Welcome to the Wal-Mart earnings call for the fourth quarter of fiscal year 2010. The date of this call is February 18, 2010. This call is the property of Wal-Mart Stores, Inc. and intended solely for the use of Wal-Mart shareholders. It should not be reproduced in any way. You may navigate through this call as follows: Press one to rewind 10 seconds, press two to pause and press eight to resume playing. Press three to fast forward 10 seconds.

This call will contain statements that Wal-Mart 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, are expecting, expect, forecasting, guidance, may affect, plan, will abate, will assist, will be, will be available, will broaden, will continue, will drive, will enable, will have, will see, will yield, 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. These statements discuss, among other things, the anticipated comparable store sales for our Wal-Mart US segment and for our Sam's Club segment for the current 13-week period, our anticipated diluted earnings per share from continuing operations for the current fiscal quarter and fiscal year 2011 as a whole, that such guidance is based on the assumption that currency exchange rates will remain constant at current levels, our anticipated tax rate for fiscal year 2011, the possibility of quarterly fluctuations in that tax rate, the factors that will affect that tax rate, the amount of the company's expected capital expenditures for fiscal year 2011, continued strong growth from Wal-Mart's international segment, especially in Brazil and China, the streamlined structure at Wal-Mart US enabling Wal-Mart to grow in new markets, leverage scale and offer new opportunities to associates, Wal-Mart's new global sourcing team, enabling Wal-Mart to leverage the scale of its global merchandising organization, reducing costs and driving quality throughout its supply chain, the integration of Wal-Mart's dot com organization with its store broadening the reach of the Wal-Mart brand, some of the organizational changes at Wal-Mart yielding immediate results, sales in the first quarter of fiscal year 2011 being difficult, sales improving as fiscal year 2011 progresses, Wal-Mart continuing to make a difference in communities around the world, Wal-Mart continuing to take a leadership role on sustainability, growth, leverage, and returns, continuing to be focal points for Wal-Mart, Wal-Mart not anticipating any significant year over year cost increase for its financial systems, the continued target for Wal-Mart's debt to capitalization ratio, our Wal-Mart US segments stores having certain television models available by April, 2011, global sourcing being the anchor for cost of goods sold, and margin and giving our Wal-Mart US segment a competitive advantage to reduce prices, our Wal-Mart US segments expectation for the completion of certain store remodels, healthcare not being expected to be a large expense headwind for our Wal-Mart US segment in fiscal year 2011, food deflation pressures abating beginning in the first half or the second quarter of fiscal year 2011, the Wal-Mart US segment continuing to leverage the strength of its brand and price leadership position, the global merchandise centers driving efficiencies in certain categories, the core of our Wal-Mart US segments strategy being to increase direct sourcing for Wal-Mart's private brands, our Wal-Mart US segments plan to allow customers to experience the Wal-Mart brand wherever and whenever they want, EDLP being expanded across all merchandise categories, at the SEIU Limited, our Sam's Club segment having a continuous focus on expense leverage, our Sam's Club segment continuing to look for innovative ways to drive traffic, membership renewals and upgrades, our Sam's Club segment continuing to increase the pace of its remodels, the expectation that deflation will be seen in many categories and markets where Wal-Mart operates and that comparisons will get easier as fiscal year 2011 progress, Wal-Mart continuing to make it a priority to leverage SG&A throughout Wal-Mart and the anticipation and expectations of Wal-Mart 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 Wal-Mart 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. As a result 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 stores 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 adjusted earnings per share, adjusted EPS, and amounts stated on a constant currency basis as discussed in this call may be considered non-GAAP financial measures. Reconciliation 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 February 18, 2010.

Carol Schumacher

This is Carol Schumacher, Vice President of Investor Relations. Thanks for joining us today for the Wal-Mart Stores, Inc. fourth quarter earnings call for fiscal 2010. A replay of this call and related materials about the quarter are available on our website. We will also post the full transcript of this call at approximately 7:00 am Central Time today.

Store counts, square footage updates, information on our financial metrics, and all of our earnings release dates for fiscal 2011, which is now underway, are available also on our website at www.Walmartstores.com/Investors.

A quick reminder for this call, after the adoption of a new accounting standard for fiscal year 2010, Wal-Mart made minor modifications to the financial statement presentation for minority interest, now referred to as non-controlling interest. These changes are reflected in our quarterly financial statements. Because of these changes, during the call all references to income from continuing operations or earnings per share from continuing operations refer to income from continuing operations attributable to Wal-Mart or diluted income per share from continuing operations attributable to Wal-Mart respectively. Also, diluted net income per share from continuing operations refers to diluted net income per share from continuing operations attributable to Wal-Mart.

Our executive team is ready for our report on both the fourth quarter and the year end results. Our President and CEO of Wal-Mart Stores, Inc., Mike Duke will kick it off. Charles Holley, Executive Vice President of Finance and Treasurer will cover the consolidated financial results. Then we will get into the details of each operating segment. Eduardo Castro-Wright, Vice Chairman responsible for Wal-Mart US, Global Sourcing and Global.com will cover Wal-Mart US and provide comments on our other new initiatives. Doug McMillon, President and CEO of Wal-Mart International will follow Eduardo and cover results for the segment and our largest international countries 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 finish up the call with our financial report card as well as our earnings guidance.

Our press release this morning has a fair amount of noise in the fourth quarter and the year. There are many details covered in our notes which we advise you to review carefully. Charles is going to talk a lot about this in detail but before I turn things over to Mike let me share an overview of the key adjustments disclosed in the press release.

First we had $372 million or $0.10 per share in net tax benefits primarily from the repatriation of certain non-US earnings that increased US foreign tax credits. Second was a $260 million pre-tax or $162 million net of tax charge equal to $0.04 per share from several business restructurings which we have announced recently. On a pre-tax basis, Sam's Club recorded a charge of $174 million for restructuring its operations, including the closure of 10 clubs. Wal-Mart US recorded a pre-tax charge of $73 million for restructuring its operations and unallocated corporate overhead included a pre-tax charge of $13 million for restructuring charges. Finally, please remember that in last year's fourth quarter we had the settlement for the wage and hour class action litigation. This was $382 million pre-tax or $255 million net of tax, approximately $0.07 per share.

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

Mike Duke

I am really proud of the performance of our teams around the world and the results Wal-Mart has delivered for the fourth quarter and the full fiscal year. The strength of our earnings is exceptional. So let's get right into the numbers.

For the fourth quarter Wal-Mart today is reporting earnings per share of $1.23 and adjusted EPS of $1.17, five cents above the top of our own guidance and five cents above First Call consensus. For the full year, we reported EPS of $3.72 which was above the top of our guidance of $3.57 to $3.61. Adjusted EPS for fiscal year 2010 was $3.66. Charles will cover much more detail on the adjustments for restructurings and the tax benefit.

Net sales for fiscal 2010 were more than $405 billion, with International net sales exceeding $100 billion for the first time in Wal-Mart history. While I'm disappointed that Wal-Mart US comparable store sales were below expectations for the fourth quarter, I am really proud of their underlying operating performance and the fact that Wal-Mart delivered record profits for the quarter. Consolidated operating income for the fourth quarter was up almost 14% to $7.3 billion, reinforcing the strength of our business.

Last fall we committed that SG&A would grow less than sales. How did we do? We successfully shifted the productivity loop into higher gear. The diligent way we managed our businesses and tight control of our costs resulted in the company leveraging expenses for the fourth quarter. We plan to grow expenses slower than the rate of sales growth in this new fiscal year.

Our free cash flow performance continues to be very strong. We closed the year with $14.1 billion in free cash flow, another record, and an increase over last year of almost 21%. Finally, we posted a pre-tax return on investment of 19.3% for the year; equal to last year's ROI performance and I'll let Tom cover the discussion on ROI.

These results reflect the ongoing underlying strength of our business and of our strategies to improve shareholder value by delivering growth, leveraging expenses and improving returns. We remain a growth company, we added more than 34 million net square feet of retail space this year, which is equivalent to some retailer's total selling space. More than half of that growth came from International, which added 21 million square feet this year.

What's even more impressive is that this is organic growth, since we had no acquisitions this fiscal year. We now have more than 8,400 units worldwide with 53 formats. The investments we have made in systems are benefiting the bottom line. We're managing our working capital more efficiently. Throughout the organization we choose to spend where we know there is real value.

Now let me recognize some fourth quarter accomplishments of our three operating segments. I want to emphasize again the strong underlying performance of Wal-Mart US. Operating income grew at a faster rate than sales, inventory was down yet again almost 8% over this time last year and continued investments in remodeling and productivity initiatives and our sourcing position us for better top line sales growth. Eduardo will cover this in more detail.

Now let's move to International, but first let me ask all of you a question. How many of you know a $100 billion business that grew top line sales by 12% and grew profit by 19% in this very difficult economic environment during this fourth quarter? I know you're thinking about it but let me go ahead and name one for you, the name, Wal-Mart International.

In addition to their strong sales performance, International continues to make progress on reducing inventory and improving returns. International rounded out the year by leveraging constant currency operating expenses for a fourth consecutive quarter and before the effects of the Chilean acquisition. We expect continued strong growth from International again this fiscal year, especially in Brazil and China. We're also really pleased with our start up in India and we see substantial opportunity there long term.

Sam's continues to improve its club efficiency and the in club experience and I love what they're doing with merchandise. Sam's finished the year with solid comp sales. Sam's also reduced inventory through its productivity and efficiency initiatives and for the fourth quarter Sam's leveraged expenses after restructuring adjustments.

Now let's look back at the total company again. In the last month we made a number of significant changes to ensure that our strategy is driving Wal-Mart structure for the future. The streamlined structure at Wal-Mart US will enable us to grow in new markets, leverage scale for greater efficiency, and offer new opportunities for some of our most talented associates.

At Sam's Club, we closed 10 underperforming US clubs and we announced new initiatives to strengthen member loyalty and to drive growth. Our new global sourcing team will enable us to leverage the scale of our global merchandising organization, reduce costs and drive quality through our supply chain. Eduardo will reference some of these early successes from the global sourcing organization.

There's also great potential for Wal-Mart in ecommerce. The integration of our dot com organization with our stores around the world will broaden the reach of our brand to serve customers through multiple channels. Some of these changes will yield immediate results and others, like the repositioning of our global sourcing, and global ecommerce strategy, are more long term focused. We view these steps as building blocks for a stronger, more global Wal-Mart.

The first quarter of fiscal year 2011 is well underway for all of our segments. The economy remains challenging for many of our customers around the world. Unemployment is forecasted to be higher this year than the last three years in many of our countries. We expect first quarter sales in the US will be difficult as we cycle through strong year over year comparisons and deflation. We remain very focused on growing top line sales and we believe we will see more improvement as the year progresses.

Since I have closed out my first year leading Wal-Mart, I have to say I am so proud of the quality of our team, from the senior leadership to the store and club managers and associates at every level of our global business. The belief in our mission of saving people money so that they can live better is real and its deep and its energizing our culture more than ever. We will continue to make a difference in communities around the world. We were proud to contribute to the relief efforts in Haiti as we have done for so many other natural disasters. We will also continue to take a leadership role in sustainability. I'm pleased with the progress we're making with suppliers and stakeholders.

As I visit with customers, it's striking how much people trust us to provide more value and quality than any other retailer. Change has always been a part of our company and our culture. We're moving forward everyday to ensure Wal-Mart is a strong, relevant company for the future. What has not and will not change is that every part of our business is focused on being even more responsive to our customers.

Now, Charles will get into the details on our consolidated financial results.

Charles Holley

As Mike just said, we were pleased with our strong earning performance and strong cash flow. There's a fair amount of noise in the fourth quarter results both this year and last year but the bottom line is we had a great performance. Recall that in the fourth quarter last year we had a $382 million settlement of wage and hour class action litigation or $255 million net of tax. Without this settlement our earnings per share for the fourth quarter last year would have been approximately $0.07 per share higher or $1.03 per share.

This year we have two items impacting EPS for the fourth quarter. First we incurred a $260 million or $162 million net of tax charge or $0.04 per share for several business restructurings that have been announced and will be referenced during today's call. As you know, these business restructurings were put in place to strengthen our operations, streamline our structures, and allow our businesses to be more responsive to our customers and members. With respect to these restructuring charges, Sam's Club recorded a pre-tax charge of $174 million, Wal-Mart US a pre-tax charge of $73 million, and unallocated corporate overhead included a pre-tax charge of $13 million.

Second, we recorded $372 million of net tax benefits primarily from the repatriation of certain non-US earnings that increased US foreign tax credits. This amounted to a benefit of $0.10 per share for our EPS for the fourth quarter. Given these two impacts, a $0.04 charge and a $0.10 benefit, adjusted earnings from continuing operations attributable to Wal-Mart for the fourth quarter of fiscal 2010 were $4.5 billion or $1.17 per share.

For the full year, adjusted earnings from continuing operations attributable to Wal-Mart were $14.2 billion or $3.66 per share. This compares to last year's adjusted earnings from continuing operations of $13.5 billion or $3.42 per share for last year, or an increase of 7% per share. Despite the noise and the reported EPS, we still exceeded guidance of $1.08 to $1.12 per share for the quarter and $3.57 per share to $3.61 per share for the year by $0.05 per share on our adjusted EPS.

Now let's dive a little deeper into the fourth quarter details. Consolidated net sales for the fourth quarter increased 4.6% or almost $5 billion to $112.8 billion. Net sales for the fourth quarter included a currency exchange rate benefit of $1.9 billion. The 13-week US comp store sales without fuel were -1.6%, you'll hear more details on the Wal-Mart US and Sam's comps sales from Eduardo and Brian.

Fourth quarter consolidated operating income was $7.3 billion up 13.8% or $881 million from last year. On a constant currency basis, consolidated operating income would be $122 million less. Consolidated income from continuing operations attributable to Wal-Mart increased to $4.7 billion up $3.8 billion or 23.7% from the fourth quarter last year. Our solid results were driven by our focus on expenses and inventory management.

The US operations continue outstanding success in inventory management which contributed to consolidated inventories being down 3.9% or $1.4 billion for the same time last year. These results coupled with our transformation investments, which I will discuss in a moment, were two of the contributing factors for the consolidated gross margin increase of 35 basis points versus the fourth quarter of last year.

Our excellent inventory management also helped our payables to inventory ratio. Payables as a percentage of inventories for the company were 91.8% at the end of the fourth quarter which is up 820 basis points from last year. This ratio increased from the prior period due to exchange rate fluctuations and better inventory management across all of our operating segments. We continue to do a great job of managing working capital. We are still in the early phases of focusing on growth, leverage and returns but we have already made significant progress. These priorities will be continued focal points going forward.

In the fourth quarter, expenses grew at 3.2% on a sales growth of 4.6%. Simply put the company leverage expenses for the fourth quarter. Excluding the pre-tax legal settlement charge of $382 million last year, and the $13 million restructuring charge for this year, unallocated corporate overhead was up 8.8% for the quarter. The story here continues to be the same as in the recent quarters.

We are continuing to invest in technology and systems which includes the transformation projects. These expenses are running higher than last year but the investments are yielding significant returns. Core corporate costs were up only 1% versus last year. A good example of how these transformation investments are paying off is the progress made in merchandise systems that have helped us better manage mark downs and improve space optimization, labor scheduling, and other processes.

Lastly, we continue the implementation of SAP throughout the organization. The United Kingdom implementation at ASDA went exceptionally well and we are preparing for North America's "go live" in the first half of fiscal 2011. Your key take away here should be that we do not anticipate any significant year over year cost increases for these financial systems.

On a consolidated basis, membership and other income was down 4.8% or $42 million this quarter compared to last year. For the full year, membership and other income was down 3.6% or $119 million. Wal-Mart US was the main driver of the decrease. Net interest expense was down 4.7% or $23 million over last year's fourth quarter. This was driven by lower average commercial paper balances due to our great management of inventory, along with favorable borrowing rates. Some of these savings were partially offset by lower interest rates on our cash balances.

The effective tax rate for the fourth quarter was 28.4% and our annual tax rate was 32.4% this was due to the net tax benefits primarily from the repatriation of certain non-US earnings that increased the US foreign tax credits. The net tax benefit recorded in the fourth quarter will not affect the tax rate going forward so for fiscal 2011 we expect it to be in the range of 34% to 35% although we may see some quarterly fluctuations. Factors which may affect our rate include changes of our assessment of certain tax contingencies and the mix of international to domestic income.

Now let me move on to a summary of our full year results for fiscal 2010. Net sales increased 1% or about $4 billion to approximately $405 billion. On a constant currency basis sales would have been $9.8 billion higher or 3.4% over last year. US comp sales without fuel for the 52-week period ending on January 29, 2010, were flat. Consolidated operating income was $24 billion which is up a little more than 5% from last year. On a constant currency basis our consolidated operating income would have grown 7.4% to $24.5 billion. Consolidated operating income grew faster than sales for the year because we were able to grow gross profit by 3.5%. Consolidated expenses grew at 2.7% on the sales increase of 1%.

Income from continuing operations attributable to Wal-Mart increased to $14.4 billion up from $13.3 billion or 8.8% from the previous year. Our balance sheet continues to be strong and we continue to have ample access to credit markets. Debt to total capitalization ratio was 36.9% down from 39.3% last year. We will continue to target a debt to capitalization ratio of approximately 40%. Our strong balance sheet also allows us to spend capital and return income to our shareholders through dividends and share repurchase.

CapEx spend in the fourth quarter was $3.3 billion which brought our annual CapEx spend to $12.2 billion. This was lower then our most recent guidance of $12.5 to $13.1 billion because of the timing of CapEx outlays in some of our international countries. We expect fiscal year 2011 CapEx to be the in the range of $13 to $15 billion which we shared at the October meeting for the investment community.

The company repurchased approximately $2.2 billion of our shares during the quarter and $7.4 billion for the year. This represents 40.3 million and 145.5 million shares respectively. We have approximately $9.2 billion remaining on our $15 billion share repurchase program. We remain committed to share repurchase this year. In addition, we paid $1 billion this quarter and $4.2 billion for the year in dividends. For the full fiscal year, Wal-Mart returned $11.5 billion to our shareholders in the form of dividends and share repurchases 58% more than last year. This would not have been possible without our strong operating results and balance sheet.

Last year I was proud to announce free cash flow of $11.6 billion. This year I'm even more excited to report free cash flows of $14.1 billion. Our exceptional earnings and working capital management, especially inventory, were the primary drivers of this great result. They were also the drivers of our return on investment which was flat to last year's return on investment of 19.3%. Tom will further discuss our returns later in the call.

Now let's move on to a discussion of our operating segments. We'll start with Wal-Mart US.

Eduardo Castro-Wright

Throughout the last year we have repositioned our business to leverage expenses at a much lower growth rate than in the past. I'm pleased to say that Wal-Mart US profits are growing at a much faster rate than sales. Our results are being driven by improved productivity across entire enterprise. Inventory levels, merchandise flow processes and lower cost of goods reflecting improvements in our new sourcing initiatives equally contributed to our results and were the primary drivers to the company's strong free cash flow performance.

Comparable sales for the quarter were below our guidance, although the trend improved consistently throughout the period. Net sales were down 0.5% for the fourth quarter but up 1.1% for the full year to more than $258 billion. On a 4-5-4 basis Wal-Mart US comp sales were down 2% and 0.2% for both the 13-week period and the 52-week period respectively. Most of this decline in comp for the fourth quarter was due to a drop in average ticket which was driven by price deflation. We did experience, however, a slight decrease in traffic during the quarter and as I will discuss later, we're accelerating the implementation of several project impact initiatives to drive traffic to our stores.

For the full year, customer traffic was up 1.3% while average ticket declined due to price deflation. It is important to note that on a two year stacked basis the business continued to outperform the market. Our comparable store sales for the past two years were 2.5% for the 52 week period and 0.4% for the 13-weeks ending January 29, 2010.

As we shared with you earlier this fiscal year, deflation continued to have an especially onerous impact on our comps for the year, dropping by more than 300 basis points from the inflation experienced last year. We cycled peak inflation in November and the trends are now improving. As a matter of fact, in last year's fourth quarter grocery inflation ran approximately 600 basis points. This year we saw price decline by approximately 90 basis points thus creating a negative year over year swing of approximately 690 basis points.

In consumer electronics we have had two consecutive years of near double digit deflation. TV sales in units increased in the in high double digits; however, average selling prices were significantly lower than the prior year resulting in a negative impact to both sales and comps for the fourth quarter. The good news is that we did gain market share. We have expanded our high end electronics assortment on both TVs and SLR cameras and these technologies are now available through Walmart.com. In approximately 400 stores we have added high end TVs and new LED technology and this will roll out to all stores by April. On a positive note, we have already seen the slowing of deflation in all major electronics categories.

Gross margin was up 53 basis points over last year's fourth quarter and up 73 basis points for the full year. We're seeing benefits from investments we've made in systems for merchandising planning, price optimization, mark down planning, and labor productivity. Because of our better sell through, mark downs are down 6.3% from last year's fourth quarter. Favorable inventory shrink results and lower transportation costs also favorably impacted fourth quarter gross profit. We are touching inventory fewer times and turning inventory much faster.

Clearly, we are managing working capital more efficiently. Beyond these advantages, we are seeing early benefits from our global sourcing initiatives. We believe that we are well positioned to see the cost of goods sold come down, particularly where we have already completed the transition to the Global Merchandise Centers and the recently announced Li & Fung partnership. Global sourcing will be the anchor for cost of goods sold reduction and margin enhancement, while giving us a competitive advantage to further reduce prices.

For example, in home, supplier rationalization and consolidation in bedding programs led to margin gains on items where we were already very competitive on price. Consolidating production with strategically aligned suppliers led to significant cost savings and margin improvement in several home programs. We achieved a combined cost of goods sold savings of 7.2% in bedding during the fourth quarter.

Efficient inventory management continues to be part of our success story and is one of the contributors to our free cash flow performance. We reduced total inventory by $1.8 billion in our stores and distribution centers over the last 12 months. Wal-Mart US reduced total inventory by 7.6% on a full year sales increase of 1.1%.

The Project Impact strategic framework has delivered improved planning; reduced inventory, higher customer satisfaction scores and better merchandise sell through. Our customers are very happy with the improved visibility throughout our stores, because we improved for them the shopping environment. We are pleased with the sales increase in clean Action Alley stores versus comparable control stores and that is why we have decided to accelerate its implementation. The rollout will be completed this first quarter.

In addition, through our remodeling program, we expect to have more than 50% of the store base remodeled by the end of the third quarter, reflecting the new look and feel laid out in Project Impact.

We achieved the highest customer satisfaction scores ever this quarter, which confirms to us that customers really like what they are seeing in our stores. Customers are rating us substantially higher on all of our key metrics; faster, friendlier, cleaner stores, coupled with improved merchandise assortment and increased price value perception. We appreciate the hard work of our store associates across the country in helping drive this performance.

Expense control continues to be a major focus throughout the Wal-Mart organization. We had shared with you previously that healthcare was a large expense headwind in fiscal 2010. Through changes implemented already, healthcare costs started to abate at the end of the fourth quarter, and we do not expect healthcare to be a headwind in this new fiscal year.

For the first time this year, in the fourth quarter, we achieved a 0.6% reduction in expenses, which is 10 basis points better than the 0.5% decline in sales. Our fourth quarter expenses as a percentage of sales were two basis points lower than last year. However, without the $73 million restructuring charge that Charles talked about earlier, expenses as a percentage of sales, were 12 basis points lower than last year.

Labor productivity continues to increase and fourth quarter payroll expense was down 10 basis points compared to last year. In addition, indirect expenses such as utilities and store supplies were also down significantly. We also increased our advertising presence significantly this year through higher co-op advertising spending. Remember that the support we receive from suppliers related to co-op advertising is included in gross margin, while the expenses are classified in our SG&A line.

For the full year, SG&A expense grew by 2.9%, driven mostly by health insurance costs. Labor productivity increased for the full year, and payroll expense for the stores was essentially flat as a percentage of sales with last year, in spite of significant increases in hourly wages.

Utility costs and store supply expenses declined from the prior year. Excluding expenses related to co-op advertising that are substantially offset in gross margin, SG&A for the fourth quarter declined by 0.7%. Excluding expenses related to co-op advertising for the full year, SG&A increased by 2.6%. Including the restructuring charge, operating income for the fourth quarter was up 5.4% on a sales decrease of 0.5%. Without the restructuring impact, operating income for the quarter rose 6.8% on a sales decrease of 0.5%.

For the full year, Wal-Mart US delivered its highest profit ever. We had operating income of more than $19.5 billion, which was up 5.2% from the previous year. Again, excluding this year's restructuring charge; operating income would have been up 5.6% on a sales increase of 1.1%. Other income for the Wal-Mart segment was down from last year for both the fourth quarter and the year. Last year, other income was favorably impacted by a number of miscellaneous items, none of which was individually significant to the financial statements.

Let's move now to highlights of our various merchandising units for the fourth quarter. As I pointed out earlier, grocery results continue to be heavily impacted by deflation. On a comparable basis to grocery retailers who report comps including food, consumables and pharmacy businesses together, our sales were essentially flat year over year for the fourth quarter. We believe that food deflation pressures will abate by the beginning of the second quarter of this new fiscal year.

By itself, comps in health and wellness were very 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. Unit growth in optical has been very positive, driven by new lower price points and our 1-800-Contacts initiative.

Our Great Value program is fully rolled out across the food and consumables area, and we are seeing solid mid-single digit sales increases, which compare very favorably to the overall grocery flat comp.

Our customers give us a lot of credit for having expanded the product offering. What the customer now sees is a single point of view across many aisles. Without a doubt, our customers now consider Great Value a brand, rather than a collection of items.

Hardlines and seasonal sales were soft during the period, as we believe customers reduced discretionary spending on decorative items during the holiday season. Solid merchandise sell through reduced the need for markdowns during the quarter. Cold and snowy weather in late December and January drove strong comp sales in automotive and seasonal hardware.

In home, we saw continued strength in any product related to eating and entertaining at home, while sales of more discretionary items were softer than last year's fourth quarter. We are disappointed with our apparel performance for the quarter and for the year, and a full review of our apparel merchandising strategy has been under way now for a few months. We have refocused our efforts on the basics business, which continues to perform well, and we are pleased that our apparel inventory is clean throughout the chain.

I spoke earlier about the deflation impact on electronics, which is the dominant category within entertainment. In toys, which also are in entertainment, sales of key items such as bicycles, ride-ons, and licensed products were strong for the holidays. Prudent buying decisions also led to reduced end of season markdowns.

Wal-Mart Financial Services experienced strong fourth quarter net income growth, driven by check cashing and other money services. For the full year, financial services experienced strong double digit income growth from check cashing, the $3 MoneyCard, and the continued expansion of the Wal-Mart MoneyCenter.

Walmart.com had an outstanding fourth quarter, delivering sales growth over 30% compared to last year. Site traffic and order growth both exceeded the market. It is no small accomplishment that fiscal 2010 traffic to the site exceeded one billion visits. Without a doubt, these results reflect the strength of the Wal-Mart brand across multiple channels.

Now, let me move on to talk about some of our important business initiatives. We are escalating the next phase of Project Impact to leverage our size and scale to drive greater efficiencies and lower the cost of goods to help accelerate growth. A series of changes within the Wal-Mart US structure has moved us further along in our execution of this plan, while our recently announced global sourcing initiatives will further complement our efforts in this area.

We have aligned the critical new store decision process by integrating Wal-Mart's Realty Division with Store Operations and Logistics under the leadership of Bill Simon, our Chief Operating Officer. Additionally, we have redefined responsibilities for our new merchandising execution group.

This fiscal year, in spite of a challenging environment that led to softer sales, the Wal-Mart US business significantly increased ROI. Gross margin improvements, solid expense management, continued strong inventory management and capital efficiency drove this increase and led to a very strong free cash flow performance.

The first quarter of fiscal 2011 is now under way. Customers remain cautious, especially in discretionary spending. Personal finances remain the top concern facing consumers in our latest monthly research report. Concern about unemployment remains much higher compared to last year, followed by concerns about the cost of living and the economy.

I will close the Wal-Mart US discussion with our comp guidance. Our 13-week comp without fuel for the first quarter last year was 3.6%. We are forecasting a comp without fuel, to be flat, plus or minus

one percent for the 13-week period from January 30 through April 30, 2010.

Now, let me cover two other areas: global sourcing and global.com. I mentioned earlier some efforts of our global sourcing teams. These are still in the early stages, but we have kicked into high gear our efforts to leverage our size and global footprint to reduce the cost of goods that we import into retail markets around the world, and to strengthen our responsible sourcing initiatives.

The core of our strategy will be to increase direct sourcing for the company's private brands that represent more than $100 billion at cost. Our Global Merchandise Centers will drive efficiencies in both general merchandise and food sourcing. In addition, we have signed an exclusive sourcing agreement with Li & Fung to have the company serve as a buying agent for Wal-Mart for general merchandise.

I'm excited about the opportunities to lower the cost of goods sold, further improve the quality of products, and accelerate the speed at which we can bring innovation to the market. Wal-Mart also remains committed to ensuring that all products are sourced in a responsible, ethical and sustainable manner.

Before I pass things over to Doug for Wal-Mart International, let me cover our recent announcement on global.com. Earlier, I shared that Walmart.com had a strong fourth quarter. We are redefining roles and responsibilities within our global dot com organization and we are excited about the opportunity to accelerate the growth of Wal-Mart's multi-channel initiatives around the world. Customers will be able to experience the brand where ever and whenever they want. I will share more on this opportunity in the near future.

Now, I will pass it to Doug.

Doug McMillon

As I end my first year leading the International division, I can't help but reflect back on the history of this great division. It is amazing how much we have accomplished since expanding the Wal-Mart business outside the

United States in the early 90s. And, we have so much more to accomplish in front of us.

During the past two decades, we've expanded our expertise to operate successfully in emerging markets, run smaller stores and tailor various formats to local needs. We have integrated our organization's culture to reinforce strong customer service in all our markets. We continue to move with even greater speed, and we create freedom within a framework in the markets. In the future, we can strengthen our effectiveness in leveraging our size and expertise. It's exciting to know that we are successful outside the United States and that we have a lot of upside in future years. As Mike said earlier, all our countries are focused on delivering growth, leverage and returns.

Our International business is a large part of global Wal-Mart. While acquisitions have played a big role, we have grown our business organically as well. In fact, organic growth has driven well over half of our International revenues. The growth prospects in markets like China and Brazil give us confidence that we can build on the momentum we've experienced during the last several years. We're really pleased with our start up operations in India and see substantial opportunity there as well.

Along with our long term growth story, it is encouraging to see that a business our size can grow sales 11.9% on a constant currency basis, as we did in the fourth quarter versus last year. We delivered this performance on strong underlying comps, new store growth and the Chilean acquisition, and we grew fourth quarter operating income faster than sales.

I'm excited about our effort in the area of leverage. Leverage means multiple things to our International operations. Of course, we are focused on leveraging operating expenses. In fact, before the effects of currency exchange rates and our acquisition in Chile, expenses only grew 5.2% in the fourth quarter, and 6.3% for the full year. You'll hear more about that when we discuss our quarterly results.

Leverage also means a dedication to using our collective knowledge and best practices around the globe. The Marketing Center of Excellence we created in the UK last spring has improved our ability to communicate price in stores around the world. In addition, as some of you know, we reorganized our division in November to focus on leveraging our size and expertise. We can create additional leverage in process consistency for an area like back room inventory receiving, for example.

Our efforts in growth and leverage are geared toward increasing the returns on our invested capital. We know we can generate solid returns from our organic growth. This past fiscal year, we added more than 500 new stores. The more predictable returns from organic growth in our established operations like ASDA, Wal-Mex and Wal-Mart Canada allow us to balance our risk profile.

We are able to follow through on our priorities because of the commitment of our associates around the world. They have helped us deliver another strong quarter in what we all know has been a challenging economic environment in most markets. I've attended store manager meetings in India and Central America these past two weeks and I wish you could've seen their energy. Our associates and our leaders in International continue to take market share and look for ways to improve.

Now, as we move to the specific results for the fourth quarter, I want to remind you of the impact of currency exchange rate fluctuations. As you know, we translate our financial results from various international currencies into US dollars, and the effects of this translation have been a negative factor in our financial results over the past four quarters. The trend in the US dollar has changed, and the translation has been a positive factor in our financial results for this quarter.

Our results in the fourth quarter of last year through to the third quarter of fiscal 2010 were negatively impacted by the strengthening US dollar in late 2008. International net sales for the fourth quarter were $29.6 billion, an increase of 19.5% from last year. This includes a $1.9 billion positive impact from currency exchange rate fluctuations. On a constant currency basis, without the impact of exchange rate fluctuations, sales were up $27.7 billion, or 11.9% over last year's fourth quarter. Our constant currency sales increase for the fourth quarter is due primarily to strong performances in the United Kingdom and Mexico, new store growth in Brazil and China, and the acquisition of D&S in Chile.

International's operating income for the fourth quarter was up 26.9% from last year to $1.9 billion, including $122 million of positive effects from currency exchange rate fluctuations. On a constant currency basis, our operating income grew faster than sales at 18.7%. In the fourth quarter, we continued the trend of the first three quarters of fiscal 2010, leveraging our constant currency expenses over last year before the impact of our Chilean acquisition. We maintained our constant currency gross margin while other income was flat as a percentage of sales.

We've also had a great full year performance in fiscal 2010. Net sales for the year were $100.1 billion, up 1.3% after the negative $9.8 billion impact of currency exchange rate fluctuations. Our constant currency basis sales were up 11.2%, and excluding our acquisition of D&S, they were up 7.7%.

Operating income for International was $5.0 billion, up 1.9% over last year, after the negative $540 million impact from currency. On a constant currency basis, full year operating income increased 12.8%.

Before we move to the country details, let's discuss inventory. We continue to make the focus on inventory a priority and have seen improvement. Overall, we've reduced our days on hand since the end of fiscal 2009. The United Kingdom, Mexico, and Canada are performing well.

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.

My congratulations go out to the ASDA team on delivering great performance in fiscal 2010. ASDA had a strong year, ending with its highest ever market share, according to TNS, and operating income growth ahead of sales growth. ASDA's comp sales growth without fuel was 4.6% for the fourth quarter and 6.0% for the full year, primarily driven by increased customer count, but also by higher average ticket. There was inclement weather in the United Kingdom at Christmas and into the New Year, which forced people to shop closer to home, and affected customer traffic.

Food continued to provide strong sales growth for ASDA even in the wake of slight price deflation. Both George apparel and general merchandise outperformed their respective markets, with George seasonal merchandise benefiting from cold weather. General merchandise saw significant growth in music, video and games.

ASDA's web-based food home shopping service now reaches more than 97% of the population. The non-food internet platform also had strong performance, and customers can now pick up their online purchases in many of our stores.

Excluding fuel, ASDA's gross margin was relatively flat for the fourth quarter. ASDA's profit grew ahead of sales in every quarter in fiscal 2010 and expenses as a percentage of sales declined as the ASDA "we operate for less" program continues to deliver efficiencies in stores, distribution centers and the home office.

On the development front, ASDA opened 13 new stores in fiscal 2010 and relocated another two to larger locations. Of the new stores, three were ASDA Living stores. During the fourth quarter, three new stores were opened and one was relocated. As we enter the new year, ASDA has renewed its focus on EDLP with its largest ever rollback campaign. Given the uncertain economic outlook in the UK, we remain confident that an EDLP strategy remains the best way to help our ASDA customers save money every day.

In Mexico, Wal-Mex continues to shine with sales growth, gains in market share according to ANTAD, and operational efficiency. In fact, Wal-Mex continues to win on its plan to grow 50% faster than the market and gain market share from both formal and informal markets. At Wal-Mex, fourth quarter sales increased 10.4% over last year, while comparable store sales grew 3.8%. Growth came from price campaigns, electronics, and home lines. Traffic was up 3.8%, with an average ticket essentially flat on price investment. Wal-Mex same store sales for self service formats grew by 3.9% for the full year, while same store sales for the industry, excluding Wal-Mex, declined by 1.1%.

Wal-Mex reports separately its earnings under Mexican GAAP. We report our worldwide results using US GAAP. Under US GAAP, fourth quarter gross margin was relatively flat to last year, while operating expenses were leveraged down as a result of sustainable low cost operating programs. Operating income growth at Wal-Mex significantly outpaced sales growth. For the year, Wal-Mex sales grew 10.4% and operating income grew even faster at 16.9%. Even with 275 new stores this fiscal year, expenses grew slower than sales at 8.1%.

Wal-Mart Canada's fourth quarter sales grew 2.6% over last year, primarily due to the supercentre expansion program. We now operate 84 supercentres in Canada, exceeding our target of 83 for this fiscal year. Fourth quarter comparable store sales in Canada declined 1.1%, impacted by unseasonably mild winter weather, an H1N1 scare, and an overall weak economy. Customer traffic was down 0.5% and average ticket was down 0.6% for the quarter.

Overall sales growth was led by food and consumables partially offset by softer sales in apparel and general merchandise items. Canada's comparable store sales for the full year were essentially flat.

Canada's fourth quarter gross margin increased slightly, even with the shift in sales to lower margin items. This was the result of improved vendor terms. With well managed expenses, operating income grew faster than sales.

Moving south to Brazil, fourth quarter sales growth in Brazil was 14.6%, with comparable store sales growth of 5.6%, both in real terms. Overall, customer traffic increased 6.3% and average ticket increased 7.8% in real terms. The best performances came from our cash and carry format, Maxxi, as well as TodoDia, our soft discount format.

We opened 61 new Brazilian stores in the fourth quarter, bringing our total fiscal 2010 new store count to 91. Despite pressure from our new store growth program, expenses as a percentage of sales improved from last year. Operating income in Brazil grew slower than sales due to margin pressure.

Now, moving on to Asia, in Japan, overall sales declined 1.7% in the fourth quarter over last year and comparable store sales declined 1.9%. Price investment and deflation had a negative effect on average ticket. Sales and comparable store sales in real terms for the fourth quarter both increased over last year. For the full year, comparable store sales increased 0.3%.

We launched EDLP at Wal-Mart Japan when our customers needed it most, in an economic slowdown. I am proud to say that we are seeing it take hold as Wal-Mart Japan outperforms the market. As the year progresses, we will continue to expand EDLP across all categories. Food and apparel sales were down, while general merchandise was up due to the EDLP shift, and gross margin was relatively flat. Expenses as a percentage of sales are down significantly from last year, as EDLC focus generates cost savings from labor and productivity initiatives. I'm pleased to say that fourth quarter operating income at Wal-Mart Japan grew faster than sales.

Rapid growth continued in China, with 14 new stores opened in the fourth quarter. This brings our total China store count to 279. Wal-Mart China's operations delivered a 4.8% positive comp sales growth over the fourth quarter of last year, driven by price leadership initiatives. Average ticket grew and traffic decreased slightly. Our combined China gross margin was down slightly from the fourth quarter of last year. However, operating income grew faster than sales because of continued successes in controlling expenses with productivity and sustainability initiatives.

Many of you are aware that our second close on the TrustMart acquisition was scheduled to occur this month. Due to the complex nature of the transaction, Wal-Mart and the selling shareholder of

TrustMart have mutually agreed to delay the second closing until November 26, 2010 to allow the conclusion of several administrative conditions of the transaction. In the meantime, Wal-Mart and TrustMart continue to focus on their core mission, saving our Chinese customers money so they can live better.

Whether we're talking about that first Sam's Club outside of Mexico City, or our four thousandth International store, a Bompreco Hiper which opened in Brazil during fiscal 2010, our International associates are committed to outperforming the market, focusing on price leadership and enhancing the productivity loop, all so we can help our customers save money and live better. With this as our commitment, I'm confident that we can continue to strengthen our market presence and grow profitability in fiscal 2011.

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

Brian Cornell

We continue to be pleased with the momentum at Sam's Club, and I am excited about sharing our results today. However, before I get started, it's important to note that the results I am discussing today exclude charges related to the 10 club closures, and the recently announced initiatives related to our demo and club membership rep programs.

Now, let's move to some highlights for the fourth quarter. We continue to see broad based strong sales performance in fresh and health and wellness categories. More specifically, we had strong performance in numerous categories, including meat, produce, consumables, baby, pharmacy and OTC. I'm also pleased with the recent sales strength of our apparel business, due in part to improved relevance and assortment driven by our merchandising team. Overall comp traffic increased 40 basis points and comp ticket increased 30 basis points in the fourth quarter.

The eValues program continues to drive strong Plus membership income, as upgrades to Plus continue to significantly outpace last year. I'm very pleased to report that Sam's Club leveraged operating expenses in Q4 with significant in club efficiencies. At the same time, we continue to see improvement in our membership experience scores. Our focus on expense leverage is expected to continue as we move forward.

Now, let's turn to the overall financial results. For Q4, total sales for Sam's Club, excluding fuel, increased to $11.4 billion, or an 80 basis point increase over last year. Including fuel, fourth quarter sales were $12.3 billion, which is a 3.8% increase, primarily due to cycling lower fuel prices from last year. Fuel prices in Q4 this year are approximately 44% higher than prices in Q4 last year.

Club comp sales, excluding fuel, for the 13-week period increased 70 basis points. Including fuel, club comp sales increased 3.7%. Total Sam's Club sales for FY10, excluding fuel, increased by 1.7% versus last year to $43.5 billion. Including fuel, sales for FY10 were $46.7 billion, which is a decrease of 40 basis points versus last year, due primarily to lower fuel prices for the full year versus last year. For the fiscal year, comparable club sales, excluding fuel, increased by 1.4%.

For the fourth quarter, on an adjusted basis, operating income increased 9.4% versus last year to $479 million. However, we had a number of positive items in Q4 this year, versus a number of negative items in Q4 last year, all that are individually insignificant. Collectively if you exclude these items, operating income growth was only slightly positive for the quarter. Operating income for the full year was $1.7 billion, an increase of 2.4%, versus $1.6 billion last year.

In addition to the sales strength in fresh, health and wellness and apparel, we continue to see good mix and profit performance in other categories, such as grocery, seasonal and home. A few key categories, including dairy, produce, meat and electronics continue to be impacted by deflation, which has been somewhat offset by strong unit growth. However, we expect that significant food deflation pressures will subside in the first half of the year. Additionally, tobacco continues to positively affect sales versus last year, primarily due to price increases. We're also pleased at the positive sell through during the holidays on décor and seasonal foods.

Big-ticket discretionary categories, such as furniture and jewelry, continue to face sales pressure as members have tightened discretionary spending. Business member spending remained stressed during the quarter due to continued pressure on credit availability and the overall economic environment for many of our small business members.

Inventory management continues to be very positive. We reduced inventory by 9.5% versus last year, although some of the reduction is due to deflation. We actively managed our seasonal transition and, as mentioned, had excellent sell-through on apparel items. We are entering the new fiscal year in a strong inventory position.

As mentioned earlier, overall comp traffic and ticket were up for the quarter. Advantage comp traffic, excluding fuel, was positive for the 13-week period, while Business comp traffic, excluding fuel, declined slightly. Business average ticket, excluding fuel, increased slightly for the 13-week period, while Advantage average ticket, also excluding fuel, was basically flat.

Gross margin, excluding the impact of fuel, increased 19 basis points for the fourth quarter, primarily driven by the continued shift in merchandise mix. Including fuel, gross margin for the fourth quarter declined 23 basis points, primarily due to cycling last year's lower fuel prices.

As mentioned earlier, I'm very pleased with our progress on expense leverage and club efficiency. For the quarter, sales per labor hour increased 4.1% and our club wages were roughly flat in dollar terms versus last year.

I’m pleased that we continue to improve our in club efficiencies at the same time we are improving our in club experience.

Because of our 5S program, which stands for sort, straighten, sanitize, standardize and sustain, we have more organization in our back rooms. This program is translating to less waste, higher associate engagement and higher productivity. I am very appreciative of the hard work of our club associates.

Membership and other income for the fourth quarter increased slightly versus prior year. The increases continue to be primarily driven by Plus membership upgrades due in part, to eValues. For the full fiscal year, overall membership and other income decreased 1.5%. However, membership income for the year increased by 2.1% versus last year, with most of the improvement due to an accounting adjustment previously discussed in the third quarter.

Other income, other than membership income, was down approximately 30% for the year. Other income last year was favorably impacted by a number of miscellaneous items, none of which was individually significant to the financial statements.

The eValues program continued to drive strong Plus upgrades, while new sign up performance was down versus last year. Renewal rates across the membership categories continue to be relatively flat, but with more renewals occurring in club versus via mail. Add on Business memberships continued to face headwinds given the challenges that many small business owners continue to face. We will continue to look for innovative ways to drive traffic, renewals and upgrades of existing members.

We have started the new fiscal year and we remain focused on providing value and quality to our members. The changes we recently announced in the fourth quarter, while difficult, are providing momentum for fiscal 2011. We continue to focus on quality merchandise, membership engagement, club efficiencies and member experience.

Through valuable member insights, we continue to look to make the best choices, category by category, for both our Advantage members and Business members. We are pleased with the early performance of Project Portfolio and we will continue to monitor and evaluate it to ensure we are improving the member experience and driving returns. We look to continue to leverage our existing member relationships to grow our membership, as well as grow the basket with existing members. We will continue to increase our pace of remodels to better serve our members as we drive growth and returns.

Despite the continuing challenging environment, we expect comp club sales without fuel, for the current 13-week period from January 30, 2010 through April 30, 2010, to be flat, plus or minus one percent. Our comp sales for this period last year were 4.2% without fuel.

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

Tom Schoewe

Recall from our third quarter call in November that our quarterly financial report card focuses on growth, leverage and returns.

First, let's discuss growth. For the fourth quarter, we started cycling the exchange rate drops of last year and we actually saw a benefit from currency for the first time this year. However, this positive impact was small in comparison to the decrease we experienced for the full fiscal year. Let me point out that fiscal 2010 was an environment that was difficult to forecast, and challenging in which to operate. Deflation across categories such as food and electronics, as well as difficult comparisons, made top line growth tough.

Net square footage grew by 3.7% since the end of last year, to total square footage of more than 952 million square feet around the world. In fiscal year 2010, we continued our focus on capital efficiency, increasing capital outlays on remodels, building smaller supercenters, and closing 10 underperforming Sam's Clubs. Although our square footage growth was just a touch shy of our forecast of 4%, we added 34 million net square feet of retail selling space this year. The additional square footage was done completely by organic growth, since we did not have any acquisitions.

Next topic is leverage. Leverage is without a doubt, one of our strengths this quarter. We made a commitment in October to focus on expenses and in the fourth quarter, we made real progress. The company leveraged expenses in the fourth quarter, which directly reflects the underlying performance of all the segments. Each and every quarter going forward may not rival the results of this quarter, but we have a renewed commitment to the productivity loop in fiscal 2011 and beyond. Eduardo also shared with you that we are seeing early benefits of our global sourcing initiatives. We believe we are well positioned to see the cost of goods sold come down, which will allow us to continue our price leadership and deliver healthy margins.

Now, let's move on to the final part of our report card. One of our goals is to provide consistency in pre-tax returns and strong free cash flow. Return on investment from continuing operations for the year ended January 31, 2010 was 19.3%. Let's pause the tape here, and go back to what I discussed in

October. I think my words were something like this, "When you're in the zone of delivering 19% pre-tax returns and we do that consistently, we have a very compelling story. Again, a 19% return on invested capital is very, very attractive." I committed to you that we planned to keep our returns in the 19% zone, and I am proud to say we achieved this goal for this fiscal year. We actually went one step further than just achieving our goal; we managed to keep ROI flat from last year.

I'm also extremely proud of our free cash flow generation for the year. We ended the fiscal year with free cash flow of more than $14 billion, an outstanding job in free cash flow. Integral to the free cash flow was strong inventory management across our segments. To demonstrate just how strong this performance was, I'll ask you to guess when the corporation actually reported an inventory level that was lower than fiscal 2010? The answer, fiscal 2006.

Since then, the corporation has grown by nearly $100 billion in top line sales and operates today on basically the same inventory level. Inventory directly impacts free cash flow, ROI and it also allows our stores to continue to improve the customer experience they are delivering each and every day. Our focus on growth, leverage, and returns is in its early phases, but you can see, these priorities are already starting to show results.

Now, let's move on to guidance. If you'll recall what Mike said earlier, our comparison to the first quarter last year is tough for our US businesses and we still expect deflation in many categories and markets where we operate. However, we are expecting comparisons to get easier as the year progresses. Taking that into consideration, our guidance for earnings per share for the first quarter is $0.81 to $0.85 and our guidance for the full year is $3.90 to $4.00 a share, both of which are in line with current First Call estimates. Earnings guidance assumes that we will see currency exchange rates basically at the same levels we see today.

You heard many strong results across our business today. We are confident that our strategies around the world will help further improve top line sales and comps, as we continue to deliver on our mission to save people money so they can live better.

In closing, I would like to summarize a few key points. We had strong underlying operating performance that allowed us to exceed earnings expectations. Free cash flow generation continues to be an incredibly positive story. In the fourth quarter, we delivered improvements in expense management. We will continue to make it a priority to leverage SG&A throughout the entire organization. Our focus on growth, leverage, and returns to drive shareholder value has never been stronger.