Welcome to the Walmart earnings call for the first quarter of fiscal year 2011. The date of this call is May 18, 2010. This call is the property of Wal-Mart Stores, Inc. and intended solely for the use of Walmart shareholders. It should not be reproduced in any way.

This call will contain statements that Walmart believes are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and intended to enjoy the protection of the safe harbor for forward looking statements provided by that Act. These forward looking statements generally are identified by the use of the words or phrases "anticipate," "assumes," "expect," "expectations,", "expected," "forecasting," "may impact," "plan," "to add," "on track," "will become," "will continue," "will remain," or a variation of one of those words or phrases in those statements or by the use of words and phrases of similar import.

Similarly, descriptions of our objectives, plans, goals, targets, or expectations are forward looking statements. The statements made in this call discuss, among other things, our expectation for our diluted earnings per share from continuing operations for the second quarter of fiscal year 2011 and the assumption that currency exchange rates will remain constant at current levels underlying that expectation, the anticipated comparable store sales for our Walmart US segment and for our Sam's Club segment for the current 13-week period, our expectations for growth in our sales and square footage in fiscal year 2011, the amount of the company's expected capital expenditures for fiscal year 2011, our anticipated tax rate for fiscal year 2011, the possibility of quarterly fluctuations in that tax rate and the factors that will affect that tax rate, our expectation that changes in accounting for certain aspects of our operations will not have a significant impact on our results of operations, the impact of changes in the merchandise in stores becoming more noticeable over the course of fiscal year 2011, our expectations for significant store openings in the second and third quarters of fiscal year 2011 and of certain supercentre openings in Canada during fiscal year 2011, our expectation that certain rollbacks in our Walmart US stores will remain in place for at least the next 90 days, our expectation for growth in the inventory of our Walmart US segment for the balance of fiscal year 2011, our expectation that our Walmart US segment will continue to see additional productivity gains and benefits from new talent development approaches of our Walmart US segment, our expectation that our Walmart US segment will enjoy growth in the benefits from remodeling certain of its stores over coming months when the bulk of the remodeling will be completed and for such remodeling activity to show noticeable benefits by the fourth quarter of fiscal year 2011, our expectation for improvements in timelines at our Walmart US segment, our expectation that our Walmart US segment will continue to drive price leadership, our expectation that the acquisition of our Central American operations by Walmart de Mexico will allow leverage of Walmex's expertise and growth in our Central American operations, our expectation that our Sam's Club segment will continue to look for innovative ways to drive traffic, renewals and upgrades of existing members and continue to focus on expense leverage, and the anticipation and expectations of Walmart and its management as to other future occurrences, trends and results.

These forward looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including, general economic conditions, geopolitical events and conditions, the cost of goods, competitive pressures, levels of unemployment, levels of consumer disposable income, changes in laws and regulations, consumer credit availability, inflation, deflation, consumer spending patterns and debt levels, currency exchange rate fluctuations, trade restrictions, changes in tariff and freight rates, changes in costs of gasoline, diesel fuel, other energy, transportation, utilities, labor and healthcare, accident costs, casualty and other insurance costs, interest rate fluctuations, financial and capital market conditions, developments in litigation to which Walmart is a party, weather conditions, damage to our facilities resulting from natural disasters, regulatory matters, and other risks.

We discuss certain of these matters more fully in our filings with the SEC, including our most recent Annual Report on Form 10-K, and the information on this call should be read in conjunction with that Annual Report on Form 10-K, and together with all our other filings, including Current Reports on Form 8-K, which we have made with the SEC through the date of this call. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward looking statements we make in this call.

Because of these factors, changes in facts, assumptions not being realized or other circumstances, our actual results may differ materially from anticipated results expressed or implied in these forward looking statements. The forward looking statements made in this call are made on and as of the date of this call, and we undertake no obligation to update these forward looking statements to reflect subsequent events or circumstances.

The comp store sales for our total US operations and for our Sam's Club's segment discussed on this call exclude the impact of fuel sales at our Sam's Club segment. That measure, our return on investment, free cash flow and amounts stated on a constant currency basis as discussed in this call may be considered non-GAAP financial measures. Reconciliations of those non-GAAP financial measures to the most directly comparable GAAP measures are available for review on the Investor Relations portion of our corporate Web site at www.walmartstores.com/investors or in the information included in our Current Report on Form 8-K that we furnished to the SEC on May 18, 2010.

**Carol Schumacher**

Hello, this is Carol Schumacher, Vice President of Investor Relations at Wal-Mart Stores, Inc. Thanks for joining us today for our first quarter earnings call for fiscal year 2011.

All information for this quarter, including updated unit counts, square footage, and financial metrics are available on our website at [www.walmartstores.com/investors](http://www.walmartstores.com/investors). A full transcript of this call will be available on the website after 7:00 am Central time on May 18, 2010.

Our executive team is ready to report on our first quarter results of fiscal 2011. Mike Duke, President and CEO of Wal-Mart Stores, Inc., will cover the key highlights of our quarterly results. Charles Holley, Executive Vice President of Finance and Treasurer, has the details behind the consolidated financial results.

Then we go to the operating segment leaders. Eduardo Castro-Wright, Vice Chairman, responsible for Walmart US, Global Sourcing, and Global Dotcom, will share the updates on our largest business segment and sourcing. Doug McMillon, President and CEO of Walmart International, will cover results for the International segment and our six largest markets by revenue. Brian Cornell, President and CEO of Sam's Club, has results for our warehouse club segment. Tom Schoewe, our Executive Vice President and CFO, will round out the call with an update on SAP, our company's financial report card, and of course, Q2 earnings guidance.

But first, let me cover some important changes we have made to our internal management reporting that affects our segment reporting beginning February 1, 2010, the start of our fiscal year. These changes only impact our segment reporting and do not have any impact on our consolidated financial statements. As we mentioned in our 2010 annual report, from time to time, we revise the measurement of each segment's operating income, including any corporate overhead allocations. These revisions generally are made because of alignment changes within the organization or cost allocations designed to drive greater accountability.

When we make these measurement changes, the segment operating income for each segment affected by the revision is restated for all periods presented to maintain comparability. During the first quarter, we made two significant changes:

Certain information systems expenses or what we refer to as ISD previously included in unallocated corporate overhead are now being charged to the segment that is driving these costs. This cost allocation will drive greater accountability for our overall technology expenses; it will improve the utilization of our information systems resources; and it will improve productivity.

As part of our operational realignment, our Puerto Rico operations moved from the International segment to the respective Walmart US and Sam's Club segments. The Walmart US segment now includes the company's mass merchant concept in the United States and Puerto Rico, operating primarily under the varying Walmart brands, as well as walmart.com. The Sam's Club segment now includes the warehouse membership clubs in the United States and Puerto Rico, as well as samsclub.com. The International segment now includes the company's operations outside the United States and Puerto Rico.

As a result of these two changes, we have restated our segment reporting for all periods presented to reflect the comparability for the realignment and cost allocations.

Additionally, Walmart US has moved the outdoor living and seasonal portfolios into the Home SBU from Hardlines. The shift was made as of February 1, because the merchandise better aligns from the customer perspective to these SBUs. Effective with the second quarter, the baby category is moving to the Grocery SBU from Apparel.

One other item I want to mention is one that did not impact the first quarter, but you will see when we report our results for the second quarter on August 17. As we have previously mentioned, in the second quarter of fiscal 2010, we began a staged implementation of our new financial system. The implementation's first stage was ASDA, our UK subsidiary. The second stage was in the United States, Puerto Rico and Canada, and was implemented starting May 1, 2010.

In connection with the second stage of that implementation, and coinciding with the improvements available in our new financial systems, we revised our methodology for valuing inventory under the retail method of inventory accounting.

Specifically, we've improved our ability to measure inventory at more granular levels. The systems change will better align the accounting for inventory components with how the merchants run their businesses. As a result, the aggregation of certain inventory groups now occurs at lower levels, which produces a different cost valuation for the affected inventory.

As I mentioned, this change became effective as of May 1, 2010 and will be reflected in the financial statements in the second quarter and for all prior periods presented. This change is not expected to have a significant impact on the results of operations on a going forward basis.

Now, Mike, let's get started with our earnings news.

**Mike Duke**

Walmart kicked off fiscal year 2011 with record net sales and EPS for the first quarter. Across the business, our teams delivered on our commitment to the productivity loop, which drives ongoing value for customers and shareholders. We are managing expenses tightly and investing those savings in our everyday price leadership to drive additional growth, leverage and returns.

Let me get right to the numbers for the total company. Today, we are reporting first quarter earnings per share of $0.88, $0.03 above our own guidance and First Call consensus. Net sales in the first quarter were just over $99 billion, a 6% increase over last year. Operating income for the company was up more than 10% this quarter, with strong relative contributions from each of our operating segments.

For the second quarter in a row, we leveraged expenses as a company. Every operating segment and corporate leveraged expenses, and we plan to continue delivering on our promise to grow operating expenses slower than sales. The quality of our balance sheet remains world-class and reflects the strength of our underlying businesses.

Now let me move to the highlights of the individual operating segments. First, Walmart US had a first quarter comp of -1.4%, which was below guidance. Strong management and the structural changes the Walmart US team put in place have enabled it to leverage expenses and deliver strong profitability and returns. Operating income was up 5.6%, growing faster than sales.

Eduardo and his team have a good understanding of the various internal and external factors associated with our customer traffic. A number of economic pressures, including gas prices and ongoing concerns about unemployment continue to affect key segments of retail, and this is especially true for Walmart's core customer.

There are a number of steps Walmart US is taking to improve top line sales. As you'll hear from Eduardo in a moment, Walmart US has already taken some actions focused on price leadership and product assortment. It is important to strengthen Walmart's position as the everyday price leader and to separate ourselves even more from competitors. We are in the process of adding back some merchandise that has been deleted from our assortment. These changes are on a fast track, and the impact will become even more noticeable as we progress through this fiscal year.

Sam's Club delivered a 0.7% positive comp sales without fuel and those results are on top of a very strong comp last year. Sam's also increased operating income more than 9%. The structural changes that Sam's made earlier this year, along with improved merchandise quality and enhanced membership initiatives contributed to a very good quarter. I believe Sam's is well positioned for the year ahead.

International continues to be our fastest growing division, and an increasingly important contributor to our business. Sales grew by more than 21% almost 9% on a constant currency basis exceeding $25 billion in the first quarter, and profit grew even faster than sales. This performance shows the strength of our EDLC-EDLP model around the world. International leveraged operating expenses for the fifth consecutive quarter and most countries continued to improve their inventory management.

As we look to the future, we're pleased with the long term opportunities in the emerging markets, especially as economies in those regions improve. We particularly see substantial growth ahead in Mexico, China, and Brazil, and a large part of our capital expenditure budget is committed to those markets.

We continue to grow. More than 60% of the additional square footage of retail selling space this quarter was within Walmart International. We expect to have even more store openings throughout the company in the second and third quarters.

A final thought before I close. Whether I visit with customers in our stores or with other CEOs or with leaders in Washington, people want to hear our views on the economy and how businesses can help solve the issues facing consumers today. Our associates appreciate the recognition that Walmart receives for so many contributions around the world.

Our mission of saving people money so that they can live better gives us a unique ability to understand and truly care for the needs of people. We know this is what our customers expect of us and it's what we will always expect of ourselves.

Now, Charles will cover the detailed financial results.

**Charles Holley**

For the first quarter of fiscal 2011, our earnings from continuing operations attributable to Walmart were $3.3 billion or $0.88 per share. This is a 9.7% increase from the $3 billion reported in the first quarter last year. Earnings per share this quarter included a $0.02 per share benefit from currency exchange rate translation. We are very pleased that our EPS of $0.88 per share exceeded both our guidance of $0.81 to $0.85 per share and the First Call estimate by $0.03.

Overall, consolidated net sales increased by 6% to $99.1 billion for the quarter. This was driven by growth from Walmart International and helped by a currency benefit of $2.5 billion. On a constant currency basis, consolidated net sales would have increased 3.3%.

The 13-week total US comparable store sales without fuel declined 1.1%. You'll hear more details on the Walmart US and Sam's comp sales from Eduardo and Brian.

First quarter consolidated operating income was $5.8 billion, up 10.6% over last year and up 8.4% on a constant currency basis. Our strong results were driven by great expense management for the quarter. Expenses grew 3.9% on our 6% sales growth.

As Mike mentioned earlier, the focus on the productivity loop resulted in the company, including our three operating segments and corporate leveraging expenses. We now have leveraged operating expenses for two consecutive quarters.

Corporate, or unallocated corporate overhead, decreased to $390 million, a decline of 8% from last year. As Carol mentioned earlier, the unallocated corporate overhead now excludes the allocation of various systems costs to the business segments.

Consolidated gross margin declined eight basis points, due to a change in mix between the segments. Our gross margin of 24.6% at the end of the first quarter is still very healthy. Each of the operating segments will provide more gross margin details later in the call.

Inventory grew 3.2% for the company, compared to the end of the first quarter last year, and on a 6% sales increase. Walmart US and Walmart International contributed to the increase in inventory, primarily due to the comparisons versus last year's significant inventory reduction. You will hear more about this from Eduardo and Doug.

The effective tax rate for the quarter was 34.6%. We expect the tax rate for fiscal 2011 to be between 34 and 35%, and we will see some quarterly fluctuations. Factors, which may impact our rate, include changes in our assessment of certain tax contingencies and the mix of earnings among our US and international operations. Consolidated membership and other income decreased 2.6% to $751 million. The decline was primarily driven by a decrease in other income from Walmart US.

The company ended the quarter with negative free cash flow of $1.6 billion versus the positive free cash flow of nearly $1 billion at the same time last year. Free cash flow for the quarter was affected by the comparison to our significant inventory reduction program last year, especially in the Walmart US segment, which decreased inventory to fiscal 2006 levels. The inventory increase at the end of this quarter negatively impacted free cash flow by more than $2 billion. We believe our inventory is in line with our current business needs.

Our payables to inventory ratio was 88.4% this year, up from 83% at the end of the first quarter last year. This ratio increased due to segment mix and better payables management by the International segment.

One additional item on the cash flow statement that I'd like to cover is the increase in short-term borrowings. This is primarily due to the SAP implementation. We increased our short-term borrowing of commercial paper to ensure we had a build-up of cash in place for accounts payables due to the systems transition to SAP. We aggregated payments for the week of May 3 into the first day of the week, instead of our normal process of paying throughout the week.

Return on investment or ROI was 19.1%, up from 18.7% at the same time last year, because of the improvement in adjusted operating income, the timing of our Chilean acquisition and the accrual for the settlement of the 63 wage-and-hour class action lawsuits in the fourth quarter of fiscal year 2009. Tom will further discuss our returns as a part of our financial report card later in the call.

Our CapEx program this year includes both new stores and remodeling initiatives. Capital expenditures of $2.6 billion were about the same as the first quarter last year. Our balance sheet allows us to follow our strategic priorities and invest where needed. Its strength allows us to maintain a AA credit rating and have excellent access to credit markets. Our debt to total capitalization ratio at the end of the quarter was 41.4%, slightly up from the 41% last year.

During the first quarter of fiscal 2011, we repurchased a record $3 billion of shares, representing 55.6 million shares. As of April 30, we have approximately $6.2 billion remaining on our $15 billion share repurchase program.

On March 4, we announced an increase in our dividend to $1.21, an 11% increase over last year. As a result, we paid $1.1 billion in dividends for the quarter. The combination of dividends and share repurchase, or what we returned to shareholders, totaled $4.1 billion this quarter and compares to approximately $2 billion in the same quarter last year.

Now, let's move on to a discussion of our operating segments. We'll start with Eduardo and Walmart US.

**Eduardo Castro-Wright**

Our results for the quarter were mixed. As Mike mentioned previously, the structural changes we put in place earlier this year enabled us to leverage expenses and deliver strong profitability and returns. While operating profit grew significantly faster than sales, top line sales were lower than expected. Net sales were up 1.1% for the first quarter. Comp sales for the period were down 1.4% for the 13-week period. The entire comp decline this quarter was due to traffic, as average ticket was positive.

There are a number of factors that we believe affected sales and traffic, the economy, deflation, competitive environment, and merchandise assortment. Rising gas prices and high unemployment levels continue to be the most pressing issues for our core customer. Gas prices are up 41% over this time last year. Our in-depth analysis reinforced the fact that there is a strong correlation between store comps and unemployment.

Stores in areas with the highest increase in unemployment are running approximately 200 basis points lower comps than those with the lowest. We also have noticed changes in the spending patterns of our customer base. For example, the use of assistance-based funds like food stamps, or EBT, for food purchases has increased significantly over last year's first quarter.

In our monthly survey of Walmart Moms, they acknowledged that they are spending less, especially on discretionary items and have reduced their number of trips to our stores to offset gas prices. They also have made other changes to their household budgets. In fact, the growth in average ticket this quarter was up more than 200 basis points over the fourth quarter, so customers are stocking up when they are in our stores.

As expected, deflation abated somewhat during the quarter primarily in food, but it is still a headwind. We expect this to turn around in the near future. In addition, we are seeing increased price competition, primarily in consumable categories. We launched a new rollback initiative with the objective of further increasing our price gaps.

This particular rollback campaign will remain in place for at least the next 90 days, as we vigorously defend our price leadership position in the market. We are driving price leadership even more by increasing basket separation. For instance, we announced last week that rollbacks on pantry essentials are 14% lower than the lowest advertised prices across the market.

Let me share an example of the significance of this rollback program on a group of key pantry items in consumables and groceries. We selected 12 iconic branded products that consumers recognize. With regular pricing, the items are $44. The lowest advertised price across the market during the last 52 weeks was $34. Now at Walmart, those same items are $29, saving the Walmart customer as much as $15.

As Mike mentioned earlier, we completed fine-tuning our merchandise assortment strategy to ensure we have the right products for our customers in every store. For example, we added back approximately 300 items in grocery. We continue to react to ongoing feedback from customers to ensure we have the products that they rely on from Walmart.

Now, let me get back to the remainder of the first quarter financial results. Operating income grew at a faster rate than sales, up 5.6% for the quarter on a 1.1% sales increase. Our gross margin percentage remained flat year over year for the quarter.

As I told you before, for the past three years, we have been adjusting our inventory levels and cleaned up our stores, which had a strong positive impact on the customer shopping experience and on operating performance. Inventory grew approximately the same rate as sales in the most recent quarter. We feel that this rate of growth is appropriate for our business, and we will continue to manage our inventory growth as necessary to take care of our customers and drive shareholder value.

I’m very pleased with the way we managed expenses during the quarter. In a period where sales increased 1.1%, we managed to decrease SG&A expense by 70 basis points. This was driven by a 5.9% increase in labor productivity in our stores. At the same time, we improved our customer experience scores. Group health expenses have moderated from last year and did not affect the quarter expense comparison. We also had an absolute dollar reduction in Walmart US overhead, driven by our organization structural changes.

In conjunction with our rollback program, we stepped up advertising and marketing efforts. Additionally, we increased our in-store communications to reinforce our price leadership message. As a result, expenses for advertising were up significantly over last year’s first quarter.

Other income for the Walmart segment was down. Last year, other income was positively impacted by a number of miscellaneous items, none of which was individually significant to the financial statements.

Now, let me cover some trends from our business units. As I said before, food deflation began to moderate during the quarter in areas like dairy, meat, and produce. Comp store sales results were solid compared to the market and we maintained a double-digit price gap versus competition across multiple categories. Snacks, beverages, produce, seafood and dairy all had comp increases, while dry grocery and consumables were soft.

Comps in health and wellness were solid. Our pharmacy business remains strong, and we continue to outperform the competition in this area. Maintenance and wellness categories, such as vitamins and adult nutrition, are generating consistently strong comps. Let me remind you that in the second quarter, we are up against last year's headwind of strong sales from H1N1 related products.

Our entertainment comp sales were negative, as we experienced mixed results by category. We continue to see strong performance in large panel TVs, with new LED technology, in laptops, and in wireless. We also benefited from a favorable DVD release schedule compared to last year. In toys, which also are included in the entertainment business unit, sales of bicycles and ride-on vehicles continue to do very well and exceeded plans. On the other hand, video games and gaming hardware were below expectations across all the gaming brands, due to fewer new releases and the lack of innovation in gaming systems.

In hardlines, we were disappointed with the performance of our seasonal categories and stationery. Do-it-yourself automotive continues to do well as consumers work to extend the useful life of their vehicles. Our stationery business, which includes books and magazines, was impacted by the anniversary of the Twilight series launch.

In home, results were mixed overall, with momentum in categories like outdoor living, bedding, home management, and food preparation. Weather drove mixed results on sales, most notably around Valentine's Day. Seasonal sales continue to occur closer toward the actual event.

Our apparel performance remained below expectations and continues to be a work in progress for our team. However, some of the bright spots are active wear, licensed apparel and team sports. Our men's business, which was relatively better than other categories, was driven by active, t-shirts and shorts. Our apparel inventory remains in good shape.

Walmart Financial Services continues to build on its momentum, with strong results in check cashing, primarily as a result of customers cashing tax refund checks. Sales of the $3 MoneyCard continue to increase. Walmart.com had another outstanding quarter, delivering comp growth of more than 50%, which outpaced the industry averages by a wide margin. Traffic, orders, average order size, and conversion were all up. Our rollback program applies to our online business as well.

Now, I will briefly update you on some of our business initiatives. The new field organization that we discussed in February was fully operational by the end of this quarter. We expect additional productivity gains from this organization, as well as the benefits that will come from the newly established approach to talent development.

We remain pleased with the progress of the Project Impact remodels. Merchandise categories including electronics, baby, home, fresh, and seasonal are showing sales improvements with the new layouts. We have previously said that remodeling efforts this year are significantly above historical levels and that we will remodel more than 550 Walmart stores this year. Remodels completed last year are running a positive 200 basis points relative comp sales improvement compared to the rest of the chain.

We expect the benefit from these remodels to grow in the coming months when the bulk of them will be completed. By the fourth quarter, when the remodel activity stops for the year, we expect this effect to provide noticeable benefits to our results, since half the remodeled stores will be in our comp base.

We also are pleased with the progress we are making on our global sourcing initiatives and the savings goals we have set for this year are tracking well. Our Global Merchandising Centers have already started to produce reductions in our cost of goods. All of the centers are now in place and are quickly building resources and addressing business needs.

As expected, we are leveraging our global footprint to reduce costs. We also expect to see improvements in product timelines as the year progresses.

We remain somewhat cautious about the second quarter. Gas prices and unemployment will continue to influence how our core customers shop with us. On the other hand, the recent changes we made to our assortment, food inflation, and our price leadership through rollbacks should result in a favorable reaction from customers.

Finally, I'm very proud of the announcement we made last week about our commitment to fight hunger in the United States. Our $2 billion of support through cash and in-kind donations for the "Fighting Hunger Together" program will help us reach our goal where no individual in this country should needlessly suffer from hunger.

I will close out the Walmart US discussion with our comp guidance. Our 13-week comp for the second quarter last year declined 1.5%. We expect a slight improvement from this level and are now forecasting a comp range of -2% to +1% for the 13-week period from May 1 through July 30, 2010.

Now, we will switch to Doug to hear about our International business.

**Doug McMillon**

We have some strong results to report for Walmart International's first quarter. As Mike pointed out, we continue our fast-paced growth, increasing both sales and square footage. Because we have revised our reporting structure for Puerto Rico, these numbers exclude Puerto Rico for both this year and last year. We met our goal to grow profit faster than sales, and we continued to leverage expenses.

I am also proud of the strategic work and accomplishments of our management teams and our associates and colleagues throughout the organization. Our three-pronged strategy remains on track:

1. Growth by winning locally. The leaders in our markets have the freedom to ensure relevance for our customers and to move with speed.

2. Leverage costs by enabling the productivity loop, we operate for less, buy for less, and sell for less, and leverage the knowledge and expertise of our talent, by sharing and implementing best practices across the entire organization.

3. Balancing returns with growth by managing our portfolio, including thoughtful capital allocation between our emerging and mature markets.

Our commitment to our "save money, live better" mission has never been stronger throughout our worldwide team. Beyond our price leadership, we also have many initiatives in our markets to help our customers become more sustainable in their own lives, and I'll cover a few of those examples today.

The commitment to the live better side of our mission is being executed in many ways, from how we build our stores and transport products, to how we deliver more environmentally friendly products for our customers. But even more important, our commitment to sustainability also helps reduce our own costs across many areas of the business.

Let's move on to our financial results for the first quarter. International net sales for the first quarter were $25 billion, an increase of 21.4% from last year. Sales were positively impacted by $2.5 billion from the relative strengthening of many currencies against the dollar. Sales on a constant currency basis were $22.5 billion, an 8.9% increase over last year's first quarter.

Our constant currency sales increase for the first quarter is due primarily to strong underlying performances in Mexico, Canada, Brazil and China. In addition, for reporting purposes, this first quarter includes three full months of our Chilean operations; last year's first quarter included only two months. As a result, constant currency sales excluding Chile grew 7.5% over last year.

International's operating income for the first quarter was $1.1 billion, up 27.8% from last year, and an increase of 13.9% on a constant currency basis. So, operating income grew faster than sales, despite the headwind from a $26 million charge, net of insurance, related to the recent earthquake in Chile. Operating income excluding Chile's total results grew 22.6% over last year on a constant currency basis when compared to the 13.9% growth, including Chile.

In the first quarter, we continued the trend of the recent four quarters and leveraged our constant currency expenses. Expense savings and leverage in Japan and China were partially offset by headwinds in other countries. On a constant currency basis, gross margin increased slightly in the first quarter, while other income slightly declined as a percentage of sales. As for inventory, we continue to make good progress, with most of our markets reducing days on hand over last year.

Now, let's get into the results for several of our markets. Before we do, let me remind you that we hold country management accountable for their results on a local currency basis, without the impact of potential swings in exchange rates. The following discussion of country results excludes the impact of currency fluctuations.

In the United Kingdom, I was proud to announce that Andy Clarke will be assuming the role of ASDA CEO. Andy will lead the efforts to become an even better food retailer, a broader non-food retailer and a leader in e-commerce. Andy has had a long career at ASDA working first as a store manager, followed by key roles in merchandising, as retail director, and most recently as chief operating officer. Andy not only has a depth of experience, but he has strong leadership skills that will help take our business in the UK to another level.

For the last five years, we've been very fortunate to have Andy Bond as ASDA CEO. Andy will now take his post as Chairman of ASDA's Executive Committee, helping ensure a smooth leadership transition at ASDA and also working on business opportunities for Walmart in the region.

In the first quarter, ASDA's sales grew in the low single digits, while comp sales without fuel declined 0.3%. According to Kantar Worldpanel, retail food sales slowed significantly in the first quarter, and ASDA's market share dropped slightly in the 12 weeks ending April 19.

Operating income grew faster than sales. ASDA's gross margin increased in the first quarter on a mix shift towards higher-margin George and general merchandise. Expenses as a percent of sales were approximately flat to last year. The "We Operate For Less" cost saving program continues to deliver efficiencies in stores, distribution centers and the home office.

I know many of you traveled to the UK last month to see our ASDA stores and hear about our strategy for growth, leverage and returns in the UK I'm pleased to report we are beginning to see good progress on many of the strategic initiatives presented.

On EDLP, ASDA has recently moved to a record price position, lower promotional content and launched the internet-based ASDA Price Guarantee. On George, the launch of the 100 day quality guarantee has helped drive out performance to the market and a record conversion of ASDA shoppers. On e-commerce, online growth was 38% in the quarter, and we recently announced a second dedicated Home Shopping centre and completed the nationwide rollout of the "order online, collect in store" service.

On new formats, we opened three small-format supermarkets and one new ASDA Living in the quarter. ASDA has recently made good progress towards their strategic goals. I am confident that our strong leadership team, led by Andy Clarke, will continue this progress and deliver positive sales momentum for the remainder of the year.

Moving on to Mexico. In February, Wal-Mart de Mexico purchased 100% of Walmart Central America, our majority-owned subsidiary with operations in five Central American countries. Through this transaction, we expect to better leverage the Walmex expertise and growth story into our operations in Central America. To be consistent with how Walmex presents comparable information, the discussion here on Mexico represents only the results from Walmex. As a reminder, Walmex reports its earnings under Mexican GAAP, and we report our worldwide results using US GAAP.

Although consumer spending in Mexico continues to be cautious, our discretionary formats had a solid first quarter. Additionally, Walmex's improved inventory management has led to higher gross margins in our self-service formats, due to a better inventory mix and fewer markdowns. All of this contributed to first quarter sales growth of approximately 11% and comparable store sales growth of 4.4%.

All of Walmex's formats are performing well. Customer count was up 17.2% in total and 5.3% at comparable stores. Walmex same store sales for self-service formats grew by 4.0%. ANTAD's same store sales for the industry, excluding Walmex, grew by 1.2%.

First quarter gross margin grew 89 basis points to last year, while operating expenses as a percentage of sales grew 37 basis points. Although not enough to stall the growth in operating income, expenses grew faster than sales at 14.3% as a result of last year's rapid expansion. With more stores, both depreciation and rent expenses have increased year over year. Operating income growth at Walmex significantly outpaced sales growth at 17.4%.

Walmex was the country's only retailer recognized as a socially responsible company by the Mexican Center for Philanthropy and the Alliance for Social Responsibility. Our commitments to reducing energy consumption in our own operations have also been extended to Central America.

Moving North to Canada. Walmart Canada's first quarter sales growth, excluding the impact of last year's closures of six Sam's Clubs, was 4.9%. This is twice that of the market and represents a record high in market share, according to Statistics Canada data. We attribute a good portion of our sales improvement to the supercentre expansion. We have opened 32 more supercentres in operation than at this quarter last year and we're on track to add between 35 and 40 supercentres this fiscal year.

Additionally, our margins are benefiting from last year's initiatives aimed at improving customer experience and productivity. Now more than ever, we are able to offer Canadian customers more choices in merchandise at the right price.

First quarter comparable store sales in Canada grew 1%, with customer traffic up 0.4% and average ticket up 0.6%. Overall sales growth was led by hardlines, health and wellness, and food and consumables, partially offset by softer sales in entertainment items. Canada's first quarter gross margin increased 101 basis points, even with the shift in sales to lower margin items. This was the result of improved private brand sales and improved supplier negotiations.

Although expenses grew faster than sales at a rate of 6.2% due to timing of new store projects, operating income grew 18.8% much faster than sales on better sales volumes, mix, and supplier terms.

Our Canada team continues to incorporate sustainability initiatives into our supercentre expansion program, with a roof-top solar system in Ontario and our sustainable distribution center in Balzac, Alberta, which opens this fall. These kinds of initiatives reduce costs, which benefit customers, shareholders and the environment.

Now, down to Brazil. Earlier I mentioned our strategy of thoughtful allocation of capital in markets like Brazil. Since March of last year, we’ve opened 95 new stores in Brazil, including four in the first quarter of fiscal 2011.

Brazil’s first quarter sales growth was 16.5% and comparable store sales grew 7.6%, both in real terms. Customer traffic at comparable stores declined 2% and average ticket increased 9.6% in real terms. The best performances came from our cash and carry format, supermarkets, as well as our soft discount format.

Gross margin as a percentage of sales declined slightly, and expenses as a percentage of sales were relatively flat to last year even after adding a significant number of new stores at the end of last year.

Now, moving on to Asia. In Japan, overall, sales and comparable store sales both declined by about 1.4% in the first quarter over last year. Comparable store sales in real terms were essentially flat to last year. Price investment and deflation had a negative effect on average ticket, but EDLP continues to increase customer traffic.

Food and apparel sales were down, while general merchandise was up. Expenses as a percentage of sales are down significantly from last year due to our continued execution of EDLC in support of the EDLP initiative.

We opened five more stores in China in this first quarter, for a total of 38 new stores in the last 12 months. This brings our total China store count to 284. Total China sales increased 19.6% over the first quarter of last year with comparable store sales growth of 10.6% driven by our price leadership.

Average ticket grew significantly, but traffic declined as our Chinese customers bought more each trip. Our combined China gross margin was down slightly from the first quarter of last year. However, operating income grew faster than sales, because of investments we made into energy efficiency and labor productivity programs. Our store associates are operating much more efficiently, and we have reduced our logistics expenses as a percentage of sales. China remains a key focus of organic growth and continues to deliver impressive growth and operating income.

We continue to be very excited and optimistic about the future in India. We have an important business relationship supporting the 60-plus stores owned by Bharti Retail. We also have opened two Best Price Modern Wholesale cash and carry stores in India in the last year. Our associates are also making a difference in the community, educating farmers about improved agricultural prices and giving them incentives for producing a good quality farm product.

Before we move on to Sam's, let me mention Chile. As you know, on February 27, more than one million Chilean households were damaged in an 8.8 magnitude earthquake. The rapid response from our associates was amazing; most of our stores were returned quickly to operational status. We announced a $1 million donation to relief efforts within 12 hours of the initial quake, and an additional $1.1 million in cash and in-kind donations have been provided from Walmart operations around the world to non-profits working on relief efforts.

I'm proud of the efforts of our team in Chile. Their devotion to their community and our Chilean customers is remarkable. I'm also proud of our Walmart teams around the world who have donated their time and money to the relief efforts there. Our people truly do make a difference.

Now, I'll turn it over to Brian for an update on Sam's Club.

**Brian Cornell**

Before I discuss our detailed financial results, I'd like to start with some highlights of a solid first quarter, as we continue to make progress toward our corporate priorities of growth, leverage and returns.

We posted positive comp sales for the 13-week period on top of a very strong 4.2% comp last year. We leveraged expenses for the second straight quarter. I'm very proud of what is being accomplished by our dedicated club managers and club associates, as well as our newly formed Innovation team, which is leading our efforts in improving club productivity and expense control.

Sales in many of our largest categories continue to be strong versus last year, including meat, produce, HBA and pharmacy. Our merchandising team continues to respond to our members' wishes by adding exciting new products in the club at a great value. eValues continues to drive strong Plus membership penetration. Our new demo program, "Taste and Tips," is now fully under way in our clubs, and both our members and we are pleased with these changes.

During the quarter, we also began rolling out our new platform for samsclub.com, which gives members enhanced functionality and speed. We also announced a new field organizational structure, which will place our senior operations executives, along with our regional support teams, in key locations throughout the country. This will bring them even closer to our members, associates and local communities.

Now, let’s turn to the detailed financial results. For the first quarter, net sales for Sam’s Club, excluding fuel, increased to $10.8 billion, which is a 1.3% increase over last year. Including fuel, first quarter sales were $11.7 billion, which is a 4.6% increase versus last year, primarily due to significantly higher fuel prices this year versus last year.

Fuel prices in the first quarter this year are approximately 41% higher than prices in Q1 last year. Club comp sales, excluding fuel, for the 13-week period increased 70 basis points. Including fuel, club comp sales increased 3.9%.

Overall comp ticket was up for the quarter. Advantage and Business comp traffic, excluding fuel, declined for the 13-week period. Both Business and Advantage average ticket, excluding fuel, increased for the 13-week period.

Operating income grew at a rate faster than sales this quarter, again as it did last quarter. Q1 operating income increased 9.2% versus last year to $429 million. Gross margin, excluding the impact of fuel, increased five basis points for the first quarter, primarily driven by the continued shift in merchandising mix. Including fuel, gross margin for the quarter declined by 26 basis points, primarily due to higher fuel prices this year.

Inventory management continues to be very positive. We reduced inventory by 6.1% versus last year. While I’m proud of our continuing strong performance, we continue to be mindful of maintaining the right balance between solid inventory management and ensuring we have the right products members want when they shop.

In addition to the sales strength in many of our fresh and health and wellness categories, we continue to see healthy margin mix and profit performance in other categories, such as apparel, home, seasonal and automotive. During my weekly club visits, I am seeing more and more of our members shopping our seasonal categories, including grills, patio and outdoor plants.

We are seeing abatement in broad-based deflation, and, in fact have experienced some inflation in a few categories, like dairy and meat. Additionally, tobacco continues to positively affect sales versus last year, primarily due to industry-wide price increases, although we have now cycled many of the larger price increases from last year.

On a positive note, we see strength in comp unit sales for items with price points greater than $150, such as jewelry and mattresses, where we offer great brands at exceptional values.

While we continue to see good market demand for home electronics, our performance was not as strong as we would have liked in the first quarter. We were not positioned optimally from an inventory standpoint due to some industry-wide shortages on flat panels, as well as due to inventory transition to newer technology like LED TVs. We are now in a better position, having the latest technology from LG, Samsung and Vizio and we're experiencing improved performance at the start of the second quarter.

While the economic environment is improving somewhat, our business members continue to be pressured by high unemployment and reduced credit availability and this is showing in some of our office products categories.

We now have 14 Project Portfolio clubs complete and another 49 under construction. As you will recall, Project Portfolio is a test we have under way to increase the assortment of highly productive merchandise categories like fresh and health and wellness in our clubs. We are pleased with some of the early results and will continue to update you on our progress.

As mentioned earlier, I'm very pleased with our progress on expense leverage and club efficiency. For the quarter, sales per labor hour increased 1.4% and our club wages were down versus last year. We also are having excellent expense control in utilities, supplies and maintenance. We also continue to improve our in-club efficiencies at the same time we are improving our in-club experience. Units per labor hour have increased approximately 4% for the first quarter versus last year.

Beginning in April, in response to the continuing challenging credit environment, we began paying an interchange fee in conjunction with our rewards credit program. Despite this, we were still able to leverage expenses during the quarter. This will continue to be a headwind for us the rest of the fiscal year.

Membership income, the largest portion of Membership and Other Income, increased 2.5%, driven primarily by Plus membership upgrades. Renewal rates across membership categories are holding steady. Membership and

Other Income for the first quarter decreased 3% versus the prior year, due to a decline in other income.

Add-on Business memberships still face headwinds given the challenges that many small business owners are encountering. We will continue to look for innovative ways to drive traffic, renewals and upgrades of existing members.

As we are now in the second quarter, we are focused on a number of efforts to drive value for our members and shareholders. We are very focused on maintaining our value perception with members in this very dynamic pricing environment. We continue to increase our reliance on valuable member insights as we make merchandising choices for our members.

We will continue to focus on expense leverage, while balancing that with maintaining a positive shopping environment for our members. Finally, but most importantly, we are focused on driving comp club sales and increasing our sales productivity. While we maintain positive comps, we have much more we can and will do.

Despite the challenging environment, we expect comp club sales without fuel, for the current 13-week period from May 1, 2010 through July 30, 2010, to be flat, plus or minus 1%, versus positive 60 basis point comps last year for the comparable period.

I will turn the program over to Tom for the report card and guidance discussion.

**Tom Schoewe**

Before I get into our financial report card and report on growth, leverage, and returns, let me update you on our SAP implementation.

Recall that for a number of quarters, we have been talking about finance transformation and the implementation of SAP. You know from our discussion last year that the implementation of SAP in the UK went smoothly. On May 1, we began implementing SAP throughout North America, that's excluding Mexico and Central America and so far we have not encountered any major roadblocks. I'm proud of the team.

In fact, by the end of this month, more than 8,000 associates in North America will be using our new system. Our success should be attributed to the time our associate teams have invested to make sure that we do it efficiently, as well as leveraging what we learned from ASDA in the UK.

As part of our global finance transformation, we have expanded the responsibilities within our existing US-based Walmart financial shared services organization to include Canada and Puerto Rico. Local transactional processes within core finance areas will transition in phases throughout the year.

Additionally, we recently implemented a centralized contact center for all three countries providing suppliers and associates with an expanded scope of services for financial inquiries. These transformational changes allow us to:

Leverage knowledge and resources,

Increase efficiency, and

Provide cost effective financial processes.

Now let's move on to our financial report card to see how well we have done with growth, leverage and returns. First, let's discuss growth. We grew both sales and square footage for the quarter. We remain on track to grow sales by 4% to 6% and square footage by approximately 4% this year. Net square footage increased to 956 million at the end of the first quarter, which is up 3.6 million square feet from the end of fiscal 2010.

Because of the large base, the increase is only 0.4%, but an additional 3.6 million square feet is still reasonably significant. Recall that we are implementing many remodel initiatives here in the United States. These remodels account for a significant portion of our capital commitment this year. The company remains on track to spend between $13 and $15 billion in CapEx this year. That's consistent with what we announced last October.

Next, leverage. Our renewed focus on the productivity loop mentioned at our investor conference last October has now produced two consecutive quarters of impressive results. Our expense management is a company-wide goal, which reflects the contributions of all the segments. That's why I am extremely proud of each one of our segments and the corporate office and the fact that they delivered leverage. It's a remarkable start to the year, which we are planning to continue.

Leveraging expenses is just one part of the productivity loop. We reduce expenses, lower prices and give more to our customers and ultimately our shareholders. Our leverage story is amazing and by combining that with other global initiatives like sourcing, we are becoming an even stronger company.

The last part of our financial report card relates to returns.

First, our free cash flow at the end of this quarter was a -$1.6 billion. Over the last couple of years, our strategic priorities in logistics and the stores have removed a significant amount of inventory. As I mentioned during the fourth quarter call, inventory management was integral to our free cash flow performance last year and a relatively low inventory balance at the end of fiscal 2010. In fact, it's the lowest it's been since fiscal 2006. The year-end balance was particularly low here in the United States. We saw that return to more normal levels here in the first quarter.

Our goal is to provide a consistently high pre-tax return on investment, or ROI. ROI for the 12 months ended April 30 was 19.1% and up from the 18.7% we reported last year. As I mentioned earlier, we increased square footage and continue to invest in the business. Average invested capital, the denominator used to calculate ROI increased 5%. However, with our expense management and our focus on the productivity loop, our trailing 12-month adjusted operating income, or the numerator for ROI has grown by 7.4%. Overall, we are very pleased with this performance.

Now let's move on to guidance. Based on our view of the business, and the current US sales environment, which Eduardo discussed in detail, we expect second quarter diluted earnings per share to be between $0.93 and $0.98. This guidance assumes that currency exchange rates remain at today's levels.

In closing, I'd like to summarize with a few key points:

The company increased sales by 6% and added over three million square feet in the quarter.

The corporation leveraged expenses for a second consecutive quarter, an accomplishment we are proud of here at Walmart.

All of this resulted in an exceptional pre-tax return, or ROI, of over 19 % at the end of the first quarter.