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Wal-Mart Stores, Inc.

Nonbanks in the Payments System
Competition: Vertical Integration
Santa Fe, NM
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Wal-Mart Stores, Inc.



Baldwin Park, CA Discount Store



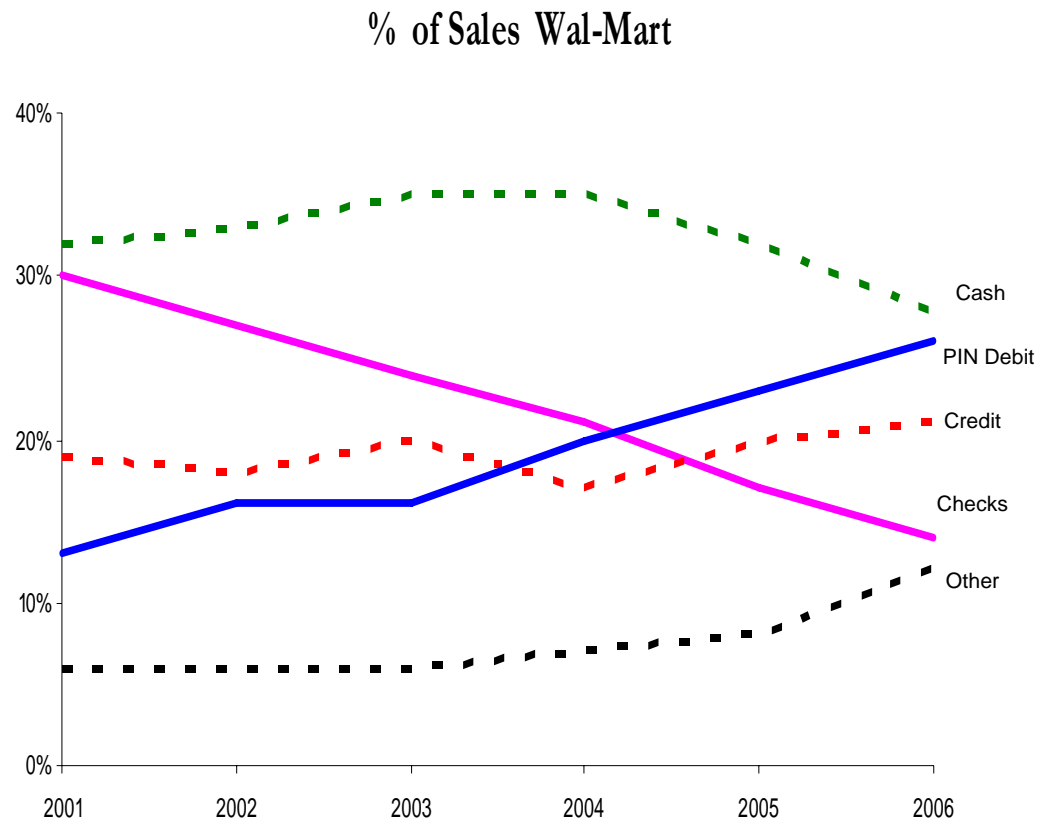
Tulsa, OK Neighborhood Market

- **World's Largest Retailer**
 - \$345 billion plus in sales*
 - Serves weekly in excess of 175 million customers worldwide
- **Wal-Mart Retail Units**
 - United States = 4,047
 - Wal-Mart Stores - 1,077
 - SuperCenters - 2,271
 - SAM'S Clubs - 583
 - Neighborhood Markets - 116
 - **International (including Puerto Rico) = 2,760**
 - 13 nations in Latin America, Asia, and Europe

* fiscal 1-31-07

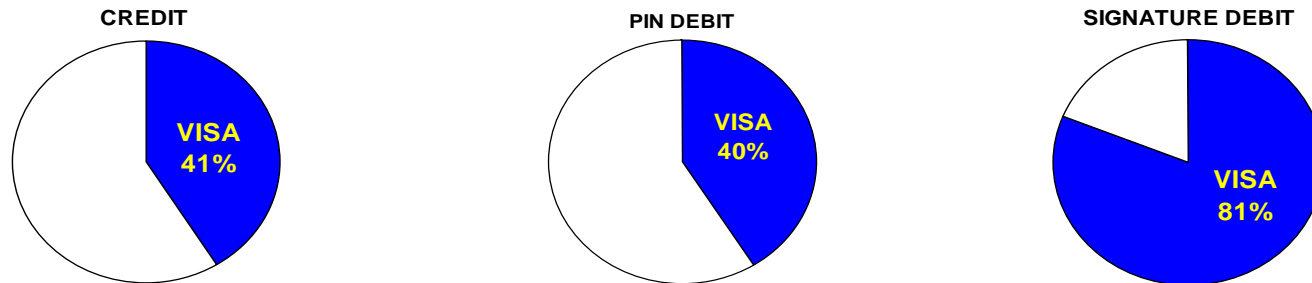
Payment Preferences Are Changing

- Penetration of PIN debit & checks reversed in 4 years
- Credit & signature debit flat
- Other Tenders, (Gift, EBT, Private Label, etc.), growing at rapid rate
- Challenge is to control costs of growing payment types



Concentration of Payment Processing

Share of Wal-Mart's Business by Payment Type



- In the past five years, VISA's share of PIN Debit has grown from 8% to 40% (CAGR 38%)
- Historically, card schemes have gained market share by raising merchant fees and/or paying banks to drop competing networks

% of Volume in Wal-Mart by PIN Debit Network

