FINAL TRANSCRIPT

Thomson StreetEvents℠

WMT - Q2 2009 Wal-Mart Stores Inc. Pre-Recorded Earnings Conference Call

Event Date/Time: Aug. 14. 2008 / 7:30AM ET

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PRESENTATION

Operator

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These forward-looking statements generally are identified by use of the words or phrases anticipate, expect, forecast, will continue, and will remain or a variation of one of those words or phrases in those statements or by the use of words or phrases of similar import. Similarly, descriptions of our objectives, plans, goals or targets or expectations are forward-looking statements.

These statements discuss, among other things, our anticipated comparable store sales for the current fiscal quarter and our anticipated earnings per share for the current fiscal quarter and fiscal year 2009 as a whole; our anticipated tax rate for fiscal year 2009 and the factors that may impact that tax rate; our expectation that high transportation cost will be an expense headwind for the remainder of the year; our forecast for our capital expenditures for fiscal year 2009; our expectation that the long-term projects to enhance our information systems for merchandising; finance and human resources will continue to be an expense headwind for the rest of fiscal year 2009 and beyond; our anticipation that we will record in the third quarter of fiscal year 2009 a gain on our sale of Gazeley; our expectation for customer response to new offerings in the home category; our expectation for momentum to grow in back-to-school sales during August; our anticipation that our Sam's Club segment will experience pricing pressures in the coming months; and our expectation that the next two quarters will be challenging for our Sam's Club segment from a membership renewal dollar perspective; and the anticipation and expectations of Wal-Mart and its management as to future occurrences and trends.

These forward-looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including geopolitical events and conditions; the costs of goods; competitive pressures; general economic conditions; consumer credit availability; inflation; consumer spending patterns and debt levels; currency exchange fluctuations; trade restrictions; changes in tariff and freight rates; fluctuations in the cost of gasoline, diesel fuel and other energy, transportation, utilities, labor and healthcare, accident costs, casualty and other insurance cost; interest rate fluctuations; capital market conditions; 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 together with all our other filings including current reports on Form 8-K that we have made with the SEC through the date of this call. We urge you to consider all these risks, uncertainties and other factors carefully in evaluating the forward 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. These forward-looking statements made in this call are made on and as of the date of this call and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

The comp store sales for our total US operations and for our Sam's Club 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 cash flow from operations to average debt as discussed on this call may be considered non-GAAP financial measures. Reconciliations of those non-GAAP financial measures to the most directly comparable GAAP measures are available for review on the Investor Relations portion of our corporate website at www.WalMartStores.com/investors.

Carol Schumacher - *Wal-Mart Stores Inc. - VP, IR*

Welcome to the new Wal-Mart Stores Inc.'s second-quarter earnings call for fiscal year 2009. Thanks for joining us today. This is Carol Schumacher, Vice President of Investor Relations. I'd like to remind you that a replay of this call and related materials about the quarter are available on our website, so here is the agenda for today.

Lee Scott, President and CEO, will provide comments on the Company's overall performance and perspective about the economy; Tom Schoewe, our CFO, will of course cover the detailed financial results; Eduardo Castro-Wright, President and CEO of Wal-Mart US, will get into the details on that operating segment; and Charles Holley, EVP Finance and Treasurer, will cover things for Wal-Mart International; Doug McMillon, President and CEO for Sam's Club, will describe all the things going on for our US-based club; and Tom will come back and finish up the call with guidance both for third-quarter comps as well as third-quarter EPS and some thoughts about our guidance for the full fiscal year.

Detailed store counts and square footage updates through the second-quarter of this fiscal year are available on our website. Wal-Mart Stores Inc. added 73 units worldwide this quarter. We also have on our website metrics on return on investment, return on assets, cash flow to average debt and free cash flow.

We have one reminder. In observance of the fact that Yom Kippur falls on October 9th this year, we have moved the day for reporting our September 4-week sales from Thursday, October 9th to Wednesday, October 8th and we will report as usual before the market opens. I'll now turn it over to Lee. Lee?

Lee Scott - *Wal-Mart Stores Inc. - President, CEO*

Thank you, Carol, and welcome, everyone. We appreciate your interest in the Company and in the work that our associates are doing to serve customers in so many markets around the world. In fact, I just have returned from China where I had the great opportunity to visit a Sam's Club in Beijing and a Trust-Mart, both of which are doing very well and both looked very good. For the day we have a great story to tell for this year's second quarter. We continue to deliver on our mission, saving people money so they can live better.

In today's press release you'll see that the second-quarter's net sales were approximately $101.6 billion, an increase of 10.4% for Wal-Mart Stores Inc. from the prior year. Each operating segment contributed to the quarter's record sales; in fact, it's the second time we hit the $100 billion mark in a quarter. So this is a significant achievement for our company. And I hope you noticed our headline, that we are raising our full-year earnings guidance because of the underlying strength of our operations.

Diluted earnings per share from continuing operations for the quarter were $0.86 per share, up from $0.75 per share for last year's second quarter. This is about a 14.7% increase over this quarter last year which benefited $0.04 per share from three specific items. I will let Tom Schoewe get into the details on these numbers shortly. However, before I talk about the economy let me cover some highlights of our results.

Our inventory management continues to be a great story, driven by strong performance again from Wal-Mart US as well as some of our Wal-Mart International operations including Mexico, Brazil and the United Kingdom, and we continue to gain market share. In the US we are gaining market share in each of the six merchandise units; we're also increasing share in many markets within Wal-Mart International.

Our company continues to manage cash flow in a way that will give us the opportunity to participate in things that will benefit Wal-Mart long term. Most importantly, the combination of our solid operating performance coupled with strong capital efficiency allowed the Company to report free cash flow through the first six months of almost $5 billion.

As I travel there are two types of questions I get -- first, general questions about the economy; and second, questions about inflation. What we see, as do many around the world, is a global economy that is difficult. It started in North America and then spread to Europe. The economic difficulties are now showing up in some of the developing countries as well. How these effects are impacting our customers is something that Wal-Mart monitors on a daily basis.

Wal-Mart's customer is reflective of society in general; while some of them live paycheck to paycheck, our customers represent a broad income segments and they are all challenged today. When energy and oil prices go up on top of inflation and healthcare and core food items there is a great deal of pressure on the customer. The Wal-Mart and Sam's Club associates are focused every day on carrying out Sam Walton's vision to improve the lives of everyday people by making everyday things more affordable.

We had started to see that our customer was being pressured back in 2006 and 2007. At that time we decided to reduce capital expenditures and invest more in price and today we are glad that we made those decisions. Recently some of our country presidents talked about customers in their markets. They see their customers looking for ways to save money.

People are eating more sandwiches in Puerto Rico and relying more on private label products in the UK. Customers in many areas are buying cheaper cuts of meat for dinner and, similar to the United States, people in other countries are eliminating vacation and entertaining more at home. Our customer in Mexico, whose paycheck is being stretched, still wants a top quality branded TV; it may take just a little longer to be able to make the purchase. The common thread is that they can rely on Wal-Mart to deliver products at the lowest price.

Here's what we're seeing regarding inflation. While commodity prices have decreased recently, food inflation continues to be a factor in our markets. Certainly energy costs are increasing the cost of raw materials and transportation. Labor costs are rising in some markets as well; suppliers are experiencing cost increases and are passing them along to retailers. We continue to be diligent that any price increase is justified. We continue to leverage our global purchasing capability to keep cost increases down as much as possible.

Mike Duke's team at Wal-Mart International continues to do a great job balancing inflation, cost pressures and our commitment to improving return on investment. And his team also takes learnings from one country and ensures that they are shared across the organization.

Beyond price our customers expect us to be relevant to them. A Wal-Mart US team under Eduardo Castro-Wright has been increasingly successful in also making our store relevant to shoppers across the store. If you want to save money you're going to be able to go from department to department and find us relevant to your needs. Our Wal-Mart team is improving the level of consistency in every area of the business.

I know that Eduardo will talk about the progress that our associates have made in these areas, as well as the overall results of Wal-Mart US business. But I want to recognize the US team for its contributions in managing inventory because it helps us keep so many of our costs down. Our US stores are better merchandised and better in stock, the presentation is better and the customer service continues to improve everyday because our productivity is better.

The economy is tougher also for small businesses. Food inflation is eating into the profits in restaurants and convenience stores. Our Sam's Club members, both Business and Advantage, appreciate what Doug McMillon and his team are doing to keep prices low and to ensure that the members realize the value and the benefits of a Sam's Club membership. I know that later on Doug will talk about the challenges that Sam's Club is facing. We are confident that the club channel is particularly relevant in an economy like the one we face today.

The success of Wal-Mart's business model is built on saving people money so they can live better. The strategy of Wal-Mart as a corporate citizen rests on our continued improvements in providing opportunities for our associates in diversity, in leadership of sustainability and improved responsible sourcing. We are committed to making progress in these areas.

Wal-Mart now employs about 2.1 million associates around the world. We continue to offer career opportunities to people in every one of our markets. It is gratifying that so many people line up for a job at Wal-Mart when we announce openings; they see the opportunity that we bring to their future.

As I've talked about before, we recently launched a groundbreaking initiative in China to build the supply chain of the future. Our goal is to drive sustainable business practices, energy efficiency and innovation throughout Wal-Mart and the global supply chain.

On October 22nd in Beijing Wal-Mart will host the Sustainability Summit which will bring together our leading suppliers, non-governmental organizations, or NGOs, and entrepreneurs. Our objective at this meeting is to discuss with our suppliers our expectations for improving and launching further Wal-Mart sustainability initiatives.

I will be able to share more about this meeting when I see you at the analyst and investor meeting in late October. Now let me turn the microphone over to Tom Schoewe for all the numbers and more.

Tom Schoewe - *Wal-Mart Stores Inc. - EVP, CFO*

Lee, before I dive into the details there's something that we all need to keep in mind -- our results in the second quarter of last year included $0.04 per share of net benefits that we did not repeat this year. To understand how well our underlying businesses are performing I've asked Eduardo Castro-Wright and Doug McMillon to review their results both with and without these net credits. The key take away is that our underlying operating results are far stronger than our reported results would indicate.

Now let me get into the results. Total net sales for the Company were approximately $101.6 billion, that's up 10.4%. In addition, US comp store sales were a positive 4.5% and that's without fuel in the second quarter. It's clear that the improvements that we've made in the business, along with the sales generated by the economic stimulus checks, contributed to our US businesses outperforming our comp guidance for the quarter.

Operating income was up 9.7% with income from continuing operations before taxes and minority interest for the second quarter increasing 9.5%. Diluted earnings per share from continuing operations were $0.86, that's up from the $0.75 a share that we reported in the second quarter of last year.

As I mentioned before, last year's second-quarter results included a net benefit of approximately $0.04 per share from accruals for general liability and worker's compensation claims which were reduced by $196 million, and that's after-tax, and $41 million in after-tax gain from the sale of certain real estate properties. These benefits were offset by $66 million of after-tax charges for legal and other contingencies.

The Company closed the sale of Gazeley Limited Group, a commercial property subsidiary of ASDA in the United Kingdom this July. The results of Gazeley's operations have been presented in today's Q2 press release as discontinued operations for all periods. We anticipate recording a gain from the sale of Gazeley in the upcoming third quarter of fiscal 2009.

In addition, discontinued operations for the current quarter includes a $63 million gain which resulted from the resolution of a tax contingency related to see the MacLane Company. Also in the prior year's second quarter the Company reported a charge of $153 million related to the disposition of our German operations.

Now let's look at our consolidated results. Consolidated gross margin was up 32 basis points for the second quarter due primarily to the improvements Wal-Mart US made in inventory management and merchandising flow. Inventory is one of our five financial metrics that support our efforts to improve free cash flow. Our goal is for inventory to increase at half of the rate of our sales growth. Consolidated inventories were up 3.5% against a year-to-date sales increase of 10.4%, a good performance again driven primarily by Wal-Mart US.

Payables as a percentage of inventories for the Company were 84.6% at the end of the second quarter, which is up 3.6% from last year. Membership and other income were up approximately 6% for the second quarter over last year. Recall that last year at this time other income also included the gains from the sale of the real estate I mentioned earlier. Other income includes Sam's Club membership revenue, tenant lease income, financial services and recycling income.

Doug will comment on our efforts to improve membership income later in the call. Financial services had another very strong performance and Eduardo will provide more detail on that operation in just a moment -- I don't want to steal his thunder.

Consolidated operating expenses as a percentage of sales were up approximately 31 basis points over last year, largely due to higher bonus payments for store and field associates and the favorable adjustments to general liability and worker's compensation claim accruals recorded in the prior year that we mentioned earlier.

Expenses in our "other" segment were up approximately 23% from the second quarter of fiscal 2008, again due primarily to our investment in transformation programs. Investments in information systems for merchandising, finance and human resources will continue to be a headwind for the rest of this fiscal year and several years to come.

And now let's cover the status of our interest expense, tax rate and debt levels. Net interest expense was up 12.9% over last year's second quarter due to higher debt levels to fund increased share repurchase over last year. Our tax rate for the quarter was 34.2%. We continue to expect the tax rate for fiscal 2009 to be between 34% and 35%, although we will see some quarterly fluctuation. Factors which may impact our rate include changes in our assessment of certain tax matters and the mix of international to domestic income.

Debt to total capitalization was 40.0% at the end of the second quarter of this fiscal year; this is slightly reduced from the 40.9% we reported at the same time last year. Our cash flow from operations to average debt was approximately 44%.

Now let me shift gears for just a minute and report some really important news. Lee talked about our very solid operating management coupled with strong capital efficiency. Recall that we define free cash flow as cash provided by operating activities less CapEx. The combination of these two factors, improved operations and capital efficiency, allowed us today to report that the Company ended the first six months with free cash flow of $4.9 billion. This compares to a cash flow deficit last year of $773 million -- incredible progress.

Furthermore, return on investment from continuing operations for the trailing 12 months ended July 31, 2008 is 19.3% which is flat -- that's right -- flat, to the 19.3% we reported at the same time last year. We consider this a very significant achievement. The focus on improving the operating metrics is paying off and is reflected in our ROI progress.

A deeper dive into our cash flow statement reflects payments for capital spending, or CapEx, of approximately $5 billion for the first half of fiscal 2009, down from approximately $7 billion in the same period last year. As I said in mid-June, we are forecasting capital spending for fiscal 2009 to be between $13 billion and $14 billion. This is down from our original projection of $13.5 billion to $15.2 billion for the total year.

During the second quarter we repurchased approximately $845 million of our stock which represented approximately 14.7 million shares. Under our current $15 billion share repurchase facility we have spent approximately $8.7 billion. Let me close with an update to our quarterly report card on financial metrics.

We're in the positive column on three of our five metrics, those include -- growing inventory at or less than half of the rate of sales; secondly, growing payables faster than inventories; and finally, growing operating income greater than the increase in costs for property, plant and equipment. While operating income did not grow as rapidly as sales, I'd like to remind you that if we exclude the net benefit recorded last year in the second quarter we would have exceeded this goal by a significant margin.

Finally, we would like to see our corporate expenses grow slower than sales. As I mentioned earlier, we have a multi-year commitment to improving our systems for merchandising, finance and the people area. These initiatives will represent a headwind for a while. And now we'll move on to the discussion of our three operating segments. Eduardo, I think you're up first.

Eduardo Castro-Wright - *Wal-Mart Stores US - President, CEO*

Thanks, Tom. I'm very pleased with the Wal-Mart US team's performance. Total net sales for Wal-Mart US for the second quarter of fiscal 2009 were $64 billion, up 8.5% from the prior year.

In May I shared with you that our 2.7% comparable store sales figure for the first quarter was the best comp performance for Wal-Mart US in eight quarters. Well, I'm proud to say that we delivered even better comp performance this quarter. Wal-Mart US delivered a 4.6% comp for the second quarter. Year to date our US stores have comparable store sales of 3.7%. This compares to a 0.6% comp figure at this time last year.

While the stimulus checks contributed to store sales growth during the second quarter, we believe that the underlying strength of our business, reflected by our clear price leadership position, operational improvement and stronger merchandise quality and presentation were also important factors in our results. We're seeing the investment made in our three-year strategic plan to strengthen our business paid off.

Our stores have positive traffic and ticket for the quarter as well as year to date. The fastest traffic growth was in our metropolitan markets while we continued to see increases in tickets in some of our rural markets as customers consolidate their trips to save money on gas.

Wal-Mart's one-stop shopping proposition is becoming more important than ever. It is clear that customers are voting with their wallet as our price leadership position continues to ensure customer loyalty and drive new customers to Wal-Mart.

Our associates are making a big difference in the customer experience in our stores. Survey scores reflecting trendier associates, faster checkout times and cleaner stores were at record levels since we started measuring them 18 months ago. These results reflect the changes that Bill Simon, our Chief Operating Officer, has been driving in our stores.

Operating profit grew faster than sales and was up 10.8% over the same period last year. You should note, however, that on an apples-to-apples basis operating profit grew more than twice the rate of sales in this quarter once you factor in the $265 million adjustment in operating profit in the prior year related to real estate gains, reduction of general liability and worker's compensation claim accruals and legal expenses.

We opened 29 stores during the second quarter which brings our year-to-date total to 82 new stores. I'm very pleased that the overall sales performance of our new stores with new construction and relocations or expansions has improved on a year-to-date basis over the last year. Merchandise flow improvements continue to drive our solid inventory performance and are having a significant impact on sales growth and lower [mark downs].

These initiatives are allowing us to have a more precise seasonal transition which has resulted in less clearance and has made our merchandise presentation more relevant to customers. For example, we're replacing clearance merchandise we had last year with new game time merchandise that hit our stores in August this year.

For the second quarter of the fiscal year inventory was below plan, growing only by 0.4% on sales growth of 8.5%. Gross profit increased 11% for the second quarter 250 basis points faster than the rate of sales. Gross profit as a percentage of sales was up 58 basis points. Our operators made significant improvements in reducing shrink by 18 basis points; markdowns were down by 32 basis points for the quarter.

With fuel costs up more than 60% over last year, our logistics efficiency has become an even greater competitive advantage for our business. The benefits of our efficient logistic infrastructure are even more important now as we work to minimize the impact of increases in fuel costs through a number of initiatives. We're shipping more while driving fewer miles by getting more on each trailer. We're improving packaging to reduce overall transportation cost. And our logistics team also continues to improve miles-per-gallon rates through more efficient engines, driver training the use of auxiliary power units.

Expenses, net of the impact discussed earlier, grew only slightly. This increase was entirely a result of our decision to increase bonuses for improved business performance for and field associates. Bonuses are paid on a quarterly basis and I continue to be happy to see us rewarding our associates.

Sales per labor hour continued to improve this quarter over last year through diligent planning and execution on scheduling. We're following through with the rollout of a scheduling system in all departments throughout US stores. As a result we saw wages grow at a slower rate than sales.

Now let me cover more detail about our individual merchandise units. You know that inflation, particularly in food, has affected consumer discretionary purchases and has been a factor, both positive and negative, for all retailers. As we said, we're steadfast in our commitment to price leadership while maintaining margin.

Cost increases in meat, produce, dairy and bakery continue to contribute to inflation in food and overall food inflation is running in the mid-single-digit percent level. We have increased the number of rollbacks substantially in grocery to mitigate these price increases.

Grocery maintained its solid performance for food and consumables. Customers are spending more time looking for ways to stretch their dollars. We continue to emphasize our value. Our simple mealtime ideas campaign, which started in mid-July, is featuring products that can be used to prepare a meal for a family of four for under $10. And one of our new TV commercials features the value of the take and bake pizza.

On the other hand, inflation within general merchandise has been less pronounced and deflation has continued in electronics. Our entertainment business also continues to exceed plan. We have seen strong sales throughout the quarter in computers, flat-panel TVs, video games and digital audio.

In our health and wellness unit our pharmacy prescription business has sustained high single-digit comparable store sales growth. The $4 and $10 prescription program continued to drive pharmacy traffic. The $10 90-day prescription offering resulted in high double-digit fill rate increases. The program also contributed to substantial increases in pharmacy customer experience and faster checkout scores. The $4-or-less price on more than 1,000 over-the-counter products also is generating strong customer response. Our back-to-school eye care campaign is driving increases in our optical business.

In July, at the start of the important back-to-school season, Wal-Mart's apparel comparable store sales outperformed other large retailers and many specialty retailers. The introduction of l.e.i. jeans in our junior's and girl's departments has exceeded expectations and this line is now exclusive to Wal-Mart. Our strong price impression and improved merchandise quality are driving increased traffic between apparel.

Even with the challenging economy we are pleased to see that our investments in home are paying off with improved performance. We have revised layout of the departments and adjacencies for ease of shopping. We have improved merchandise quality and assortment and have sharpened prices. Our back-to-college campaign is driving sales in core categories within home including furniture, small appliances, housewares and bedding.

The status of the housing market continues to impact sales in the do-it-yourself categories within hard-line. And I'm pleased that our sporting-goods business and our seasonal categories in hardlines are improving and delivered positive comparable store sales figures in the quarter. Our game time campaign begins this week as customers look to get ready for the football season.

And Wal-Mart's integrated Do the Math and Save campaign for back to school has positioned us clearly as the price leader for all school supplies. As with other seasons, we do believe that customers are shopping closer to the holiday and we expect momentum to increase in the coming weeks.

Our site-to-store service continues to drive traffic to both our WalMart.com site into our stores. Comparable store sales and overall sales dollars for the .com business unit are strong with double-digit increases over last year. Sales are very good in furniture, baby department and entertainment category.

In the second quarter Wal-Mart Financial Services realized strong double-digit growth driven primarily by check cashing, money transfers and the Wal-Mart money card businesses. We also offered customers free economic stimulus check-cashing which served to introduce customers to our portfolio of money services. Between May and July Wal-Mart cashed in our stores, for free, almost 2.9 million of the stimulus checks.

You probably have seen that we have made significant improvements in our marketing and in-store communication. Two years of work on our brand culminated in the updating of the Wal-Mart US brand image with the recent introduction of a new Wal-Mart logo. If you haven't seen it it's available on our website. The tagline Save Money, Live Better brings even more focus on our price leadership and is completely integrated into the new branding campaign. Customers have responded well and they will continue to see it even more integrated into our stores during the second half of the year.

Television and circular support during the second quarter were up significantly over the last year with a focus on food and consumables across the businesses around key seasonal shopping occasions including Mother's Day, Memorial Day, Father's Day, American Summer, July the 4th and back to school.

So let me recap some of our highlights for the second quarter. Wal-Mart US had strong sales with 4.6% comparable store sales in the second quarter. Gross margin improved driven by solid inventory management. We continue to edit our assortments and have increased our price leadership position. We continue to show improvement in our customer experience metrics -- fast, friendly and clean.

So what next? Well, we remain cautiously optimistic as we enter the second half of the year. As Lee covered earlier, the economy remains challenging which can contribute to volatility in sales on a week-to-week basis. Consumers are counting on Wal-Mart for the lowest prices and we remain committed to our mission to save people money so they can live better.

As a business we remain focused on investing capital prudently, reducing inventory, leveraging expenses, improving productivity and driving sales growth. Now I will turn it over to Charles for Wal-Mart International.

Charles Holley - *Wal-Mart Stores Inc. - EVP, Treasurer*

Thanks, Eduardo. As Tom noted earlier, in July we closed the sale of Gazeley Limited, our commercial property development business in the United Kingdom. As mentioned earlier, this is now a discontinued operation. This divestiture is another example of portfolio optimization, one of three key strategies for our international business.

With the backdrop of a challenging global economic environment we are also continuing to focus on price leadership to drive value to our customers. Leveraging best practices around the world we continue to fine-tune our product offerings and price points to meet our customers' needs. This has enabled all of our markets to grow sales faster than the overall growth of their markets -- evidence of the success of our strategy of winning in every market.

International net sales for the second quarter were approximately $25.3 billion, that is a 16.9% increase over the prior year. The impact of currency valuation on sales generated a benefit of $1.1 billion driven by strength across most currencies, notably the Canadian dollar and the Brazilian reais.

Our strongest underlying sales performances in the quarter came from China, including Trust-Mart, as well as Brazil. Canada, the United Kingdom and Mexico also continue to deliver healthy sales despite tough economic conditions. Segment operating income for the second quarter was $1.2 billion, up 16.5%. Gross margin for this segment was down slightly versus the second quarter last year, largely for two reasons -- first, our stores in Japan are shifting more to the everyday low pricing strategy; and second, an increased contribution of fuel in the UK. These decreases in gross margin were partially offset by improvement in Brazil and China.

Excluding the impact of currency, operating expenses as a percentage of segment sales were down from the second quarter of fiscal 2008. Contributing to this were strong improvements in Brazil, Japan, China and the United Kingdom. Without the impact of currency valuation operating income grew slightly faster than sales. The second-quarter impact of currency valuation on operating income was a net benefit of $41 million.

Now let's move on to the results of our larger countries. As far as the UK, this has been another successful quarter for ASDA. According to the industry TNS, ASDA is getting market share at the fastest rate in many years. In addition, ASDA surpassed its plans for both sales and operating income in spite of a slowing economy.

ASDA's growth in the quarter was driven by both customer traffic and ticket. The traffic gains reflect ASDA's strong price and value focus as well as the broader appeal of our stores in the UK. ASDA has continued to improve merchandise quality and assortment to attract a wider customer base with more than 25% of all new customers in the AB demographic income segment.

Comparable store sales excluding fuel increased [to] 5.5%. Adjusting for the timing of Easter, which was not in the second quarter this year but was last year, the underlying comp growth was 6%, up from the 5% in the first quarter this year. Total sales, excluding fuel, increased in the high single digits and were in the low double digits including fuel. ASDA's market share rose by 60 basis points to 12.3% in the 12 weeks ending July 13th, as TNS reported.

Food sales in the UK were strong driven mainly by customer traffic, volume growth and some inflation. The fastest growing areas were core grocery and fresh food. In general merchandise the strongest performances came in computer games and baby products. Apparel sales were up versus last year with market share rising to 3.4% according to TNS. Sales of recently launched apparel brands, Moda and Boston Crew, have exceeded expectations and back-to-school merchandise is selling well.

Performance was strong across ASDA's product assortment. Sales of ASDA's private labels, Smart Price and Extra Special, were up more than 20% from this quarter last year. ASDA is appealing to both the traditional value-oriented shopper and to premium shoppers who are looking for value without compromising on quality.

During the second quarter ASDA won the award from the Grocer Trade publication for being the lowest priced supermarket in the UK for the 11th straight year. In addition, ASDA also won the awards for customer service and product availability, reflecting the focus placed on retailing basics over the last two years, particularly in checkout lines and in stock.

We are very pleased with ASDA's second-quarter expense performance as total expenses increased at a slower rate than sales despite rising transportation and energy costs. In this tough economy ASDA is well positioned to continue offering value to customers.

And now on to Mexico. Our customers in Mexico continue to be challenged by a weak economy and Wal-Mex continues working to provide customers with the best possible prices. In the difficult economic times facing the Mexican consumer it is more essential than ever to help our customers save money so they can live better. There are several ways we are doing this in Mexico. We continue to reinforce our price differential which is at its strongest level in years.

We also are expanding rapidly and have opened twice as many stores this year as we did last year during the same period. In addition, we continue to search for new, meaningful ways to communicate and identify with our customers including special campaigns such as celebrating the 50th anniversary of Bodega Aurrera with events focused on thanking customers for their loyalty.

Second-quarter sales increased 12.2% and comparable store sales increased 5.9% both in nominal terms. These were driven by customer traffic which increased 12.2% in the second quarter. The traffic increase is more than was observed in the second quarters of the two previous years. This is especially notable because of the current uncertain economic environment in Mexico.

Self-service formats Bodega Aurrera and Superama delivered the best sales performance of all of the Wal-Mex formats. Gross margin in the second quarter was strong and continued to improve due to solid improvements in inventory management, efficiencies in distribution and shrinkage reduction. This is despite price investment and the underperformance of our apparel format, Suburbia, and Vips Restaurants.

One of the highlights of the quarter was inventory management. Inventory grew at 1.6%, a fraction of Wal-Mex's increase in sales. Operating income grew slower than the rate of sales due to several factors -- cost from store expansion program in Mexico, which resulted in double the number of stores built in the second quarter of this year; the development of our banking operations in Mexico; as well as the closure of certain Vips Restaurants and pressure on utility expenses.

Now moving north to Canada. Highlighting this quarter was the grand opening of Wal-Mart Canada's 300th store, a supercenter in Ontario. During the second quarter Canada opened four supercenters bringing the total now open to 36. We continue to gain overall market share because of our expanded food business.

At Wal-Mart Canada second-quarter net sales improved by 9.5% while comp sales grew slightly over 3%. The electronics category, led by gaming and computers, grew significantly in the second quarter, as did food, both to the supercenter expansion program and strong pantry sales at discount stores. Operating income in Canada increased faster than sales driven by a combination of higher sales volume, improved margins, favorable exchange rate movements and the sale of certain real estate properties.

In South America Brazil had healthy sales growth of 16.6%. Comp sales in real terms were also strong at 6.8% for the quarter and 7.9% year to date. These outstanding results were driven by increasing traffic as well as sales at our low-price formats, Todo

Dia and Maxxi. Operating income in Brazil was up as a percentage of sales largely due to Brazil's continued effort to leverage fixed costs. This is especially significant since considering that 20 new stores have been opened since the second quarter of last year. In addition, we are pleased with the sales performance of our specialty categories, particularly pharmacy.

And now leaving the Americas and turning to Asia -- as you are aware, in April, following the successful tender offer, Seiyu was delisted from the Tokyo Stock exchange and is now wholly owned by Wal-Mart Stores Inc.

During the second quarter food sales in Japan grew 2.1% and overall customer traffic was up 1.6% driven by our price investments. However, general merchandise and apparel sales were impacted by the planned elimination of the [Utai] promotional program. This program provided a discount in select categories to certain credit card holders and was eliminated as part of Seiyu's shift to the everyday low price strategy. Although overall comp sales for the quarter were down 0.3%, year-to-date comp sales were up 0.6%.

Our strategic pricing initiatives geared toward establishing price leadership are moving forward as planned. As we shift to EDLP in Japan we are focused on communicating with our customers to ensure they understand our commitment to low prices. Customers' response to EDLP thus far has been positive as evidenced by increasing traffic in stores and departments where it has been implemented.

The shift to EDLP means we are accelerating our EDLC initiatives. As a result store expenses as a percentage of sales have decreased; improvements have been made in labor productivity, logistics efficiency and administrative costs. Seiyu had a profitable second quarter, but income was down slightly from last year primarily due to sales and margin pressures previously mentioned.

Lastly let's discuss China. Sales at Wal-Mart China increased 32.2% over the second quarter of last year. Comparable store sales were also strong at 15.9% in the second quarter. However, as Lee mentioned earlier, inflation is an increasing concern in the Chinese economy with second-quarter inflation at approximately 8%. Our second-quarter comparable store sales performance was driven by an 18% increase in average ticket.

Wal-Mart China's second-quarter contribution to operating income improved significantly as compared to the prior year. Margin was up slightly due to a mix shift from food toward general merchandise. In addition, expenses decreased as a percentage of sales due to improved focus on utilities and store labor. Further, we are saving on the expense of shopping bags due to China's ban on providing free plastic shopping bags to customers.

Also in China, our Trust-Mart business had comp sales growth of 13.2% in the second quarter due to increases in both average ticket and customer traffic. Trust-Mart's operating income increased faster than sales in part due to improved margin. This performance is notable considering we are also seeing a slight mix shift toward grocery. One Trust-Mart remains closed from the May earthquake. Now I'll turn it over to Doug to report on Sam's Club. Doug?

Doug McMillon - *Sam's Club - President, CEO*

Thank you, Charles. I'll cover the financial results and also spend some time talking about how the current environment, including inflation and fuel, is impacting the Sam's business. I'll also cover membership where we're starting to see some encouraging results.

As Tom noted, comparisons of Sam's club results for the second quarter of this year versus last year should take into consideration the impact of last year's reduction of general liability and worker's compensation claims accruals of which $21 million pretax was related to Sam's Club. This amount was partially offset in the same period last year by $5 million pretax and legal contingency accruals for Sam's Club.

In the second quarter this year Sam's Club sales grew by 8% to $12.3 billion. Comparable club sales, excluding the gallon inflation effect of fuel, increased by 3.7%. Including fuel sales the comparable club sales number would be 7.2%, so fuel had a big impact on our results. Both traffic and ticket, again without fuel, increased in comparable clubs for the year as well as year to date.

For the second quarter this year we were pleased to see traffic and ticket up for both Advantage and Business members. So while we continue to see our strongest performance with small-business, Sam's Club is clearly appealing to families and individuals for their personal needs as well.

Consistent with industry results, strong sales categories for the quarter were concentrated in the food and consumables areas. General merchandise sales overall were relatively soft, but there were some bright spots in areas such as video games, LCD TVs, GPS units, digital cameras, mattresses and grills and gardening. Softer categories for the quarter included housewares, jewelry and apparel, which is reflective of the overall retail market for those categories right now.

The gross margin rate decreased 21 basis points for the quarter; the decrease was due entirely to the impact of fuel on our mix. During the second quarter the average retail price per gallon of gasoline was $3.81 versus $2.91 for the same period last year. If you take fuel out of the margin rate calculation then the rate would have been up versus the prior year.

Let me talk about fuel and inflation and how they interplay with margin. We like selling fuel at our clubs. We know that the great prices we provide on gasoline drive member loyalty in terms of renewal rates and in club ticket. However, most months we do not make a lot of margin on fuel. We're selling significantly more fuel than a year ago in terms of gallons pumped and dollars per gallon. However, while topline fuel sales have increased dramatically, fuel profit on a dollar basis was basically flat for the quarter. So we see a large impact on gross margin percentages.

In addition to fuel, inflationary pressures were significant in the quarter in areas like bakery and dry grocery where flour, rice and other commodities reside. Consumable categories such as pet supplies and paper goods are also under pressure. We're actively managing price increase requests from suppliers and working with them to try to mitigate their impact as much as possible.

Our members rely on us to give them the best prices and we take that responsibility seriously. We are their buying agent. Despite recent improvements in some commodity pricing we anticipate continued pricing pressure in coming months.

As it relates to membership income, we expect the next couple of quarters to be challenging from a renewable dollar perspective. Renewal rates continue to hold, but renewable dollars are pressured due to new sign-up performance from previous periods. Sales of our $100 plus memberships have been a positive for us; we're seeing the impact of improved execution in membership and I'm encouraged by the progress of new sign-ups.

Inventory levels for the second quarter were up about 4% versus the prior year. Most of the increase was deliberate as we bought some product ahead of price increases and accelerated new and fresh fall apparel deliveries into the clubs which did result in stronger increases in July apparel sales. It is taking us longer to sell through patio sets than planned but we're transitioning now and overall I feel good about our inventory management.

Expenses were up slightly as a percent to sales compared to last year; again, the prior year's benefit from casualty adjustments impact the math on this. As we move into the second half of the year ensuring our expense structure is properly aligned to the evolving economic environment while maintaining or enhancing in-club member service will be a priority, especially given the pressure from fuel margins. I'm proud that our clubs in the second quarter achieved a five-year high on member services scores and we look to continue that performance.

Other income, including membership, which we record on a deferred revenue recognition basis, increased nominally from the prior year. Operating income decreased 2.9% to $432 million for the second quarter of fiscal year 2009. The decrease was driven by the prior year impacts I've already discussed. Even without those impacts however our income growth did not meet our goal of growing profits faster than sales.

In a membership model retaining or better yet building loyalty in a time when both small businesses and our Advantage members are under strain is a wise investment in our future. So while this quarter's profit performance would not reflect our longer-term objectives for Sam's Club and our business, I'm confident that we're managing the business in the right way for long-term success through merchandising our clubs with the items our members want now, through continuing to improve execution of our membership program, through managing expenses to meet today's economic realities, and continuing to enhance in-club member service. Now back to Tom for the earnings guidance. Tom?

Tom Schoewe - *Wal-Mart Stores Inc. - EVP, CFO*

Thanks, Doug. For the third quarter we expect US comp store sales, excluding fuel, to increase in the range of 1% to 2%. As we said on sales day last Thursday, we believe our US businesses are well positioned for the current economy. However, we still see sales volatility from week to week, especially around paycheck cycles.

We expect earnings per share from continuing operations for the third quarter to be between \$0.73 and \$0.76 per share. At the beginning of this fiscal year we said that our guidance for the full year was between \$3.30 and \$3.43 per share. Today we are raising our current year forecast for fiscal year earnings per share from continuing operations to a new range of \$3.43 to \$3.50 per share.

That's it for today. We'd like to thank you all for your interest in Wal-Mart.
