate our Supercenter rollout, including the 39 acquisitions of the stores that we have from Zellers. All of that growth takes a lot of talent to fuel, and you'll be hearing about how Wal-Mart is a great place to work. And then everything we do needs to be better for the customer, simpler for the stores to execute, cheaper for Wal-Mart and faster than our competition.

And so, there's an awful lot to do this year. This is a tremendous year of excitement and of growth and of dynamic change in this market. It's an easy time to get distracted. So what we have done is focus on our core, the 12 for 12, the top 12 most important things.

Some of us call it the dirty dozen, but we won't do that here, the most important things that we have to work on to drive our business ahead. And as you hear from our speakers today as you tour our stores and you talk about it in the breakout sessions, you will start to hear the incredible focus that we have on these 12 initiatives.

You'll hear from Emma, and you'll see it in the stores the emphasis that we have on growing our private brand. The pride that we have in being a center of excellence for Wal-Mart in supercenter expansion and the plans that we have to utilize these 39 Zellers stores both as a way to get closer to our customer, but also in looking and testing some high-density modular and looking at some different size boxes.

Bob will talk to you about it and you'll see firsthand in the store the kind of incredible associate commitment and engagement that we have. And we will, of course, as always talk about operating for less, doing things better, simpler, cheaper and faster than our competition.

And we talked about it last night at dinner. Competition, this is a very competitive market and a very unique market with a blend of world class global retailers and soon tremendous local corporations. We have had to in Wal-Mart Canada over our 18 years developed some real areas of expertise in order to compete and grow in this market as we have.

And we are considered within the Wal-Mart world a center of excellence in many areas. One of them you'll see today is general merchandise. The other is the store of the community, understanding and knowing the specific needs of our consumer whether that's geographically, whether that's demographically, whether that's income-driven.

We also do it in a way that we rollout supercenters and utilize the model of inbox conversion. We are center of excellence within Wal-Mart for that and as well as talent development and retention. So, if I could sum up the 18 years of history that we have had in this marketplace in one word, it would be growth.

There have been many milestones, many incredible events that took place with our associates, within our communities and through operations. But what we have done is continue to grow market share, grow sales and grow our importance in the minds and hearts of Canadian consumers.

So, let's roll the video tape and take a look at our legacy of growth.

(Video Plays)

So while we don't disclose our year-over-year sales particularly, you can see by this great looking chart that we have got nearly two decades of year-over-year sales growth with the compound annual growth rate of 15.2 %.

You can see by that red dotted line the sort of acceleration in that curve around the introduction of our supercenter model. And with that store, incredible sales growth, you've also seen us put more bricks and mortar on the street and seen us grow with boxes.

With the purchase of the Woolco acquisition in 1994, those 122 stores gave us the foothold and the start into this market. And you can see where we are today sitting with 333 stores, and the fact that we will end this year with 380 stores, 210 of those being supercenters is incredibly exciting for us.

So with that, with all of that, we have put a lot of square footage on the street. And doing that we have gained loyalty, we have gained the market share, we have gained sales. And through that market share growth, we continue to accelerate what we have done with food.

And you can see us increasing the market penetration by growing average ticket and growing average traffic. And we have grown that market share to incredible dedication to price and with incredible dedication to assortment. Assorting like you are the only store in town. And in many cases, we are the only store in town.

Canada has areas of incredible density and then areas of sparse population. So understanding the nuances of each market of each customer allows us to grow market share in different ways using different tools.

Near and dear to my own heart having a 17 year history of being a food retailer is our opportunity in fresh food. We are in our infancy in the food business. And if you look at that chart, we have nearly doubled our share of fresh over the last two years. And that is with supercenters and fresh food offering just in 50 % of our footprint.

So the headroom that we have to grow fresh in this market is incredibly exciting. The best practices that we can leverage, not only from all 27 markets, but markets that are specifically areas of excellence around fresh, like ASDA and the growing burgeoning food business around private label that we're even seeing in the US.

So what attracted me to Wal-Mart over two years ago, certainly, was the mission. And when you're around us Wal-Martians long enough, you will understand that core to our belief is lowering the cost of living for everyone, is saving Canadian's money so that they can live better.

That our associates get up everyday knowing that not only do they have their regular task to do, but they're doing it for a greater mission and for a greater purpose, and that is to lower the cost of living. In these tough economic times, as Emma will share with you later, our income tracker shows that that disposable income that customers have to buy the things they want and need the most is dwindling here.

So our mission becomes even more important. And we have found that not only being a strategy-focused organization, but being a mission-driven organization -- not only for just tremendous engagement with our associates, but it weaves you into the fabric of the communities in which you operate and ties customers to your brand.

So Canadians are absolutely tied to the Wal-Mart brand. Nine out of 10 Canadians shop Wal-Mart. Now, I'm a very competitive person and I am forever seeking that last Canadian that's not shopping with us. So if you know them, send them my way.

And we do that with incredible assortment. And assortment with over 100,000 SKUs that are right for that community. And when we talk about sort of the community, we don't just mean ethnicity; we mean what is right for that specific community. What does an urban apartment dweller in Downtown Montreal need that might be different from somebody in Thunder Bay?

What about stores that are surrounded by Cottage Country where people are there vacationing? That might be a very different assortment that you need across the street from the University of Toronto. So, absolutely, we know the ethnicity, the needs, the changing face of the Canadian consumer. But we're also intimately familiar with the vast geography and the vast differences that take place within Wal-Mart.

We are dominant, seasonal, retailers. And by seasonal, we don't just mean holiday, although those are very important to us. And the number of holidays that Canadians celebrate because of our vast diversity is many. And it's wonderful the fact that we have to buy trip with our partners in Wal-Mart China in order to buy for Chinese New Year.

We call up our partners in India to understand the burgeoning population here and to help them celebrate their holidays correctly. But it also means that we are right seasonally. Winter is a big deal in Canada. And we almost got snow for you here yesterday.

We came pretty darn close. It just about snowed. And then you would understand the fact that being a dominant seasonal retailer isn't just about holiday, but it's understanding the incredible diverse weather patterns and traffic that we have here.

And we partner with brands that are most meaningful to our Canadian consumers. We do this with incredible price leadership. Doug talked about EDLP and the journey of the rest of Wal-Mart International, along the continuum of EDLP.

Since we purchased Woolco in 1994, EDLP has been the background and the primary go-to-market vehicle for this business. But we also talked about freedom in the framework. And last night at dinner, we heard how promotionally driven the Canadian customer is.

I believe our quote was, nobody loves a bargain like a Canadian. And so, we have had to take the EDLP and EDLC format and make sure that we have made that right for Canada. We absolutely are driven to low cost and low price as long as we can in order to build business.

We are very proud of our 11% price gap to market. This is a competitive market with deep discounters in food. And we are very sure of our price gap by extensive and exhaustive price checks. That sets 150, but it's 150,000 price checks a week that we do to make sure that we are right on the items that matter most to our consumer.

And Lee will talk to you as well as Emma later about our ad match guarantee. And the fact that we're seeing increased usage in add match which is an incredibly encouraging sign when your destination of one stop shopping is so important. Canadian are learning why bother going anywhere else, when I cannot only get the best prices everyday on the items that I want the most. But in the rare case, that's something is less in somebody's very promotional flyer. I can get it at Wal-Mart at that price, anyway.

So looking at our Canadian footprint today, 330 stores, 167 of them are supercenters. We were pretty excited when we opened our supercenter in Ottawa just a little back. It put us over that halfway mark of bringing food and fresh food to the rest of Canada.

But, again, that highlights that growth opportunity, that growth potential in fresh that we have out ahead of us. 1.1 million customers coming through our stores a day and 90,000 are blue-vested cheering associates leading the way.

So in order to deliver all that food and product across this vast land, we need to have a pretty well organized an oil distribution center network. We do that with three major hubs; one in Mississauga, Ontario, another in Cornwall and a new facility that we have outside of Calgary.

We are very proud of that distribution center in Balzac, Alberta. It is one of the most sustainable distribution centers in the world. Not only did we invent and create and patent some technology that we want to use there, but we're also willing to share that information not only with our Wal-Mart brothers and sisters around the world to drive that sustainable best practice, but because it's the right thing to do. We also have had competitors tour that facility and are willing to share any of our sustainable practices with them as well.

So in order to grow at the rate that we have been growing and in order to have a year, like we're having this year with record expansion, you need to have lay the foundation with your partners in order for that to happen. And with the 18-year history and legacy that we have here in Canada, we have certainly done that.

We are a major player in the community here. We are the largest donor to three very important charities in Canada, Breakfast Clubs of Canada, the Canadian Red Cross and Children's Miracle Network.

And we are very proud of the fact that we are seen as using our power for good. But when you see our associates in the store of fund raising, or our associates at a walkathon and the pride that they take in knowing that the company that they work for is leaving a positive imprint and a positive footprint on their community is tremendous.

We are focused, as Doug said, on the three major corporate sustainability goals as well as continuing to showcase our distribution center in Balzac, Alberta. We also just held first of its kind green student challenge, kind of like a sharp tank type of atmosphere where we invited college students to come in and pitch to us the next big sustainability idea. And we have that on webcast. And that was a very exciting event.

We came out number one across Canada as the most sustainable corporation in a survey taken by Ipsos Reid on thought leaders. So we take our sustainability message very seriously here.

Women in retail, we are center of excellence for offering opportunity in education for women in retail. And Canada being the federation that it is and having so many provincial rights. It's very important that as an industry we partner with our industry partners as well as the government in order to help us continue to grow.

So this is a very exciting record year of expansion for Wal-Mart Canada. We have 73 store projects, including the purchase of the 39 Zellers boxes that we'll be converting this year. That is $750 million investment into this market. That's an additional 4.6 million square feet of retail space. The jobs that we will be creating just to service the needs of our own company, in addition to those construction and expansion-related jobs, we'll be adding 14,000 jobs to the Canadian economy.

So we talked a bit about Canada last night. There are 33 million of us. We are the second largest land mass. Now, I am competitive and I hate being second at anything. And if we could access Greenland, we would be able to beat Russia. So, we're working on that too. But we are the second largest land mass. We're the 10th largest economy in the world. And we have one of the highest standards of living.

But don't confuse high-standard of living with no focus on value. Canadian customers are incredibly focused on value. And one thing that I love about the Canadian consumer is there's very little stigma, social stigma attached to where you shop. So regardless of your economic status, you are able and willing and welcome to shop at any level of retail. It's a very interesting and unique dynamic to the Canadian market.

We are multicultural. We are well-educated. It's a very socially progressive country and very, very value conscious. Emma will highlight in her breakout session how we are going after the changing phase of the consumer, the incredible immigration from Asia and South Asia, and on the West Coast, Chinese.

The fact that these people are wonderfully integrated into the community that you're sitting right now in Toronto in the most diverse city in the world, that Canada is the second most diverse nation on the planet, and only increasingly so.

So our track records, our ability, our 18-year history of understanding the nuances of this country and being on the forefront of mass customization. How do we do things the same in all 380 stores, but then do them differently in the areas that matter most of the unique needs of that ethnicity, for the unique needs of that weather condition, for the unique needs of that remote location, for the unique needs of that urban apartment dweller?

Leveraging the 27 centers of excellence from around the world as well as our own heritage puts us in a very, very good and unique position to win in the future in Canada.

So, the key takeaways for me today, I'm excited to have you here. This is such a great business. I can't wait to have you go out in the stores and meet our associates and see that the diverse formats that we want to show you today.

We have been here for 18 years with a proven track record of excellence and growth. I am so lucky to be leading this team of seasoned operators and excellent merchants that not only know this market, but have access and experience outside of Wal-Mart, outside of Canada and deep routes inside of Canada to lead us into the right direction in the future. And we are absolutely poised for growth in this full year 13 and well beyond.

So at this point, I would like to bring up our Chief Financial Officer, Bill Tofflemire. And as I talked about some of the excellent opportunities that I have to work with key people, working with Bill is absolutely terrific.

And one of the things I love most about working with Bill is that he's got terrific and deep now Wal-Mart experience, but he also has a good CPG background, both from his time at Procter & Gamble as well as his years at Pepsi.

So, I'd like to bring up Bill Tofflemire.

Bill Tofflemire: Thank you, Shelley, and good morning, everyone. It's my privilege to walk you through the growth leverage and return drivers for Wal-Mart Canada.

As Shelley mentioned, our growth strategy is embedded in our overall strategy. We have a strong core business and a focus on three key ways to be Canada's fastest growing. The first is our supercenter rollout, where we bring fresh food traffic to more and more trade areas across Canada. Jim is going to walk us through our success to-date here in Ontario, the west and Quebec.

Our second key focus is in financial services, where we have recently launched the Wal-Mart Rewards MasterCard, providing a loyalty vehicle to our customers and easy to redeem rewards at Wal-Mart. This drives further retail sales and gives us a platform for future financial service innovation. Our third focus is eCommerce, where we have successfully launched our transactional eCommerce site giving our customers a choice online in their multichannel shopping.

So, with these objectives, how have we done so far in being fastest growing? If you look at our last fiscal year, our sales growth of 4.6 % is the fastest growing among our large publicly traded local competitors. And you'll see on the left-hand side of the slide behind me. We've grown actually on average two times faster than these large competitors, and we've grown three times faster than the overall market growth rate in this country.

So we're proud of our growth, and we're poised for future growth. Over the last five years of supercenter expansion, we really transformed Wal-Mart Canada from primarily a general merchandise business to a much more balanced retailer with almost 42 % of our sales now coming from food, consumable and health and wellness products.

And with the demographic tailwinds impacting health and wellness and inflation in food, we've found these markets overall are growing faster in general merchandise with less convergence in online.

If I move to leverage, you've seen this framework before and we drive the Wal-Mart productivity loop the same way here that we do in the US and globally. What I can tell you, though, as CFO. It is truly core DNA to our business. It's our point of difference versus our current competitors and versus our future competitors.

And within this loop, we're especially proud our performance on inventory. Shelley walked us through our aggressive growth in sales. And over the last five years, we've added over $3 billion in sales and over 150 million new supercenters to fill with inventory. And over that same timeframe, we've only added slightly to our absolutely inventory levels driving large days on hand reductions.

And probably most importantly, we've done that by maintaining strong in stock performance. Now, we've done this by getting improved vendor fill rate, expanding our DC network, managing our backroom inventory in aggressively exiting seasons and maintaining our focus on EDLP.

We move to SG&A, our biggest bucket here, obviously, is store labor. And we've had five consecutive years of driving sales per labor hour improvements. By far though, our biggest expense line is in cost of goods. And we have three core strategies for reducing cost of goods or buying for less. The first is indirect imports.

And to truly operate for less, we need to reduce the markups of middleman in our supply chain. So we leverage our global procurement network and key country buys to enable us to increase our direct import penetration, reduce our dependents on domestic importers which allow us to give our customers better pricing and it gives our business more robust margins.

Our second COGS reduction strategy is in private brands. You heard last night the Affinity Canadians for private label. And in addition to that being a great custom move for us, it gives us a point of difference and a loyalty vehicle to exclusive brands. It also allows us to avoid the brand tax incorporated in the pricing of our vendors.

We've been able to leverage the George brand from ASDA in our apparel business. We've leveraged the Equate and great value brands from the US in our health and wellness and food businesses, and created our own premium private label brand our finest to get sampled out last night. With those brands, we've been the fastest growing private label business in Canada.

Now, we sell the product's customers want at unbeatable prices. And branded products are keys to our success. And our third strategy is with vendor partnerships. We've improved the size of our food business, and we better leveraged our North American scale to make our COGS even more competitive across our business.

As I've showed earlier, we're also a very large percentage of total retail sales growth in Canada. Any event they're looking to grow their Canadian business needs aggressive performance at Wal-Mart. We've leveraged a program from ASDA called I for G, or Invest for Growth. And we've been able to have our local vendors invest with us for the growth we drive in this business.

So, in summary, we've driven strong growth leverage and return results in Canada, but they're not the Wal-Mart way. We start with the focus in the customer that gives us excellent comp sales results. We keep a focus on real estate expansion with new stores and conversion supercenters and we always for innovation for new business.

We also operate for less. And we do so picking from a menu of global best practices that's help us in inventory productivity in an SG&A leverage and in actually managing our low cost of goods. The output here is a strong ROI. And obviously, we're proud of our historic results. We're excited about the future and we're ready for any changes in the competitive landscape moving forward.

Thank you for your time. I'm now going to pass things over. Our next presenter has over 35 years of retail experience in Canada. He's a tremendous leader and, really, I think an ambassador of the Wal-Mart culture. Let me introduce our Chief Operating Officer, Jim Thomson.

Jim Thompson: Just take a minute and want to thank Bill. Bill did an amazing job. Bill is really new to our company. And I thought, Bill, for your first time in the big stage you did an amazing job. So, congratulations.

It's great to be with you this morning. And what I'm going to do with my time with you is to walk you through our store expansion program for this year, and touch a little bit on our future growth.

As you can see, and as you've seen from Shelley, we're really is strategic driven company. And this year in the top right hand quadrant of Canada's fastest growing our supercenter rollout is the main vehicle. This year will be a record year, as Shelley had already previously mentioned, our biggest year since 1994.

We have a total of 73 projects, a total investment in Canada of $750 million, and we will add 4.6 million square feet -- will create over 14,000 jobs in our stores and in construction in Canada. We'll bring this strategy to life this year by really focusing on supercenter expansions and rollouts, our urban strategy, and we'll spend a few minutes on that, and our integration of Zellers.

So, let's start at the beginning. Wal-Mart entered Canada in 1994 with the acquisition of 122 Woolco stores. November 2006, we opened our first supercenter. And as previously mentioned by Shelley, we reached another milestone in March of this year where we opened our 167 supercenter, which represents 50% of our 333 stores.

Now, this is a great example of leverage of both what Doug and David talked about. The US has achieved this milestone in 16 years. Canada was able to achieve that milestone in six years, but it was because of the work that Wal-Mart US did and we leveraged off those key learnings. And as Shelley had said, we will end this year with 380 stores.

Our supercenter strategy, Canadians expect the one-stop-shop. And you'll hear more about that from Emma and Lee today. This includes fresh food. And Wal-Mart Canada is well-poised to meet those needs.

We will focus our strategy on building supercenters. This year, most of the 73 projects will in fact be supercenters. Our primary focus remains building supercenters through new stores, expansions and in-box conversions, and you will get the opportunity today during your store visits to see all three of those.

But let's spend a few minutes on inboxes. Inboxes are vital to Wal-Mart to satisfy the needs of that one-stop-shop. Prior to doing an inbox conversion, we really review in-depth, the stores merchandised productivity. We rationalize the store's assortment for each store. This allows us to truly give the customer's access to the products that mean the most to them. This also allows us then to give a full food offering within an existing box.

These inbox conversions are efficient and effective. These stores remain open through the whole conversion. We complete in 18 weeks and they are less than half the price of an expansion. We have 40 inbox conversions up and running across Canada now and have 50 more schedules over the next three to five years.

As you've heard already today, this is a Canadian-made solution. It's a global best practice even to the point where we've had the folks from mass Massmart over. And as David said, they are taking our key learnings now to Africa as they roll food out. You will get a chance to tour one today and that'll be store 5831 in Thornhill.

As [Deanne] mentioned last night, Canada is very diverse and urbanized. Today, 80 % of Canadians live in urban locations. Wal-Mart's urban strategy offers a one-stop-shop solution for these markets. This is a huge opportunity. These customers currently are in frequent or none Wal-Mart shoppers.

The learnings we have taken from our inbox conversion allow us to offer a full fresh one-stop-shop on a smaller parcel of land. If you take a look at our typical supercenter, this requires 10 to 15 acres. The urban model can sit on 4.5 acres. We can offer a unique neighborhood assortment with ample parking.

Again, being part of Wal-Mart allows us to move at a lot faster phase. A lot of the learnings that you'll see today in the urban strategy, in the urban that you'll visit are takeaways from both United Kingdom and Japan. And that's where being Wal-Mart or being powered by Wal-Mart is so important.

We have sent a clear message to developers all across Canada that we are looking to open all opportunities -- we're looking for all opportunities in urban market. So, let's see this in action. This is the story you'll be visiting today. And I know some of you have already visited, the Urban 90. This aerial shot shows this Scarborough South store. It's located on 4.5 acres. And in fact, it was a car lot. It was a car lot and we all know what's happened to the car industry in North America over the last few years.

The store is 93,000 square feet. It's tilted with parking at grade. There are over 38,000 people that live within a one-mile radius of this store. The store has the look and feel of a typical Wal-Mart store anchored by key departments, vertical circulation, parking at grade. And you'll learn a lot more when you visit that store today.

We are also very, very open to growth through takeovers. In September 2011, we closed the deal with target to acquire a leasehold interest in 39 Zellers locations across Canada. The cost of this acquisition was $214 million. These 39 locations give us the opportunity to reach customers in markets that we are currently not in.

In fact, almost half of these are incremental markets. And the rest of the stores will complement our existing network in giving customers more shopping options. Again, we can leverage the learnings from our inbox conversion offering these customer assortments that are right for their market.

Now that you've heard about the stores, let's look at the schedule. This June, Zellers will begin to close and we will start to take over these new boxes. We'll work all summer long with our construction and store setup teams working hard to get the stores open for grand opening.

By late 2012, we will be ready to open these stores to the public. And, yes, let me make one thing perfectly clear, that's calendar year 2012. That's this year. In most cases, we will be converting these stores in less than five months. Customers in these 39 markets will not have to wait until next spring to shop in their new Wal-Mart.

One of the things I want to make perfectly clear, this isn't new for us. We entered Canada 18 years ago through the existing acquisition of Woolco. I was there. There are many other people in our company that were there working in home office and in the stores.

They are excellent resources and I am very, very confident that we will successfully execute this plan. We invite you all back this fall to check out some of these stores.

Pharmacy. Pharmacies, as you've heard last night, and some of you I know cover the pharmacy business. Pharmacies are a very, very important element of Canada, very, very important to one-stop-shop. Recently you've seen that Zellers has sold the files that Target gave back to them for the Target locations.

The important thing with pharmacy is the continuity of care for patients are critical. I am so proud of the way our Zellers integration team has provided continuous care for these patients in our Zellers locations.

One thing that you likely don't know, we have signed a deal with Zellers. And starting this month, we are operating the pharmacies in the Zellers stores as Wal-Mart pharmacies. And that's happening now.

We will begin these renovations. We will open 60% of the pharmacies through the renovations. So, just imagine as a customer, you have your prescription at the now Wal-Mart pharmacy inside the Zellers store, (inaudible) up and you will come in. We'll be working behind the walls with construction. But you can get your prescription filled. That way, we can provide care.

For the remainder of the files, we have transferred those files to the nearest Wal-Mart store for that patient. In fact, in nine of these stores where the pharmacy will stay open, we are going to face the opening. So, as we get part of the store done, we're going to open it up to the public.

Again, every couple of weeks, as you come back to that store, there'll be a new department opened up as you got your prescriptions. This is, again, is a learning that we've taken or the inbox conversion. So, I hope you can see now why I'm so proud of the Zellers integration team in their guarantee that they'll provide continuous service to these pharmacy customers through their renovation.

I want to leave you with the final takeaways. Wal-Mart Canada is positioned for record year growth. Supercenters urban strategy and the Zellers integration is going to be a record year growth. But I want to leave you with one final thought, Wal-Mart Canada has delivered in the last 18 years. We've delivered for our customers, we've delivered for the stakeholders and shareholders of this company and we've delivered for our associates.

This year, we will deliver this plan. The future is very, very bright for Canada's fastest growing retailer.

It's my pleasure today to introduce to you a new member of our team. It's a person I've known for a number of years. I knew him as a competitor. When I was in merchandising he worked for Home Depot. It's a gentleman we've tried many, many times when he was on the vendor side to get him over to the Wal-Mart side.

And it's great after many years of trying. We've got Gino on our team, Doug. So could you please welcome Gino DiGioacchino, our Senior Vice-President of eCommerce?

Gino DiGioacchino: Thanks, Jim. Not bad on the name, did a good job. I usually go by Smith, but --. So, good morning. And today, I'm very exciting to give you an update on eCommerce. And we are just getting started in Canada. And it's very exciting to kind of tell you our plans and how we see our opportunity moving forward.

And as you could see here, it is a critical part of our strategy in Canada as we continue to grow. But first, let's talk about the Canadian eCommerce landscape. And you heard a lot from [Deanne Briswell] last night. Canada's eCommerce is somewhat of a paradox.

Canada has the highest internet usage in the world. However, when it comes to eCommerce, Canada is just getting started. The greatest difference between Canada and the US eCommerce market is, as Shelley has mentioned, is our vast geography, making shipping cost somewhat of a barrier.

As well, sales tax is applied to online retailers as it is to brick and mortar. So the tax advantage that you see in the US with online does not exist in Canada. With that said, Canada is a growing eCommerce market. Today, it's 2% of retail versus in the US 7%.

eCommerce will be doubling in Canada in the next five years. But today, there is no real winner in the marketplace. And this makes it a perfect growth vehicle for us in Canada. Now, at Wal-Mart, we know our customer wants to shop when and where they want at unbeatable prices.

The team at Wal-Mart.ca is focused on providing a continuous shopping experience for our customers both online and in our stores. And our goal is to make Wal-Mart the multichannel market leader in Canada.

Now, last year was a very exciting year for us in Canada. We spent the better half of the year running two parallel sites, an information site and a beta transactional site. We went live in October by merging these two sites offering all customers a seamless brand experience online.

And as you hear Doug say, the technology that powers our business is 100% leveraged from the global eCommerce team in San Francisco currently led by Neil Ash. At the same time, we also launched our 24/7 customer care center giving our customers easy pre and post sales service. Now, Wal-Mart.ca is just getting started.

And again, as Doug said, we are positioned to leverage the best practices from all Wal-Mart experiences, not only in the US and San Francisco, but also the best practices from around the globe to serve our customer base to become the Canadian leader in eCommerce.

In our short period of time of being live in Canada, Wal-Mart has become one of the most visited sites among Canadian retailers. We have 40,000 store finder visits daily. That's 40,000 customers visiting our website every single day looking for their local Wal-Mart researching hours of operation and the services we provide to drive footsteps into our stores.

We have 50,000 items available today primarily in general merchandise and we are aggressively expanding this every single day. We offer in-store pricing and availability, interact to flyers allowing customers to customize their shopping experience to their personal needs. And in 2012, we will have over 83 million visits making Wal-Mart.ca one of the most visited retailers in Canada.

Now, our goal is to fully represent all categories that Canadian Wal-Mart customers have grown to love and expect. But as you can imagine, this is no small task. So we are focusing our efforts on categories that are most relevant and pertinent to online in our customers.

The top five categories are electronics, home, baby, outdoor living and appliances. And similar to the US, these are the most visited research categories online. And we will build them out to have the full experience. Great assortment driving that endless isle, great content, critical for research and great engagement are essential for conversion.

A few exciting areas that are coming to Wal-Mart.ca in the next 12 months, customer feedback, getting ratings and review and social commerce. Mobile, ability to research in the story and shopping on the go. Mobile is another leverage technology from our Wal-Mart labs in San Francisco. And we know our big opportunity is to add assortment for the Canadian customers. We are continuing to add assortment and key categories with a goal of doubling by the end of the year.

Now, as I stated at the start, our goal in eCommerce is to give our customers the best shopping experience whether they're at home, on the go or in our stores. The new model is to understand the customer at a deeper level and deliver on their needs. We call the loyalty loop.

The goal is to delight them when they come in so that when they leave they share with others. This means that we must focus on content and skews, buying guides, store flyers, hours, et cetera, and then give them the sense of community making it easy for them to engage, share and recommend. And we know that if we can do that, our customers will be more likely to engage with us in store or online making the website a very powerful channel agnostic engagement tool.

So, in closing, Canadian eCommerce market is a great opportunity. It's just getting started. We're in step and ready to take charge. Wal-Mart Canada is investing in eCommerce and we're leveraging the global eCommerce in San Francisco and the great experiences from around the globe.

And the focus is on a true multichannel experience allowing our customers to shop when and where they want at unbeatable prices. This is a great business, and we're focused on being the leader. Thank you.

Now, I'd like to call on Trudy Fahie. Trudy leads our Banking Operations as President and CEO. And she has a great experience in the financial industry. So, Trudy, it's all yours. Thank you.

Trudy Fahie: Thanks very much, Gino. And it's great to have an opportunity to share news about our financial service business with you this morning. Financial services truly are a key component of Wal-Mart Canada's growth strategy. And the reason is because Wal-Mart Canada financial is really a growth vehicle because it extends the retail offer to our consumers.

It enables them the one-stop-shopping convenience and also helps them to save even more on our already unbeatable prices. And it's our key to loyalty, so whether it's a gift card program where customers typically spend double the value of their gift card when they redeem it or money services partnership with Western Union or product protection plan, which gives our customers an opportunity to save up to 40 % relative to the market average when they purchase a piece of mind of our extended warranty program.

And finally, Wal-Mart Canada Bank. We have a full bank license in Canada. And as many of you know, in this market Canada's banking regulator is the strongest and most conservative in the world. And we really benefit from that strength in Canada.

Our foundation product in the bank is the Wal-Mart Rewards MasterCard. Our banking structure allows us Wal-Mart to save the merchant fees on our credit card so that we can pass on those savings directly to our customers through Wal-Mart rewards. And the Wal-Mart Rewards MasterCard is all about helping build sales in our stores and customer loyalty. An extensive Wal-Mart study concluded that when you put a credit card in our customer's hands, it increases your Wal-Mart spend by 13%.

Now, what we've also learn since launching our credit card about a year and a half ago is that our Wal-Mart credit card is very appealing to Wal-Mart Canada's best customers. So, the annual Wal-Mart spend on our card is actually three times with a customer who doesn't' have our card spend in our stores.

So, truly, our best customers find our credit card attractive. And not only are we deepening our relationship with those customers we also now, with their credit card, have a way of speaking directly to those best customers.

A key differentiator for us is really our process to leverage the point of sale at the front of our stores to really drive our application volume and minimize our cost. So, what we've done is build a very simple and quick application process right at the point of sale where our cashiers assist our customers in applying for the credit card in under three minutes. So they're able to gain instant credit to purchase in store that same day and they do it without slowing down the checkout line, which is so important to us.

So, how do we do that so quickly? It's because really all of the complexity in the process is in the behind the scenes technology. So, the experience for the customer is very fast and simple. And we also make instant redemption of the point of sale, very easy to our debit readers. So, the process for our customers is very transparent, convenient and helps them get the most value from our program.

In addition to driving retail sales and loyalty, our credit card program is right for our customers. It helps them to save even more at Wal-Mart. Now, in this market rewards credit cards are the majority of the focus. But what's unique about ours is that our customer's rewards will stretch even further because they can redeem them in almost anything that Wal-Mart sells. And as you know, that's a tremendous amount of skews.

And in typical Wal-Mart fashion, we really make simplicity a key part of our program. So for our program, the rewards are in dollars, very simple. So it means that our customers don't have to spend the time understanding how many points they have, what are those points were, what tiers would they have to achieve in order to be able to redeem those points.

Ours is very simple. And as I mentioned before, our customers can redeem instantly a point of sale and they're prompted in the debit reader by telling them what rewards they have available to spend that day. They can choose to spend them or save them for a future purchase.

Our customers have demonstrated that they really see the value of our program. A portfolio is growing very quickly and our customers are engaged. They're spending and redeeming well above our expectations. And we're hearing some fantastic stories from our customers about how simple and convenient and valuable their rewards are.

As a personal example, I saved my rewards all last year so that I could redeem them to purchase an iPad for my son for Christmas. Now, if you talk to Dave Cheesewright, he'll tell you he likes the instant gratification of redeeming them as often as he can.

[Dyna], who is pictured here, was covering a Paula Dean cookware set for many months. And she couldn't believe her good fortune when the Paula Dean cookware set went on rollback and then she was able to redeem with her Wal-Mart rewards to acquire that cookware set for $0.46. Now, that's a rewarding Wal-Mart shopping experience.

We've had very good success in growing the financial services business in Canada and there are lots of rooms to grow from here. And we're so excited to move to the next phase of our expansion as we leverage the foundation that we built today.

So, where do we grow from here? We're looking at additional core banking products that really help extend the Wal-Mart value to a wider range of products. Like, installment loans, for example.

And on the insurance side, we have just a great opportunity to really address the largest unmet need of lower to middle income Canadians. Historically, the insurance companies in Canada have focused on agents, not the customer. And those agents often target the affluent customers.

Well, now, it's time for Wal-Mart to put the customer first and to really leverage our in-store and online presence in conjunction with our insurance third-party providers to really offer our customers the most simple protection products, products that our customers need that they want and that they can afford.

So, here's a couple of takeaways and recap. Wal-Mart Canada Financial is truly extending Wal-Mart's brand promise by helping our customers save even more. With our Wal-Mart Rewards MasterCard we are driving retail sales and extending customer loyalty.

Today, we've delivered very strong results. And the next phase of our growth plans is we expand financial services. We'll provide significant growth for Wal-Mart Canada. It is now my pleasure to introduce to you the leader of our People division who has just contributed so much to building Wal-Mart Canada's ability to attract, retain and develop amazing talent in this organization.

So please join me in welcoming our Senior Vice President of People, Mr. Bob Hakeem.

Bob Hakeem: That's great, Trudy. We want to make sure we save enough time for Q&A. We're running a little bit late. So I'm going to go through the first few slides at a good phase because I think they're really important for you to know. And then I'm going to tell you to strap on seatbelts and I'm going to go through the remaining slides pretty fast. Okay?

Let me start by saying that I think my colleagues have done an absolute terrific job in providing you an overview of our growth plans. However, I don't think it's a secret that you can't execute a business plan or growth plans without capability. And a capability is all about talent. We recognize how important talent is to our business success. In fact, it's one of the four main pillars of our business strategy in terms of talent management.

Now, I'm here today to tell you a little bit about the great talent that we have inside Wal-Mart Canada that's going to allow us to execute these growth plans that you just heard about. And I want to start with leadership team.

You heard Shelley say the statement earlier. I'm going to say it with an exclamation mark, which is we have one of the best leadership teams in retail. Now, let me be clear about this. When I say retail, I don't mean Canada. We have the best leadership team in Canada. Period. What I mean is we have one of the best leadership teams globally. And admittedly, I am bias, so I'm going to prove it to you. So here's my first proof point.

In Canada we are a talent factory. Our bench is so deep and wide in terms of leadership experience that we can export talent to other Wal-Mart countries. This is the true leveraging of talent capability globally that you've heard Doug talk about and David talk about.

Let me give you a few examples very quickly. Lesley Smith used to be the Vice President of supply chain here in Canada. She very recently moved to China as a senior vice president of supply chain for China. She is a phenomenal talent. She did a tremendous job in Canada contributed in a big way. And she's going to do the same thing to China.

The second name maybe familiar to you, Duncan Mac Naughton. We hired Duncan into Wal-Mart first in Canada. He learned the Wal-Mart way here before moving on to the US to become EVP and the Chief Merchant for Wal-Mart stores.

The third example is Sean Clarke. I think David mentioned Sean. Sean was a Chief Financial Officer in Canada. He is way beyond a great finance mind. He has worked in the UK, in Germany when we were in that market, in Japan, in Canada and now he's Chief Operating Officer in China, a person who can really make a major contribution to the Chinese business.

The fourth person is Corey Gillon. Corey was a Director of Operations in Canada. He is now the Operations Integration Lead for acquisition of Massmart in South Africa.

Let me just comment a little bit more on the Massmart acquisition. About 40% of the people who are on the due diligence team for the acquisition were Canadian. A large number of the people who are actually working on the integration right now either living and working in South Africa or flying back and forth are Canadian. We have the ability to provide talent across the globe.

The last but, of course, not least, is David Cheesewright. David was obviously presidency out here in Canada. And as Doug mentioned, David is one of the leading talents globally in the retail space. And now, he's the head of EMEA. Now, what's notable is not just the fact that we were able to leverage this talent globally, but how seamless our succession plans kicked in. That's proof point number two.

Let me give you a few examples. So, David moves on to become regional head of EMEA. Shelley Broader who is Chief Merchant in Canada moves into the President, CEO position. Seamless transition. Lee Tappenden who is Senior Vice President of Merchandising Operations here in Canada. As Shelley moved in to the president position, he became Chief Merchant. Seamless transition.

As Sean Clarke moves to China, he becomes Chief Operating Officer. Bill Tofflemire, who you just heard, who is VP of finance, moves in to become Chief Financial Officer in Canada. Seamless transition. Not a ripple in the business. Okay?

What you will see behind me is a picture that I'd say is absolutely beautiful because it's a leadership team by design and it's intentional. Okay? You have individuals there that have a lot of experience inside Wal-Mart that Wal-Mart acknowledges very deep. The history is very deep. Jim Thompson is a classic example that you just heard from.

We have people who have joined Wal-Mart from great companies, great external companies. And then you have people that we have strategically chosen to import into Canada. And I'm going to talk a little bit more about that.

Let me give you two examples; one is Andy Alice. Dave touched upon this very briefly. When we see opportunities to accelerate our strategy execution in places, not only will we export talent where we can make a contribution, well, we'll import talent as well. So Andy Ellis joined us roughly about four years ago, just about the time we were getting into supercenters and we needed someone to build a fresh supply chain.

So we looked across the world, we identified Andy in ASDA because he was the head of the supply chain there. If you know the ASDA business, it's very strong in food. We've brought Andy over and he's done a tremendous job in building a fresh supply chain for us that is contributing to that market share growth in food that Shelley talked about

Let me give you the second example. The second example is, about 18 months ago, we decided that we wanted to more aggressively pursue private label strategy in Canada. So what did we do? We hired fantastic talents inside Canada.

Well, we also went inside Wal-Mart to find the leader for that strategy and we found that leader in Emma Fox, who last June we transferred from the ASDA business to Canada. In ASDA, while she was in the UK, Emma led the largest re-launch of a private label brand in the mid-tier category in the UK.

That launch was phenomenally successful. She's now here today helping us with our private label strategy. Again, the concept of how do you accelerate execution -- through talent.

Now, the reality is, we recognized that it's not just about the C-suite in order to have a capability execute growth plans or business plans that is much broader than that. And so, we spent a lot of time studying the exact amount of our town supply chain needs in all categories of jobs.

It's a science to us. We do a lot of math around it. For those of you guys who like the math side, we do a lot of regression around forecasting, around workforce planning. And I'm just going to give you an example. Between now and 2014, we will need roughly 425 co and store managers and 1,400 assistant managers. We know that number to be fairly precise. Not only do we know the numbers of the talent that we need, but we have the plans in place to execute against it.

Now, the reality also is that we're going to be competing for that talent. We recognize that. There is a strong and vibrant war for talent that's happening in Canadian retail right now. You're probably all familiar with that. But let me cite three reasons why that war is going on.

One, you have US retailers entering the market. The most publicized is obviously Target. Second, you have retailers who have already entered the market but are looking to grow. And the third is, the Canadian retailers are undergoing a lot of change, and a lot of that change is driven by change at the top of the house. And that's happened in a number of major retailers inside Canada.

Now, regardless of this war for talent, we feel very confident about your town supply chain and our broader talent, overall. And the reason for that is we have an incredibly strong employer brand. We are Canada's fastest growing retailer. This is the place to be if you want to build a career in retail. We are a development destination. We build retailers here. And our associate engagement is extremely high.

Now, not only can we attract the best talent, but as I mentioned we are a talent factory. We build talent here at Wal-Mart Canada. One way we do it is through this program called the Wal-Mart International EMBA Program.

And this program was developed in Canada, but is now used throughout our international business to develop global leaders around the world. It includes the following components -- a very unique partnership with Harvard, work terms in other Wal-Mart countries. So you build that global perspective so we can leverage that talent globally.

Working in teams and competing in teams on real live business issues. And then we also get each one of the participants in this program an external executive coach. Now, we're not only building leaders this way. We're also building our female leaders.

Doug touched upon the women's initiative. Shelley touched upon the women's initiative. There is lots of public commentary that Mike Duke has made around our commitment to women's initiatives. But let me just talk about one that we're really focused on in Canada, which is Women in Retail.

It was launched about 18 months ago, incredibly successful program, and it does the following. It gives a forum for our women leaders to be inspired by other female leaders. It provides them with unique development opportunities for women leadership needs and it provides us as a business an opportunity to understand better what we can do to make our organization much more inclusive.

So in summary, here's the key takeaways. Here's what you need to know about talent within Wal-Mart Canada. We have the capability and talent to execute our plans. Those plans that we talked that my colleagues talked about will get executed because the capability is very strong.

We have a very diverse team that has a broad and deep experience base on the leadership side. There is a war for talent in Canada, but we have an incredibly strong employer brand and we're winning that war.

Now here's what I'm going to do. We want to show off some of the awards that we've won from an employer brand perspective. I'm going to play a video. While that video is playing, I'm going to invite David Cheesewright back on the stage. Thank you.

(Video Plays)

David Cheesewright: Okay. On the pain of death, I have 30 seconds to wrap up from Carol. So I don't want to mess that one up. So three things for you to remember from that first session that we've got a lot more to see on Canada.

Wal-Mart Canada is a great business. It's got a very clear strategy. Hopefully, you saw that play through all of those sessions. It's had a track record of delivery and there's a lot of exciting there. It has a fantastic leadership team, and Bob covered that at the end.

But I think when you look through the diversity in terms of experience, makeup skills, knowledge, makes for a very, very strong team. And I think above all, you'll see in the individuals there, they are typical with all Wal-Mart unbelievably competitive.

They want to win. And the unique makeup of that team makes them very, very adept at looking anywhere they can around the world to find best practice. You've seen a bit of it already. You'll see it in the rest of the session. Listen out for just how many ideas they brought into this business to make it better.

So we've got a bit of time for Q&A now. So I'm going to hand back to Carol. And if I could ask Shelley and her team to come up on stage, then we'll take some questions.

+++q-and-a

Carol Schumacher: Okay. As these guys are coming up, I already see hands. And I think, John, you had the first hand up. So we'll start with John. Please state your name and your firm.

John Heinbockel: John Heinbockel, Guggenheim. So two related questions on sort of strategic development on the property or the store opening side. If you think about sizing the supercenter opportunity over the next, let's say, five years, what do you think the growth opportunity is there? Can you do 40 a year for the next five? And does that then not exhaust the opportunity longer-term? So, how many more can you build?

And then, secondly, this is one of the markets with a fewest number of formats. How do you think about the small store format be it the neighborhood or even smaller going forward? Does that start to play a role the next five years?

Shelley Broader: I'll start and I'll hand it over to you, Jim. Thanks, John. Good to see you. First of all, we have not exhausted the opportunity for supercenters. We talk about our store announcements once a year and we'll talk to you in January about how many we're planning on building.

But we absolutely have not exhausted the opportunity for full-sized boxes in Canada. We think of Canada a bit as Canada one and Canada two, sort of that area a very dense population along the border and then the remainder of this vast land.

There are a lot of markets within Canada that don't have a Wal-Mart today and could support a supercenter. And we continue and want to continue to put that box on the street.

Second of all, we do have sort of a preferred go-to market strategy and a preferred go-to market strategy with the supercenter. But with the local acquisition so many years ago and with what we've built, we do have a bit of a Heinz 57 of size. And one of the great things about this 39 store acquisition that we've got going this year with these Zellers boxes is the ability to experiment a bit with size.

There are some stores that would not normally fit our usual prototype. We get, to Dave's point, take that high-density modular learning from ASDA, look at what they've done with the Express model, look at neighborhood market, and apply those learnings to some of these different sized Zellers boxes that we'll have this year to look for some additional growth vehicles for us.

And what is a very diverse country, that will probably be able to support more than one format.

Jim Thompson: And John, just as follow-up on that, again good points for Shelley. I think you'll see the strength of Wal-Mart. It's not that we have one prototype. We're going to build supercenters. That's what we're focused on right and we can do it any number of ways like we said in the presentation.

We can do it Greenfield, big box. We can do expansions. We can do in boxes. And as Shelley said, the 39 are going to give us a lot of opportunities. But make no mistake about it. We're focused on supercenters. Canadians want food. And that's our focus right now.

Carol Schumacher: Next question. Mark?

Mark Wiltamuth: Hi. It's Mark Wiltamuth from Morgan Stanley. This is a lot of growth all at once here in this market and it takes new stores times to ramp and I just want to know if you think there's going to be a margin drag this year, and will there be some sort of impact on returns for Canada.

And then just standing back and looking at the big picture on international, we know that Canada is one of the big three in the international portfolio. Could you tell us, is Canada now the biggest operating income contributor in the international?

Bill Tofflemire: I can take the second question first by saying I can't answer that question. But I'll go back to your first and, I guess, speak to I walk through today our strategies for growth leverage and returns. Those are alive and well in this current fiscal year and we're committed to help international achieve its objectives for the year.

Carol Schumacher: Wayne, next, and then we'll go to the back on Greg.

Wayne Hood: Yes, I was just curious if you could update us the conversion in Quebec. You have six stores that are being converted there to supercenters. When do you think it will be complete and what kind of lift in those six stores are you seeing after the conversion?

And kind of just moving on to the Maritimes, when do you expect to kind of jump right into that? And then could you just update us on the health care reform, how that's impacting your pharmacy business in terms of its drag or not drag on profits?

Shelley Broader: I'm going to go backwards on you real quick and start with pharmacy. The changes in pharmacy legislation affect everybody. That's in the pharmacy business. And it affects everybody equally that's in the pharmacy business.

The one piece of the legislation that in some ways is advantageous to Wal-Mart is it exposes dispensing fees. And our dispensing fees are low and now the consumer sees that. So the effect on those pharmacy legislation affects everyone, but it also exposes our low cost.

On the second piece, and I'll turn this over to Jim in a moment, we went into Quebec with food later than we went into the rest of the country. That is a very special customer, a very nuance customer, a much more Epicurean customer that wants their locally grown product, wants their brand of cheese, wants their kind of smoked meat.

And we had to cut our teeth on some other areas to make sure we got it right in Quebec, and we are very pleased with the results that we've had there. And to talk about that rollout, I'll turn it over to Jim.

Jim Thompson: Yes. Thanks, Wayne, and it's great to see you here. We're very happy with Quebec. Chantal Glenisson, our operator for Quebec, is with us today, and she'll be in the stores, on the buses with you. But we're very, very happy.

When you think about Canadians and what we've tried to paint with you today, Canadians want value. They want selection. They want low prices. The Wal-Mart Supercenter, whether it's in Toronto or it's in Montreal, gives Canadians that, and that's why we're so happy.

The results have been over the hurdle rates. We will continue to do that and move forward. As far as the Maritimes, we will get to the Maritimes, but we're concentrating right now on the projects we've got this year. And we'll move forward from there.

Carol Schumacher: Next question. Greg?

Greg Melich: Hi. Greg Melich with ISI. If I'm not mistaken, most of the growth, if not all of it, has been from footage growth and inflation. And actually, traffic's been negative -- comp store traffic, negative the last year or two. Is that just because of the timing of all these conversions or is that something you expect to turn positive this year? And what are you doing to fix that?

And then Bill, just as a follow-up, you mentioned something called a brand tax. Could you just explain what you meant by that in your presentation?

Bill Tofflemire: Sure. I'll start with the brand tax question. Obviously, every price that comes to us from a vendor includes their own profit margin, their own advertising budget that increases the price given to us and, therefore, what a customer pays. As we move to private label businesses, offering similar benefits to customers, we avoid both of those costs, giving the best price back to the end consumer.

On the question on recent performance, we've been proud of our comp sales. We've had three consecutive quarters of comp growth over 1%. We've done that in a difficult economic and weather environment for us as well.

I think what we've seen, though, is with some of the traffic challenges across the overall industry, and part due to some of the gas pricing, our one-stop shop has really helped us drive basket improvements. That's been a big focus for us. I'd also mention that in this quarter, we're not going to give any forward-looking guidance, but I would say we've had much better weather patterns in Q1 than we saw back in Q4.

Carol Schumacher: On the other side?

Andy Whan: Hi. [Andy Whan, Sentry Investments]. Just on the e-commerce side, what's your sort of vision long-term for what it could be? I mean, particularly on the consumables side? Because we all know about the challenges with infrastructure in Canada. Too spread out.

And like are you going to have to think about your supply chain and your DCs differently? Are you going to have to build out more DCs specifically for e-commerce? Because, obviously, the existing chain is for brick-and-mortar. So just a little more color on that and just the long-term vision for what it could be in Canada.

Shelley Broader: Okay, I got it. We are very excited about the potential for e-commerce, and we're slow to the start here. And part of it is geography, no doubt. Shipping something coast-to-coast here is almost prohibitively expensive in many ways. Plus, it's slow to start because it's not a good market yet for pure play online retailers.

There's no tax advantage here for a pure play online retailer. But what you've got to think about is e-commerce and particularly with Wal-Mart, and I'll have Gino comment on this after I am, is the opportunity for our multi-channel.

So it doesn't have to be just traditional e-commerce, click, mail, show up at your door. We will have, by the end of this year, 380 depots located in places where nobody wants to drive their truck, but us, and we're already doing that. So the opportunity for us to utilize not only ship to your home but also site to store is tremendous.

And so I see Canadians are very wired, and they're slow to adopt this. But once the right model is here, we believe the adoption rate will be very high, and we believe very much in the e-commerce business in Canada.

Gino DiGioacchino: And just to act along on what Shelley is saying, it's really kind of moving that multi-channel to customer-centric thinking and leveraging the store base, leveraging direct of store, leveraging all the global practices that we see across Wal-Mart from the US to the UK to Brazil in terms of how they're really delivering to that last mile as quickly as possible to customer.

And that's the opportunity that we see in Canada, whether it's leveraging our existing infrastructure or being to serve the customer differently and newly and constantly looking at ways to serve that customer.

Carol Schumacher: Next. Colin?

Colin McGranahan Sanford Bernstein & Co.: It's Colin McGranahan of Sanford Bernstein. Can tell us a little bit more about the 39 Zellers projects this year? I know the size of those formats is probably a little bit varied on average, I think, probably a little bit smaller.

So a little bit more about what is and won't be in the box relative to the kind of prototypical supercenter. And then Target, I think, has talked about their conversions. They're expecting to average somewhere in the $40 million to $45 million per store range on revenue and a comparable kind of EBIT margin to what they achieved in the US, about 7% or 10% on EBITDA margins.

Is that what you would expect out of your Zellers conversions as well? And I guess, finally, if you could then just financially wrap it up with what kind of an ROI you think you're going to make on that investment.

Shelley Broader: Jim, do you want -- we'll get back to that one. I'll start with the 39 Zellers box and turn that over to Jim, and let Bill punctuate this one at the end. But you're right, those 39 Zellers stores are a card from every suit in the deck. That's for sure.

But to Jim's point earlier, we are focused on getting supercenters on the street. And anywhere that we can put in food, anywhere we can fit in and anywhere our lease and permit allows, we're going to get it in. Anywhere that we can get fresh in those boxes, anywhere that it fits and anywhere that we can permit it, we will get it in those boxes. And we will have food in roughly half of those boxes.

Jim Thompson: Yes, just maybe to follow up a little bit more. The average size of a Wal-Mart in Canada right now is about 130,000 square feet. The average size of the 39 Zellers boxes that we've taken would be 81,000 feet. And as we said before, we're really tailoring the assortment to those individual 39 stores, taking the learnings that we've taken from our inboxes, where we've really been able to put in core departments and drive everything around.

So when we built -- and Lee's team was part of building the merchandise plan for these stores, but we went in knowing that we had to be the very best in consumables, the very best in food that we could be. On the other side of the hat, I really want to highlight what our real estate team, and Ken Farrell is here from our real estate team today, the excellent job they did in negotiating these leases.

Many of these leases had food restrictions on them or really some local landlord restrictions, and we were able to negotiate most of those outs. We're able to go in with expanded food. I think you'll find them very, very driven by food, but also protecting our core business. There'll be good baby departments, good consumables departments, strong electronics and good health and beauty and at the same time, the pharmacies we've talked about, and they'll also have a good GM and seasonal mix at the same time.

Bill Tofflemire: And if I could speak to the question on returns in those integration stores, we're really excited about our prospects for high ROI in those stores. I think one of the headlines we'd have in this one is, we've been able to keep our pharmacy customers engaged throughout this transition.

So we're going to have these stores start with an added customer stream. That's so we wouldn't have our own Greenfield and won't be there for others that were transitions in this marketplace. It gives us an acceleration in existing sales in that business moving in and allows us to believe we'll continue to drive strong returns in those stores.

Carol Schumacher: We'll go to Michael next, and then Dave.

Michael Exstein: Thank you. It's Michael Exstein with Credit Suisse. Two quick questions. One is, your payment method here is significantly different in the US in terms of putting your own private label credit card and loyalty program in place. Is the percentage of cash business here substantially lower than the US and that is one of the reasons why you can do it?

And, secondly, can you talk about how you avoid or how you continue to focus on general merchandises? You push food very hard and avoid the issue what happened in the United States.

Trudy Fahie: And I'll jump in for a second. Just so everybody knows, in the US business, Michael is referring to the fact that we say 80% of our payment transaction is done in the US business with a form of cash, which means cash, checks or debit.

Bill Tofflemire: I can take the first question on the difference. There is a higher penetration of credit cards purchases in Canada relative to the US. And I think our strategy, as Trudy walked out there, is to take the interchange fee would paying a credit card company anyways and transfer that over to our end customer, giving them lower prices they can then use to spend back at our store.

David Cheesewright: I'll just pick up the question on the food versus GM, and I think it's come up to what Jim said about inbox conversion. If you take a lot of learning about how we proportionalize the space across the store between food, consumables, health, wellness, GM and apparel.

So wherever possible, food and consumables is the key traffic builder is the frequency of shops. So those are key important offer to get a considerable food offer on the table. But that does not mean that we're compromising the GM offer in these stores.

So one-stop shop is one of our key metrics in our strategy. And on the smaller box, you'll see a good representative example of seasonal GM and apparel in all of those stores, as well as of the food and consumables.

Michael Exstein: How has your GM business been in the last year?

David Cheesewright: Sorry, can you repeat the question?

Michael Exstein: How has the GM business been in the last year as food has become a much bigger piece of the pie?

David Cheesewright: Overall, we're pleased with the GM business. In particular, I'll call out the seasonal business where we have strength. And we continue to perform well there. So we haven't seen any weakening in our GM businesses as a result of food. I think the key thing is, food brings in the extra traffic that enables us to drive the GM business still in that same box.

Carol Schumacher: Next question. Dave?

David Strasser: Thank you. David Strasser, Janney Capital Markets. With 90% of the population within 100 miles of the US, how closely do you work with the US counterparts on those markets? How close do you cross-analyze shopping patterns? When you open and you're growing in Canada, do you find that you're cannibalizing the US at all and vice versa? With different tax ramification stuff, is there a lot of -- do you find a lot of cross-border shopping and so on between those two?

Shelley Broader: There is a lot of cross-border shopping. But as far us analyzing what's in our basket versus what's in that US basket, not as much as you would think. We talked about it a little bit last night, and you'll hear more about it today.

Oddly enough, the SKU-based comparison between the US supercenter and the Canadian supercenter is only a 20% crossover. And as much when I lived in the South, my assumption was that all Canadians are facing south and looking down at the US. The fact of the matter is they're not, and these are, by and large, neighborhood stores.

And the more that we add food, the more we become the destination for that neighborhood. So we continue to utilize best practices with the US. We have stores very, very close together on the border and in some places, literally, across the border from each other, and we're both operating very happily that way.

David Strasser: Thank you.

Carol Schumacher: Next question. Chuck?

Chuck Grom: Thanks. Chuck Grom from Deutsche Bank. There hasn't been much talk about a small store strategy up here in Canada. I'm just wondering if that's part of the growth plans given that some of the dollar stores are coming up and there's pretty big expansion in the US.

Shelley Broader: Absolutely. I'll start with that, and then I might turn that over to Lee. We talked a little bit about some of the excitement that we have around our opportunity to experiment with some of the smaller boxes that we have with the 39 Zellers, and you'll be seeing some unique formats within that.

As far as combating the dollar stores specifically, we are incredibly focused on OPP and opening price points on the key products that our customers value the most. But make no mistake, our core strategy is to save Canadians money so they can live better through a one-stop shopping experience.

So do we really have an incredible dollar program? We do and we will. But are we focused on OPP across the board within every segment that we sell? We are. Is the store you're going to see today a stilted two-decker, urban 90, built on 50% of the land that we would normally need to build the supercenter and important laboratory for us? It is.

So although you're not seeing us talk about an expansive rollout of a new small format, you are seeing a little bit of glimpse into the future on what will happen in that urban site, to your point, with the dense population along that border. When we want to continue to grow, we have got to find a way to capitalize in those dense markets, and we're not going to be doing it with something that requires 15 acres to get in there.

David Cheesewright: And to pick up on the question of dollar stores as well, you'll hear about this later in the merchandising breakout session. I'm going to elaborate a bit more on the pricing strategy and really touch on opening price point. You're going to hear a lot about the plans we've already put in place and future plans coming this year. We've got a very clear strategy around price and breadth of assortment.

So within our breadth of assortment, we're always going to make sure we have opening price point there. We are not going to go down the route of a dollar store within the store. My personal belief here is we want to see opening price point within the regular assortment every single day on the modular, and it really let then lends to our breadth of assortment and the one-stop shop.

So we've got very clear plans in place, and it does spread across the whole store to compete directly with dollar stores.

Carol Schumacher: Our next question. Chris?

Chris Horvers: Chris Horvers from JPMorgan. I know Doug is not up there but I wanted to throw a question away. I want to follow-up around your commentary around M&A and a focus on returns. Following Massmart, is this year a digestion year? And following that given your focus on returns, is it more important to drive those returns higher versus maybe taking on larger expansions internationally? And related to that, can you talk about your latest thoughts on Russia?

Doug McMillon: I think it is a digestion year. I think that's a really good way to think about it. We don't want to miss an opportunity. So we keep our M&A function running and we still look for opportunities. But I think if we could go through this year and demonstrate to all of you that the good work that's happening relative to returns is paying off, your degree of confidence, not only in China and Brazil, but in future markets, we could deliver would go up and that's what we're trying to do.

Russia remains, on a tabletop exercise basis, an attractive market in terms of size and opportunity. But as you know, we closed our office there and don't have any immediate plans to enter the market. But I wouldn't rule it out. It's one of those markets that would be on our shortlist that we want to make sure we stay close to and understand.

Chris Horvers: Thank you. And then just a follow-up question on the Zellers. Given that uniformity of planogram is really important driving the efficiency and the leverage in the returns in the business, your decision to purchase the 39 Zellers sites, how did you take that into account and how much of this was a defensive play against Target versus playing offense?

Shelley Broader: This is always an offensive play. I mean, if you look at our track record of growth and you see that year-over-year, sales growth chart match with year-over-year square footage chart match with year-over-year market share growth, we are really an offensive retailer. And this was a terrific opportunity to get into markets that we couldn't get into on our own and to test out some different size boxes.

About the assortment difficulties that come with a card from every suit, one of the things where Wal-Mart Canada is a center of excellence for Wal-Mart worldwide is the idea of store of the community. And store of the community, again, doesn't just mean we're right for the appropriate ethnicity. It means we're right for the weather. We're right if it's cottage country. We're right if it's an urban dweller.

Just having that system in place alone, allowing -- you'll hear later in one of Emma's breakouts how we do it, it's my choice, where stores get to order product for themselves. We really believe in mass customization. Let's do 80% of the stuff the same.

Let's make 80% of what we sell cookie-cutter and easy and able to flow through the system so that the 20% of process, of product, of people systems that need to be unique, that need to be perfect for Quebec, that need to be just right for Thunder Bay, that need to be unique because we're in a South Asian population in Brampton.

If we do mass customization, do it the same wherever we can so that we can focus individually and especially on the things that matter most to consumers. We are very good at that. We are a center of excellence for Wal-Mart at that, and we're going to take on those 39 Zellers stores using that.

Carol Schumacher: Maggie?

Maggie Gilliam: Maggie Gilliam. I have a question concerning the credit card. And I'd like to know, how does it compare with Loblaws' President's Choice? And second of all, is the credit card important in the urban areas? I mean, would it be important, for example, if you decided to play an ASDA and do a food e-commerce in the densely populated areas?

Shelley Broader: ASDA starts with the value of the credit card. In typical Wal-Mart fashion, we entered the market with the Wal-Mart Rewards MasterCard as a best-in-class rewards card, so it compares very favorably to our competitors in this space.

And what I mentioned earlier that I think it's so critical to our rewards program is the uniqueness around the simplicity of the program, the transparency. Ours in the market is best-in-class in terms of clarity around $1 is a $1. So the rewards can be calculated and understood in a very simple way and redeemed very easily. So that for us truly is a competitive differentiator.

Carol Schumacher: Maggie, your second question? Please repeat.

Margaret Gilliam: Sorry, the e-commerce aspect of food. Does the credit card help facilitate it, for one thing? But second of all, does the urbanization of many of the stores also lend itself to that? I mean, is that on the horizon?

Shelley Broader: Do I believe that there is room in this market for fresh food retailing?

Margaret Gilliam: No. Fresh food e-commerce.

Shelley Broader: Yes, I do. Saying no to that to me is like saying you're going to close the patent office because all the good things have already been invented. Do I believe that at some point in every market around the world there will be a different form of delivery for food for consumers that choose that? This is a multi-channel world, and customers are in charge.

So it has little to do with what we decide to offer. It has to do how the consumer chooses to buy that product. And do I believe over time Canadians will choose to buy fresh in various different ways? I do. And when that occurs, we'll be there to serve them.

Carol Schumacher: Okay. We're out of time for questions. I know you'll still have an opportunity to ask questions on a variety of topics in the breakout sessions. So, let me just remind everybody how the breakout sessions will work.

First, we're going to take a 10-minute break. We're shortening the break a little bit. Then secondly, the customer insights breakout is in this room, and this will be the first one that is webcast. So remember, on the back of your name tag, it tells you which breakout session you go to first.

Customer insights in here, the other two are down the hall, and you will see the signage about which room to go to. So take a 10-minute break. Make sure you're in your room for the start of the first breakout session.