Hi, this is Carol Schumacher, Vice President of Investor Relations for Wal-Mart Stores, Inc. Thanks for joining us today for our earnings call to review the second quarter of fiscal year 2015. The date of this call is August 14, 2014. This call is the property of Wal-Mart Stores, Inc. and is intended for the use of Wal-Mart shareholders and the investment community. It should not be reproduced in any way.

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This call contains statements that Wal-Mart believes are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and that are intended to enjoy the protection of the Safe Harbor for forward-looking statements provided by that Act. Please note that a cautionary statement regarding the forward-looking statements will be made following Charles Holley’s remarks in this call.

Our press release and a transcript are available on our corporate website – stock.walmart.com. Additionally, a supplemental slide deck that summarizes our key financial results should be used with this call. That presentation appears at the end of this transcript. We believe that this deck provides a more streamlined approach to reviewing our financial performance and prior year comparisons. Unit count data, which is updated monthly, is posted separately on the investors’ portion of the website, under financial reporting.

As a reminder, in Wal-Mart International, we provide results and commentary on primarily our five largest markets, all of which had revenue in excess of $10 billion in fiscal 2014.

For fiscal 2015, we utilize a 52-week comp reporting calendar, with our Q2 reporting period from May 3rd, 2014 through August 1st, 2014. A week-by-week comp reporting calendar is available under the comp sales link on the investor portion of our website.

For information regarding terms used in today’s release, including EPS, constant currency, gross profit and gross profit rate also refer to our website. Throughout the discussion of our e-commerce performance, we are referring to our results on a constant currency basis. As I mentioned last quarter, the net gain from the sale of our Vips restaurant business in Mexico has been recorded in this second quarter’s discontinued operations. Note that certain reclassifications have been made to Q2’s results. Due to the results from discontinued operations, EPS for Q2 last year is now $1.23, not the $1.24 presented in last year’s release. These reclassifications did not impact consolidated net income. There will be no EPS impact for Q3 and Q4.

Please mark your calendar for our annual meeting for the investment community, and we look forward to seeing many of you at the meeting. We will kick off with dinner with management the evening of Tuesday, October 14 in Northwest Arkansas. The meeting will run through approximately 3 p.m. Central Time on Wednesday, October 15. So, now let's get down to our agenda for today's call.

Doug McMillon, President and CEO of Wal-Mart Stores, Inc., will cover our key results and provide an overall assessment of our business. Claire Babineaux-Fontenot, EVP and Treasurer, will cover the financial details for the quarter. Then, we'll cover our results. Greg Foran, who took over this week as President and CEO of Wal-Mart U.S., will kick things off. He'll be followed by Dave Cheesewright, President and CEO of Wal-Mart International, who's traveling and calling in for today's call. And, Roz Brewer, President and CEO of Sam's Club. Neil Ashe, President and CEO of Global eCommerce, will update you on the progress we've made on our e-commerce businesses around the world. And, Charles Holley, Wal-Mart's CFO, will wrap up with a focus on our guidance for the full year and the third quarter.

Now, I'm pleased to introduce our CEO, Doug McMillon, to kick off our call. Doug?

Doug McMillon

Thank you, everyone, for joining us today. I'm pleased that Wal-Mart delivered solid earnings per share of $1.21, well within our guidance range, and that our consolidated net sales increased more than $3.2 billion over last year to $119.3 billion.

As I look at our second quarter results in the context of our overall strategy, we're encouraged by the performance of our small format stores and e-commerce, areas where we're investing significantly this year. But, we wanted to see stronger comps overall in Wal-Mart U.S. and Sam's Club. Stronger sales in the U.S. businesses would've helped our profit performance in the quarter. We can get better operationally and we will.

In an environment where customers have so many choices about where to shop and how to buy, and many of them are feeling pressure on their budgets, we have to be at our best. That's why it's so important for us to deliver a compelling customer proposition of low prices and quality service for every transaction. For many years, we've stressed that we run this business one store at a time, and that's still true today. So, we're investing in our stores during the rest of this year to deliver positive comp sales through operational excellence.

Now, let me review the second quarter results. Wal-Mart International turned in a very solid performance, with operating income up over 9% on a constant currency basis. I’m pleased with the work that Dave and his team have done to manage expenses, improve profitability and drive sales. On a constant currency basis, net sales rose more than 5%, and comp sales were positive in all but one international market. I’m especially encouraged by the healthy sales improvements in some of our largest markets.

Our Wal-Mart U.S. business added approximately $1.9 billion in net sales and delivered a flat comp. I’m encouraged that we’re gaining traction on our goal to have a positive comp by year end, but I’m not satisfied. Customers are responding to Neighborhood Markets, which delivered approximately 5.6% comps in the quarter. Operating income was pressured by investments in additional associate hours and by higher healthcare costs. We’ll keep working during the back half of this year to get the combination of price investments and store associate hours right to deliver improved comp sales and serve our customers in a way that exceeds their expectations here in the U.S.

Last month, we named Greg Foran the new CEO of Wal-Mart U.S. I’ve worked closely with Greg for the past few years, and his depth of retail knowledge will serve our customers and associates well. As our company evolves, we’re focused on delivering a customer-driven retail offering that drives sales. Greg is the best person to execute this strategy in the U.S., and I am thrilled to have him leading this effort. I also want to thank Bill for his years of service to Wal-Mart. His passion for our mission, dedication to our associates and our customers, and innovative thinking pushed us forward. From his vision of lowering the cost of prescription drugs to the progress we’ve made with our small formats, Bill had a meaningful impact on our company for which we are grateful.

Sam’s Club delivered a flat comp this quarter, with net sales lower than expected. Operating income was lower than last year, due to the anticipated investment in Plus member Cash Rewards. I’m encouraged by the solid growth in membership income this quarter, but I’d like to see a positive comp. During a recent visit to a Sam’s Club in Omaha, Nebraska, it was great to see associates energized about the club’s back-to-college merchandise. They were eager to show the treasure hunt of on-trend color in home and apparel. They also helped members find the electronics and small appliances to accessorize a student’s apartment. We’re taking the right steps at Sam’s Club to improve sales, with new merchandise offerings and localized assortment. We expect that our investment in new membership enhancements, such as Cash Rewards, will increase the membership line. Roz will cover how these programs will impact our profit comparisons over the next year.

You'll hear more details from Neil in a few minutes, but there are some exciting things happening in e-commerce and mobile. I'm really pleased that sales continued to be robust, growing approximately 24% this quarter. We saw double-digit e-commerce growth from our four most important markets: the U.S., U.K., China and Brazil. We continue to add exceptional talent to our teams through organic hiring and small acquisitions. To improve our customers' online experience, we recently started the rollout of a global technology platform. U.S. customers will appreciate the site's streamlined search and navigation functionality that personalize the user's experience. A better checkout process is coming in the near future.

From a supply chain perspective, we've started construction on another new e-commerce fulfillment center, this one in Indiana. Investments like these will allow timely and cost-effective delivery of merchandise to millions of additional customers.

All of these initiatives are about changing with our customer. Our enterprise strategy dictates that we move with speed and agility to serve our customers more effectively. We're pushing to save them time and money, both in store and online. Because the lines between digital and physical retail have blurred, we must be nimble to adjust so that we can exceed customer expectations. Customers are rational. They respond to low prices, innovative products and the service they expect. So, we must run stronger stores everywhere we operate, with better merchandising, in-stock levels and quality service. I'm confident that we can improve comp sales as we deliver on these priorities, and I'm bullish on our core business. Supercenters are still relevant around the world and will play an important role for us for years to come. At the same time, we're broadening our smaller store base globally, and expanding our digital capabilities everywhere we operate. I'm excited about the opportunity to serve so many more customers and drive growth across the enterprise. I believe we're making good progress, but we'll keep pushing to evolve faster. Our customers expect this and we won't let them down.

Now, I'll turn it over to Claire for more financial details. Claire?

Claire Babineaux-Fontenot

Thank you, Doug. I'll take a few minutes today to provide commentary on the company's second quarter consolidated financial results, along with certain other items. Further details are available for your reference in the presentation on slides 2, 3 and 4.

First, the dollar growth in consolidated net sales exceeded $3.2 billion during the quarter: that's over $3.9 billion on a constant currency basis. Next, earnings per share from continuing operations of $1.21 were well within our guidance.

Consolidated membership and other income increased 8.2% to $789 million, primarily driven by strong growth in membership income at Sam's Club.

Let's move on to expenses. Corporate and support expenses, which includes core corporate, global e-commerce support and global leverage services decreased 1.6%.

Core corporate expenses decreased 6.9% during the quarter. FCPA and compliance-related costs were approximately $43 million, which represented approximately $31 million for the ongoing inquires and investigations and roughly $12 million related to our global compliance program and organizational enhancements.

The growth in e-commerce support expenses was driven by our continued investment in talent, technology and fulfillment. You'll hear more from Neil about the exciting work under way in the e-commerce space.

Our leverage services area includes the investments we are making in technology, such as finance and HR back office capabilities and risk and compliance management, including productivity initiatives.

Net interest expense decreased 2.5% over last year. A reduction in interest related to the reversal of certain tax contingencies more than offset an increase to interest expense related to higher debt balances. We continue to anticipate that our net interest expense will be higher for the full year than last fiscal year.

Moving on to the balance sheet, consolidated inventory increased 6.2%. You'll hear more about inventory from each of our operating segments.

Payables as a percentage of inventory was 81%, which compares to 85.8% last year, due primarily to higher inventory balances and the timing of payments. Improving inventory leverage is important, and each of our operating segments is focused on this priority.

I'll close today by providing a bit of color around returns. The decrease in ROI was primarily due to a decrease in operating income, as well as our continued capital investment in store growth and e-commerce. Free cash flow increased primarily as a result of the timing of income tax payments and capital expenditures.

Although the second quarter presented a few challenges, we had a number of bright spots about which we are encouraged. You heard Doug mention a few of these, and you'll hear more about them on the remainder of today's call.

I'll now turn the call over to Greg. Greg?

Greg Foran

Thank you, Claire. Let me begin by saying how honored and excited I am to lead the Wal-Mart U.S. business. I've learned a great deal in 35 years as a retailer and look forward to learning more about the U.S. market and from our leadership team, our customers, and our 1.2 million U.S. associates. Now, let's talk results.

Q2 comp sales performance came in as expected. However, our operating income results fell short of expectations, due in part to investments in wages, as well as healthcare expenses, which were above last year's levels and above our initial expectations.

Let me provide some additional detail. In Q2, net sales for Wal-Mart U.S. grew $1.9 billion. For the 13-week period ended August 1st, we delivered a flat sales comp; and this was despite a SNAP-related headwind of about 70 basis points. Ticket was up 1.1%, while traffic was down 1.1%, a 30 basis point improvement over Q1. Our e-commerce business, including store-fulfilled sales, delivered double-digit sales growth and contributed approximately 30 basis points to the total Wal-Mart U.S. comp sales growth.

Our comp sales results reflect mixed performances across the business. While food was flat, health & wellness delivered positive comps. Overall grocery was aided by price investments and continued inflation. However, deflation in consumables and industry softness in entertainment created an offsetting comp headwind.

Overall, I'm encouraged by our solid performance during seasonal events, especially during the Fourth of July holiday. I'm also pleased with the consistent strength in Neighborhood Markets and continued market share gains. In the key category of 'food, consumables, & OTC,' we gained 37 basis points of market share for the 13 weeks ended July 19th, according to The Nielsen Company.

For gross profit, we continued to invest in price, particularly in the categories of meat and health & wellness. That investment, blended with sales mix, resulted in a gross margin decline of 7 basis points versus last year. From an operating expense perspective, the most notable headwind came from healthcare costs, which led to a 32 basis point decline in expense leverage.

Healthcare costs increased approximately $180 million versus last year and were well above our initial estimates. As we've mentioned previously, the primary drivers of expense growth were increased associate enrollment and cost inflation. While enrollment was higher than anticipated, we're pleased our associates and their families continue to take advantage of our affordable healthcare opportunities. Near term, we expect continued pressure from health care and anticipate over $500 million in year-over-year expense growth for this fiscal year.

During the quarter, we also allocated additional associate hours to specific areas of the store, such as front end, deli, bakery, and overnight stocking to improve overall customer service. We also sustained incremental labor expenses related to major department re-lays in entertainment and sporting goods. In total, salaries and wages were up more than $200 million compared to last year.

The combination of gross margin investment and expense deleverage resulted in an operating income decrease of 2.4% for Q2. We expect operating income to remain challenged for the balance of this fiscal year, given the increased healthcare costs and our commitment to price investment and customer service.

Now, let me cover the performance of our formats. During the quarter, we opened 35 supercenters, including 24 new units and 11 conversions through relocation or expansion. We plan to open, relocate, or expand about 115 supercenters for the fiscal year. In Q2, our supercenter fleet had a comp decline of approximately 30 basis points. We recognize the need to improve the performance and standards of this format to meet customers' expectations, and I'll discuss more about our strategic priorities in my closing remarks.

Neighborhood Markets continued to perform well and delivered an approximate 5.6% sales comp for the 13-week period. Sales were particularly strong in pharmacy, produce, meat, and adult beverages. Comp store traffic grew 4.1%. During Q2, we opened 22 Neighborhood Markets and remain on track to deliver 180 to 200 new units for the year.

Additionally, we continue to learn from our Wal-Mart Express format test and have seen continued solid comp sales performance. We'll continue to roll out this phase of our test, with approximately 90 stores expected to open this fiscal year.

As a reminder, the majority of Neighborhood Market and Wal-Mart Express units are planned to open in late Q4. We expect this will create operating income headwinds from pre-opening expenses. We also expect higher inventory balances for the back half of the year related to these openings.

Across our network, inventory was up 5% at the end of Q2. Over half the increase was attributed to new store growth, while the remainder was due in part to inflation and carrying incremental inventory from recent department re-lays and modular updates. Better inventory management will be a key focus point of mine.

Now, I'll review the performance of our merchandise areas.

In grocery, overall inflation accelerated around 60 basis points from Q1 to approximately 1.8% in Q2. Food delivered a relatively flat comp, driven by price investments in targeted categories and regions, solid performance during key seasonal events, and inflation, which was particularly strong in deli, dairy, produce, meat and seafood. However, we continued to face SNAP-related headwinds of approximately 1.6% to food, which we will cycle in November. Looking ahead, we're continuing to adapt to changing customer needs and will launch our opening price point private label, Price First, nationwide in late Q3. With regards to the consumables business, modest deflation and industry softness led to a low single-digit negative sales comp.

Health & wellness maintained its strong performance from the first quarter, improving comp sales growth approximately 1.8% from Q1. Pharmacy prescriptions delivered a high single-digit positive comp, due to strong script count growth and double-digit% inflation in branded drugs. Script count growth was fueled by new contracts in Medicare and expanded Medicaid coverage. Over-the-counter merchandise also performed well, reporting a low single-digit positive comp driven by a sustained allergy season. With respect to health services, we opened 4 health clinics as part of a new test concept. These innovative primary care clinics offer customers affordable healthcare services, including $4 basic checkups for our associates. We expect to have about a dozen clinics open by the end of the fiscal year.

Our general merchandise business remains impacted by persistent industry softness, particularly in entertainment, where we had an overall double-digit negative sales comp across online and stores. The team is working to mitigate these headwinds. They recently introduced a used video game offering that complements our existing trade-in program. We also re-laid the entertainment department, placing more focus on growth categories and product innovation. In the short term, the significant scope of the re-lay created a temporary business interruption that impacted Q2 results. However, we're confident this investment is right for the customer and will benefit sales in the back half of this fiscal year. In wireless, we've experienced recent comp declines due to a lack of innovation in phone technology and our delay in system upgrades needed to process new carrier installment plans. We're working diligently to resolve this matter. Our re-lay and wireless impacts overshadowed several favorable results in Q2, including TV comp sales, which were up low single-digits, and VUDU, which was up double digits. Also, toys delivered a low single-digit positive comp due to strength in movie-based merchandise and sports play.

In hardlines, we reported a low single-digit negative comp. While our online business continued to deliver strong double-digit sales growth, our retail stores' comp sales were down due largely to lapping last year's strong sporting goods performance. With respect to back-to-school, we're pleased with our early performance and the response to our in-store teacher appreciation promotion. This program provided a 10% discount on school supplies.

In our softlines business, I'm encouraged by the overall performance of national brands and the growth of our softlines e-commerce business.

Apparel delivered a low single-digit positive comp. This was driven by national brands and new offerings that are resonating with our customer. For example, national brands, such as Russell Athletic and Avia, drove strong performance in active wear. In addition, customers responded positively to new items and improved value in our ladies assortment. Shoes benefitted from broad assortment, including items at strong rollback prices in seasonal categories and national brands.

Our home business had a relatively flat comp driven by strength in e-commerce and national brands such as Farberware, Shark, and Keurig. This was offset by outdoor living, where we lapped a high single-digit positive comp from last year.

From an e-commerce perspective, we're continuing to expand our dotcom fulfillment network and recently announced plans for our third fully dedicated e-commerce fulfillment center. This e-DC will open early in 2015 and be located near Indianapolis. Additionally, last week, we rolled out Savings Catcher nationwide, which leverages our data analytics capabilities to automatically match competitors' ads and strengthen customers' confidence that they are receiving the lowest advertised price on like items.

Let me shift gears for a minute and discuss our U.S. manufacturing initiative. Bill took me through the terrific work accomplished thus far. I'm excited about the project and remain dedicated to our 10-year, $250 billion commitment. On July 8th, we hosted a Made in the USA open call, facilitating over 800 meetings with more than 500 suppliers. Suppliers heard from senior leadership and participated in an education series related to doing business with Wal-Mart. The results of the event were outstanding, with over two-thirds of our supplier meetings resulting in an immediate decision to purchase products, or to consider them for future buys. Later today, I'll be meeting with even more suppliers in Denver following our Wal-Mart U.S. holiday meeting to build on the work so many people have already done in our Made in the USA program.

Now as we end the Wal-Mart U.S. portion of the call, I would like to speak briefly about my assessment of the business and priorities.

Wal-Mart U.S. is a great business, with a deep and rich heritage in serving our customers with a smile, in clean, tidy, well-merchandised stores, with terrific low prices and value. A cornerstone of our success has been our wonderful associates, from our stores to our DCs, our Home Office and e-commerce facilities. They still are.

At the core are the Wal-Mart stores, and my initial efforts will focus on the core. We will deliver against these key customer requirements: being in stock, clean stores, the right price, the right items, improved service, better productivity. I will be out in stores hearing directly from our customers and our associates and tracking our performance. I'm a competitive person, so I will be visiting the market place as well. We will look to build momentum.

Concurrently, we must return to growth. In the early years, a good portion of the growth will come from the current core. However, the market place is changing and we will change with it. We have substantial capabilities and assets that position us for future opportunities in the e-commerce market and in new formats. We have been experimenting for years in both the U.S. and in International. I am confident that with a disciplined approach, we will capture more than our fair share of this opportunity.

While it's early in the quarter, I'm encouraged by a strong start to Q3. However, we know we're in a challenging retail environment, and it will take some work to continue moving in the right direction. Given that, we expect comp sales to be relatively flat for the 13-week period from August 2 through October 31, 2014.

Now, I'll turn over to Dave for the International update. Dave?

David Cheesewright

Thank you, Greg. We appreciate all of the contributions you have made to our International businesses, and we are confident the Wal-Mart U.S. segment is in great hands.

Every day, our associates continue to execute our key strategic initiatives. I'm pleased to say that in the second quarter we delivered solid sales and profit growth, gaining market share in the majority of our markets. As I visit the markets, I see that customers are busier and changing more rapidly than ever before. Busy customers are telling us how they want to shop, and that they want us to do two things: save them time and save them money. They're looking for faster and, more importantly, convenient ways to shop. I'm encouraged by our progress in driving innovation and accelerating growth in e-commerce to improve our offering and add convenience for our customers.

The global economy remains challenged, which means the customer is also stretched. Price remains a critical factor in our customer's buying decisions. As an example, during a recent visit to Chile, I saw first-hand how important price is to our customers. Just a year ago, Wal-Mart Chile rolled out a mobile app, which allows customers to compare prices between Wal-Mart and competitors. We had almost 200,000 item scans in this quarter alone. We believe innovations like this and price position will continue to set us apart in the market place.

We remain focused on price investment across all our markets and expect to continue driving improved comp performance. I'm pleased with the trends in many of our markets, driven by a continued focus on being the lowest cost operator.

In all countries except Brazil and China, our discussion of results is inclusive of e-commerce. Slides 7 and 8 of the presentation summarize financial details.

For the second quarter, we grew operating income at a rate faster than sales on both a constant currency and reported basis. We are pleased that we've grown operating income faster than sales for the full first half of the fiscal year. These results include the charge for certain non-income tax matters of $52 million disclosed in the second quarter of last year. Even excluding this charge, operating income grew faster than sales.

Net sales grew 5.3% on a constant currency basis, or 3.1% on a reported basis. Sales benefited from the Easter shift, strategic price investments, improved assortment and e-commerce growth. On a constant currency basis, operating income grew 9.3% and 8% on a reported basis, as most markets leveraged expenses.

On a relative basis, we were encouraged by our market share performance. Of our five largest countries, only China didn't deliver positive comp sales. We also saw strong sales growth in Argentina, Chile, Japan and Africa.

Inventory grew faster than sales this quarter and remains a key focus area. While a portion of the increase is related to World Cup promotional items or initiatives to drive sales in the back half of the year, I am disappointed with our position. Each market has a specific plan in place to address inventory.

Now, let's discuss some market specifics. As you can see in the slide, net sales, operating income and comps are presented on a constant currency basis only.

I will begin with a recap of our EMEA region, where we recently promoted Shelley Broader as the first female Regional President and CEO. Shelley brings a wealth of merchandising and operations experience and has already hit the ground running in this important region.

The U.K. had a solid quarter, growing both net sales and comp sales despite a challenging market backdrop. Comp sales were up 2%, excluding fuel, and 0.5% including fuel. Despite aggressive price investments from competitors, we accelerated our performance and grew share ahead of the total market in the 12 weeks to June the 22nd, according to Kantar.

In addition, The Grocer magazine designated Asda as "Britain's Lowest Priced Supermarket" for the seventeenth year in a row.

During the quarter, operating profit declined slightly due to the lower margin mix, which was offset by strong cost control and productivity improvements.

To satisfy the evolving shopping habits of customers, we introduced a more flexible management structure across all stores in June. The change places a greater emphasis on areas such as e-commerce and puts more associates on the shop floor, whilst removing historic back-office administration tasks.

Strong e-commerce growth continued during the quarter, with sales up double digits. The rollout of Click & Collect to additional Asda superstores and collection sites, and the extension of store hours offer greater convenience for our customers.

Next to Canada. With Shelley Broader's promotion, we are pleased to announce that Dirk Van den Berghe joined us August 1st as President and CEO of Wal-Mart Canada, bringing with him more than 30 years of international business experience and expertise in food retail.

In the second quarter, Canada produced solid results in a very competitive environment. We were encouraged by our performance in food and consumables, driven by supercenter expansions. Canada net sales grew 2.9%. Comp sales were positive and improved over the first quarter, as Wal-Mart Canada's 20th Anniversary event in June favorably impacted results.

Health and wellness sales also improved this quarter, with strong comps in OTC. Additionally, fresh offerings drove strong sales in food. We gained 50 basis points of market share in food, consumables and health and wellness combined, as reported by Nielsen for the 12 week period ended July 19. During the quarter, Wal-Mart Canada restructured its store associate management team to improve customer service and drive savings. Even with the impact of the restructuring charge, Canada leveraged expenses, continuing its strong focus on driving the productivity loop. However, operating income declined year over year due to headwinds in margin, from mix and price investments.

Moving next to Latin America, we'll begin with Walmex. The Walmex summary includes the consolidated results of Mexico and Central America on a U.S. GAAP basis. Walmex separately reported second quarter results on July the 23rd, under IFRS, so some numbers will differ from the Walmex reported numbers. The Walmex results discussed here exclude the impact of the sale of Vips, for which we recorded a $267 million gain in discontinued operations.

Consolidated Walmex sales grew 5.0% and operating income grew 5.7%. Mexico alone grew sales 5.4%, with a comp sales increase of 1.2%. Sales were driven by a favorable Easter calendar flip and strong growth in self-service formats. The net result of the World Cup was relatively neutral overall, with solid sales in electronics prior to the event, but softer sales during the 4 weeks of the World Cup. Mexico leveraged expenses for the quarter. However, operating income continues to be impacted by challenges at Sam's Club and grew at a slower rate than sales.

Mexico's self-service business plus Sam's Club, grew market share by 20 basis points, according to ANTAD for the quarter ending June the 30th. This performance was driven by our self-service formats, gaining 240 basis points. It's important to note that our small formats, such as Bodega Aurrera Express, and our stand-alone pharmacies continued to deliver strong double-digit comps and outperformed their market peers on food and consumables by 12.3%. We have a solid price position, and we will continue to invest thoughtfully in price throughout the second half of the year.

To address challenges in Sam's Club, on May the 30th we announced organizational changes to simplify the structure and strengthen the business. Todd Harbaugh, who has more than 20 years of experience with Wal-Mart, including 11 years in the Sam's Club U.S. business, leads the club business, reporting directly to Scot Rank. The merchandising division for Sam's Club in Mexico was restructured into two areas, grocery and general merchandise, both led by seasoned executives. Our team is laying the groundwork for a more aggressive strategy to win back members and acquire new ones. We expect continued near-term challenges, but improvement in the longer term.

Turning to our Mexico e-commerce business, we celebrated the first anniversary of the Wal-Mart.com.mx site launch. We are investing to double distribution capacity in time for the holiday season, and we've completed online technology investments with the new mobile apps for both iOS and Android. We continue to integrate our e-commerce platform with stores to create a unique shopping experience. We added 116 kiosks for customers who feel more comfortable ordering and paying at the store. We're also accelerating the growth of our grocery home delivery business, leveraging the Superama experience to expand the offering to supercenters during the third quarter.

Our efforts to rejuvenate performance in Mexico delivered positive results in the self-service formats during the quarter, and we have the right plans in place to continue to improve the overall business.

Next, let's talk about Brazil, where we remain focused on turning around the business. Second quarter net sales rose 9.1%, with comp sales growing 9.7%, driven by a positive impact from the Easter flip and strong World Cup sales. We were encouraged by the sales performance of the food and consumables businesses and saw an improvement in general merchandise sales, largely driven by the World Cup. According to Nielsen, our market share declined for the quarter ending June 30 driven in part by store closures within the last 12 months. However, we grew comp sales faster than our largest competitor.

We continued to invest in store integration in Brazil and converted an additional 80 stores this quarter to the new systems. Integration efforts simplify and standardize operational processes, giving better visibility to business results and reducing compliance risk. We are on track to have all stores fully integrated by the end of next year. Despite these integration costs, we leveraged expenses for the quarter, as the team is doing a great job focusing on operational productivity. Operating income was positive.

Moving to Asia. Wal-Mart China's net sales grew 1.1%, although comp sales declined 1.6%. We continue to face significant headwinds from government austerity programs, as well as price deflation in some key categories. Despite the top line challenges, market share increased in the hypermarket category for the quarter ended June 30, and we maintained market share compared to all modern trade in China, according to Nielsen.

China's business transformation program continues to deliver substantial operational benefits, allowing us to invest in price and improve our competitive position. We grew operating income significantly over this quarter last year.

Wal-Mart China introduced a home delivery service in 383 stores, and customer feedback has been very positive. Average ticket for home delivery was significantly higher than the average store visit for the quarter. We are building a platform for sustainable growth in China, and we've been working on innovative ways to deliver the best experience for our customers.

Now, let's talk more specifically about our e-commerce sales. We are very excited about the innovation and growth in our e-commerce businesses around the world. As I mentioned earlier, Mexico celebrated the first anniversary of Wal-Mart.com.mx in June. Traffic grew to nearly triple last year's volume, positioning Wal-Mart.com as one of the fastest growing e-commerce retail businesses in Mexico and the third most visited, according to comScore. In the U.K., same day grocery Click & Collect is now available in most Asda superstores and 188 Click & Collect sites, and total U.K. e-commerce sales were up over 20% from a year ago. Admittedly, off a low base, Canada grew e-commerce sales by triple digits, with an expanded merchandise offer and improved customer experience. Additionally, in July we launched e-commerce sales in India to supply wholesale goods to small local businesses. The initial read in India was good, and we launched ahead of our competitors.

Yihaodian, our e-commerce platform in China, grew traffic again this quarter by triple digits, and ticket growth remains strong. Net sales grew double digits. Strong sales growth in wireless and appliances drove favorable results in the quarter. In Brazil, we again saw double digit e-commerce sales growth, with very strong growth in wireless and games.

Overall, we're pleased with the first half results. Despite continued economic challenges and a stretched consumer, we remain well positioned in our markets for the back half of the year. We continue to be optimistic about the future and our teams around the world remain focused on our key initiatives.

So, I'll turn it over to Roz for the update on Sam's. Roz?

Rosalind Brewer

Thank you, Dave. Performance at Sam's Club improved this quarter, with approximately 50 basis points of comp acceleration versus Q1. Our business is foundationally solid and over the past year, we've been transforming Sam's Club, with new membership enhancements, elevated merchandise, increased multichannel access, and a heightened use of data and analytics. There is still work to do, but we remain confident that these efforts will serve as a catalyst for our business, increasing the long-term value of being a member.

Our top priority at Sam's Club remains growth – growing our member base and growing sales. While our top line sales growth of 1.7%, without fuel, was modest, membership income grew 11.9% in the second quarter, with Plus member renewals a primary driver. This growth is more impressive considering we have now lapped the fee increase initiated last year in May.

As I mentioned earlier, we're taking steps to increase the value of membership. This includes our investment in two new membership enhancements, Plus member Cash Rewards and Sam's Club cash-back MasterCard, both launched a little over a month ago. This new MasterCard comes with chip-enabled technology, making the card more difficult to duplicate and providing additional security from fraudulent activity for our members.

It's still early days, but member response has been positive. But, what I'm most proud of is how the associates have rallied behind these programs by building relationships with members and communicating the combined value of both programs.

As Doug indicated, these investments help lay the groundwork for future comp sales growth; however, they also pose an operating profit headwind over the next 12 months. The impact of recent investments, such as Plus member Cash Rewards, can be seen in our financial results, reducing both our gross profit rate and operating income. Further, we expect that this headwind may accelerate in the coming quarters as our Plus penetration grows.

Now, a few thoughts on our performance during the second quarter. When we spoke last, I shared that Q1 got off to a slow start, as members were hindered by poor weather, and our clubs were impacted by higher utility costs. Our lower income Savings members were most impacted, and traffic slowed across the country.

In Q2, however, Savings member traffic improved, progressing towards more historical levels of low single-digit positives. Their growth helped support the 50 basis point comp improvement that I mentioned earlier. The Business member remains pressured, delivering negative comp growth this quarter. Overall, comp traffic growth of 0.3% was offset by a comp ticket decline of 0.3%, netting out to a flat comp for the 13-week period.

So, let me walk you through the financial results, excluding fuel. For results with fuel, please reference the supplemental presentation.

Net sales grew 1.7% to $13.0 billion. Operating income declined this quarter by 10.2% to $466 million, due to a decrease in gross profit rate and an increase in operating expenses. Operating income, with fuel, declined 4.6%.

Our gross profit rate declined 50 basis points this quarter, with 23 basis points of the decline attributable to our investment in Cash Rewards. We planned and prepared for this cost; however, the additional rate pressures from mix and price investments intensified the decline.

Operating expenses grew faster than sales this quarter by 18 basis points. Several factors contributed to our inability to leverage, including higher healthcare benefits costs versus last year and increased real estate expenses associated with opening 5 new clubs this quarter, versus 1 new club during this time a year ago. Membership and other income grew 10.5%, driven by upgrades and Plus renewals. Late in the quarter, we launched a social media initiative to drive new membership growth. We had almost 130,000 people respond to the offer, which ran from July 21 to August 1. While the majority of the offer redemptions will cross into the third quarter, we have been pleased by the number of new members who have already come into the club to officially activate their memberships.

Inventory management remains a priority for us, with inventory increasing 4.7% this quarter. Builds for new clubs and an earlier set for fall seasonal merchandise contributed to the growth.

Now on to our merchandising results. Our buyers have been working hard to elevate our merchandise assortment, procuring new items at incredible values for our members. We've seen good results in areas of the business where we have introduced these new items, such as "healthy-for-you" snacks and apparel. Some of our core categories like tobacco, wireless, and candy, however, remain pressured.

Fresh / freezer / cooler delivered a positive low single-digit comp, led by solid performance in dairy, fresh meat, and cooler areas. A competitive pricing position and successful 4th of July holiday weekend boosted our fresh meat comp, as members responded to our high-quality assortment of steak, ground beef, and chicken. We continue to see inflation in dairy; however, unit growth was minimally impacted.

Grocery and beverage posted a negative low single-digit comp. The snacks category continues to perform well, driven by "healthy-for-you" indulgences within nuts, trail mixes, chips and popcorn. We are pleased with our recent efforts to assort clubs based on member preferences within wine and spirits, representing over 100 basis point improvement in comp performance over the prior quarter. The growth was tempered by declines in candy and beverages, which were hindered by the deceleration in Business member traffic.

Ancillary, which includes tobacco, declined low single-digits. Tobacco comp sales decelerated, despite a May price increase, with units down mid-single digits.

Health and wellness delivered a positive low single-digit comp. The overall category was lifted by the high single-digit comp in pharmacy, as investments in member value and awareness over the past several quarters continue to drive growth. Within optical, an increased focus on opportunistic buys resulted in a strong assortment of new "fashion sun wear" items – all at a great value for our members. Over-the-counter is a focus area, as we continue to lap extremely strong prior year performance in diet and nutrition items. We have recently introduced several new items in OTC, including new nutrition bars for our health-conscious members, and initial results are promising.

Some of the consumable categories, such as pets and laundry, struggled this quarter, as we continue the transition to newness. This transition period resulted in a negative low single-digit consumables comp. However, our long-term focus on higher quality, better pack-size value and newness continues to accelerate results in the disposable tabletop and paper goods categories, leading to double-digit share gains over the 52-weeks ended July 19, as measured by The Nielsen Company.

While still a negative high single-digit comp overall, we are beginning to see comp improvement within our technology and entertainment subcategories. Our merchants have been surrounding core items, like TVs, with new and exciting tech items, and the results are beginning to show. For example, we've added new SKUs within the portable audio category, which had a positive effect on the quarter. We've seen comp declines in wireless, as system upgrade delays have affected our ability to provide new carrier installment plans. Home, apparel, and hardlines reported a positive mid-single-digit comp this quarter, led by a strong double-digit comp in kitchen electrics and a high single-digit comp in mattresses. You may recall that mattresses struggled last quarter, underperforming in areas of the country most impacted by weather. Our merchants worked hard to change their approach this quarter, adding a new king size SKU to our assortment with a strong price-point. Member response was clearly positive! Apparel and jewelry continued their exceptionally strong track record – delivering their fifth straight quarter of positive comps.

Samsclub.com delivered another solid quarter, contributing approximately 30 basis points to the total segment comp. Double-digit sales growth was seen in both direct-to-home and Click ‘n’ Pull formats, and conversion rates improved across all access points.

This quarter, we re-launched all four mobile platforms, providing easier access and simplified shopping for our members. This includes a completely new iPhone app launched in June, with features that allow Plus members to check their Cash Rewards balance on-the-go. Based on member insights, the mobile team is now releasing new enhancements and updates every 4-6 weeks to ensure the best possible experience.

Speaking of experience, our operations team recently launched a new in-club initiative to provide “legendary member service.” At Sam’s Club, our members have a higher expectation of service because they pay to shop our clubs. The “legendary member service” concept is simple – we want to ensure that our members are engaged and have a memorable shopping experience with us.

We continue to be optimistic about the future of Sam’s Club, knowing that we have laid the groundwork for success. We expect comp sales to be slightly positive for the 13-week period ending October 31. This compares to a 1.1% comp increase last year.

Just one week ago, we hosted our annual holiday meeting with our field management teams here in Bentonville, Arkansas. Let me tell you, the teams left feeling energized and ready to serve our members. At every level of the organization, we’re laser-focused on 3 key priorities: continued elevation of our merchandise assortment, growing our member base, and strengthening e-commerce, which includes mobile. We’re building momentum at Sam’s Club and remain confident in our ability to deliver positive comp sales during the second half of the year.

I’ll now pass it over to Neil. Neil?

Neil Ashe

Thanks, Roz. Our e-commerce businesses made significant progress on our strategies and delivered a number of customer-focused enhancements in our core markets. Globally, e-commerce sales grew approximately 24% in the second quarter. I’m excited about the capabilities we’ve delivered and how we are integrating the digital and physical worlds to offer customers easier and more convenient ways to shop. We’re working closely with the operating segments around the world to make all of this happen.

Looking at Wal-Mart U.S., we saw double-digit sales growth, and we continued to outpace the e-commerce market overall. The major highlight was that we started to roll out a new Wal-Mart.com site experience. To the consumer, it's simpler, it's faster and it's easier shopping experience. But, it also represents a major technical feat that involves a top-to-bottom rebuild of our entire global technology platform. I'm also really excited about the rollout of Savings Catcher. It's a perfect demonstration of how we are integrating digital and physical experiences to do the work for our customers, and it reinforces their trust in Wal-Mart's low prices.

The Sam's team is moving aggressively on enhancing the digital and physical experience for members. The new iPad app is getting rave reviews from the members, going from 3.7 stars to 4.5 stars in the app store. We're also seeing great momentum in the office category and with the Click 'n' Pull program that allows members to order online and pick up in a club.

We had double-digit sales growth in Brazil, in Mexico and Chile, and triple-digit growth in Canada and Argentina. Of course, we saw a lot of TV sales leading up to the World Cup, but the pleasant surprise was the sales lift in games as a result of good demand for consoles.

In China, Yihaodian delivered high double-digit growth rates in sales for the quarter, and its focus continues to be on the quality of the customer experience. To support these efforts, we completed 40 projects in the quarter, including Customized Message Services for customer support. And, our customer satisfaction reached a new high of 97.7%. Yihaodian's marketplace business 1Mall also more than doubled.

In addition to the successes in each market, we're seeing great progress on building out a world-class e-commerce organization and delivering on our strategic initiatives.

On the talent side, we continued to strengthen our Global eCommerce leadership team. Fernando Madeira, who was our President of Latin America eCommerce, became President and Chief Executive Officer of Wal-Mart.com, with responsibility for the U.S., Latin America and further growth of Wal-Mart.com.

We also created a new Chief Operating Officer role for Global eCommerce and are thrilled that Michael Bender, formerly president of the West for Wal-Mart U.S., is now in this role. He will drive operational excellence as we scale our e-commerce businesses and will oversee the expansion of our next-generation fulfillment networks.

With these additions and others, I feel great about the depth and breadth of experience at the leadership level, as well as throughout our organization. We've continued to have great success in hiring some of the best technologists in Silicon Valley and around the world. And, we supplemented our hiring with small, targeted acquisitions, including Adchemy, Stylr and Luvocracy this past quarter.

Our talent density is helping us deliver best-in-class technology. We've talked about our global technology platform and how it is a top-to-bottom rebuild of everything that powers our e-commerce sites and businesses around the world.

We've been delivering a lot of elements of the tech platform this year, but most of those have been technology that customers don't see, sitting under the hood. What they will now start to see is a new site experience for Wal-Mart.com in the U.S. We previewed the site at a mom blogger day at our Sunnyvale office, and they loved it. One of them, Leticia, was saying how visually appealing the site looked and how much easier it was to find products. Input from customers helped us design the site and will help us continue to make it even better.

The tech platform gives us much greater speed and flexibility. Changes to the site can be made in minutes versus days, so we can innovate, test, iterate and deploy new capabilities in real time. The site has much more personalization, and each customer's experience is always changing with fresh content that helps them discover new items. We've built our own personalization engine to customize the experience. Customers now receive relevant options and recommendations, while they are on the site, and via email and text messages. And, given that more 30 than half of traffic to Wal-Mart.com is coming from mobile devices, we designed the site to adapt to any size device, particularly tablets. In addition to the new global technology platform, we've been focused on building our next-generation fulfillment networks around the world to deliver orders faster and more efficiently. We have a new large-scale fulfillment center under construction in Indiana, which will complement those we've opened in Texas and Pennsylvania in the past 12 months. We also enabled 20 more stores to fulfill online orders during the quarter, and 20% of units ordered on Wal-Mart.com are now shipped from stores. Our algorithms are helping to determine the optimal shipping point, whether from an online fulfillment center, a store DC or a store. And, in Brazil, we opened a new fulfillment center in Cajamar that is now fully operational. We will announce additional fulfillment centers around the world over the coming months.

We're excited about the progress we're making on our strategic goals, and our investments are delivering for Wal-Mart's customers. We are pleased that we are growing faster than the market. And, this growth is coming during a time that we are rebuilding almost every aspect of our e-commerce businesses – building out our team, new global tech platform and next generation fulfillment networks. We expect to see fluctuations as we go through this work, and we're keeping our eye on the long-term. We started the year with a goal of 30% full-year sales growth. We're expecting that growth to be in the mid-20s. And, we expect higher growth in our third-party marketplace businesses.

The opportunity for e-commerce is clear and we are stepping up our investment in our e-commerce businesses for the rest of the year.

I will now turn it over to Charles for guidance. Charles?

Charles Holley

Thanks, Neil. We are now half-way through this fiscal year, and while we have some challenges, we are encouraged by several aspects of our business. Let me cover those examples. During the quarter: Consolidated net sales increased more than $3.2 billion, with Wal-Mart U.S. contributing $1.9 billion of the increase. Wal-Mart International delivered a solid performance, with positive comp sales in all but one market and strong operating income. Earnings per share of $1.21 were well within our guidance. Wal-Mart U.S. comp sales for the quarter and the year were flat, an improvement over the prior year's string of negative comps. We're also pleased that traffic improved. And, e-commerce sales grew approximately 24% on a global basis.

The challenges that we face are reflected in our revised guidance, and I will go through those now. In addition to continuing global macro-economic challenges, there are several specific items that will continue to be headwinds for us in the back half of this year.

First, during the quarter, our U.S. healthcare costs increased $180 million versus last year and were well ahead of our initial estimates. This increase is a result of higher enrollment by our U.S. associates and families, as well as healthcare cost inflation. Enrollment does fluctuate with our hiring. As a result of this increased expense, we now anticipate the impact to be approximately $500 million for the fiscal year, which is approximately $170 million higher than our original estimate of approximately $330 million provided in February. That estimate was included in our full year earnings per share range of $5.10 to $5.45. Second, as you just heard from Neil, e-commerce is particularly important to both our customers and our company's future, and we will continue to invest in areas such as technology, talent, and fulfillment. As a result, our fiscal 2015 earnings per share now assumes $0.05 to $0.07 of incremental investment versus our prior guidance of $0.02 to $0.04. I would like to add that, although we are slightly revising our e-commerce sales growth to 25% for this year, we continue to be very encouraged by the progress we are making on our strategic goals.

From a tax perspective, the estimate of our full-year effective tax rate remains between 32 and 34%. For the third quarter, we expect our rate to be around 34%. While historically our rate tends to moderate toward the end of the fiscal year, it's important to remember that assessments of certain tax contingencies, valuation allowances, changes in tax law, outcomes of administrative audits and the impact of discrete items could affect our rate. We are monitoring progress in Congress with respect to the extension of certain U.S. income tax legislation that expired at the end of calendar year 2013, which if not passed, could drive our effective tax rate towards the high end of our estimated range for the full year.

As we shared with you last quarter, we are investing in Sam's Club this year. We will continue to support our two new membership enhancements at Sam's with investments in the Plus member Cash Rewards and the cash-back MasterCard, which both launched in June. As Roz indicated earlier, while these investments will position the business better for the long term, they do pose an operating profit headwind over the next year.

Taking all of these factors into account, we are forecasting earnings per share for the full year to range between $4.90 and $5.15 per share, versus our prior guidance of $5.10 to $5.45. This assumes third quarter EPS to range between $1.10 and $1.20 versus $1.14 last year. Our estimates assume that currency exchange rates remain at current levels.

Now, before we wrap up today's call, I would like to address a few additional items. Returning value to our shareholders is clearly one of our financial priorities. In the second quarter, we paid $1.5 billion in dividends and repurchased approximately $307 million of our shares. Our operating results heavily influenced our share repurchase activity. As we look at the level of share repurchase for the first half and the remainder of this year, it is important to remember that we spent $1.5 billion to acquire most of the remaining outstanding shares of our Chilean operations, and that we committed an additional $600 million to accelerate small format openings in the U.S.

The change in our working capital, specifically inventory and accounts payable, negatively impacted our cash from operations. Improving our working capital performance is a priority for all of our operating segments.

With that, thank you for your continued support and interest in our company. Have a great day.

This call included certain forward-looking statements. Those forward-looking statements are intended to enjoy the safe harbor protections of the Private Securities Litigation Reform Act of 1995, as amended, and generally are identified by the use of the words or phrases "anticipate," "are…accelerating," "are forecasting," "are investing," "are on track," "are slightly revising," "are stepping up," "assumes," "estimate," "estimates," "expect," "expecting," "goal," "investing," "is coming," "keep working," "plan," "planned," "priorities," "priority," "remain confident," "remain on track," "we will," "we'll continue," "will allow," "will announce," "will benefit," "will capture," "will come," "will continue," "will cross," "will cycle," "will deliver," "will increase," "will launch," "will open," 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 Wal-Mart's objectives, plans, goals, targets or expectations are forward-looking statements.

The forward-looking statements in this call included statements regarding management's forecasts for: Wal-Mart's diluted earnings per share from continuing operations attributable to Wal-Mart for the full fiscal year 2015 and for the third quarter of fiscal year 2015; the per share amount of incremental investments in e-commerce during fiscal year 2015; the incurrence of, and amount of, higher incremental associate healthcare costs to be incurred in fiscal year 2015; the comparable store sales of the Wal-Mart U.S. operating segment and the comparable club sales, excluding fuel, of the Sam's Club operating segment for the 13-week period ending October 31, 2014; the range of the company's effective tax rate in fiscal year 2015, and the company's expected effective tax rate for the third quarter of fiscal year 2015. In addition, such statements include statements of certain assumptions underlying such forecasts, of the likelihood and potential causes of the effective tax rate fluctuating from quarter to quarter and of certain factors that may affect Wal-Mart's effective tax rate.

Those statements also include statements regarding management's expectations, plans and objectives: that Wal-Mart's U.S. businesses will get better operationally; that Wal-Mart's net interest expense for fiscal year 2015 will be higher than the net interest expense for fiscal year 2014; that specific items will continue to be headwinds for Wal-Mart in fiscal year 2015, including U.S. healthcare costs being greater than originally anticipated and continued investments in e-commerce technology, talents and fulfillment; regarding Wal-Mart's goal to have positive comparable store sales by the end of fiscal year 2015 and for investments to be made in Wal-Mart's stores during the rest of fiscal year 2015 to deliver on such goal; timely and cost-effective delivery of merchandise to millions of additional customers as a result of investments such as the investment in a new e-commerce fulfillment center in Indiana; overall e-commerce sales growth in fiscal year

2015 and the expected amount of the growth; continued support for the two new membership enhancements, the Plus member Cash Rewards and the cash-back MasterCard, in the Sam's Club operating segment, and the expectation that such membership enhancements will position the Sam's Club business better in the long term while being a headwind for the Sam's Club operating segment's operating profit over the next year; the priority of all operating segments to improve working capital performance; and for investments continuing to be made in e-commerce technology, talent and fulfillment.

The forward-looking statements also include statements regarding management's expectations, plans or objectives for the Wal-Mart U.S. operating segment, including: for the Wal-Mart U.S. operating segment to have positive comparable store sales by the end of fiscal year 2015; for working in the second half of fiscal year 2015 to attain a combination of price investments and stores associate hours so that the Wal-Mart U.S. operating segment can deliver improved comp sales and exceed customer expectations for service; for the Wal-Mart U.S. operating segment to experience continued pressure from healthcare expenses and year-over-year healthcare expense growth of a certain amount in fiscal year 2015; for the operating income of the Wal-Mart U.S. operating segment to be challenged for the balance of fiscal year 2015 as a result of increased healthcare costs and the commitment of the Wal-Mart U.S. operating segment to price investment and customer service; plans to open, relocate or expand a particular number of supercenters during fiscal year 2015; plans to open a number of new Neighborhood Market units within a particular range during fiscal year 2015; plans to continue the roll out of the current phase of the Wal-Mart Express test and to open a certain number of additional Wal-Mart Express units during fiscal year 2015; for the majority of the openings of Neighborhood Markets and Wal-Mart Express units to occur late in the fourth quarter of fiscal year 2015; for operating income headwinds from pre-opening expenses and higher inventory balances to occur in the last half of fiscal year 2015 as a result of the planned openings of the new Neighborhood Market and Wal-Mart Express units; for the launch of an opening price point private label brand, Price First, nationwide late in the third quarter of fiscal year 2015; for opening about a dozen primary care clinics by the end of fiscal year 2015; for sales in the second half of fiscal year 2015 to benefit from the Wal-Mart U.S. operating segment's investment in the re-laying the entertainment department throughout its stores; for the scheduled opening of a third fully dedicated e-commerce fulfillment center in Indianapolis; plans to deliver on key customer requirements of being in stock, clean stores, the right price, the right items, improved service and better productivity; that a good portion of the growth of the Wal-Mart U.S. operating segment in the coming years will come from the current core business of the Wal-Mart U.S. operating segment; and that the Wal-Mart U.S. operating segment will capture more than its fair share of future opportunities in the e-commerce market and in new store formats.

Such forward-looking statements include statements regarding management's expectations, plans or objectives for the Wal-Mart International operating segment, including: that the Wal-Mart International operating segment will continue driving improved comparable store sales performance; that the Wal-Mart International operating segment will continue making thoughtful investments in price in its Walmex operations throughout the second half of fiscal year 2015; that, while there will continue to be near term challenges in the Sam's Club operations in Mexico, there will be improvement in the performance of those operations in the longer term; for investments to be made to double distribution capacity in the e-commerce business in Mexico in time for the holiday season; for accelerated growth of the grocery home delivery business in Mexico and expansion of the offering to supercenters in Mexico during the third quarter of fiscal year 2015; and that all stores in Brazil will be fully integrated to the new systems by the end of fiscal year 2015.

Such forward-looking statements include statements regarding management's expectations, plans or objectives for the Sam's Club operating segment, including: for increases to occur in the membership line of the Sam's Club operating segment as a result of investment in new membership enhancements, such as Cash Rewards; for accelerated headwinds to occur as to the financial results of the Sam's Club operating segment in coming quarters, including as to both gross profit rate and operating income, which headwinds will be caused by investments such as the Plus member Cash Rewards and occur as Plus penetration grows; that the majority of redemptions related to the Sam's Club operating segment's recent social media initiative to drive new membership growth will occur in the third quarter of fiscal year 2015; for the Sam's Club operating segment to be focused on the three key priorities; and for delivery of positive comparable club sales during the second half of fiscal year 2015. Such forward-looking statements also include statements regarding management's expectations or plans for the Company's e-commerce operations around the world, including: for additional fulfillment centers to be built around the world; for fluctuations in growth to occur that will be caused by rebuilding almost every aspect of the e-commerce business; for sales growth goals for fiscal year 2015; for the amount of expected growth in the e-commerce business for all of fiscal year 2015; for growth in third-party marketplace businesses to occur; and for increased investment to be made in the e-commerce businesses for the rest of fiscal year 2015.

The forward-looking statements also discuss other goals and objectives of Wal-Mart and the anticipation and expectations of Wal-Mart and its management as to other future occurrences, trends, and results.

All of these forward-looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including: general economic conditions; business trends in our markets; economic conditions affecting specific markets in which we operate; competitive initiatives of other retailers and other competitive pressures; the amount of inflation or deflation that occurs, both generally and in certain product categories; consumer confidence, disposable income, credit availability, spending levels, spending patterns and debt levels; changes in the level of public assistance payments; customer acceptance of new initiatives and programs of the company and its operating segments; customer traffic in Wal-Mart's stores and clubs and on the company's e-commerce websites and average ticket size; consumer acceptance of Wal-Mart's product and service offerings in its stores and clubs and on the company's e-commerce websites; consumer acceptance of the company's stores and merchandise in the markets in which new units are opened; consumer shopping patterns in the markets in which the small store expansion of the Wal-Mart U.S. operating segment occurs; disruption in the seasonal buying patterns in the United States and other markets; consumer demand for certain merchandise; geo-political conditions and events; the availability of attractive acquisition candidates among e-commerce and other retail-related companies; the availability of talented people with e-commerce-related expertise and experience; weather conditions and events and their effects; catastrophic events and natural disasters and their effects; public health emergencies; civil unrest and disturbances and terrorist attacks; commodity prices; the cost of goods Wal-Mart sells; transportation costs; the cost of diesel fuel, gasoline, natural gas and electricity; the selling prices of gasoline; disruption of Wal-Mart's supply chain, including transport of goods from foreign suppliers; Wal-Mart's ability to identify and implement additional productivity gains and expense reductions; information security and information security costs; trade restrictions; changes in tariff and freight rates; labor costs; the availability of qualified labor pools in Wal-Mart's markets; changes in employment laws and regulations; the cost of healthcare and other benefits; the number of associates enrolling in Wal-Mart's healthcare plans; casualty and other insurance costs; accident-related costs; the availability and cost of appropriate locations for new and relocated stores, clubs and other facilities; local real estate, zoning, land use and other laws, ordinances, legal restrictions and initiatives that impose limitations on the company's ability to build, relocate or expand stores in certain locations; delays in construction of new, expanded or relocated units planned to be opened by certain dates; availability of persons with the necessary skills and abilities necessary to meet the company's needs for managing and staffing new units and conducting their operations; availability of necessary utilities for new units; availability of skilled labor in areas in which new units are proposed to be constructed or in which existing units are to be relocated, expanded or remodeled; adoption of or changes in tax and other laws and regulations that affect Wal-Mart's business, including changes in individual or corporate tax rates; developments in and the outcome of legal and regulatory proceedings to which Wal-Mart is a party or is subject and the costs associated therewith; requirements for expenditures in connection with FCPA-related matters and compliance programs; currency exchange rate fluctuations; changes in market interest rates; conditions and events affecting domestic and global financial and capital markets; the unanticipated need to change Wal-Mart's objectives and plans; factors that may affect Wal-Mart's effective tax rate, including Wal-Mart's performance, changes in Wal-Mart's assessment of certain tax contingencies, valuation allowances, changes in law, including the outcome of pending U.S. Congressional actions regarding the extension of certain tax legislation, outcomes of administrative audits, the impact of discrete items, and the mix of earnings among Wal-Mart's U.S. and international operations; changes in generally accepted accounting principles; unanticipated changes in accounting estimates or judgments; and other risks. Wal-Mart discusses certain of these matters more fully in its filings with the SEC, including its most recent Annual Report on Form 10-K (in which Wal-Mart also discusses certain risk factors that may affect its operations, its results of operations and comparable store and club sales), and the information on this call should be considered in conjunction with that Annual Report on Form 10-K, and together with all of Wal-Mart's other filings made with the SEC through the date of this call, including its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements made in this call. Because of these factors, changes in facts, assumptions not being realized or other circumstances, Wal-Mart's 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 Wal-Mart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

The comparable store sales for our total U.S. operations and comparable club sales for our Sam's Club operating segment and certain other financial measures discussed on this call exclude the effect of the fuel sales of our Sam's Club operating segment. Those measures, as well as our return on investment, free cash flow, amounts stated on a constant currency basis and certain other financial measures discussed in this call 40 may be considered non-GAAP financial measures. Information regarding certain of these non-GAAP financial measures and reconciliations of certain of these non-GAAP financial measures to their most directly comparable GAAP measures are available for review on the Investors section of our corporate website at stock.Wal-Mart.com and in the information included in our earnings release, which is an exhibit to our Current Report on Form 8-K that we furnished to the SEC on August 14, 2014.