

Prepared Statement

Tracy Rosser, Senior Vice President, Transportation, Wal-Mart Stores, Inc.

Chairman Duncan, Ranking Member Nadler, and distinguished Members of this 21st Century Freight Transportation Panel, thank you for the opportunity to speak with you. My name is Tracy Rosser and it is an honor to be here today as Senior Vice President of Transportation at Wal-Mart Stores, Inc.

In this role, I am responsible for domestic transportation, Walmart's private tractor trailer fleet, and global transportation.

By way of background, Walmart helps people around the world save money so they can live better – anytime and anywhere – in retail stores, online, and through their mobile devices. Each week, more than 200 million customers and members visit our 10,600 stores under 69 banners in 27 countries and e-commerce websites in 10 countries. With fiscal year ending January 31, 2013 sales of approximately \$466 billion, Walmart employs more than 2.2 million associates worldwide. Walmart continues to be a leader in sustainability, corporate philanthropy and employment opportunity.

Critical to Walmart providing goods and services to our customers throughout the world is our transportation and logistics network. Since the early days of our company, the ability to replenish our Stores and Clubs quickly and at low cost has been a key contributor to success. Today, technology, innovation and the commitment of our associates continue to drive Walmart Logistics' mission in providing customers an outstanding shopping experience that is not only uniquely tailored to their community, but saves them money so they can live better.

Walmart's logistics operations began in a garage in the 1960s. We opened our first distribution center in 1970, pioneering a hub and spoke system designed to quickly and efficiently replenish shelves. Walmart logistics employs 77,000 associates at 150 distribution centers and 87 transportation offices. We have 6,200 trucks, 55,000 trailers and 7,500 drivers in our private fleet, which is among the safest with 1.56 million miles per preventable accident. Collectively, our fleet drivers log approximately 700 million miles per year, with the average Walmart truck driver logging more than 100,000 miles annually.

Our distribution centers typically serve from 90-100 stores, and uniquely cater to needs of specific stores within a 200 mile-radius. Regional distribution centers can have up to twelve miles of conveyor belts, moving hundreds of thousands of cases through the center each day. Our grocery distribution centers service a wide assortment including dry groceries, perishable items such as produce and frozen food. Our 10 import facilities provide efficient methods of handling international merchandise. Walmart has nine disaster distribution centers strategically

located across the country stocked with relief supplies needed to help communities recover in the event of a disaster.

As part of our commitment to helping customers live better through everyday low prices, the company works to keep costs down through the efficient use of resources. Walmart is proud of the advances the company, and specifically the Logistics Division, have made in sustainability. We have set ambitious strategic goals that include doubling fleet efficiency by 2015 and we are working toward that objective with sustainable solutions like cross dock consolidation networks, lean routing, reduction of empty miles and optimizing how merchandise gets stacked in our trailers. In 2012 we delivered 297 million more cases driving 11 million fewer miles than in 2011. Compared to 2007, we have delivered 658 million more cases driving almost 300 million fewer miles. We have also increased the fuel efficiency of our tractor trailer equipment through both advanced technologies and improved operations. We continue to work with our partners in the trucking industry and with truck and trailer manufacturers on a variety of innovative technologies including hybrids and other advanced powertrains, alternative fuels, aerodynamics and advanced tire technologies.

All of these efforts have resulted in significant environmental benefit. For 2012 alone, such reductions helped us avoid emitting 103,000 metric tons of carbon dioxide (CO₂) – the equivalent of taking 20,000 cars off the road. As a company, we continue to transition toward 100% renewable energy, are working to send zero waste to landfills and to utilize and sell sustainable products. Remaining committed to these goals will help reduce costs and impacts on our nation's infrastructure and environment as well as drive better resource management.

Walmart has also been able to improve transportation efficiencies by reducing the miles traveled from farm to fork. Walmart's grocery business continues to commit to buying local. Walmart forms direct partnerships between farmers and markets, reducing food waste, motivating farmers to optimize production and sustainably sourcing key agricultural products. By doing so, we're strengthening local farmers and economies, while providing our customers access to fresh, affordable, high-quality food, and providing for logistical savings and environmental benefits.

With over 4,000 stores in the United States, Walmart has operations in every state, and is a large user of all methods and modes of transportation from ports, to rail networks, to our highway system. Without a doubt, our transportation infrastructure is an asset to the country, offering a competitive advantage that should be utilized to its fullest. As we look ahead, we believe it is important to focus on maintaining and developing an efficient system that yields the highest degree of safety, efficiency and environmental stewardship. Toward that end, we encourage your panel to dedicate attention and funding on the areas with the highest priority maintenance needs, and areas of extreme inefficiency and congestion. Like other users, we

have noticed that bottlenecks can develop across all modes at points of significant freight movement as well as in and around urban areas.

While we find that customers in urban areas share similar demand for goods and services as in other parts of the country, the logistical costs of meeting these needs can be significant. In addition, as e-commerce and site-to-store business models continue to grow, customers are demanding faster delivery tailored to their schedules. Without a focused effort to address the timely movement of freight through urban areas, restrictions and workarounds will continue to add costs, both environmental and economic.

Although we pride ourselves on our ability to respond quickly and adjust to unforeseen circumstances in serving our customer, these challenges underscore the need, which you have already recognized, for a National Freight Policy. State and local regulations often share similar goals of safety and efficiency, but the variety of measures in place can often be cumbersome and costly to interstate commerce. We encourage the development of solutions that address the needs of our transportation network in as uniform a manner as possible.

Maintaining strong infrastructure will also help our suppliers to remain competitive. As you may be aware, Walmart recently announced that we would buy an additional \$50 billion in U.S. products over the next 10 years in an effort to help continue growth in the US manufacturing sector and to encourage creation of U.S. jobs. As the U.S. economy continues to improve, domestic producers will rely on a lean, efficient transportation network to get their products to market quickly and cost-effectively.

To conclude, as a significant user of the nation's infrastructure we experience firsthand every day the value of our nation's transportation system and its contribution to the economy. Equally important however, we recognize that there is an opportunity to ensure that this network remains a competitive advantage in the decades to come. Toward that end, we encourage the use and development of safe, efficient, and environmentally sustainable solutions in freight movement. We also believe that attention and financial resources should be directed toward areas in high needs of maintenance, congestion points, and the challenges of urbanization. Finally, a clear national freight policy can promote interstate commerce while maintaining a safe and efficient transportation infrastructure.

Walmart appreciates that this panel has been tasked to consider ways to best meet the demands of the nation's freight network. There is no easy answer here and we look forward to working with you as you address the challenge ahead.

Thank you again for your time today and I am happy to answer any questions that you may have.